

# ADVERTISING & BRAND MANAGEMENT



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**We wish you happy reading.**

**DIRECTOR**

# SYLLABUS

- Unit-1** Advertising and the marketing process, Media planning and selection, Campaign planning and launching. Message designing and development. Advertising budgeting, Corporate Advertising.
- Unit-2** The role and working of an Ad Agency. Measurement of Advertisement Effectiveness - DAGMAR Approach. Pre-Testing, Post-Testing Techniques of measuring Ad. Effectiveness.
- Unit-3** Sales Promotion- Consumer Promotion, Dealer Promotion, Sales Force Promotion. Sales force planning and execution. Recent trends.
- Unit-4** Brands - Brand Hierarchy, Brand Personality, Brand Image, Brand Identity, Brand Positioning; Brand Equity, Value addition from Branding - Brand - customer Relationships, Brand Loyalty and Customer Loyalty
- Unit-5** Managing Brands; Brands Creation, Brand Extensions, Brand-product Relationships, Brand Portfolio

# CONTENTS

## UNIT-1

- 1.0 Objectives
- 1.1 Introduction
- 1.2 Definitions of Advertising
- 1.3 Features of Advertising
- 1.4 Objectives of Advertising
- 1.5 Importance of Advertising
- 1.6 Active Participant in advertising
- 1.7 Role of advertising Marketing Mix
- 1.8 Role of advertising in Society
- 1.9 Summary

## UNIT-2

- 2.0 Objectives
- 2.1 Introduction
- 2.2 Meaning of IMC
- 2.3 Tools of IMC
- 2.4 Importance of IMC
- 2.5 Framing Integrated marketing
- 2.6 Summary
- 2.7 Questions

## UNIT-3

- 3.0 Objectives
- 3.1 Introduction
- 3.2 Classification of Advertising
- 3.3 Types of Advertising
- 3.4 Difference between National Advertising and Retail Advertising
- 3.5 Summary
- 3.6 Questions

## UNIT-4

- 4.0 Objectives
- 4.1 Introduction
- 4.2 Determinants of Advertising Media
- 4.3 Radio Advertising
- 4.4 Internet Advertising
- 4.5 Television Advertising
- 4.6 Press Advertising
- 4.7 Film Advertising
- 4.8 Purchase Point Advertising
- 4.9 Specialty Advertising
- 4.10 Video Advertising
- 4.11 Outdoor or Mural Advertising
- 4.12 Emerging Media options
- 4.13 Display or Indoor Publicity
- 4.14 Summary
- 4.15 Questions

## UNIT-5

- 5.0 Objectives
- 5.1 Introduction
- 5.2 Steps in Media Planning
- 5.3 Media Vehicle choice
- 5.4 Significance of Reach Frequency and Continuity in media planning
- 5.5 Zipping and Zapping
- 5.6 Summary
- 5.7 Questions

# 1

## INTRODUCTION ADVERTISING

### STRUCTURE

- 1.0 Objectives
- 1.1 Introduction
- 1.2 Definitions of Advertising
- 1.3 Features of Advertising
- 1.4 Objectives of Advertising
- 1.5 Importance of Advertising
- 1.6 Active Participant in advertising
- 1.7 Role of advertising Marketing Mix
- 1.8 Role of advertising in Society
- 1.9 Summary
- 1.10 Questions

### 1.0 OBJECTIVES

After completion of this lesson the student will be able to understand:

- Meaning, Nature and Features of Advertising
- Objectives of Advertising
- Importance of Advertising
- Active Participant in Advertising
- Role of Advertising in Marketing Mix
- Role of Advertising in Society
- Advertising and Brand building

### 1.1 INTRODUCTION

The word advertising comes from the latin word ‘advertere’ meaning to turn the minds of towards. Some of the definitions given by various authors are:

According to William J. Stanton, "Advertising consists of all the activities involved in presenting to an audience a non-personal, sponsor-identified, paid-for message about a product or organization."

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

Advertising is used for communicating business information to the present and prospective customers. It usually provides information about the advertising firm, its product qualities, place of availability of its products, etc. Advertisement is indispensable for both the sellers and the buyers. However, it is more important for the sellers. In the modern age of large scale production, producers cannot think of pushing sale of their products without advertising them. Advertisement supplements personal selling to a great extent. Advertising has acquired great importance in the modern world where tough competition in the market and fast changes in technology, we find fashion and taste in the customers.

## 1.2 DEFINITIONS OF ADVERTISING

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

According to Webster, "Advertising is to give public notice or to announce publicity".

According to Gardner, "Advertising is the means of mass selling that has grown up parallel with and has been made necessary to mass production".

## 1.3 FEATURES OF ADVERTISING

**Communication:** Advertising is means of mass communication reaching the masses. It is a non-personal communication because it is addressed to masses.

**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.

**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.

**Profit Maximization:** True advertising does not attempt at maximizing profits by increasing the cost but by promoting the sales. This way it won't lead to increase the price of the product. Thus, it has a higher sales approach rather than the higher-cost approach.

**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.

**Identified Sponsor:** A sponsor is an individual or a firm who bears the cost of advertisement. The name of a reputed company may increase sales of products. The product gets a good market because of its identity with the reputed corporate body.

**Consumer Choice:** Advertising facilitates consumer choice. It enables consumers to purchase goods as per their budget requirement and choice. Right choice makes consumers happy and satisfied.

**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 organized knowledge. Advertising is a profession is now treated as a profession with its professional bodies and code of conduct for members.

**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 manufacturers spend crores of rupees on advertising.

**Element of Creativity:** A good advertising campaign involves a lot of creativity and imagination. When the message of the advertiser matches the expectations of consumers, such creativity makes way for a successful campaign.

## 1.4 OBJECTIVES OF ADVERTISING

The fundamental purpose of advertising is to sell something - a product, a service or an idea. In addition to this general objective, advertising is also used by the modern business enterprises for certain specific objectives which are listed below:

1. To introduce a new product by creating interest for it among the prospective customers.
2. To support a personal selling programme. Advertising may be used to open customers' doors for a salesman.
3. To reach people inaccessible to a salesman.
4. To enter a new market or attract a new group of customers.
5. To fight competition in the market and to increase sales as seen in the fierce competition between Coke and Pepsi.
6. To enhance the goodwill of the enterprise by promising better quality products and services.
7. To improve dealer relations. Advertising supports the dealers in selling the product. Dealers are attracted towards a product which is advertised effectively.
8. To warn the public against imitation of an enterprise's products.

## 1.5 IMPORTANCE OF ADVERTISING

Advertising has become an essential marketing activity in the modern era of large scale production and serves to compete in the market. It performs the following functions:

**Promotion of Sales:** It promotes the sale of goods and services by informing and persuading the people to buy them. A good advertising campaign helps in winning new customers both in the national as well as in the international markets.

**Introduction of New Product:** It helps the introduction of new products in the market. A business enterprise can introduce itself and its product to the public through advertising. A new enterprise can't make an impact on the prospective customers without the help of advertising. Advertising enables quick publicity in the market.

**Creation of Good Public Image:** It builds up the reputation of the advertiser. Advertising enables a business firm to communicate its achievements in an effort to satisfy the customers' needs. This increases the goodwill and reputation of the firm which is necessary to fight against competition in the market.

**Mass Production:** Advertising facilitates large-scale production. Advertising encourages production of goods in large-scale because the business firm knows that it will be able to sell on large-scale with the help of advertising. Mass production reduces the cost of production per unit by the economical use of various factors of production.

**Research:** Advertising stimulates research and development activities. Advertising has become a competitive marketing activity. Every firm tries to differentiate its product from the substitutes available in the market through advertising. This compels every business firm to do more and more research to find new products and their new uses. If a firm does not engage in research and development activities, it will be out of the market in the near future.

**Education of People:** Advertising educates the people about new products and their uses. Advertising message about the utility of a product enables the people to widen their knowledge. It is advertising which has helped people in adopting new ways of life and giving-up old habits. It has contributed a lot towards the betterment of the standard of living of the society.

**Support to Press:** Advertising provides an important source of revenue to the publishers and magazines. It enables to increase the circulation of their publication by selling them at lower rates. People are also benefited because they get publications at cheaper rates. Advertising is also a source of revenue for TV network. For instance, Doordarshan and ZeeTV insert ads before, in between and after various programmes and earn millions of rupees through ads. Such income could be used for increasing the quality of programmes and extending coverage.

## 1.6 ACTIVE PARTICIPANT IN ADVERTISING

Following are the group of people who are actively involved in advertising.

**Advertiser:** Seller who manufacture and market consumer products are the prominent group of advertisers. Hindustan Unilever, proctor and gamble, Seimen and Larson and Toubro are the

examples of advertisers. Also the retailers are the second prominent segment among advertisers. They stock the products and sell them to the ultimate consumers. Government and social organization is also the active participant in this category.

**Target audience:** It refers to the recipient of the advertising message. Every message is either directed to a mass audience and class audience. Advertising organizations desire to cover this target audience for promoting sales. Advertising message intends to cover the potential user and non-user who may purchase the product in future. The messages are also directed to the user of the competitor's product so that they switch over the advertiser's product.

**Advertising Agencies :** An advertiser has two options viz. (i) to design, develop and produce and advertising message and get it placed in desired media directly through his own sales or advertising department, or (ii) to entrust the entire job of advertising to a team of highly professionalized, specialized, independent, advertising agency. An advertising agency is composed of creative people, who conceive design, develop and produce, advertising message with creative ideas and place it in the desired advertising media for and on behalf of its client (the advertiser). The advertising agencies usually charge a commission of 15% on the media bills from the media owners. In addition, they charge out of pocket expenses to their clients, i.e. the advertisers. They employ copywriters, artists, photographers, typographers, layout designers, editors and such other creative people.

**Advertising Production People (Artists):** The production of impressive and persuasive advertisements is possible only with the active help and creative spirit of the artists like copywriters, artists, photographers, typographers, layout designers, editors and such other creative people. Such people are usually employed by the ad agencies or, their services may be hired by the ad agencies on job basis.

**Target Audience (Readers, Listeners, Viewers and Present and Future Buyers):** Advertising messages are given about products services and ideas to readers, listeners, viewers and actual and potential buyers, who are known as the audience. The target audience may be classified into the following three categories, viz.,

(i) existing or, current consumers, who are reminded and influenced to continue their patronage and to increase the volume of their buying,

(ii) consumers, who buy and use, a competitor's brand; hence they are persuaded to buy the advertised brand, instead of the competitor's brand; and

(iii) those consumers, who do not use any such product; and even then, are persuaded to buy the advertised product.

**Mass Media:** Advertising messages are communicated to the target audience through different mass media, such as,

- a. **Print Media:** They consist of newspapers, magazines, journals, handbills, etc.
- b. **Electronic Media:** They consist of radio, television motion pictures, video, multi-media and the internet.
- c. **Outdoor Media:** They consist off posters, hoarding, handbills, stickers air balloons, neon sing bill boards, local cinema houses, and transit media.
- d. **Direct Mail:** It consists of brochures, leaflets, pamphlets, letters and return cards addressed to consumers.

The advertising agencies guide their clients (advertisers) in selection of the most appropriate advertising media, which is known as “media planning”. Each medium has its own merits and demerits.

**Government Authorities:** The business of advertising is regulated by the government department. The government adopts law and regulation which have a direct or an indirect bearing on the advertising. Apart from this ASCI (Advertising standards council of India) and ABC (Audit Bureau of circulation) are also some of authorities regulating advertising.

**Advertising Production Firms:** Advertising production firms are the support agencies which help in the production of advertisement. This includes copywriter, artist, photographers, typographers, producer, and editors. These are the people who transform ideas into a finished forms Thus the success and failure of the advertisement depend on these people.

## 1.7 ROLE OF ADVERTISING IN MARKETING MIX

Marketing mix consist of four important variables of marketing, i.e. 4Ps-Product, Price, Promotion and Place. Apart from the traditional 4 Ps, there are also other variables, i.e. Packaging, Position, and Pace.

Advertising is an element of promotion. However, it not only assists in promoting the product, but also affects the other variables of marketing mix. This can be explained as follows:

**Advertising and Product:** A product is normally a set of physical elements, such as quality, shape, size, colour and other features. The product may be of very high quality .At times, the product is so designed that it requires careful handling and operations. Buyers must be informed and educated on the various aspects of the product. This can be effectively done through advertising. Thus, advertising plays the role of information and education.

**Advertising and Price:** The price is the exchange value of the product. A marketer may bring out a very high quality product with additional features as compared to competitors. In such a case, price would be definitely high. But buyers may not be willing to pay a high price would be

definitely high. Here comes advertising. Advertising can convince buyers regarding the superiority of the brand and thus its value for money. This can be done by associating the product with prestigious people, situations, or events. Alternatively, when a firm offers low price products the job of advertising needs to stress the price advantage by using hard hitting copy. It is not just enough to convince, but it is desirable to persuade the buyer. Thus advertising plays the role of conviction and persuasion.

**Advertising and Place :** Place refers to physical distribution and the stores where the goods are available. Marketer should see to it that the goods are available at the convenient place and that too at the right time when the buyers need it. To facilitate effective distribution and expansion of market, advertising is of great significance. Thus advertising do help in effective distribution and market expansion.

**Advertising and Promotion:** Promotion consists of advertising, publicity, personal selling and sales promotion technique. Businessmen today have to face a lot of competition. Every seller needs effective promotion to survive and succeed in this competitive business world. Advertising can play a significant role to put forward the claim of seller, and to counter the claims of competitor. Through effective advertising, sellers can face competition and also help to develop brand image and brand loyalty.

**Advertising and Pace:** Pace refers to the speed in marketing decisions and actions. It involves among other things the launch of new products or brand variations at greater speed than before. As and when new brands are launched, advertising plays an important role of informing, educating and persuading the customers to buy the product.

**Advertising and Packaging:** The main purpose of packaging is protection of the product during transit, and preservation of quality and quantity. Nowadays, marketers take lot of efforts to develop and design attractive packages as they carry advertising value. A creatively design package attract the attention of the customers. It also carries an assurance of quality and creates confidence in the minds of customers to buy the product.

**Advertising and Positioning:** Product positioning aims at creating and maintaining a distinct image of the brands in the minds of the customers. Through advertising the marketer can convey the positioning of the brand and accordingly can influence the buying decision of the target audience.

## 1.8 ROLE OF ADVERTISING IN SOCIETY

Advertising is the integral part of every day's life. It is a pervasive method of marketing in society. Though the methods by which marketers advertise have changed over the decades, the

role and purpose of advertising has changed over the period of time. Without advertising modern society cannot survive. Advertising is useful to society in following ways.

### **Encourage Purchasing**

Encouraging people to purchase goods and services is the main role of advertising. Some industries rely on advertising more than others: A cereal company, for instance, must advertise more aggressively, due to the wide arrange of competing products, than a power company that faces little to no competition. Advertisers often influence members of society to purchase products based on instilling a feeling of scarcity or lack. .

### **Reflect cultural trends**

Advertising bridges the gap among people by communicating varied culture through advertising message. It bring variation in the social life

### **Promotes Economic growth**

Advertising contributes to bring about all round development of the economy by increasing demand and by encouraging economic activities it fuels the desire to shop and, in turn, shopping stimulates the economy.

### **Improves standard of living:**

Advertising is an economic activity. It provides opportunities to people to improve their income. It motivates people to consume more material and thereby improves their standard of living.

### **Provides employment:**

Effective advertising generates demand for goods and services. High demand calls for more production which requires more of physical and human resources thus creating employment opportunities.

### **Advertising and Brand building**

Brands are the identification that differentiates one business from another (through name, symbol etc.). However, today brands can also be defined as the personality they reflect to people in relation to status, emotional characteristics and subjective quality. They give the consumers a perceived knowledge of the product, its quality and uniqueness before they buy it.

Brands ensure delivery of service as promised by them. For example, Pizza Company A claims to deliver pizza within a certain time and Pizza company B claims to deliver most delicious Pizzas. It makes easy for the consumers to identify what they want and which brand to choose for it. It is important for a brand to accomplish the claim advertised to retain Brand Image.

Advertising is one of the key elements in building a brand, which is equally important to the marketer and consumers. Brand personality acts as a potent brand differentiator and offers sustainable competitive advantage.

Advertising by creating or reinforcing brand's personality enhances brand value or equity which in turn can be leveraged through brand extension. Brand personality also helps brands to gain market share, command price premium and insulates from discounting Brands.

Building a strong brand name is key factor for business success. In the competitive business environment of today, consumer sophistication has altered business practices. Organizations are forced to anticipate customers' needs and convey clear messages to consumers by establishing strong brand names and focusing on brand building.

A brand's practical attributes and symbolic values are inherent elements that help the brand appeal on consumers' minds and emotion. When consumers relate brands with symbols, it becomes easier for an organization to raise consumer interest. For instance, Lexus is known for luxury, or Apple is known for innovation. Therefore, in consumers' minds, a brand is more than just a recognizable name: it is a promise that needs to be met on a regular basis.

Advertising is important for building brand awareness. By raising consumer interest and making consumers awareness of their products and services, firms not only expand their customer base, but they also keep their loyal customers and increase their market share. In other words, the more aware consumers are of a brand, the more likely they are to buy from a particular business.

#### **Approaches in Brand building:**

To make brand distinctive: brand building can be done through repetitive advertising. Also by highlighting unique selling proposition one can distinguish brand from one another.

**Constant innovation:** Consumers need continuous innovation and new products. It is not always a new product even an improvement on the existing product is acceptable to the consumers. Through intensive advertising such brands are build which is time consuming.

**Domination of brand:** brand building largely depends on the domination is creates on the competitors. Domination can take place either in national market or in niche market.

**Prompt availability:** Prompt delivery of the product is one of the factors that ensure brand building. This is possible if there is proper coordination between the finance, production, and marketing department.

**Integration of new and old media:** Consumers have ever changing demand. Due to availability of various media option the seller can push the product in the market by blend multiple media option .Thus advertising message are flashed to consumers through media mix.

## **1.9 SUMMARY**

Advertising consists of all the activities involved in presenting to an audience a non-personal, sponsor-identified, paid-for message about a product or organization. Advertising has become essential to promote sales, to introduce new product, to create good public, for large scale

of production, for educating people etc. Advertising is the integral part of every day's life. Without advertising modern society cannot survive .Advertising is useful to society as it encouraging people to purchase goods and services, it bridges the gap among people by communicating varied culture through advertising message, it contributes to bring about all round development of the economy by increasing demand, it provides opportunities to people to improve their income.

### 1.10 QUESTIONS

1. Define Advertising and explain its nature and features.
2. Define Advertising and explain the main objectives of Advertising
3. What is advertising? Explain the importance of Advertising
4. Who are the Active Participants in Advertising?
5. What is the Role of Advertising in Marketing Mix?
6. Explain the Role of Advertising in the Society
7. What is the interface between Advertising and Brand building? Explain the main approaches in Brand building.



# 2

## INTEGRATED MARKETING COMMUNICATION

### STRUCTURE

- 2.0 Objectives
- 2.1 Introduction
- 2.2 Meaning of IMC
- 2.3 Tools of IMC
- 2.4 Importance of IMC
- 2.5 Framing Integrated marketing
- 2.6 Summary
- 2.7 Questions

### 2.0 OBJECTIVES

After completion of this lesson the student will be able to understand:

- The concept of Integrated Marketing Communication
- Tools of Integrated Marketing Communication
- Importance of Integrated Marketing Communication
- Steps involved in framing Integrated Marketing Communication

### 2.1 INTRODUCTION

Advertising is as old as civilization and has been used as the means of communication to buy and sell the goods and services to the society. Advertising is an important tool of promotion that can create wonders with beautiful words to sell product, service and also ideas. Advertising has, acquired great importance in the modern India characterized by tough competition in the market and fast changes in technology, and fashion and taste of customers.

Today as per the changing marketing situation advertising is not the only sufficient medium of communication. It has to be integrated with other mediums so as to create the long lasting impact on the consumers. Thus the concept of integrated marketing communication is gaining considerable momentum due to challenges faced by the advertisers in designing and implementing their advertising communication messages.

## 2.2 MEANING OF IMC

Integrated Marketing Communications is a simple concept. It ensures that all forms of communications and messages are carefully linked together. Integrated marketing communications (IMC) is a process of managing customer relationships that drive brand value primarily through communication efforts. Such efforts often include cross-functional processes that create and nourish profitable relationships with customers and other stakeholders by strategically controlling or influencing all messages sent to these groups and encouraging data-driven, purposeful dialog with them. IMC includes the coordination and integration of all marketing communication tools, avenues, and sources within a company into a seamless program in order to maximize the impact on end users at a minimal cost.

Ideally, IMC is implemented by developing comprehensive databases on customers and prospects, segmenting these current and potential customers into groups with certain common awareness levels, predispositions, and behaviors, and developing messages and media strategies that guide the communication tactics to meet marketing objectives. In doing this, IMC builds and reinforces mutually profitable relationships with customers and other important stakeholders and generates synergy by coordinating all elements in the promotional mix into a program that possesses clarity, consistency, and maximum impact.

**Definition of IMC:** According to American Association of Advertising Agencies IMC is a “concept of marketing communication planning that recognizes the added value of a comprehensive plan that evaluates the strategic roles of a variety of communication discipline

## 2.3 TOOLS OF IMC

### **Advertising:**

Advertisement is a non-personal presentation of an idea or a product (where as personal selling or salesmanship help in personal promotional.) Advertisement supplements personal selling to a great extent. Advertising has, acquired great importance in the modern India characterized by tough competition in the market and fast changes in technology, and fashion and taste customers. It creates an active role in integrated marketing communication mix as it creates.

- Good image
- Top of the mind awareness
- Counterclaim the competitors
- Reinforce positive attitude

### **Publicity:**

Publicity is the non-personal presentation. It originates from the desk of the editor. It aims at only informing the public about the events, person, firm etc. There is no control on the publicity

by the advertiser as it comes from the media owner. Publicity can be favorable or unfavorable. Large firms have separate publicity or public relation department for publicity and cordial public relation. The secret of the publicity is to get placement in the desired media. Thus the use of publicity provides various advantages to the seller they are:

- It is available free of cost
- It provides more information than advertising as it comes from the editors desk
- Consumer believe publicity more than advertising

**Public relation:**

A Public relations is defined as a management function which identifies, establishes, and maintains mutually beneficial relationships between an organization and the publics. Public relations consider multiple audiences (consumers, employees, suppliers, vendors, etc.) and uses two-way communication to monitor feedback and adjust both its message and the organization's actions for maximum benefit. It is used to generate goodwill for the organization. Public relation helps the company and its public by relating each other for mutual benefits. The main objective of public relation is:

- To remove misunderstanding, doubts, confusion, and wrong impression in the minds of different social groups
- To maintain good corporate image.
- To have the public support to the future of the company.
- To fulfill social responsibility.

**Sales promotion:**

Sales promotions are direct inducements that offer extra incentives to enhance or accelerate the product's movement from producer to consumer. Sales promotion constitutes devices like contests, coupons, free samples, premium, and point of purchase material. Sales promotion is action oriented. It motivates customers to buy the goods under incentive plans. Sales promotion not only covers consumers but also dealers and wholesalers. It acts as a connecting link between advertising and salesmanship. Thus in a competitive marketing sales promotion act as an effective tool to an advertiser to solve several short term hurdles in marketing.

**Personal Selling:**

Personal selling includes all person-to-person contact with customers with the purpose of introducing the product to the customer, convincing him or her of the product's value, and closing the sale. The role of personal selling varies from organization to organization, depending on the

nature and size of the company, the industry, and the products or services it is marketing. Many marketing executives realize that both sales and non-sales employees act as salespeople for their organization in one way or another.

Personal selling is the most effective way to make a sale because of the interpersonal communication between the salesperson and the prospect. Messages can be tailored to particular situations, immediate feedback can be processed, and message strategies can be changed to accommodate the feedback.

### **Packaging:**

A properly designed package can induce the prospects to buy the product. A well designed package can communicate the type and quality of the product. Packaging plays an important role in converting the minds of the consumers as it provides

- Providing information of the product.
- Protection of goods while transportation and handling
- Preservation of quality of the products.
- Promotion of the product.

### **Internet:**

Just as direct marketing has become a prominent player in the promotional mix, so too has the Internet. Virtually unheard of in the 1980s, the 1990s saw this new medium explode onto the scene, being adopted by families, businesses and other organizations more quickly than any other medium in history. Web sites provide a new way of transmitting information, entertainment, and advertising, and have generated a new dimension in marketing: electronic commerce. E-commerce is the term used to describe the act of selling goods and services over the Internet. In other words, the Internet has become more than a communication channel; it is a marketing channel itself with companies such as Amazon.com, CDNow, eBay, and others selling goods via the Internet to individuals around the globe.

The interactivity of the Internet is perhaps its greatest asset. By communicating with customers, prospects, and others one-on-one, firms can build databases that help them meet specific needs of individuals, thus building a loyal customer base.

### **Sponsorships:**

Many advertisers heavily rely on sponsorship in order to create positive feelings toward a company. Sponsorships increase awareness of a company or product, build loyalty with a specific target audience, help differentiate a product from its competitors, provide merchandising opportunities, demonstrate commitment to a community or ethnic group, or impact the bottom line.

Like advertising, sponsorships are initiated to build long-term associations. Organizations sometimes compare sponsorships with advertising by using gross impressions or cost-per-thousand measurements. However, the value of sponsorships can be very difficult to measure. Companies considering sponsorships should consider the short-term public relations value of sponsorships and the long-term goals of the organization. Sports sponsorships make up about two-thirds of all sponsorships.

**Trade shows and Exhibition:**

It is one of the oldest forms of promoting the sales of products. Trade shows and exhibition provide opportunities for face-to-face contact with prospects, enable new companies to create a viable customer base in a short period of time, and allow small and midsize companies that may not be visited on a regular basis by salespeople to become familiar with suppliers and vendors. Because many trade shows generate media attention, they have also become popular venues for introducing new products and providing a stage for executives to gain visibility. In India, India trade promotion organization (ITPO) has been set up by the government to organized trade fairs and exhibitions.

## 2.4 IMPORTANCE OF IMC

**Awareness:** IMC tools play an important role in creating awareness of the products with respect to brand name and brand availability. It brings to the notice of the potential customer the new varieties of goods available in the market.

**Information:** Product information is needed when the product is recently launched in the market. Potential customer must know about the product, features. IMC provides this information through various techniques so that the buyer can take correct decision while buying the goods.

**To increase sales.** A proper communication mix tends to increase the sales of the organization. This is possible as increased sales bring economies of large scale production which enables the seller to reduce cost and increase profit.

**To inform the intermediaries.** IMC act as a communication channel between the sellers and the intermediaries like dealer and agents. These intermediaries are regularly informed through sales literature, pamphlets, brochures, price list etc.

**Expansion of the market:** IMC help the seller to expand the business from local level to regional level and to national level. This expansion provides his goodwill, recognition throughout the country.

**More specialized media.** It used to be said that mass media was enough to cover any advertiser's needs. But with ever increasing ad clutter, shorter attention spans and greater resistance to advertising, customers now tend to be a lot more selective: they shut out the stuff they feel they

don't need, and go with the stuff that they want. Therefore with IMC sellers can retain the attention of customer by diverting their attention through various communication mixes.

## 2.5 STEPS INVOLVED IN FRAMING INTEGRATED MARKETING COMMUNICATION

It is likely that integrated marketing communication will be expected to make a number of contributions toward meeting the marketing objectives. Thus the main steps in designing IMC are:

**Identification of target audience:** Defining the target audience is one of the first steps in designing the IMC. While thinking about the target audience one must look well beyond traditional demographic considerations. It is also important to 'think ahead' and ask the following question.

- What are the relevant target buyer groups?
- What are the target group's demographic, lifestyle, and psychographic profile?
- How is the trade involved?

**Determining the communication objectives:** There are different communication objectives like increase in sales, brand image, good will and expansion of a business. Thus the seller has to evaluate all these objectives and select the one which he intends to achieve.

**Determining the message:** An effective message should get attention, hold interest, arouse desire and obtain action (AIDA model). In practice, few messages take the consumer all the way from awareness to purchase, but the AIDA framework suggests the desirable qualities of a good message. In putting the message together, the marketing communicator must decide what to say & how to say it. who should say it. Thus the communicator should focus more on message content, message format and message structure.

**Selecting the communication channel:** There are two broad types of communication channels: Personal and Non personal.

**a. Personal Communication Channels:** In personal Communication channels, two or more people communicate directly with each other. They might communicate face-to-face, over the telephone, through the mail or even through an internet chat. Personal Communication channels are effective because they are allowed for personal addressing the feedback.

**b. Non Personal Communication Channels:** Non personal communication channels include media at most year-end events. Media consists of:

1. Print media -newspapers, magazines, direct mail etc.
2. Broadcast media-radio, television etc.
3. Electronic media-audiotapes, videotapes, CD-ROM, web page etc.

4. Display media-billboards, signs, posters, banners, hoardings etc.

Most of the non-personal messages come through paid media.

**Determining the budget:** This is one of the most important decisions of IMC process. The effective IMC depends upon the budget set for communication Mix. The marketer prepares the budget taking into nature of the customers, objectives, nature of competitions and also availability of funds.

**Promotion Mix decision:** After determining budget it is essential to determine the promotional mix. Promotional mix is the combination of various tools like advertising, public relation, personnel selling and so on. Because of different marketing environment you have to be variation in communication mix. One medium which is effective in one market may not be equally effective in another market.

**Implementation of promotion mix:** The marketer then makes an arrangement to implement the communication mix. The seller has to select the right media in order to put across the promotion message.

**Follow up:** Here the advertiser has to review the performance in terms of sales and purchase. If the performance is as per communication objectives there is nothing to worry. On the other hand if the performance falls below the communication objectives then certain corrective step have to be taken.

## 2.6 SUMMARY

Integrated marketing communications (IMC) is a process of managing customer relationships that drive brand value primarily through communication efforts. Advertising, Publicity, Public Relation, Sales Promotion, Personal Selling, Packaging, Internet, Trade fairs and Exhibition, Sponsorship these are the main tools of IMS. IMC helps to create awareness of the products, provide the information of the new products, act as a communication channel between the seller and the intermediaries and expand the business. Identification of target audience, Determining the communication objectives, Determining the message, Selecting the communication channel, Determining the budget, Promotion Mix decision, Implementation of promotion mix and then Follow up these are the main steps in designing IMC.

## 2.7 QUESTIONS

1. Define Integrated Marketing Communication (IMC)
2. What are the main tools of Integrated Marketing Communication
3. What is the importance of Integrated Marketing Communication
4. What are the steps involved in framing Integrated Marketing Communication

5. Write short note on Advertising
6. What is the importance of Advertising? Explain the objectives of Advertising.



# 3

## CLASSIFICATION OF ADVERTISING

### STRUCTURE

- 3.0 Objectives
- 3.1 Introduction
- 3.2 Classification of Advertising
- 3.3 Types of Advertising
- 3.4 Difference between National Advertising and Retail Advertising
- 3.5 Summary
- 3.6 Questions

### 3.0 OBJECTIVES

After completion of this lesson the student will be able to understand:

- Broad classification of advertising of financial advertising
- Corporate Image Advertising, Public Relations Advertising, Institutional Advertising
- Internet Advertising, Types, Advantage and disadvantages of Internet Advertising  
Product Advertising, Service Advertising, National Advertising, Retail Advertising
- Various categories of advertising: Social Advertising, Political Advertising, Advocacy Advertising, Retail Advertising
- Financial Advertising, Essentials for the success of financial advertising, Advantages

### 3.1 INTRODUCTION

Different authors have classified advertising in different ways.

Philip Kotler has classified advertising on the following basis:

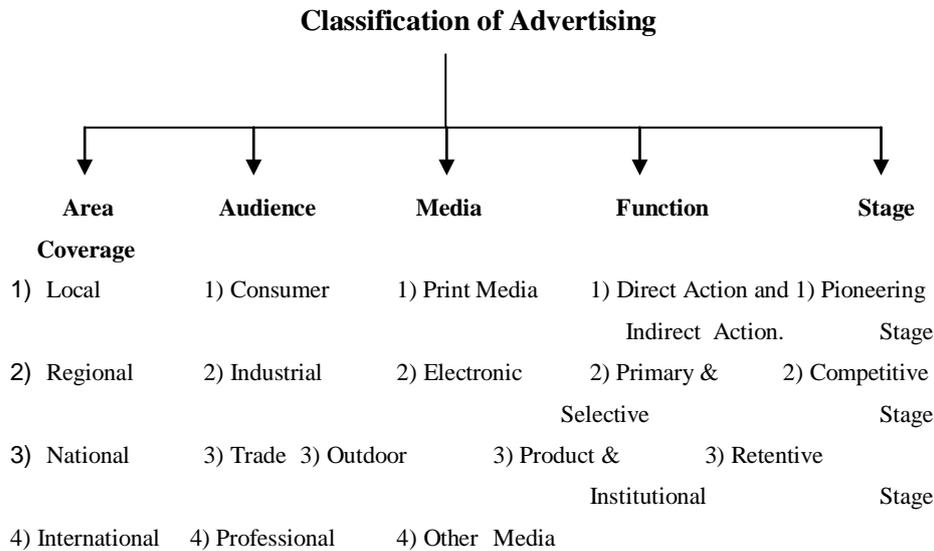
- (a) Geographical Area: National, Regional or Local.
- (b) Content: Product Advertising, Brand Advertising, Institutional Advertising.

- (c) Type of Appeal: Factual and Emotional.
- (d) Audience: Consumer, Industrial, Trade.
- (e) Sponsor: Manufacturer, Middlemen, Manufacturer - middlemen, private.
- (f) Intended Effort: Direct Action and Delayed Action.
- (g) Level of Demand Influence: Primary Product Level, Selective Brand Level.

### 3.2 CLASSIFICATION OF ADVERTISING

Management scientists have classified advertising on different such criteria as follows:

**Chart:**



#### I) Classification on The Basis of Area Coverage:

On this basis advertising may be classified into the following four categories, viz., (1) local, (2) regional, (3) national, (4) international advertising.

**1. Local Advertising:** It is also known as ‘retail advertising’. It is undertaken by local retail stores, departmental stores, co-operative stores, selling cloth, saris and other consumer goods and consumer durables. It is directed at local customers. Media, used for local advertising, are shop decorations, local newspapers, magazines, posters, pamphlets, hoarding, new signs, local cinema houses, etc.

**2. Regional Advertising:** It has wider coverage, as compared to local advertising. It covers a particular region, which may be one state, or, more than one state, the people of which may be having a common tongue, or, using one common product. It is undertaken by manufacture, or, regional distributor of a product. Media, used for regional advertising, include regional

newspapers, magazines, radio, regional T.V., outdoor media, etc. It is considered to be an ideal form of advertising for launching and marketing a new product in a specific region.

**3. National Advertising:** It is generally undertaken by manufactures of branded goods, for which, advertising messages is communicated to consumers all over the country. Almost all possible mass media, including national newspapers, radio and television network, are employed for national advertising. Product services, and ideas, which have demand all over the country, are suitable for national advertising. In India, Indian Airline Hindustan Lever Ltd., Vicco, Godrej, Bajaj and Kirloskar are a few leading advertisers at national level. Likewise, detergents, soaps, toothpastes, cosmetics, scooters, cars, and bicycles, are some of the products, which are advertised all over the country.

**4. International Advertising:** This type of advertising is undertaken by those companies, which operate in more than one country, known as „multi-national“ companies. Exporters, generally advertise their products and services in foreign countries, where ready markets are available. Air India and other airlines, and multinational companies advertise their products and services allover the world. Coca-Cola and Pepsi are advertised globally, as the sales are almost all over the world. International advertising is extremely expensive, involving the services of professional advertising agencies in different countries.

## **II. Classification on The Basis of Audience**

On this basis, advertising may be classified into the following four categories, viz., (1) consumer advertising, (2) industrial advertising, (3) trade advertising, and (4) professional advertising.

**1. Consumer Advertising :** This type of advertising is directed to the ultimate consumers of the consumer products, i.e., the individuals, who buy, or, use the consumer products, or services, say, for example, toilet soap, toothpaste, toothbrush, tea, textiles, etc., for themselves and for their families. All types of consumer products need continuous and extensive advertising on T.V., radio, and press.

**2. Industrial Advertising:** This type of advertising is used by manufacturers and distributors of industrial goods. Such as, machinery, plants, equipment, spare parts and components, and are directed at industrial users or customers. Such advertisements usually appear in trade journals, trade dictionaries, business magazines and so on. The appeal made is tactual and rational.

**3. Trade Advertising:** This kind of advertising is employed by manufactures and/or distributors to influence and persuade wholesalers and dealers (retailers) to stock and sell the

goods of the advertiser by offering incentive schemes to them, or, by inviting dealership for their particular products(s).

**4. Professional Advertising:** It is directed at professional like doctors, professors, engineers and others, who are expected to recommend, prescribe, or, specify the advertised products to ultimate consumers. This is done through professional journals and representative of the advertisers.

### **III. Classification on The Basis of Media**

On the basis, advertising has been classified into the following four categories viz., (1) Print media advertising; (2) electronic, or, broadcast media advertising; (3) outdoor media advertising.

**1. Print Media Advertising:** The print media consists of newspapers, magazines, journals, handbills, etc. No newspaper or, journal, today, can survive without advertising revenue. Print media advertising, even today, is the most popular form; and revenue derived by mass media from advertising has, therefore, been progressively increasing year after year. Print media appeals only to the sense of sight, i.e. eyes.

**2. Electronic or Broadcast Media Advertising :** Electronic, or, broadcast media consists of (i) radio, (ii) television, (iii) motion pictures, (iv) video, and (v) the internet. The radio is audio in nature, appealing only to the sense of sound (ears). Radio advertising is more effective in rural areas, as compared to urban regions. Television, as an advertising medium, is more attractive and effective because it is an audio-visual medium appealing to both the senses of sight sound (eyes and ears). Different methods, such as, spot announcements, sponsored programmes, etc., are used for broadcasting advertising messages. However, broadcasting media are very expensive form of advertising. Advertising is also undertaken through movies, video, and the internet.

#### **3) Outdoor Media :**

This includes posters, neon signs, transit, point of purchase (POP), etc. Outdoor advertising can be a good supporting media to other forms of advertising. It is a good form of reminder advertising, especially, the POP advertising.

#### **4) Other Media :**

This includes direct mail, handbills, calendars, diaries, cinema advertising, internet and so on. These miscellaneous media can play an important supporting role to the major media such as television, and newspapers.

### **IV. Classification on The Basis of Function:**

**1. Direct Action and Indirect Action Advertising:** Direct action advertising is undertaken to obtain immediate response or action on the part of target audience. Examples include discount sales advertising, sale along with free gift offers, and mail-order coupon sales, etc. The media

used is mostly newspapers, and television. Indirect action advertising is undertaken to influence the audience in respect of advertiser's brand. The advertiser expects the target audience to prefer his brand as compared to competitors whenever a buying decision arises in future.

**2. Primary and Selective Advertising:** Primary Advertising is undertaken by trade association or by cooperative groups. It is undertaken to create generic demand for products and services. For example, the Coffee Board may advertise to consume more coffee. Selective Advertising is undertaken by marketers of branded products. The advertiser intends to create selective demand for his brand. Examples include Pepsi Cola, Coca Cola.

**3. Product and Institutional Advertising:** Product or Service advertising is undertaken to promote the sale of products and services-branded or unbranded. Institutional advertising is undertaken to build name and goodwill of the organization. It is also known as corporate advertising or image advertising. It is mostly undertaken by large firms.

#### **V. Classification on The Basis of Advertising Stages**

On this basis, advertising may be classified into the following three different categories, viz., (1) advertising at pioneering stage, (2) advertising at competitive stage, and (3) advertising at retentive stage.

**1. Advertising at Pioneering Stage:** Advertising at „pioneering stage“ is undertaken to make the audience fully aware of the new brand of product and to inform, influence, and persuade them to buy, or, use it by highlighting its unique features.

**2. Advertising at Competitive Stages:** Once the brand survives the introductory stage, it has, soon to face a stiff competition with other well established brands in the market. At this stage, competitive advertising is undertaken to promote sales effectively.

**3. Advertising at Retentive Stage or Reminder Advertising:** When the product has captured a large share of the market, 'retentive advertising' is undertaken to maintain, or retain the stable position in the market as long as possible. Moreover, if the same product is passing through the declining stage in the market, this type of advertising is used to remind the buyers about the product hence, it is also known as '**reminder advertising**'.

### **3.3 TYPES OF ADVERTISING**

Advertising is also classified according to their functions and role. Some of the important classifications of advertising are as follows:

**1. Social Advertising:** Social Advertising is undertaken by noncommercial organisations such as Trust, Societies, and Associations etc. The main objective of Social Advertising is to work for social cause. Advertisements for collecting donations for war victims or for victims of natural calamities, sales of tickets for a show etc. are examples of Social Advertising.

**2. Political Advertising:** Political advertising is undertaken by political parties to motivate the general public in favour of the ideology of the party in question. Political advertising are intensively made during election times to gain favour of the voters. Such advertising promote plans and policies of the concerned party. It also tries to expose weaknesses of the opposition with a view to convince the voters to vote for their party candidates. Some political advertisements are also made to assist the Government to implement its schemes for rehabilitation and national reconstruction. Mumbai Regional Congress Committee children affected by communal riots in Mumbai under the scheme of National Foundation for Communal Harmony. Advertisements issued by a political party are essentially a political advertising.

**3. Advocacy Advertising:** We often come across advocacy advertised relating to the use of family planning methods. Conservation of scarce resources, maintaining green environment. An extreme example occurred in the 1960s, when a private citizen bought a two-page advertisement in the New York Times at a cost of \$12,000 to offer his peace plan for ending the war in Vietnam. In 1974, Mobil Oil Company began advocacy advertising concerning the need for offshore oil drilling to alleviate the energy crisis that existed at the time. NBC accepted the television commercial, but ABC and CBS did not, because of the controversial nature of the topic. As a result, Mobil Oil Company took out full-page newspaper ads, which reproduced in print the visuals and text for the commercial. This is designed to alert people to the fact that such ads are not editorials or informational pieces, but are specifically advertisements. Companies can place advocacy advertising on billboards, in print magazines and newspapers, online, and on television.

In fact, many advertising firms consider candidates who have completed advertising internships far more attractive than those who have not. If you are planning to begin your career in advertising in the creative department of an advertising firm, a bachelor's degree may not be as essential.

#### **4. Advertising by Google**

**Ponds Age Miracle:** Looking young is now really easy Get Ponds tips and tricks! [www.Ponds.in](http://www.Ponds.in)

**Use Olay Total Effects:** [www.Olay.in/SkinCare](http://www.Olay.in/SkinCare)

**Tips for Beautiful Skin:** Get the right beauty tips for your skin from the Experts. Apply Now!  
[KayaClinic.com](http://KayaClinic.com)

**Gym Management Course:** Learn how to successfully manage a  
Gym, Fitness Club or a Health Club! [www.keleven.com](http://www.keleven.com)

**ICICI Health Care Plans:** One Health Policy for Entire Family No CheckUp or Paperwork. Buy Now! [ICICILombard.com](http://ICICILombard.com)

**5. Retail Advertising:** Retail advertising is the advertising by retailers who usually sell goods direct to the customers. Retail advertising has such objectives as: (i) to sell the stock; (ii) to establish the identity of business; (iii) to attract personal, telephone or mail order shoppers. Retail advertising is done through window display, neon signs, posters, leaflets etc. It is usually local in character.

**6. Financial Advertising:** When an advertising message is directed to attract for raising capital, it is called financial advertising. The banks, insurance companies and commercial undertakings collect required funds from the savings of the people by motivating them to postpone present expenditure to future-period.

An investor considers two things before investing his hard earned savings.

(1) Safety of investment (2) Return on investment

The safety of investment depends upon the reputation and goodwill of the company and the properties possessed by it. The institutional advertising helps in creating confidence in the minds of the investors. The financial advertisements inform the investors about the past performance in declaring dividends and the trend in declaring of dividend. The dividend depends upon the profitability of the company. The company with the help of charts, diagrams etc. communicate the rate of growth and rate at which profit is increasing.

The financial advertising aims at establishing financial solvency of the company in the minds of the prospective investors. It is because of financial advertising the companies have succeeded in floating of mega issue of shares and in IPOs.

The financial advertising aims at establishing financial solvency of the company in the minds of the prospective investors. It is because of financial advertising.

#### **Essentials for the Success of Financial Ads:**

No financial ad campaign; however creative and persuasive it may be, can produce the desired result, unless the following conditions are satisfied.

- (a) The performance and image of the company and its future prospects must be good.
- (b) The premium, charged on the share price, must be fair and reasonable.
- (c) The brokers and underwriters must extend unqualified support to the company.
- (d) The company should get wide publicity from the press through press conferences.
- (e) True statement of facts, made in the ads.
- (f) Finally, financial climate of the country plays an important role.

#### **Advantages of Financial Advertising:**

Following are main advantages of financial advertising:

- (a) Financial advertising transmits to target consumers all the material information

about new investment opportunities for investment of savings, or, surplus funds.

(b) It provides education and guidance to consumers in respect of their investments in shares, debentures, and public funds, off companies.

(c) It serves as a reminder to consumers to take suitable follow up action on their part.

(d) It helps to tap yet untapped rich areas in mini-metros, small towns, and even in villages for financial institutions.

(e) As financial ads are required to give the required information about the aims, objective business operation, for which additional funds are required by the advertiser, the company gets wide publicity through such ads.

(f) Financial advertising serves as a backbone to brokers as well as underwriters, who as „intermediaries“ between the advertiser and the clients.

(g) Finally, financial advertising indirectly aids and supports the economic and industrial growth of country by mobilizing public funds for expansion and diversification of business.

**7. Corporate Image Advertising:** Corporate Image advertising designed or aimed to create a proper attitude towards the seller and to build goodwill or image for the advertiser (manufacturing concern or the selling concern) rather than to sell a specific product or service. Institutional advertising is done to build good public relations“ image in the market for the marketer and a patronage for its product or products. Institutional advertising can therefore be patronage advertising and public relations service advertising. Public relations institutional advertising is aimed to create a favourable image of the company (advertiser) among employees, investors or general public. Public service institutional advertising aims at changing the attitudes or behaviour of the people to the good of the community or public at large. Patronage advertising is aimed to attract customers by appealing to their patronage buying motives rather than product buying motives. Most of the companies are successful in making their image in the minds of the people by using their names, such as ‘Bata’, ‘Tata’, ‘Dunlop’, ‘J.K.’, ‘Bombay Dyeing’ etc.

**8. Public Relations Advertising:** It is a part of institutional advertising. The basic objective of public relations advertising is to establish cordial and healthy relations with the customers, bankers, suppliers, Government. Patrons and the general public.

Through public relations advertising company announces the changes in its policies, its developmental activities its position and stand when the employees are on strike. It helps the company to remove misconcepts about the company created by interested groups.

During the periods of short supply of goods the public relations advertising helps to hold the interest of the customers. The companies assure about the normalcy of supply and request its customers to bear with the company.

Institutional advertising and public relations advertising are complimentary to each other. Both are directed in building up corporate image.

There are several reasons as to why a corporate firm may resort to public relations advertising. The reasons are:

- (a) To create a favourable image of the organisation.
- (b) To secure and keep good suppliers.
- (c) To build goodwill of the dealers.
- (d) To arouse and serve customers in a better way.
- (e) To arouse interest of the present and potential shareholders.
- (f) To correct misconceptions about the firm during strikes.
- (g) To win confidence of its employees.
- (h) To render community service.
- (i) To make people aware of social evils, health hazards, etc.
- (j) To obtain public support for certain cause.

**9. Institutional Advertising:** The object of institutional advertising is to build manufacturers reputation in the minds of the public in general.

The advertising message is directed to tell about the Company, its people, its contribution in promoting social welfare activities, in promoting consumer satisfaction its achievements in technology its broad philosophies, its share in economic progress of the Company etc.

Such advertisements do not bring benefits in the form of higher sales immediately. But they create good footing for the company in the long run. The competitive strength of the company goes up with the enhancement of corporate image. It is much easier for a highly reputed company to launch a new product in the market. Basically the institutional advertising aims at getting public support for raising the capital through public subscription.

The following points are normally referred in institutional ads:

- (a) Research & Development of the firm.
- (b) Number of factories or branches of the firm.
- (c) The number of employees and facilities provided to them.
- (d) Foreign collaborations, if any.
- (e) Distribution network of the firm.
- (f) Market position of the firm.
- (g) Products or services offered by the firm.
- (h) Social welfare programmes undertaken by the firm, etc.

**10. Internet Advertising:** The Internet facility has been around for some 30 years. It actually began in the early 1960s in USA, where the U. S. Department of Defense saw it as a means of supercomputer communication for researchers and military facilities across the country. Until its commercial explosion in 1990s, the Internet remained a relatively obscure network of linked computers - mostly by academics, military researchers, and scientists around the world to send and receive electronic mail, transfer files, and find or retrieve information from databases –

At present, Internet the fastest growing medium in history, offers incredible opportunities for a wide range of people in both business and advertising. For advertisers, there is a whole new world of potential customers.

**11. Primary Demand Advertising:** The main objective of Primary demand advertising is to create demand for a new product or product category. This is necessary in the case of newly developed products or the products which are costly in nature. For example, cars, refrigerators, washing machines, watch, etc. Such advertising is directed towards a class of customers, it is also described as selective demand advertising. It is heavily utilized during the introduction stage of product life cycle.

Primary demand is when a potential buyer, or prospect, is showing interest in a product or service for the first time. Often times it is because the prospect was never exposed to the “concept” of the product or service or never really understood it. But now due to new circumstances she has an apparent need all of a sudden.

**12. Selective Demand Advertising:** Selective demand advertising is done to meet the growing competition mainly in growth stage of the life cycle of the product. Here, the goal of advertising is to push the demand of specific product or service. Often, promotion becomes less informative and more emotional during this phase. Advertising may begin to stress subtle differences in brands with emphasis on brand name recall. At this stage, pricing may also be used as a weapon because products of all the competitors are almost similar in quality.

Selective demand is when a prospect has a need, has identified the need, and is actively seeking out a solution. In these cases the prospect will come to you if he feels comfortable in your company's ability to solve his needs.

When someone has selective demand they are more proactive in their search for information. They usually give themselves enough time to compare the quality, value, and offers of different companies. So while they are calling you they are also likely calling others as well.

**13. Product Advertising:** Product Advertising refers to the advertising of tangible product. It is for the marketing of the product advertising as a powerful instrument has emerged. A product may be anything in which a trader deals or trade. A product may be tangible or intangible.

Products like radio, soap, pen cloth etc. are tangible products and services of professional people like doctors, lawyers, engineers etc. are intangible products.

The fundamental of any advertising campaign is to establish the fact that among the substitutes the product advertised is the best. Thus product is the heart of any advertising programme. Advertising makes possible for the smooth entry of the new product in to the market.

**14. Service Advertising:** Service advertising is designed to operate in the public interest. It is undertaken to seek public welfare and social development. It is in the nature of non-commercial institutional advertising. In this type of advertising, the objective is to put across a message intended to change attitudes or behaviour and, as a result, benefit the public at large. It is generally used by government and other organizations to promote public welfare.

We often come across advertisements focusing on the need of small family norms, functional literacy and environmental sanitation and so on. The Government of India and many industrial houses have been sponsoring advertising campaigns pertaining to family planning programmes, national integration, employment assistance schemes, cleanliness campaigns, need for vaccinations, anti-dowry cause, drug addiction, AIDS, wildlife preservation, road safety measures, adult literacy programmes, etc. Today, most of the manufactures and businessmen have also started issuing advertisements in the interest of the public. Advertisements released by the Indian Railway appealing to the public to take care of public properties and ads released by Cancer Society of India for free Cancer check-up, are for socially relevant causes. Many companies have also taken up public causes such as supporting a leprosy eradication programme, avoiding pollution, safe driving, blood donation drive etc., by resorting to public service advertising. To create awareness of AIDS and its preventions Lintas has designed TV/film/video campaign.

**15. National Advertising:** It is generally undertaken by manufactures of branded goods, for which, advertising messages is communicated to consumers all over the country. Almost all possible mass media, including national newspapers, radio and television network, are employed for national advertising. Product services, and ideas, which have demand all over the country, are suitable for national advertising. In India, Indian Airline Hindustan Lever Ltd., Vicco, Godrej, Bajaj and Kirloskar are a few leading advertisers at national level. Likewise, detergents, soaps, toothpastes, cosmetics, scooters, cars, and bicycles, are some of the products, which are advertised all over the country.

**16. Retail Advertising:** Retail advertising is the advertising by retailers who usually sell goods direct to the customers. Retail advertising has such objectives as: (i) to sell the stock; (ii) to establish the identity of business; (iii) to attract personal, telephone or mail order shoppers. Retail

advertising is done through window display, neon signs, posters, leaflets etc. It is usually local in character. The various advertising approaches of Akbarallys, Amarsons, and Asiatic Departmental Stores are the examples of retail advertising.

### 3.4 NATIONAL AND RETAIL ADVERTISING

<b>National Advertising</b>	<b>Retail Advertising</b>
1. It is used in wider market, national advertising follows uniform message for the entire consumer.	1. It is used in wider market. National advertising follows uniform message for all the consumers.
2. It is more interested in establishing long-range favourable attitudes.	2. It is more interested in establishing long range favourable attitudes.
3. It generally ignores price factor. Moreover, prices may vary from region to region.	3. It generally ignores price factor. Moreover, price may vary from region to region.
4. It mainly uses magazines radio and T.V.	4. It mainly uses magazines radio and T.V.
5. It requires big budget.	5. It requires big budget.
6. It advertises less frequently exception cases of consumer goods which are put to daily use like soap, tooth paste, etc.	6. It advertises less frequently except in cases of consumer goods which are put to daily use like soap, tooth paste, etc.
7. It is more spectacular and more attractive.	7. It is more spectacular and more attractive.
8. It advertises with emphasis for every aspect of the product, company and consumers.	8. It advertises with emphasis for every aspect of the product, company and consumers.
9. It concentrates advertise keeping in view business objective.	9. It concentrates on the entire country.

<p>10. The prospective retail customers seek advertisements of their favourite store.</p>	<p>10. There is no such expectation on the part of consumers. As a policy of business, manufacturers advertising keeping in view business objective.</p>
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### 3.5 SUMMARY

Different authors have classified advertising in different ways. Generally the advertising is classified on the following basics 1. Area Covered, 2. Audience, 3. Media, 4. Functions, 5. Advertising Stages etc.

### 3.6 QUESTIONS

1. Give broad classification of advertising according to Area Coverage, Audience, Media and Functions
2. How would you classify different categories of advertising?
3. Write short note on (a) Corporate Image Advertising (b) Public Relations Advertising, (c) Institutional Advertising,
4. What is Internet Advertising? What are the types of Internet Advertising?
5. What are the advantage and disadvantages of Internet Advertising?
6. Write short note on (a) Product Advertising (b) Service Advertising.
7. What are National Advertising and Retail Advertising? How does National Advertising differ from Retail Advertising?



# 4

## ADVERTISING MEDIA

### STRUCTURE

- 4.0 Objectives
- 4.1 Introduction
- 4.2 Determinants of Advertising Media
- 4.3 Radio Advertising
- 4.4 Internet Advertising
- 4.5 Television Advertising
- 4.6 Press Advertising
- 4.7 Film Advertising
- 4.8 Purchase Point Advertising
- 4.9 Specialty Advertising
- 4.10 Video Advertising
- 4.11 Outdoor or Mural Advertising
- 4.12 Emerging Media options
- 4.13 Display or Indoor Publicity
- 4.14 Summary
- 4.15 Questions

### 4.0 OBJECTIVES

After completion of this lesson the student will be able to understand:

- Determinants of Advertising Media,
- Radio Advertising: Advantages and disadvantages, demerits or limitations of Radio Advertising, FM Radio broadcasting
- Internet Advertising: Types, advantages and disadvantages of Internet Advertising
- Television Advertising: Merits and demerits of Television Advertising
- Press Advertising: Merits and demerits of Newspaper Advertising
- Magazine and Journal Advertising: Advantages and disadvantages

- Outdoor or Mural Advertising: Types of Outdoor advertising, merits and demerits

## 4.1 INTRODUCTION

The most brilliant and original advertising ideas will be wasted if they are not presented through the right media in the right place at the right time to the right people. Hence the selection of right media is an important for achieving the objectives of advertising. However, before explaining the factors which should be kept in mind for selecting the right advertising media, it is essential that we must know the meaning of advertising media. An advertising media is a means or vehicle of delivering a definite message. It is a means through which an advertising message or information is passed on to the prospective customers, readers, viewers, listeners or passers-by. For instance, a producer seeks through advertisement media to keep in touch with old customers as well as to attract new customers. Medias are subject to intensive buying and selling activity. Examples of media are newspapers, magazines, radio, television, direct mail, posters, film, catalogues etc.

## 4.2 DETERMINANTS OF ADVERTISING MEDIA

Selection of a right type of advertising media is a difficult task. Any media that is selected must be capable of accomplishing at least the three main objectives:

1. It must reach the largest number of people possible.
2. It must attract their attention.
3. It must be economical.

There is hardly any single media that satisfies the above three objectives in practice. There are number of advertising media choices available to the company in India. However, the real managerial task is to identify from among them the one (s) which is relevant for the company. For this purpose the management should consider the following factors:

- 1. The Nature of the Product:** The nature of the product determines the choice of the advertising media. For instance, cinema, television, colour periodicals would be the obvious choice for products like fabrics and toilets requiring visual presentation. In this connection, management should develop a product-media match.
- 2. Market Requirements:** While selecting advertising media, the company's market requirements should be considered. When they meet these requirements, they lend themselves to good use. For example, specialized high fashion colour magazines would be the proper media for consumers with high income groups and sophisticated tastes. Similarly, outdoor media would be appropriate when consumer action is to be induced at the point of purchase.

- 3. Advertising Objectives:** The advertising objectives also determine the type of media to be selected. For example, the press is preferred to project corporate image while radio and television is relevant for product advertising.
- 4. Distribution Strategy:** The advertising media should be compatible with the distribution strategy adopted by the company. For example, if the company is selling through middlemen wholesalers and retailers etc., then outdoor advertising media duly supported by television, radio and cinema etc. may help to pull the product out of channel.
- 5. Nature of the Message and Appeals:** The nature of advertising message appeal also determines the advertising media for a company. The media should be able to carry the message and appeal to the right persons in the perspective. For example, if time is the essence of communication, daily newspaper and radio may be the best choice. Mass consumption items like soaps, toothpastes, hair oil etc. may determine television, newspapers as the best selection.
- 6. Budget:** The budget available for advertising purpose will decide the choice of media of advertising. For example, a manufacturer having comparatively large funds for advertising may choose television or radio or both as a media of advertising. On the other hand a medium or small sized businessman may prefer newspaper and magazine as an advertising media.
- 7. Competitors Choices:** A company should also take into account the wisdom of competitors' media choices despite differences in advertising objectives and appropriations. It is not desirable to outright dismiss their choices. Generally, the advertising media used by competitors are preferred so as to make an impressive appeal for the product.
- 8. Media Circulation:** The company should take into account the circulation of the advertising media. Media circulation must match the distribution pattern of the product. This applies to the press media. Circulation should not be confused with readership. Circulation means the number of copies sold after deduction of free copies, returns and other differences between the total number of printed copies and total number sold at full price. The advertising media selected should have maximum circulation, such as Hindustan Times etc.
- 9. Media Availability:** The question of media availability is quite relevant while considering advertising media alternatives because not all media are available to a company at all times whenever required. For instance, in 1973, and 1974, owing to acute newsprint shortage, space availability in national dailies was a real problem.
- 10. Penetration:** How can we penetrate the market most thoroughly or how can we reach the greatest number of potential customers is also an important factor influencing the choice of a particular advertising media. Shall we reach housewives at the kitchen-sink by means of television or radio and which is likely to have the greater impact? This fact should be considered.

**11. Size and Nature of the Business Enterprise:** The size and nature of the business enterprise also play an important part in making a choice for the advertising media. Different media will suit to departmental stores, chain stores, small shops, manufacturers and producers etc. A big business enterprise may make use of television, radio and newspapers having national network, whereas a small unit may prefer local newspapers and cinema-slides etc. Thus the above factors are generally considered while selecting the advertising media for selling the products.

### **4.3 RADIO ADVERTISING**

Today, radio has emerged as one of our major advertising media. It provides a very large coverage of audience in urban and rural areas. Now almost every family has a radio set in our country. Radio advertising in India was started in 1967 when a commercial service on “VividhBharati” was started. Commercial broadcasting is now undertaken by Delhi, Bombay, Madras, Calcutta, Poona, Nagpur and Bangalore stations etc. of All-India Radio. Ceylon Radio Commercial Broadcasting is quite popular throughout the country. Commercial broadcasting is a major source of income. Today, radio advertising is extremely popular with both trade and industry as the demand exceeds the time. Radio advertising may be described as „word of mouth advertising on a wide scale“. The advertiser delivers the message orally and not visually. It makes appeal to the ear and not to the eye with the effect that the message is conveyed to the masses whether literate or illiterate.

#### **4.3.1 Advantages or Merits of Radio Advertising**

Radio advertising is quite popular in India on account of the following advantages:

1. It has a wide coverage. Even illiterate people are covered under this media. It can convey message even to small remote areas.
2. It is quite flexible as it can be used on a national or local level according to the need.
3. It gives message of the advertiser at the door of the prospects when they are in a respective mood.
4. It easily catches the attention of the people.
5. Today radio advertising is a major source of income.
6. It claims the advantage of memorizing value. In this connection, psychologists say that anything learnt through the ears is not easily forgotten.
7. Radio advertising affords variety of programmes including entertainment on account of which the goodwill is developed. People buy the product advertised by radio because they enjoy the free show.
8. Radio advertising has human touch unequalled by any other media.

### 4.3.2 Disadvantages, Demerits or Limitations of Radio

#### Advertising

Radio advertising has the following disadvantages, demerits or limitations:

1. The message given by radio advertising is short-lived.
2. It is costly and is beyond the reach of small and medium sized advertisers.
3. It only appeals to the sense of hearing and thus does not portray visually a picture of the package of the product.
4. It is not suitable for all kinds of products, such as industrial goods which are not needed by the average radio listener. It is useful only for the goods of common use.
5. Radio advertisements are very brief and thus details cannot be elaborated.
6. Since there is a multiplicity of advertisements in a very short time, it is most likely that the listener may forget the name of the product.
7. There is no possibility of demonstration in case of radio advertising.
8. It is a selective media of advertising.

**FM broadcasting:** FM broadcasting is a broadcast technology pioneered by Edwin Howard Armstrong that uses frequency modulation (FM) to provide high-fidelity sound over broadcast radio.

The term "FM band" is effectively shorthand for "frequency band in which FM is used for broadcasting". This term can upset purists because it conflates a modulation scheme with a range of frequencies.

**Modulation characteristics:** Frequency modulation (FM) is a form of modulation which conveys information over a carrier wave by varying its frequency (contrast this with amplitude modulation, in which the amplitude of the carrier is varied while its frequency remains constant). In analog applications, the instantaneous frequency of the carrier is directly proportional to the instantaneous value of the input signal. This form of modulation is commonly used in the FM broadcast band.

#### **Pre-emphasis and de-emphasis:**

Random noise has a triangular spectral distribution in an FM system, with the effect that noise occurs predominantly at the highest frequencies within the baseband. This can be offset, to a limited extent, by boosting the high frequencies before transmission and reducing them by a corresponding amount in the receiver. Reducing the high frequencies in the receiver also reduces the high-frequency noise. These processes of boosting and then reducing certain frequencies are known as pre-emphasis and de-emphasis, respectively.

The amount of pre-emphasis that can be applied is limited by the fact that many forms of contemporary music contain more high frequency energy than the musical styles which prevailed at the birth of FM broadcasting. They cannot be pre-emphasized as much because it would cause excessive deviation of the FM carrier. Systems more modern than FM broadcasting tend to use either programme-dependent variable pre-emphasis.

#### 4.4 INTERNET ADVERTISING

The Internet facility has developed around for some 30 years. It actually began in the early 1960 in USA, where the US Department of Defense saw it as a means of supercomputer communication for researchers and military facilities across the country. Until it commercial exposed in 1990s, the Internet remained a relatively obscure network of linked computers - mostly by academics, military researchers, and scientists around the world to send and receive electronic mail, transfer files, and find or retrieve information from databases.

At present, Internet the fastest growing medium in history, offers incredible opportunities for a wide range of people in both business and advertising. For advertisers, there is a whole new world of potential customers.

##### 4.4.1 Type of Internet Advertising:

Ads on the Internet can take a variety by forms. Most advertising on Internet can be classified as websites, banners, buttons, sponsorships, interstitials, Meta ads, classified ads, and email ads.

**Websites:** Some companies consider their whole website as an ad. However, a website is more than an ad - it's an alternative location where customers, prospects, shareholders, investors, and others can come to find out more about the company, its products and services. Some companies use their website like an extended brochure to promote their goods and services. Others treat their website as an online catalog store, conducting business right on the Net. Still other website act in information and entertainment provides. Website typically consist of a home page and an indefinite number of subsequent pages that users can visit for further information. A web page refers to a single HTML (hypertext markup language) file, which, when viewed with a browser, may actually be several screens long. A large website may have hundreds of these pages of information. This means the site contains hundreds of different documents of various lengths (from 1 to 10 or more screen), each probably covering a different subject.

**Banners:** The ad banner is the basic form of web advertising. A banner is a little billboard that spreads across the top or bottom of the Web page. At present one comes across larger banner ads that can dominate the screen or even provide television commercials. When users click their mouse pointer on the banner, it sends them to the advertiser's site or a buffer page.

**Buttons:** These are similar to banners. They are small version of the banner those often look like an icon usually provides a link to an advertiser's home page. Since they take less space than banner, they are less expensive.

**Sponsorships:** A form of advertising on the Internet that is getting popular is the sponsorship of Web pages. Corporations sponsor entire sections of a publisher's Web page or sponsor single events for a limited period of time, usually calculated in months. In exchange for sponsorship support, companies are given extensive recognition on the site. Sometimes an added value package is created by integrating the sponsor's brand with the publisher's content. For instance, a Web page on Olympics or some other spots can be sponsored by a business firm.

**Interstitials:** This is a dynamic form of Net advertising. It is a catch all term for a variety of animated ads that pop up on the screen while the computer downloads a website that the user has clicked on. There are now many types of interstitials including pop-up windows, splash screens, superstitions, etc.

**Meta Ads:** Used in search engines (such as Yahoo, Google, etc.), a met ad is an advertisement displayed on the results page of a search, specific to the searched item. Meta ads are also referred to as keyword advertising. This method enables an advertiser to target a specific audience. Advertisers can pay search engines to display their banners only when relevant keywords are searched for by a user. For example, if a user searched for the term "handicrafts and handlooms", the Meta ads displayed might be for handicrafts and handlooms items.

**Classified Ads:** Another growing area for Internet advertisers in the classified ad websites. Some of these websites offer free classified advertising opportunities because ad banners of other advertisers support them. They are similar to newspaper classified ads. You can search for homes, cars, jobs, toys, shoes etc.

**E-Mail Advertising:** Advertisers can send e-mail advertising to customers who have asked for it. It is similar to direct mail advertising, and therefore, it is the most effective form of internet advertising. However, there is too much of span via the e-mail. Span refers to unsolicited, mass e-mail advertising for product or service that is sent by an unknown entity to e-mail addresses.

#### **4.4.2 Advantage of Internet Advertising:**

- 1. Interactive Medium:** It allows consumers to directly interact with an advertiser, thereby establishing future relationships.
- 2. Enormous Audience:** With an audience of about 500 million people worldwide (some estimates put the figure at 1 billion people), the internet is the only true global medium, providing information and commercial opportunities that are immediately accessible around the world.

3. **Immediate Response:** Products and information are available on demand made by the consumer, thereby, providing instant feedback for the advertiser.
4. **Selective Targeting:** Advertisers can reach the right target audience, especially through the Meta ads.
5. **Proximity to Purchase:** It may be the greatest advantage of Internet advertising. Purchasers can be targeted right where they are, right at the moment when they are considering of making a purchase.
6. **Affluent Market:** Most of the Internet users belong to middle upper class or upper class audience. Therefore, Internet medium enables to reach the affluent market of the society.
7. **Provides In-depth Information:** Internet provides in-depth information about a company and/or products. Commercial websites provide detailed information about products or services to the Internet users seeking information.
8. **Reaches Business-to-Business Users:** The Internet medium can reach to B2B users when they are still at work, not only business related information, but also consumer products advertising while they are working.

#### 4.4.3 Disadvantages of Internet Advertising:

1. **Lack Mass-Media Efficiency:** Internet is not a mass medium as the case of radio and television. Therefore, it may never offer mass media efficiency. Most marketers in developing countries like India, may find it as too complex, too cluttered or not worth the time and efforts.
2. **Slow Downloads:** The downloading of websites is very slow in many parts of the world, including India. The ads that pop up in between only irritate the Internet users.
3. **Problem of Spam:** There is too much of Spam via the e-mail. Therefore, e-mail users do not consider going through even the responsible ads.
4. **Problem of Online Purchases:** In India, most consumers would like to physically inspect the goods before purchases. Therefore, they may not place orders online. Again, most people do not believe the internet as a safe place for financial transaction.
5. **Untested Medium:** There is hardly any research to test the effectiveness of Internet advertising. Therefore, a good number of markets in India do not give much importance to Internet advertising.

#### 4.5 TELEVISION ADVERTISING

**Television Advertising:** It is said that to-day television advertising is the bestselling media ever invented. It has a potential advertising impact unmatched by any other media. It is a means of bringing actual demonstration in the homes of the prospects and is therefore more effective media

when compared with radio. That is why the position of radio advertising has now being gradually taken by television advertising.

Commercial television advertising was introduced in India on January 1, 1976 on the pattern of All India Radio. Thus, as an advertising media, television is of recent origin in India. It is also known by the name of 'Doordarshan' in India. Television makes full use of sight, sound and motion and thereby maximizes impact on audience. On colour TVs, now colour may also be used to add to the impact. The coverage of television is increasing at a rapid pace in India. This media is particularly advantageous for those advertisers whose products require demonstration. Sponsored programmes have also been started on television in India.

#### **4.5.1 Advantages or Merits of Television Advertising**

**Television advertising has the following advantages:**

1. The main advantage of television advertising is that it combines the advantages of both radio and cinema. Thus it is a most powerful audio-visual media.
2. It makes the message more attractive and impressive.
3. It is most advantageous to those advertisers whose products and service require demonstration.
4. It is a source of major income to Doordarshan.
5. It possesses geographical selectivity. An advertiser can place his advertisements on selected few stations as per his requirements.
6. It has a wide coverage. At present television services are available to more than 80% of India's population.

#### **4.5.2 Disadvantages or Demerits or Limitations of Television Advertising**

Television Advertising is subject to the following demerits or limitations:

1. It is very expensive advertising media and would certainly exclude the small advertisers.
2. Television message is short-lived.
3. The range within which the telecasting reaches the audience is very limited.
4. In case of India, an average Indian cannot afford television as it is quite costly.
5. Television advertisements are very brief due to high cost of advertising on television.
6. Television advertising is a very deliberate media, requiring long term planning, the gaining of approval from the authority and also lacking flexibility.

## **4.6 PRESS ADVERTISING**

### **4.6.1 Meaning of Press Advertising**

Press advertising is the most popular and effective method of publicity today. It has become the part of the culture and political life of people today. Press, also referred to as print, is an advertising media comprising all those vehicles owned by others and which can carry the advertising message in print to be read by target customers. In India, this media is very commonly used by companies and account for nearly 70 per cent of their total expenditure on advertising media.

**4.6.2 Forms or Types:** Press advertising takes the following two major forms:

**1. Newspapers:** NP Newspapers are bought largely for their news values. Newspapers may be national/local daily/weekly. These are a good vehicle to pass on information about new products, current products and price-off deals. They can be used for local, national and regional market coverage. In India, there are a number of newspapers both in English and also in regional languages. Many newspapers in English and Hindi have nationwide coverage. So a message given in newspapers may have a better impression on the minds of the people and it may be more specific, clear, complex and lengthy. Currently, 1173 daily newspapers and 5280 weekly newspapers are published in India, out of which the largest number is accounted for by the Hindi language newspapers followed by Urdu, Marathi and English newspapers in terms of number, and English, Hindi, Malayalam, Marathi and Gujarati in terms of circulation. Among the states, the largest numbers of newspapers are published in Uttar Pradesh followed by Maharashtra and Karnataka. Among the prominent national English language dailies are the Times of India, Hindustan, Indian Express, Statesman and Economic Times etc., whereas among the national Hindi language dailies include Hindustan Times, Navbharat Times, National Dunia and in Rajasthan - Rajasthan Patrika. However, among the different language groups, companies in India, both in the state and private sector, largely use English dailies as their advertising media. Small enterprises prefer local newspapers as their advertising media. The newspapers charge on the basis of column centimeter space used by the advertiser. They also charge premium for special positions and provide concession for space booking on contract. However, these rates vary from newspaper to newspaper as per their circular and coverage.

**Advantages or Merits of Newspaper Advertising Media:** The advantages of merits of newspaper advertising media may be summed up as under:

1. Their coverage is high as they reach every nook and corner in a very short time.
2. They offer a lot of flexibility. According to the convenience and necessity of the advertiser, the shape, size and appeal may be frequently changed to suit the need of the advertiser.
3. High frequency enables speedy preparation and publication of advertisement.
4. It is the cheapest media of advertising as far as its cost per reader is concerned.

5. The daily newspaper have strong repetitive value as it offers an opportunity to the advertiser to repeat is message at a short interval of only one day.
6. The public response towards newspaper advertising is very quick.
7. By inserting local advertisements (in local newspapers), the effectiveness of advertising copy could be tested quite easily.
8. By inserting frequent advertisements in the newspapers, their visual appeals may be created very easily.
9. The reputation of the newspapers is available to the advertisers and their products also. Leading newspapers provide space to reputed and reliable concerns only.
10. Newspaper advertising provides geographic selectivity.

**Disadvantages or Demerits or Limitations of Newspaper Advertising Media:** The following are the disadvantages or demerits or limitations of newspaper advertising media:

1. The life of a newspaper is very short, i.e., only for the day. It is said, “Nothing is alive as today’s newspaper” and “Nothing is dead as yesterday’s newspaper.”
2. There is waste of circulation. The advertisement is carried even to those places where there is no market existing nor the possibility of creating a new market in the near future.
3. If the customers are limited in numbers, advertising in newspapers may be ineffective and costly too.
4. Visual effects may not be created in practice as the newspapers are generally printed on cheap newsprint.
5. There is lack of uniformity in advertising requirements. Lack of uniformity of publishers requirements with respect to rates, size, type of copy and so on.
6. Newspaper advertising is less popular in undeveloped countries where the masses are illiterate ignorant and poor.

**2. Magazines and Journals:** Another media under press advertising media is magazines and journals. They offer selective circulation throughout the country at a cost within reasonable budget limits. These are published periodically at regular intervals, i.e., weekly, fortnightly, monthly, quarterly or annually. Magazines and Journals are read at leisure and with care when the reader is mentally prepared to receive the advertisements. It has a long effective life. From the advertiser’s point of view, magazines may be classified under five groups: (i) Special Interest Magazines; (ii) Trade Magazines; (iii) Technical Magazines; (iv) Professional Magazines; and (v) Regional Magazines.

**Advantages or Merits of Magazines and Journals:** The following are the advantages of magazines and journals as an advertising media:

1. The life of magazine is considerably longer than that of newspapers. These are kept ready for weeks and months.
2. Better reproduction of advertisement than newspapers is provided.
3. Magazines are highly selective in nature and waste of circulation is avoided.
4. Magazine advertising create prestige, reputation and an image of quality.
5. The number of readers per copy in case of magazine advertising is quite high. There is multiplicity of readership.
6. Magazines are ideals for introduction new ideas.
7. Magazine readership is usually a leisurely home readership for enjoyment relaxation, and “with guard’s down”.
8. The printing, paper, colour combination is more attractive in case of magazine advertising than newspaper advertising.
9. Magazines reach specialized groups conveniently and effectively.
10. The cost of utilizing magazines for advertising is quite low.

**Disadvantages or Demerits or Limitations of Magazine and Journal Advertising:**

As compared to newspaper advertising, the magazine and journal advertising have the following disadvantages, demerits or limitations:

1. The chief demerit of magazine advertising is its low flexibility.
2. Preparation costs for magazine copy are usually rather high and sometimes exceed the cost of the space used in trade magazines.
3. The circulation is limited as compared to newspaper advertising.
4. It takes more time in printing etc. than newspaper advertising.
5. The size of magazines differs widely and hence the advertiser has to prepare the copy of advertisement according to the size of the magazine and journal.
6. Change in appeal cannot be effective quickly.

**4.7 FILM ADVERTISING**

**4.7.1 Meaning:**

Film is an audio-visual medium of communication and offers wide opportunities to the advertiser to screen commercial films and slides produced by them. Today cinema is an important and effective media of advertising. Suitable short films may be prepared to create a lasting impression upon the audience. These may be presented in the form of a story or a cartoon. Through the merits of the product are presented to the audience effectively. Such films may be

shown before the start of the feature film or during interval. At present there are three kinds of films used as media of advertising:

#### **4.7.2 Kinds of Films:**

- 1. Straight Advertising Films:** These are most common now-days. These concentrate on advertising message relating to only one product of a particular company, such as Hindustan Lever, Tata Oil Mills (toilet preparations), D.C.M., Gwalior Rayon, Calico etc. These are of short duration lasting from 3 to 5 minutes.
- 2. Documentary Films:** Documentary films are mainly used for publicity aspect and in most cases are educative in character. They are used to show various aspects of an industry as a whole.
- 3. Sponsored Advertising Films:** It is a very good combination of advertisement and entertainment. Cartoon films come under this category.

In India, cinema has practically reached in all the parts of the country. Bombay has become the hub of advertising films and slides production. With all these, cinema as an advertising media holds great opportunities particularly, for those companies which are poised to penetrate the rural market of our country. It is particularly relevant for advertising consumer-products and farm inputs.

#### **4.7.3 Advantages or Merits:**

1. It has a quite wide coverage.
2. It is able to explain and demonstrate the use of a product quite conveniently.
3. Appeal is made to all sections of the society.
4. It is never wasted as no advertisement can escape the attention.
5. It is effective and may pay rich dividend to the advertiser.

#### **4.7.4 Disadvantages, Demerits or Limitation:**

1. The films are too short and need changes frequently.
2. Production cost of a film is quite high.
3. The audience may not like to waste time in seeing such films repeatedly. They resent to it as they come for entertainment only.
4. Restrictions are imposed against screening of films, e.g., there is censoring.
5. For screening films, the cooperation of theatres is a must which is not easily available.

### **4.8 PURCHASE POINT ADVERTISING**

Purchase point advertising is that advertising which is undertaken at the premises of the manufacturer or the dealer for attracting the customers. This is a direct method because the advertising process is either undertaken by the manufacturer directly or through the dealer. Under

this method, goods are displayed at the counters, windows or in almirahs. It is observed that the point of purchase is the exact point where the prospects are reminded finally about a product. It is considered as a powerful media now a day.

#### **4.9 SPECIALTY ADVERTISING**

Under this media of advertising, manufacturers provide various articles of low value free of cost to the existing and prospective customers. The articles constitute calendars, ball-pens, diaries, cigarette cases, bags and other executive gifts. Such articles bear the name and address of the advertiser. It is felt that recipients will do business with the firm in the near future even though articles are given on no obligation basis. It is also called Novelty Advertising. These articles are given to targeted customers.

#### **4.10 VIDEO ADVERTISING**

It is now considered as the latest media of advertising. Under this method, video-cassettes ad-films are prepared. Nearly 22 million people around the world watch Indian films on video. India alone has video-audience of about 30 million which is increasing day by day. There are more than 50,000 video-libraries and about 1 lakh video-parlors/clubs in India. The video-cassettes released in India are also being screened in thousands of luxury buses. Besides the feature film they contain advertisements which are displayed at short intervals.

#### **4.11 OUTDOOR OR MURAL ADVERTISING**

##### **4.11.1 Meaning of Outdoor or Mural Advertising:**

Outdoor or mural advertising is the oldest form of advertising and remains the most common media even today. It is also called „wall advertising“. Outdoor advertising consists of a display of advertisements out of door which may be in the form of posters, painted signs, field signs, neon light signs, hoardings and posters carried by sandwich men. This is also referred to as mural advertising as posters consisting of a picture, are often placed on walls particularly a large one, printed directly on a wall or large photograph attached directly to a wall. Small play cards or posters placed outside or inside carriages such as trams, delivery-vans, buses, railway carriages etc. also come under this category. The new form of advertising by using balloons kites and smoke-writing in the sky is also a part of outdoor advertising. Outdoor advertising is not always argumentative but suggestive. The effectiveness of such advertising materially depends on its positions. Therefore, outdoor advertisements must be placed in such a way as can be seen by a large number of prospective customers with ample attention. The articles suited for such advertising are those which the masses can buy, such as food products, soaps, medicines, cigarettes, shoes, clothes and other domestic requirements.

#### **4.11.2 Main Characteristics of Outdoor Advertising**

1. It is a widespread popular advertising media which makes the goods and services of interest to mass appeal.
2. It has a comparatively longer life.
3. It has a high coverage.
4. Most outdoor advertisements are big and dominant so it is a very powerful eye-catching media.
5. It is a very flexible advertising media so that the advertiser can retain sites where he needs them most.
6. It is the oldest advertising media.
7. It also consists of suitable and popular slogans which can be easily remembered by the prospects.

#### **4.11.3 Types, Forms or Kinds of Outdoor Advertising**

**Outdoor advertising may take any of the following forms:**

- 1. Posters:** This is the most common and popular form of outdoor advertising. These are exhibited on a hoarding or on walls, roofs, fences, chimneys etc. A really commanding effect can be produced by posters which cost less than any other advertising media. Design is the basis of all poster-advertising. These mostly contain pictures. Advertising for a movie is done in this way. Even where no pictures are used, the proper arrangement of lettering is important. The posters should be simple, attractive and capable of telling its story at a glance. Posters also give considerable scope for the use of suitable and attractive colours. Humour can also be used with advantage in poster-advertising.
- 2. Advertising Board:** These are also posters which are kept at certain fixed places especially at points where people frequently assemble, such as bus stops, railways, crossings etc. Generally these advertising boards are made of metallic sheet enclosed in a wooden frame and fixed with a panel having specified height at main junctions. These are fixed and well set with flood-lights.
- 3. Vehicle Advertising:** It refers to moving advertisement. It consists of placing posters or playcards inside or outside vehicles such as trams, buses, taxies, delivery-vans, railway carriages etc. The main advantage of this system is the small space available for such posters. These posters are fairly sighted by the eyes and can be easily read. This method is a very common media and is considered to be very effective.
- 4. Electric Displays and Signs:** Signs illuminated by electricity are today to be seen in large number in cities. This is the most modern and the most attractive form of outdoor display. It

may consist of wooden letters studded with bulbs. Sometimes with a view to attract the attention, coloured bulbs are used and the colours are changed at short intervals. Another device used to attract attention is to turn on the light on each letter at a time to give the impression of the sign being written by an invisible hand.

**5. Neon Signs:** There are brilliantly coloured tubes available in various shades. These can be of the still or the flashing type. These signs are more attractive and interesting than the signs built up by a number of electric bulbs.

**6. Sky Advertising (Sky Writing):** Sky advertising is another modern form of outdoor advertising. In this form of advertising media an aeroplane writes the name of the product or the producer in the sky. It is also known as „smoke writing“ because the message is written in the sky by means of smoke. Large sized printed balloons are also dropped from the aeroplane in the sky. Usually, near the circus-tents, a large sized balloon is floated on which the name of the circus is written.

**7. Sandwichmen:** They are hired persons and properly dressed who walk in the streets in a procession with boards, posters and notices placed about them. The idea is to attract the attention of the public. The cinema-theatres usually arrange this kind of advertising media when a new picture is released.

**8. Stickers:** It is also an important form of outdoor advertising. In this case, the advertiser enters in a contract with the popular players that whatever they will wear or use during the match will bear the sticker of the advertiser.

**9. Puppet Shows:** This is purely an Indian outdoor advertising media which provided entertainment while conveying a message. Now-a-days it is used widely in the family planning campaign in India mostly in villages. One such show tells how a rich man of the village who has large family, rejects the family planning campaign. But his wife has twins and there are complications. He calls in the midwife who tells him that his wife will not survive more births. He accepts the family planning advice and so becomes the innovator in his village.

The above are the most common forms of the outdoor advertising. However, there may be other forms of this type of advertising.

#### **4.11.4 Advantages or Merits of Outdoor Advertising Media**

1. It has a wide coverage.
2. It is capable of gaining more attention of the public.
3. Outdoor advertising is more useful for local dealers. Its results can be more readily secured by using this form of advertising.

4. In big cities and high traffic areas, outdoor advertising is the most effective form of advertising.
5. Outdoor advertising is more flexible.
6. It offers greater selectivity because it can be used locally, regionally or even nationally.
7. It can be easily remembered.
8. It is quite economical.
9. It has comparatively long life.
10. It is a very good media to stress brand names and package identity.

#### **4.11.5 Disadvantages or Demerits or Limitations of Outdoor**

##### **Advertising Media**

The outdoor advertising media possess the following disadvantages, demerits or limitations and thus are subject to criticism:

1. It is subject to adverse reaction of the public on the ground that the walls of the houses are used for writing outdoor advertisement even without the permission of the owner of the house.
2. The message written under this type of advertising is too brief.
3. The exact effect created on prospects is difficult to measure.
4. The language used in writing on the wall advertising is usually defective and sometimes immoral too. It has an adverse effect on the public.

## **4.12 EMERGING MEDIA OPTIONS**

### **4.12.1 Meaning**

There are several Media Options which have emerged due to increased popularity of advertising. Advertising through cell phones and marketing through social sites are some of the Emerging Media Options.

### **4.12.2 Alternative Media Options**

We shall discuss the following Alternative Media Options

**Car Cards:** Car cards are small size thick papers or posters placed inside the vehicles like the buses or railway trains. They are also posted on the window screens or the side glasses of motor cars. The main purpose is to remind the travelers about the product. However, it is possible that many travelers may not look at the cards while travelling.

**Traveling Displays:** These car cards are posted outside the vehicles or local trains. Their purpose is to attract the attention outside public or of those who are standing on railway platforms.

**Sandwich Boards or Tall Man Advertising:** Sandwich boards advertisement is carried by a man with two posters hung on his two sides. The man is known as a sandwich man as he is

sandwich between two boards. He moves from one street to another and attracts the attention of the passerby. To add the unusual sight, sometimes, a tall man carrying the boards walks with the support of long sticks and with funny mask and clothes and attracts the passerby.

#### **Sky Writing or Sky Balloons:**

In this type, a painted balloon or a plastic sheet having advertisement message may be attached to the tail of the flying aeroplane which is being very unusual thing. People are attracted towards it.

#### **Advantages:**

1. It acts as a supporting or supplementary to press media effectively.
2. It is constantly reminding prospects of the products.
3. It is colourful and has a pleasing appearance. So, prospects welcome this form of publicity.
4. It has a wide appeal. It attracts all human population of literates and illiterates.
5. This media is more permanent compared to newspapers, films, magazines etc.
6. It provides scope for talents, skill and art.

#### **Disadvantages:**

1. It is difficult in measuring response as it appeals to the general public and not in particular.
2. Selection of wrong sight, wrong materials, wrong methods etc. wastages may arise. Also, due to damages to the posters, hoarding etc. wastages are created.
3. This media can be used only as a supporting media to the others like T.V. Radio etc.
4. It is alleged that the posters, hoardings, neon signs etc. spoil the natural beauty of the places.

### **4.13 DISPLAY OR INDOOR PUBLICITY**

To display the goods means to show the goods to the people in order to induce them to enter the shop to buy them. It is a device by which customers and people are attracted to the shop.

#### **4.13.1 Importance of Display:**

1. It is only the part of publicity which allows the people to touch the products, to handle them or to actually see them. It is more realistic in salesmanship.
2. Another importance of display is that display is an important dealer aid. The display technique helps the dealers to conduct an effective publicity.
3. The third importance factor that has given importance to display is that, it attracts the attention of the prospects and makes the people walk into the shops.
4. Lastly Display is important to its effects not only on prospects but also on suspects. It makes the message directly to the prospects through their eyes.

#### **4.13.2 Different Forms of Displays:**

(a) **Window Display:** It refers to showing of goods in the window of the shop. Window of a shop means a part of the front portion of the shop which can be seen from outside. Windows are meant for outsiders to keep in. Window display technique is used by retailers or small businessman because they can't afford to spend on other Medias. Window display is used for all types of consumer goods. It makes people eager to know and see the products.

**Following are the rules for the shopkeepers while displaying the goods in windows:**

1. Normally, the windows of rectangular shapes are selected and not the vertical one's because they provides for adequate space and easy movement of vision.
2. The items should be arranged horizontally and not vertically because this allows easy gaze movement. The background of window should be attractive and pleasant.
3. The windows should not be over-crowded with items because it strains the eyes of the viewers.
4. The position of the items displayed should be changed from time to time to create variety.
5. Proper lighting and illumination of the window should be done so that they focus on the special features of the product.
6. The display technique should not violate the basic rules of decent approach. There should not be overcrowding of expensive good in too fashionable setting otherwise, the respects would be frightened and the result would be negative.

(b) **Interior Decoration:** It refers to the various designs and equipment used by a retailer inside his shop. Showcases, counters, lighting arrangement, ventilation etc. It creates a pleasant atmosphere for the prospects and increases their comforts. Effective interior decoration does not require lot of space but it makes appropriate use of the available space to provide for easy movement and get up.

(c) **Counter Display:** It refers to arranging the products located within the shop. Counter display helps the customer to know about all the items which are available in the shop. Such a facility is not available in window display because all the items cannot be presented in the window.

A good salesman must see that he should not show any goods which may go against the window display. Secondly, counter display must bring out as many varieties as are related to the particular type displayed at the window. Thirdly, the salesman must see that goods are not placed one upon the other.

(d) **Showcases:** In this type, the items are presented in a cupboard with glass front of cabinets with glass front. These are similar to window display in the sense that, the showcases should be rectangular, items should be placed horizontally. In showcases, items of similar nature and even

size should be grouped together so that, the customer knows the varieties of the same type available. The showcases should contain all the items available in the shops.

(e) **Showrooms:** A showroom is used by many producers or dealers not only to expose goods for sale but also demonstrate the uses and the working of the articles. It is meant for presentation of technical products, sophisticated goods etc. which require lot of explanation before buying the products. Showrooms have technically qualified persons to assist the customers when they visit the showrooms and also advice and guide them to understand the goods better.

(f) **Exhibitions:** The trade exhibitions are meant for introducing new products or latest innovations in the fields of business. They are organised by Trade Associations of Chamber of Commerce. The main idea behind exhibitions is that various traders, manufacturers etc. can be induced to visit and get information about the products displayed. In exhibition there is only presentation of the products and no sale takes place. For this purpose, the stalls are decorated and the items are presented in an attractive manner. Exhibitions have mass approach because many people visit them.

(g) **Trade Fairs:** Trade fair is similar to exhibition except that in the trade fair not only the items are exhibited but are also sold. Besides, entertainment items are staged to attract hundreds of people. Thus, there is business and fun in the trade fairs.

#### 4.14 SUMMARY

Selection of right media is important for achieving the objectives of advertising. Selection of right type of advertising media depends on the factors like the nature of production, market requirement, advertising objectives, distribution strategy, budget, competitors' choice, media availability etc.

There are a number of advertising media choices available in India like Radio, FM Radio broadcasting, Internet, Television, Press, Magazine and Journals, Mural advertising act. But not any single media can satisfies all the objectives of the company.

#### 4.15 QUESTIONS

1. What is Advertising Media? Explain the main factors to be kept in mind while selecting advertising media.
2. What do you understand by Radio Advertising? Explain its merits and demerits of Radio Advertising.
3. What is FM broadcasting? Explain modulation characteristics of FM Radio broadcast
4. What is Internet Advertising? What are the types of Internet Advertising?
5. What are the advantage and disadvantages of Internet Advertising?

6. Television Publicity has become a must of the Modern Advertising.” Comment.
7. What is Television Advertising? Give its Merits and Demerits.
8. What is Press Advertising? What are its Forms? Describe the Advantages and Disadvantages of each.
9. Write notes on: (a) Film Advertising (b) Point of Purchase Advertising (c) Specialty Advertising (d) Video Advertising
10. What do you understand by Outdoor Advertising Media? What are its Forms? Explain its Merits and Demerits
11. What do you mean by Mural Advertising? Discuss its Merits and Demerits.
12. What is meant by Outdoor Advertising? What are its Main Characteristics? Discuss its Advantages and Disadvantages.
13. What are different forms of Displays?



# 5

## **MEDIA PLANNING**

### **STRUCTURE**

- 5.0 Objectives
- 5.1 Introduction
- 5.2 Steps in Media Planning
- 5.3 Media Vehicle choice
- 5.4 Significance of Reach Frequency and Continuity in media planning
- 5.5 Zipping and Zapping
- 5.6 Summary
- 5.7 Questions

### **5.0 OBJECTIVES**

After completion of this lesson the student will be able to understand:

- Media Planning: Process involved in Media planning
- Major Media types - Media-Vehicle, Media Vehicle Choices
- Significance of (a) Reach (b) Frequency and (c) Continuity in media planning
- Objectives of Greater Frequency: Media Mix
- Zipping and Zapping

### **5.1 INTRODUCTION**

Media planning is an exercise to find the best medium or combination of media that will produce the best overall effect relative to the needs of the advertised brand. Media planning in general should involve optimum benefits in the long run. The media mix, in terms of balance of usage for TV, radio and print media or other types of media vehicles, should be such that the best utility of the advertising budget is obtained, and duplication of audience is avoided as far as possible.

There is no single best media strategy that is applicable in varied situations or sometimes even in similar situations. Media strategies also differ because of changing situations. For example, the state of the economy changes just as consumers' tastes change. Advertisements for

luxurious cars would therefore not be effective during times of economic depression. Similarly, advertisements about blue jeans, when jeans are not in fashion, would not have much impact.

To select the right media and to search the right target audience for a desired response the advertiser or his advertising agency should go for a systematic media planning.

## 5.2 STEPS IN MEDIA PLANNING

**The following are the steps in media planning:**

- 1. Decide Target Market:** It is necessary to decide specific market where planned efforts can be directed.
- 2. Media Objectives:** Media objectives are often stated in term of reach, frequency, gross rating points and continuity.
  - (a) Reach:** It refers to the number of different persons or household exposed to a particular media schedule at least once during a specific time period.
  - (b) Frequency:** It refers to the number of times within the specified time period that an average person or household is exposed to message.
  - (c) Gross Ratings Points:** It refers to the total weight of a media effort in quantitative terms. GRP's are equal to each multiplied by average frequencies. E.g. 80% of the homes watch Chitrahhar and they are exposed on average 2.5 times within the 4 week period. The total impact or GRP's =  $80 \times 2.5=200$ .
  - (d) Continuity:** It refers to the timing of the media insertions.

### **3. Selection of MediaTypes:**

Every media plan requires that specific media types to be selected. There are a number of advertising media available to the advertiser for advertising the goods etc. These may be grouped under the following heads:

1. Press Advertising Media - (a) Newspapers and (b) Magazines and Journals.
2. Outdoor or Mural Advertising Media - (i) Posters, (ii) Advertising Boards, (iii) Sandwich Boards, (iv) Electric Display, (v) Vehicular, (vi) Sticker, and (vii) Sky Writing.
3. Direct Mail Advertising Media - (i) Circulars, (ii) Price-lists, (iii) Booklets, (iv) Leaflets, and Folders, (v) Business Reply Envelops and Cards, (vi) Gift Novelties, and (vii) Personal Letters.
4. Broadcast Advertising Media - (a) Radio, (b) Television
5. Promotional Advertising Media - (i) Window Display, (ii) Showroom, (iii) Exhibitions and Fairs, (iv) Interior Display, (v) Trade Shows, (vi) Samples, Coupons and Premiums etc.
6. Miscellaneous Advertising Media - (a) Cinema and Cinema Slides, (b) Specialty Advertising, (c) Purchase Point Advertising, and (d) Video Advertising etc.

**4. Selecting Specific Media Vehicle:** Once a decision is made on media types, specific media vehicles within each medium must be chosen.

**Media Mix:** Once the media selection is decided upon, the next step is to determine the mix of the media one must use. This will be arrived at by considering the advertising company's marketing objectives, its target market, media characteristics and its matching with the target market. The overall advertising budget also influences the nature of such mix, in addition to the available audience. For example, to achieve certain advertising objectives, one may require using a mix of 50% newspaper, 25% magazine and the rest 25% television. However, more than one mix may fulfill the advertising objectives, and yet be within the overall budget cost. But one should aim at balanced mix.

Some advertisers prefer to concentrate on one media type mix whereas others like to have a widely varied mix. While the former offers the advertiser an opportunity to make a great impact on a specific market segment, the latter, being an assortment of media, can deliver different messages about the same product in different market segments more effectively.

**Media Buying:** The specialist who is the counter part of the media sales representative is the media buyer. Most of these specialists work for advertising agencies, although some are retained by advertisers and some work for firms of media specialists who offer media buying services to both advertising agencies and advertisers. Media buying service is likely to be more personal and direct.

The media buying specialist helps to decide what media should be used for a product, purchases the media, and controls and evaluates the performance of the media purchased.

There is growth of Media Buying Units (MBUs) throughout the world. Advertising Agencies merge and form a group and then set up an independent MBU to buy advertising space. The MBU benefits not only the advertising agencies, and the advertisers because of cost-effective rates, but also the media sellers. The media sellers can negotiate for rates, with one media buying unit on behalf of a group of ad agencies.

**5. Allocation of Funds:** The planner should then decide on the amount of funds that would be allocated to each media type and vehicle.

**6. Media Scheduling:** Media scheduling could be used depending upon the requirements of the advertisers.

### 5.3 MEDIA VEHICLE CHOICE

After indemnifying the various advertising media as available for a company, the subsequent managerial task is to evaluate each media vehicle against certain criterion and then only to decide which of the particular vehicles are suitable for him. For such a decision, he has to

evaluate the available media vehicles against certain criterion. The major vehicle evaluation criteria are as follows:

- 1. Coverage:** It is the most important and powerful criterion for evaluating vehicle media. Coverage refers to the number and spread message outlets provided by the media vehicle. When the media vehicle provides large coverage, the changes of message exposure to customers is also greater. Thus a media vehicle providing larger coverage should be more acceptable. For example, in case of a newspaper, the coverage refers to the circulation of that particular newspaper. But this is not enough. We must also consider other criteria which are as follows.
- 2. Consumer Confidence:** It is also an important criterion for evaluating the selection of a vehicle media. Consumer confidence refers to the credibility of media in the mind of target customers. It is a relevant criterion for evaluating a media vehicle since the credibility of advertising message is positively related to the media vehicle's credibility. For example, a recent study in India revealed that newspapers and magazines are considered to be the most credible of all media, scoring high on usefulness and information.
- 3. Reach:** Reach as an evaluation criterion refers to the vehicle's access to different homes or individuals over a given period of time. In case of press media, it is indicated by readership which is arrived at by multiplying circulation of the paper with the average number of readers per copy.
- 4. Cost:** Cost is also an important criterion against which each media vehicle choice should be evaluated. Cost refers to the money spent on using a particular vehicle media. In order to make a decision, it is suggested that the advertiser should make out an inter-vehicle cost comparison.
- 5. Timing:** The last but also equally important criterion for evaluating vehicle media choice is the timing of advertisement. The reasons for the importance of the decision may be two-fold - (i) Seasonal ability of product sales, and (ii) staggered effects of advertising. The advertiser should, after considering these two elements, decide on the scheduling of advertisements to improve the effectiveness.

#### **5.4 SIGNIFICANCE OF REACH, FREQUENCY AND CONTINUITY IN MEDIA PLANNING**

Media planning is devising a programme in such a manner as to optimally use the advertising space, the broadcast time, or other advertising media, in exposing an advertiser's message to potential consumers. There are basically three concepts that are generally incorporated in most planning processes:

- (a) Reach:** Advertisers are mainly interested in the percentage of the total market that they can reach their messages through the media in a given area of coverage. Reach refers to the total

number of households that will be exposed to a message through a particular media vehicle over a set period of time. This period of time may vary from advertiser to advertiser, but generally, four weeks is considered adequate for calculation purposes. Reach is usually expressed as a percentage of the total number of households in a prescribed area that have been exposed to the advertising message. For example, if there are a total number of 1000 households and 200 of these have been exposed to the message then the reach is calculated to be one-fifth or 20 per cent. Objectives of Greater Reach: The purpose of reach is optimal exposure. The idea behind the strategy for greater reach is that the advertisement be received by as many people as possible in the first instance. A strategy for greater reach would be desirable under the following circumstances:

1. When a new product is introduced the idea is to initially expose the product to as wide an audience as possible, irrespective of whether they immediately remember the product or not.
2. When introducing a new use for the product in order to expand its share of the market. If a product is already known but a new aspect of the product needs to be advertised, then greater reach is desirable. For example, if a well-established brand of toothpaste adds mouthwash ingredients to it, it would call for greater reach so as to inform a wide audience about this additional feature.
3. When seeking to increase the recognition of the company through a campaign or to promote the image of the company. For example, the advertising campaigns for Godrej made the name of the Godrej Company, a household name for quality and variety of product.
4. When the creative message is so dramatic that most people will react to it and retain the message after only the first exposure. For example, when a famous film star is promoting a product or when the message is unique, eye-catching, attention getter, then reach becomes more important than the frequency.

**(b) Frequency:** Frequency is the average number of times in a given period that each person has been exposed among the target audience by the brand's advertising. If the message reaches the audience by the brand's advertising. If the message reaches the audience just once, is it enough to influence their buying or should they be exposed to the message more than once in order to reinforce the message? If so, then how many times a household should be exposed to the same message? Thus, frequency refers to the number of exposures to the same message that each household supposedly receives. Since the frequency may differ for different sets of households, an average frequency is calculated by the following formula:

$$\text{Average frequency} = \frac{\text{Total exposures for all households}}{\text{Reach}}$$

If the total number of exposures is 400 and the reach is 50 then the average frequency is 8. This means that the average household is exposed to the same message eight times.

**Objectives of Greater Frequency:** Frequency primarily means repetition of the same message and the objective of greater frequency is to promote interest and desire for the product on a continuous basis instead of a simple awareness. Even though frequency is achieved at the expense of reach, it is advisable to go for frequency under the following situations:

1. When the competitor is using high frequency to reach the same segment of the market. For example, in the case of soap and detergent commercials, a competitor has a distinctive edge, if he continuously reinforces the quality and utility of his product in the customers minds by repeated advertisements. This offensive can only be countered by frequency of advertising rather than reach.
2. When a reaction is desired within a limited time period. For example, a sale on for just one week would necessitate advertising the same message on the radio or TV repeatedly or in daily newspapers everyday. Continuous repetition of a message that includes the warning „sale ends on Friday“, provides a sense of urgency. Similarly, the message accompanied by „first come, first served“ would excite more immediate sales for a given product.
3. When the message is not easy to remember, for example, if the advertising message consists of prolonged explanation of the product's features, then the audience should be exposed to the message a number of times so that people become aware of all aspects of the product.
4. If the product or brand is not sufficiently differentiated from products and brands of competitor. For example, a distinctive brand of Maruti of Premier can does not necessarily require greater frequency. But a specific brand of soap or toothpaste that does not have any distinguishing characteristics does require greater frequency.

**(c) Continuity:** The message should be relayed continuously to the potential households. A long period of abstinence from advertising (that is, lack of exposure) will jeopardize the advertisement investment of the firm. It is necessary to have a continuous programme of advertising. When customers continue to hear about the product and the company at the time of need? Continuity has a cumulative effect of advertising on the customer. Continuity refers the length of time the advertisement runs, or whether it is periodic.

## 5.5 ZIPPING AND ZAPPING

### 5.5.1 Meaning:

We can trace the concept of zipping and zapping to the era of VCRs and remote controls, each of these devices brought a change not only in the TV viewing habit but also led to a proliferation in the number of TV channels. When VCRs launched they also introduced time

shifting viewing pattern and the remote control helped evolve TV viewing beyond a family setting. By the 1960s TV sets were cheap enough to afford more than one per household and with that it also brought about the beginning of different channels that catered to more varied taste. The remote control made it easier for the viewers to zap through commercials i.e. viewers could now change channels during the commercials thereby avoiding ads. Some experts argue, ad avoidance was in existence even before the remote, people would leave the room during the commercial break.

DVRs also cause similar concerns, how attentive are the viewers to the ads, if at all? But time shifting helps find new audiences as well, people who otherwise would have missed the show. VCRs gave viewers more control, and so do DVRs that have helped viewers watch more of programming they like, i.e. they are therefore more likely to be engaged hence more willing to pay attention. However, we are still not addressing the problem of ad avoidance behavior.

### **5.5.2 Game play Combat TV Ad Zapping and Zipping**

Game play during commercials may be an effective way to get more people to pay attention to sponsored ads on broadcast television. Interestingly, it is very rare to see any type of contest or game-like promotion to reward people for watching commercials, even though that behavior is highly desirable to broadcast advertisers.

Can game play be used as incentives for attentive T.V. commercial viewing? Could games help television advertisers cultivate the interactive engagement and motivation that lead to direct response after ads are viewed?

Are commercial games rare because games were not effective in this role in the past? Or is it because so many marketers assume any type of game has to involve an expensive prize or legal consultation to make sure the promotion is on the right side of gambling and lottery laws?

What types of games would be compelling during live broadcast commercial breaks? What issues would need to be addressed to prevent people who did not watch the commercial from simply scraping the commercial contents from a web resource after the actual broadcast?

### **5.5.3 Zapping and Zipping Commercials into Extinction:**

Since the development of the home VCR, advertisers have been concerned with zipping-fast forwarding through commercials during recordings of sponsored television programs. Newer technologies have only increased advertiser paranoia that television viewers are prerecording shows and then skipping the commercial breaks. A similar concern was raised with the advent of remote controls which let users change the channel during commercial breaks with very little physical effort (zapping).

When advertisers complained, the television networks produced studies that showed viewers were already avoiding annoying or boring commercials by leaving the room or otherwise

diverting attention during commercial breaks regardless of the remote control or recording devices. The general result was that big brands had to make more interesting commercials or utilize product placement and other clever ways to integrate ad messaging into television programs.

### **More Watchable Commercials = More Expensive Commercials**

Commercial production values are often very good. Feature film quality TV commercials are not uncommon today and some commercials are enjoyable enough that they can function as short form programming (these top-shelf commercials tend to go viral online too). Many commercials have been episodic or featured some type of comedy skit to keep viewers from zapping or zipping away.

## **5.6 SUMMARY**

There are a number of advertising media available to the advertiser for advertising the products. But not a single media can satisfies all the needs of various time periods. Media planning is devising a programme in such a manner to use the advertising space, the broadcast time, other advertising media optimally in exposing an advertiser's message to potential consumers. Systematic media planning is the responsibility of advertiser or the advertising agency. It is a proper process which includes the steps like deciding target market and media objectives, selecting specific media vehicle, allocating funds etc.

## **5.7 QUESTIONS**

1. What is Media Planning? Explain the process involved in Media planning
2. What are the steps in Media Planning
3. What are the Major Media Types? Explain in brief.
4. What can be the Possible Media of Business Advertisement? Explain each in Brief.
5. What is the significance of (a) Reach, (b) Frequency and (c) Continuity in media planning?
6. What are the objectives of Greater Frequency
7. Write short note on : (a) Media Mix (b) Zipping and Zapping



# 6

## ADVERTISING BUDGET

### STRUCTURE

- 6.0 Objectives
- 6.1 Introduction
- 6.2 Meaning of Advertising Budget
- 6.3 Process of Advertising Budget
- 6.4 Methods of Framing the Advertising Budget
- 6.5 Approaches to Advertising Budget
- 6.6 Summary
- 6.7 Questions

### 6.0 OBJECTIVES

After completion of this lesson the student will be able to understand:

- Advertising Budget
- Steps involved in preparing an Advertising Budget
- Methods of Framing the Advertising Budget
- Approaches to Advertising Budget

### 6.1 INTRODUCTION

Some people think that money spent on advertising is expenditure. Some consider it a waste of money. Some are of the opinion that we spend money on advertising because our competitors spend a lot of money on it. They consider advertising as an evil. Here we do not intend to discuss the benefits of advertising and its necessity for business growth and survival. Nowadays, money spent on advertising is treated as a long term investment in the image of a brand. Planned advertising expenditure is required to build a consumer franchise for the advertised brand, apart from its being of direct return. That is why every business enterprise spends a lot of money on advertising campaign every year out of its budget provisions.

## 6.2 MEANING OF ADVERTISING BUDGET

Advertising budget is an estimation of total expenses that are to be incurred on advertising during a given period of time. The advertising budget includes items of expenditure relating to advertising programmes, cost of space, advertising material (including advertising copy) production expenses, media expenses, agency commission and advertising research etc. In the most elementary form, it states the proposed advertising expenditure and informs and suggests the company management of the anticipated cost of executing the advertising plan. It is the translation of advertising plan into money. The advertising budget must be realistic, flexible and adequate for the advertising programmes. The advertising budget must consider the advertising goals and the size must relate to advertising needs. It should be tailored to suit the needs of the business enterprises. An advertising budget will show also how much, where and for what purposes the amount provided in the budget is to be spent. The amount provided in the advertising budget is not fixed arbitrarily but is determined on scientific lines keeping in view the nature of the product, size of the market to be covered by the enterprise, types of consumers and the strategy of the competitors etc. it is a plan for the company's future advertising programme. It provides a programme of the best assortment of types of advertising to be undertaken along with its time table and frequency. In addition to planning function, the advertising budget also serves as a control of advertising expenditure.

## 6.3 PROCESS OF ADVERTISING BUDGET

Advertising budget is prepared by the advertising manager of the company. The advertising budget process includes the following major steps:

- 1. Collection of Data and Preparation of Advertising Budget:** The starting point of any advertising budget process is the determination of the size of advertising appropriation. The requisite information keeping in view with the products, packaging, target markets, advertising copy, new product introductions, types of consumers, extent of competition along with the competitors' strategy, media selection etc. is gathered. Having decided upon the above variables, the advertising manager takes a decision on the very important issue „how much to spend“ for advertising. Once the total expenditure is arrived at, the next step is the apportionment of this fund among various advertising units over a period. By advertising unit, we mean a specific advertisement delivered through various media vehicles. The fund allocation has to take into account the market potential within various segments, the time period and the geographical areas over which advertising will be spread in accordance with the overall advertising strategy.
- 2. Presentation and Approval of the Budget:** After the preparation of advertising budget, the next step in a budget making process is to present the same before the top management

through the chief of the marketing division for necessary approval. In some organizations, there is a separate budget committee, comprising of the representatives of the financial and other functional areas. The budget committee or the top management, as the case may be, will evaluate such proposed expenditure to achieve the targeted sales in a given budgeted period. Since advertising budget is employed to increase sales, the advertising budget must be compatible with the sales goals of the company. Besides increasing sales, it should be adequate enough for the new product to make a successful entry in the chosen segment of the market. After considering all these factors if satisfied, the budget committee or the top management, as the case may be, will finally accord his approval over the budget proposals and thus will return the same to the advertising manager for execution.

**3. Budget Execution:** After the approval, the next step in budget making process is the execution of the budget. During the execution of the budget, the advertising manager has to exercise monitoring control so that the funds that have been allocated are spent in accordance to the approval plan and in economical manner. Whenever there are critical changes in the marketing situation, necessitating an adjustment in the advertising support, the necessary modifications should be effected in the advertising budget. That is why, advertising budgets should be flexible and provision is made for the contingency account to face the critical changes in the marketing environment. The advertising manager should be duly authorized by the budget committee or the top management for making the required modifications etc. as and when required.

**4. Control of Budget:** The fourth and the last step in the budget making process are to have a control over the budget. It is the prime duty of the advertising manager to see whether the actual expenditure coincide with the budgeted expenditure or not. The advertising manager should also see that the amount appropriated for advertising is being used only on the item and activity as expressed in the budget.

### **Determining Advertising Appropriation**

Advertising appropriation is that part of company's budget which is to be spent or, say, invested on media, men and other advertising material so as to impersonally communicate with the target-prospective customers. Determining the appropriation advertising outlay is essential for the development of creative media strategies because in a large measure the tempo and tenor of the advertising campaigns depend on how much is available for spending. However, from the managerial point of view, it is the most difficult work.

Cost factor is one of the deciding factors in determining the advertising appropriation. A cost analysis study of different media of advertisement and their effectiveness should be considered while determining the advertising appropriation.

#### 6.4 METHODS OF FRAMING THE ADVERTISING BUDGET

Actually there are no scientific methods available which can be employed in determining the amount of the advertising fund to be spent during a given period. However, there are several approaches which may serve as guidelines to advertising appropriation decisions. These approaches are called methods. These should not be employed blindly because there is no single method which is applicable to all the situations and may provide correct results. The popular methods which are commonly used in determining advertising appropriation or for framing the advertising budget are as follows:

**1. Affordable Method:** In this method one has to find out what the company can afford in a given business situation. Particularly, those companies which have limited resources use this method. When funds availability is a constraint, a limited fund is allocated after other unavoidable expenses have been duly met. Under this method it is usually assumed that advertisers do not spend too heavily. Under this method, advertising activity is blocked-up at last.

**Merits and Demerits:** Since the company does not spend more than it can afford and, therefore, there is an element of financial discipline in this method. Nevertheless, this method suffers from the following weaknesses:

- (i) The budget decisions are left to the whim of the management and thus are not based on rational business needs. Whims are most irrelevant and subjective rather than based on an objective approach.
- (ii) It overlooks the contributory role of advertising in the achievement of marketing objectives.
- (iii) It also ignores the need, importance, nature of advertisement and other factors like long-range planning of advertising investment.

On the whole, affordable method is not a scientific one and hence is used by small companies only.

**2. Percentage of Sales Method:** Under this method, the amount to be appropriated to advertising is arrived at by multiplying the value of past year's sales or the projected sales for the budget period with a pre-determined percentage. It may be explained as under :

**Advertising**

\_\_\_\_\_

**Appropriation**

= Past year's sales or anticipated sales or both X Pre - determined percentage

The sales on which advertising appropriation is based may be historical – immediate past year's or an average of past years or anticipated or both. Percentage figures, on the other hand, may be arrived at on the basis of management's historical experience, judgment or industry practice.

**Merits:** This method is most popular with managements on account of the following reasons:

- (i) It is a very simple, workable and relatively safe method.
- (ii) Since it directly relates advertising expenditure to sales, it seems to be very satisfactory for many advertisers.
- (iii) It encourages management to think in terms of the relationship between advertising expenses, prices and profits.
- (iv) By relating appropriation to sales, this method ensures that the advertiser will spend only what he can afford. Advertising will earn its share out of sales.
- (v) It helps the industry in preventing advertising wars because advertising expenses are proportional to market share/sales.

**Demerits:** In spite of being the most popular method of framing advertising budget, this method is subject to criticism on account of the following weaknesses:

- (i) It considers advertising as the result of sales whereas the fact is that it is the cause of sales.
- (ii) It discourages experimentation with counter-cyclical advertising and aggressive selling.
- (iii) It does not provide a logical basis for the choice of a multiplier, i.e., percentage.
- (iv) It militates against the planning of long range advertising programmes.
- (v) It represents a static approach to advertising and does not allow it to respond to market needs and advertising opportunities. For example, when sales decline for some reasons a better course of action might be to maintain the level of promotional activity until the sales decline can be corrected.
- (vi) It is not a scientific method.

In spite of the above weaknesses and criticism, percentage of sales method is very popular and is widely used in Indian industries also.

**3. Competitive Parity Method:** This method envisages determination of advertising appropriation in such a way that a company maintains parity with its competitors' advertising outlays. This method is based on the principle that you are at par with competitors. Spend as much as the competitors do. Here, advertising is taken as a defensive device and not an offensive tool to achieve marketing objectives. Advertisers want to spend as much as their competitors are spending so that they are not placed at any disadvantage. For this purpose, company has to collect

relevant data about competitors'' advertising appropriation, for example, previous year's absolute figures, advertising/sales ratios etc.

**Merits:**

- (i) This method is most appropriate where competition is rigorous as the management is supposed to keep itself in line with its competitors. Under this method, the management always keeps him alert.
- (ii) It reduces considerably the possibilities of advertising wars amongst competitors.
- (iii) It enables the management to maintain or increase its share of the market in accordance with the objectives of the company.
- (iv) It enables the management to monitor the marketing programmes of its competitors. Thereby the marketing strategy may be changed accordingly.

**Demerits:**

- (i) It is not a rational method because the need, size, problem, opportunities and resources of every company vary considerably from each other. These are hardly similar to each other.
- (ii) There is no empirical or other evidence to suggest that competitive parity in advertising appropriations has prevented advertising wars.
- (iii) The use of competition as a yardstick for appropriation makes it easy for a company to ignore the needs of analyzing the realities of its own competitive situation and to visualize the possibility of other and better available strategies.

**4. Objective and Task Method:** Objective and Task Method for framing the advertising budget is considered to be the most desirable and realistic method. It is also known as "research objective method". It envisages appropriation of advertising funds on the basis of objectives to be achieved and the task involved therein. It means advertising objectives are set for the coming budget period and the cost of achieving these objectives are calculated in details in terms of task to be performed, the total of which indicates the appropriation level. In short, this method includes:

- (i) Defining advertising objectives as far as possible in quantitative terms.
- (ii) Outlining and listing tasks to be performed in achieving these objectives.
- (iii) Estimating the cost of performing these tasks. This method takes into consideration the fact that advertising is an investment and an effective vehicle of achieving company's objectives.

**Merits:**

- (i) This method is more realistic, imaginative, objective, and replaces the rule of thumb and customary thinking.

- (ii) It forces the management to think in terms of advertising objectives and awakens it to the need for their achievement.
- (iii) It is flexible and may be adapted to changing company needs.
- (iv) This method has a special merit in the introduction of a new product.
- (v) It does not operate on the inaccuracies of the percentage of sales basis.

**Demerits:**

- (i) This method is difficult to use, for it calls for adequate research data and past experience.
- (ii) This method is objective-oriented. However, its objectives are ill defined; the whole expenditure and the efforts will then go to waste.
- (iii) It is difficult to translate objectives into tasks that will lead to objective achievement.

On the whole, this Objective and Task Method is more rational, realistic, pragmatic and need based as compared to other methods.

**5. Return on Investment Method:** In this method money spent on advertisement is considered as an investment and not expenditure. It is an investment in the sense that a certain return in terms of profit is expected under this method. The advertising budget is prepared; under this method by taking into account the increased profits generated by an increase in sales and goodwill on account of advertising. If sales and profits are higher, the excess may be assumed to be the result of advertising.

The major problem in this method, however, is that the return is very often spread over a period of time; hence it may be difficult to arrive at an appropriate budget appropriation on the basis of this method. In spite of this problem, the return on investment method is no doubt a realistic way of approaching the problem because it correlates the sales and profits generated by advertising.

**6. Judgment Method:** Judgment method of framing an advertising budget is based upon the judgment of experienced managers of the company. This method is also referred as the “arbitrary method” because it is based on the arbitrary thinking of some experienced managers only, this not based on any scientific lines. This method involves no clerical or statistical or field work. It is solely based upon the experience and judgment of some old and experienced managers. They frame the advertising budget considering all situations, i.e., objectives, anticipated behaviour of the customers and the competitors, market to be covered, types and cost of media etc.

Although this method is very cheap and simple but is not reliable as it is based on the subjective approach of its experienced managers and is subject to bias and error.

**7. Fixed Sum per Unit Method:** This method is similar to the percentage of sales method except that a specific amount per unit is appropriated rather than a percentage of the value of

sales. The advertising appropriation may be based on units of a product sold in the previous period or on a forecast of unit sales in future period. This method is most suitable in advertising appropriations for industrial and durable consumer products. The most important advantage of this method is that despite price changes advertising appropriation may be kept unaltered.

From the above study, it is evident that no single method is perfect and free from defects. Hence a mix of the above methods may be used in accordance to the requirements and need of the company for framing the budget keeping in view the marketing objectives of the company.

## 6.5 APPROACHES TO ADVERTISING BUDGET

Nothing except the mint can make money without advertising. Mass production and mass distribution totally depend on advertising. That is why the advertiser spends lakhs of rupees every year on advertising campaign just to influence consumers and prospective customers to purchase the company's products. Now the question arises whether the money spent on advertising should be treated as an expenditure or investment. Opinions differ on this subject. These may be classified under the following two heads:

**1. Traditional Approach -Money Spent on Advertising is Expenditure:** The traditional approach is that money spent on advertising should be treated as expenditure and hence should be debited to Profit and Loss Account of the business enterprise at the end of each year. Advertisers treat the cost of advertising like other costs appearing on the debit side of the Trading and Profit and Loss Account in order to earn more profits during a given period. That is why most accountants list the advertising expenditure as a business expense and the revenues authorities do accept this view for income purposes also. They further argue that press, radio and television advertisements have short life span and thus why the money spent on advertisement should not be debited to Profit and Loss Account in the same accounting year. The fruits of the advertisement have already been derived in the form of increase in sales during the concerning accounting year. In their opinion there is no rational reasoning in carrying forward the advertising expenditure onwards for a number of years.

**3. Modern Approach -Money Spent on Advertising is an Investment:** The modern and the correct approach about the money spent on advertising is that it is an investment because (i) advertising contributes not only the current sales but the future sales also; (ii) Creates image of the product or brand and of the advertiser; (iii) builds goodwill and confirms acceptance for future products also; and (iv) consequently serves as an investment towards future profits also. Joel Dean, a leading business economist, considered advertising as a capital investment rather than a current expenditure. Like other capital assets, the advertising provides larger returns in future also.

From the above discussions, we conclude that money spent on advertising should be treated as an investment and not expenditure. It is a capital investment like investment in other capital assets.

## 6.6 SUMMARY

Mass production and mass distribution are the main characteristics of today's business world. That is why the advertiser spends lakhs of rupees every year on advertising campaign just to influence consumers and prospective customers to purchase the company's products.

Advertising budget is prepared by the advertising manager of the company. The advertising budget process goes through the steps such as Collection of Data and Preparation of Advertising Budget, Presentation and Approval of the Budget, Execution of the budget, Control over the budget etc.

Actually there are no scientific methods available which determines the accurate amount of the advertising fund to be spent during a given period. However, there are several approaches which may serve as guidelines to advertising appropriation decisions. No single method which is applicable to all the situations and may provide correct results. Some important methods are:

1. Affordable Method, 2. Percentage of Sales Method, 3. Competitive Parity Method, 4. Objective and Task Method, 5. Return on Investment Method, 6. Judgment Method, 7. Fixed Sum Per Unit Method.

## 6.7 QUESTIONS

1. What is meant by determining advertising appropriation? Describe the methods of determining advertising appropriation.
2. What are the Common Practices in use for determining the size of an Advertising Budget?
3. "Money spent on Advertising is an Investment and not Expenditure." Comment on this statement.
4. Do you think that money spent on advertising is an investment? Discuss.



# 7

## **ADVERTISING AGENCY**

### **STRUCTURE**

- 7.0 Objectives
- 7.1 Introduction
- 7.2 Meaning and Definition
- 7.3 Service Rendered by an Ad Agency
- 7.4 Agency Selection Criterion
- 7.5 Agency Accreditation
- 7.6 Agency Client Relationship
- 7.7 Organization Structure of an Advertising Agency
- 7.9 Changing of Advertising Agency
- 7.10 Career Options in Advertising
- 7.11 Summary
- 7.12 Questions

### **7.0 OBJECTIVES**

After completion of this lesson the student will be able to understand:

- Advertising Agency and its functions
- Criteria for Selection of an Advertising Agency
- Structure of an Advertising Agency
- Services rendered by an Advertising Agency
- Advantages of the Advertising Agency to the Firm
- Methods of remunerating Advertising Agencies
- Agency Accreditation
- Agency-Client Relationship
- Client Turnover
- Career Options

### **7.1 INTRODUCTION**

An Advertising Agency is selected by a manufacture or trader to present the advertisement on his behalf. The advertiser who does not have the capacity of carrying out advertising activities take the help on services of advertising agencies who are specialized in those fields.

## **7.2 MEANING AND DEFINITION**

The advertising agency carry out the activity on behalf of their client against remuneration called fees. They conduct market research, consumer research, product research etc. They advise the manufacturer on product design or package design, pricing of product channels of distribution. Besides, they advise on the market condition from time to time. Advertising agency conduct the production activities of visualization, layout, illustration, headlines, copy etc. They also help in the selection of proper media and the frequency at which the advertisement should be presented.

Thus, the advertising agency relieves the burden of the trader or manufacturer of the responsibility of advertising, production and distribution.

### **Definition:**

The American Association of Advertising Agencies (AAAA) defines an advertising agency as: “An independent business organization, composed of creative and business people, who develop, repair and place advertisements in advertising media for sellers seeking to find customers for their goods and services”.

## **7.3 SERVICE RENDERED BY AN AD AGENCY**

The main function of advertising agency is to see that its client’s advertising leads to greater profits in the long run. The agency thus plans, prepares and places with advertising with the objective. The main functions of a full-service advertising agency are as follows:

- 1. Selection of Clients :** The first and the foremost function of an advertising agency is to contact and select clients who are desirous of advertising their products, services or anything which they want to sell. The preference in contacting and choosing the clients is given to those firms which have sound values, able management, efficient operative products and services. The financial position, size and nature of business, efficient management and operative products etc. must be given due weight.
- 2. Media Selection:** Media selection is another major function of the advertising agency. In making a media selection several factors such as cost, circulation, population which it serves, audiences, nature of the product, types of customers and above all needs of the clients should be kept in mind.
- 3. Advertising Planning:** The third as well as the major function of advertising agency is the advertising planning for its clients. For this purpose, the advertising agency requires a detailed knowledge of the firm’s products, its advertising history, market conditions, channel of

distribution, knowledge of competitors' products and their advertising techniques, field to be covered, nature and type of consumers etc.

Next planning job is to decide about the advertising medium in which the advertisement is to appear. The advertising message must be adapted to the medium in which it is to appear.

**4. Creative Function:** The creative function starts when the planning function ends. It includes the preparation of an advertising copy, layout, illustration, photographs, advertising messages, theme of advertisement etc. These functions are performed by a varied group of creative people including writers, designers, artists, producers, photographers and graphic art specialists employed by the advertising agency.

**5. Research Function:** It is the fifth major function of an advertising agency. It supports the decisions taken in the media and creative areas. In this connection the advertising agencies gather and analyze actual information about the product, extent of market, competitors' strategies and buyers' habits etc. that may help the creative personnel to make the advertising copy more attractive and effective.

**6. Approval of the Client:** As soon as the advertising copy etc. is prepared, the next function of the advertising agency is to show the copy to his client and obtain his approval. In case if any changes are suggested by the client, the same may be incorporated and thus the final approval should be taken from the client.

**7. Marketing Function:** The advertising agency also performs marketing functions such as selecting target consumers, designing products and packages, developing channels of distribution strategy, determining prices and rate of discount etc. It gives useful advice to its clients with regard to the nature and trend of the market conditions. Accordingly, the client produces goods keeping in his mind the prevailing conditions in the market.

**8. Evaluation Function:** Simply drafting advertising copy and handing over the same to the media is not enough. The next major function of the advertising agency is to have an exhaustive evaluation of the advertising effects for the benefit of his client. In case of any deficiency, necessary suggestions should be given and the same be made effective after approval of the client.

**9. Coordination Function:** The last but not the least important function of the advertising agency is to establish effective coordination with client's sales force and distribution network to ensure the long running success of the advertising campaign. Each time the advertising agency contacts the client regarding advertising media to be used and the number of times the advertisement is to be repeated after giving effect to changes, if any, as suggested by the advertiser.

#### **7.4 AGENCY SELECTION CRITERION**

Following are some points to be taken in account while selecting the advertising agency:

**1. Suitability:** The advertising agency which suits the requirement of manufacturer or trader is selected depending upon the type of advertisement, location of agency, credit policies, etc.

Normally, an agency which is located near the advertisers place is selected. This helps in approaching the agency. Secondly, the size of agency in terms of personnel, projects, and services provided is considered and thirdly, the connections and relations with the various media. Fourthly, the policies like conservative policy, outgoing policies etc. are taken into account. Finally, the advertising also considers whether the agency has competitors account or not.

**2. Facilities and Services Provided:** Some agencies have modern facilities of photography, typesetting, printing, filming etc. The agencies which provide maximum services with minimum costing preferred.

**3. Imagination:** Imaginations and creative skills of the personnel of agency are duly considered. Creativity in photography, layout, copy writing, media etc. creates an identity and unique for the products and services of the advertiser.

**4. Past Record:** Past records of the agency in terms of number of clients, effectiveness, credit reputation etc. helps in selecting the agency. The advertiser enquires about the agency's time liners, punctuality, past record helps to show whether the agency is reliable or not.

**5. Reputation:** The reputation of the advertising agency helps in selection. The popularity of the agency depends upon time liners, successful presentation, good relations, prompt services etc.

**6. Management:** Proper selection of advertising agency depends on the ownership and management and their policies. Their policies may be either conservative or dynamic which influence the selection.

**7. Rates Charged:** The advertiser considers the rates charged by the agency. Normally, the rates depend on reputation, facilities provided techniques adopted etc. Therefore, an advertiser will select such agency which will provide facility according to his requirement and which suits its budget.

**8. Size of the Agency:** The size of the advertising agency must be considered. The larger the size, the more it is preferred, however, at times, small is beautiful because a small agency may give more attention to its client's work.

## **7.5 AGENCY ACCREDITATION**

The principle of accreditation by the Indian Newspaper Society, Doordarshan and All India Radio, ensures professional status to ad agencies. Accredited agencies enjoy credit from the media owners. They pass this benefit to their clients who also enjoy credit facilities. Moreover

such agencies have to follow the code of ethics laid down by the media owners. This ensures that the client gets a minimum standard of the Ad Campaign.

The granting of accreditation to an agency means that the agency has fulfilled the following criteria:

- (a) The agency has fulfilled the minimum business limits with Doordarshan / AIR and the Indian Newspapers Society.
- (b) The agency has proved its creditworthiness during the period of its provisional accreditation status.
- (c) The agency has adhered to the rules of accreditation as specified by the media.

### **7.6 AGENCY CLIENT RELATIONSHIP**

Agency client relationship must be that of mutual trust and confidence. The perfect relationship results in optimum advertising effectiveness at a reasonable cost and reasonable compensation for the agency. It is characterized by continuous and complete two way communication between individuals in the two organizations in an atmosphere of mutual trust. Interdependency of the advertiser and the agency helps in creating effective advertising as part of the company's marketing effort.

#### **What the clients have to do? :**

1. Treat the agency with courtesy at all times.
2. Provide all possible information about the product that is to be advertised and about the organization. This facilitates the agency to do their job much better.
3. Not unnecessarily bargain for the fees charged by the agency.
4. Motivate the agency to do a good work. Agency charges such as media bills, fees and other costs must be paid well in time. In no way the client should wait for the agency to remind of payment.
5. Not change the agency for the sake of change.
6. Approve the proposals submitted by the agency. The client should not argue for the sake of arguing.
7. Give sufficient time to the agency to develop a good advertising campaign. The client should not put the agency unnecessarily in deadline crisis.
8. Reduce disputes to a minimum.
9. Finalize well in advance the charges for a particular plan or campaign.
10. Up-date the agency with any information from his side that would help the agency to serve the client better.

Yet, whenever something goes wrong, the brunt of criticism comes on the agency and many times the relationship terminates. Many a times, there is a change just for the sake of change. Advertisers prefer an agency that is currently popular in the market, such as the Lintas and the Everest in India. Sometimes the agency itself voluntarily resigns from an account on some ground or the other. There may be different puritans, opinions, thoughts, etc., or the agency may want to accept another competitive account. Usually an agency keeps on abandoning consistently losing accounts, i.e. those advertisers who make losses over the years. It may also resign when a client becomes over-bearing. May be creative people in the field of advertising do not like to be simply dictated by clients about their own professional work? If things go too far, such clients may be abandoned. However, client turnover is not a healthy practice as it puts both the parties to a loss. But under the unavoidable circumstances, there may be no other alternative but the client turnover.

## **7.7 ORGANISATION STRUCTURE OF AN ADVERTISING AGENCY**

### **7.7.1 Meaning:**

The organization structure differs from agency to agency depending upon functions performed and size of the business.

Because of the highly personalized nature of the advertising agency business, it is difficult to say which type of organizational structure would be suitable for it. Many agencies are organized according to the personal preferences of the management. Most large and medium sized agencies followed one of the two systems, the group system and the departmental system and some combine them.

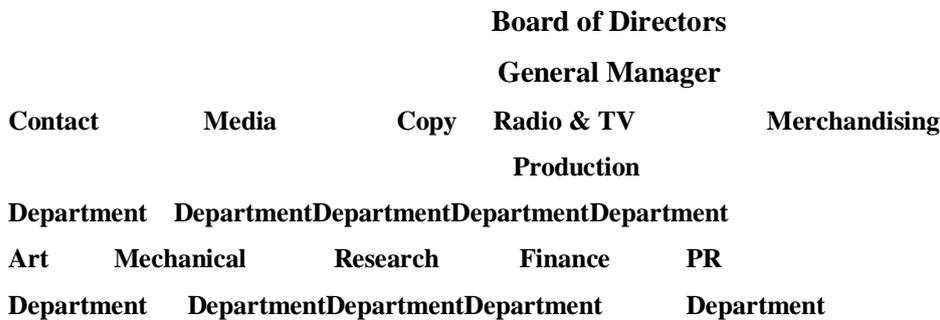
- 1. Group System:** Under this system the writers, artist, media planners, buyers and other specialists are assigned to a group of accounts. All are under the general direction of an account executive or group head.
- 2. Departmental System:** Under the departmental system, same types of specialists are grouped in the same department. For instance, all writers in the copy department, all artists in the art department and so on.

### **7.7.2 Organization and Working of an Advertising Agency:**

Since advertising agency is an independent business organisation, it may be in the form of a sole proprietorship, partnership or Joint Stock Company form of organisation. However, an advertising agency of reasonable size may naturally adopt the Joint Stock Company form of organisation. In such a case, it may have a Board of Directors under the Managing Director. Under the Board of Directors we may have General Manager and the General Manager may have a number of Departmental Managers under his control. The number of Departmental Managers will vary from one advertising agency to another advertising agency as per the nature and size of

business. The organisational structure of a large sized or reasonably sized advertising agency is as follows:

**Advertising Agency Limited**



**7.7.3 Departments of an Advertising Agency**

The organisation of an advertising agency may be divided in various departments entrusted with a specialized function to be performed under each departmental manager who is specialized in the task allotted to him. The main departments of a large sized or reasonably sized advertising agency are as follows:

- 1. Contact Department:** Contact department works under a senior executive officer known as the departmental manager. The main function of this department is to contact the new clients on the one hand and maintain the existing clients on the other hand. A number of contact men works under him. They function as the liaison people between the agency and the client. The contact men represent the agency when in the advertiser's office, they study the advertiser's need and inform the various departments what is required by the respective clients.
- 2. Art Department:** This department is headed by the art manager who is assisted by artists, layout men and visualizers. A visualizer is a person who prepares the rough layout of the advertisement which is later developed into a comprehensive layout. The art department is responsible for the physical appearance of the advertisement for preparing layouts, illustrations, photos and for specifying the types to be used.
- 3. Media Department:** This is a very important department which works under the supervision and control of a media manager. This department is entrusted with the work of selection of media for the advertiser according to the needs, directions and budget of the client. He remains in constant touch with different medias.
- 4. Mechanical Production Department:** It is also a very important department which works under the control of a technical manager. The main function of this department is to look after block-making, printing, proof-reading and such other technical jobs.

**5. Copy Department:** This department is headed by a copy manager and is duly assisted by a number of copy-writers. This department is concerned with the preparation of a copy for all advertisements. Copy-writing requires flair and fluency of language, imagination and a method of representation. The department works closely with the art, research and accounts departments. It is also an important department.

**6. Research Department:** In case of large sized advertising agencies a separate research department is established under the supervision and control of a research manager. The research manager is assisted by a number of analysts, investigators, marketing assistants, statistical clerks and librarians etc. The main function of this department is to study markets, medias and other subjects of interest to the advertising agency. It helps better advertising for clients.

**7. Radio and T.V. Production Department:** In case the advertising agency provides advertisements on the radio and television, it would have a separate department for this purpose. This department works under the supervision and control of a manager who is duly assisted by a number of assistants, musical consultants, script-writers etc.

**8. Finance Department:** The main function of finance department is to arrange and control finance. Thus this department is responsible for maintaining proper accounts, billing and collection of dues from the clients, verifying whether the advertisement in the different media actually appeared on the days it was scheduled, if so whether correctly, and whether the text was properly printed and also looking after all the routine matters relating to accounting, recording etc.

**9. Merchandising Department:** In case of large sized advertising agency, a separate merchandising department is established under the supervision and control of a merchandising manager which is specialist in displays, exhibits and preparation of various advertising aids.

**10. Public Relation Department:** In case of a large sized advertising agency, a separate public relation department is established under the supervision and control of a public relation officer - manager. The main function of this department is to establish and maintain contact and mutual understanding between the organization and the public. It performs a liaison work between the clients and the various sections of the public - customers, employees and shareholders etc.

## **7.8 METHODS OF REMUNERATING AN ADVERTISING AGENCY**

The method of remunerating the advertising agency has been a subject of much discussion now-a-days at almost all the meetings of advertising agency associations and advertisement clubs. There are basically the following three methods of remunerating an advertising-agency in practice in our country:

**1. Commission Method:** This is the oldest and most common method of remunerating an advertising agency. Under this method the advertising agency has a fixed commission by the media owners on the advertising bill for the advertising space bought by the respective advertising agency. The fixed rate of commission is 15% in India as well as in U.S.A. Though the rate of commission varies from media to media and from country to country but the rate of 15% is almost universal. For example, an advertising agency places a full page advertisement in a magazine at an agreed charge of Rs. 50,000. The magazine will bill the agency for Rs. 50,000 less 15% i.e., Rs. 42,500 net. The advertising agency will bill the advertiser for Rs. 50,000 (cost of advertisement charged by the media). Thus the difference of Rs. 7,500 will be treated as the remuneration of the advertising agency. Generally, a cash discount @ Rs. 2% is also offered by the media for prompt payment within a stated period. This cash discount is usually passed on to the advertiser on similar terms by the advertising agency. The general criticism of this method is that the advertising agency is always tempted to recommend expensive media in order to draw a higher remuneration.

**2. Fee System:** The fee system came into effect following a controversy between the advertiser and the advertising agency. The former argued that 15% commission was too high a rate, whereas the agency took the stand that it was unremunerated in view of many services rendered to the client by the advertising agency. Under fee system, the agency payment consists only the service charges which are to be computed on the basis of cost plus system. Under the system a certain fixed percentage (flat rate) on cost may be charged from the client as fee to be paid to the agency along with the bill. This system enables the advertising agency to make fair profits on services rendered by it and, in turn, the advertiser pays for what he gets - nothing more and nothing less. The fee system is generally used in radio and television advertising.

**3. Service Charges:** Under this method, service charges are added to the cost of materials and services bought by the advertising agency for the client in art work, photography, typography, plates etc. Normally, it is cost plus 15%.

In actual practice one of the above methods of compensation or a combination of the fee-and-media-commission plan or a method by which commission granted by the media are credited against profession fee, is used. When new product advertising is involved, the advertising agencies are remunerated on a special fee basis.

## **7.9 CHANGING ADVERTISING AGENCY OR CLIENT TURNOVER**

### **7.9.1 Meaning:**

When an advertiser leaves one advertising agency, and shifts to another, this practice is termed as client turnover. Highly frequent rate of client turnover results in great loss to

advertisers. When an agency is changed the advertiser suffers on two counts, on having to do away with the old agency and another with the new one. It is very much like an employer suffering financial and other kinds of losses on account of high „rate of labor turnover in his enterprise. Productivity is the main factor of loss of the employer as well advertiser. Just as the old employee's experience with organization is an important factor in policy decisions and implementation. Similarly the old agency's experience in advertising the company's product lines is a total loss in case of turnover to another agency. The old agency must have already collected considerable data about the company's product, the market, the nature and the extent of competition the consumers and host of other subjects. Such a mass of information and data cannot be easily transferred to the new agency. Researchers have identified as many as forty factors that influence the sale of a product, advertising being one of them.

When an advertiser leaves one advertising agency and switches over to another, it is known as 'changing of advertising agency' or 'client turnover'. The tendency to change advertising agencies now and then is most common amongst many advertisers. This may result in a reduction of the effectiveness of their advertising campaign.

**7.9.2 The main reason for changing the advertising agencies may be summarized as under:**

1. Dissatisfaction to the advertiser from the services of the advertising agency.
2. The advertiser is interested in new criteria with which the present agency is not familiar.
3. The client and agency perceive the advertisement strategy in a drastically different manner.
4. Change for the sake of change.
5. Lack of coordination between the top executives of the client and the agency.
6. Loss of confidence.
7. Staff changes also lead to change of advertising agency.
8. Perceived unreasonableness of the other party.
9. Politics and nepotism also result in change of advertising agency.

Changing of advertising agency is not always fruitful. The loss might be more as compared to gain on account of the change. In the first year the new agency has to digest the problems of the advertiser, the nature of the products and the competitive situation that exists. The first year of change may be referred to as the study year. Thus change of agency amounts to leaving one which is quite familiar with the advertiser's problems and going to a stranger at least as far as the advertiser is concerned. In case of any dissatisfaction with the existing agency, it is better to find out and discuss it with the top management team of the agency so that the misunderstanding, if any, may be removed and also to give a chance to the agency for improving its services. The selection of an advertising agency should be made carefully so as to avoid a subsequent change. It

should be kept in mind that the agency advertiser relationship is like the physician-patient or the lawyer client relationship. The patient pays fee to the physician whether he gets relief or not. The lawyer too takes fee, irrespective of the judgement in the case. However, in both the cases they perform their duties faithfully and therefore why make a change? This fact should be given due weight while taking any decision to change the advertising agency.

## **7.10 CAREER OPTIONS IN ADVERTISING**

Advertising is an important profession and advertising industry provides enormous opportunities for career development. The advertising industry consists of the advertising agencies, the advertisers, the media and the ancillary services. Each of these active participants in advertising provides challenging career options to the students to build up career in this fast developing industry.

**1) Advertising Agencies:** An advertising agency is a team of professional advertisers appointed by client to plan, produce, and place advertising campaign on the behalf of client.

The total number of advertising agencies in India is believed to be around-4,000, including studios and non-accredited set-ups. The accredited agencies or those with partial accreditation account for 550. The number of new advertising agencies especially one-man or owner-manager type ad agencies are increasing at a faster rate. This is because advertising business provides ample scope for growth and development. Advertising is most suited profession for strongly motivated individuals, who have high degree of conviction and belief to make their endeavor a success whatever may be the odds. Advertising agency has grown by leap and bound and now they account for billing over Rs. 2000 crores per annum. They are constantly in need of talented and creative staff in their following functional departments:

**2) Account Executive:** The word 'Account' in advertising terminology means 'Client' and an Account Executive is the man on the agency staff responsible for handling a particular client. He approaches different potential clients for seeking new business for the ad agency which he represents. He is the main link between the agency and the client.

Account executive is an important career option in ad agency. He explores the possibilities to book new business by approaching new clients. Successful account executives are promoted upto the positions of Account Director.

**3) Copywriter:** Copywriting is an art and the persons with good communication skills stand a fair chance to be copywriters. They contribute to the theme of an advertisement. In most ad agencies, there are creative teams headed by either a copywriter or a visualizer. A good copy can be destroyed if the words are badly set. Equally, unwise choice of typefaces, sizes and weights can destroy the layout. Creation of an effective copy for the client establishes them as copywriter.

It is the job of the copywriter to conceive advertising themes of copy flat forms, and to write the wording, including heading headlines and slogans.

**4) Visualizers:** Visualizers are those artists who translate the imaginations of the copywriter on the paper. Visualizers help shaping an effective ad. The visualizers usually have professional degree in fine art or commercial art. It is not essential for a good visualizer to have professional degree or diploma. Visualizing and layout is an important career option.

**5) Creative Department:** Creative department is the key department in an ad agency. It is in this department that the idea or theme behind the advertising campaign is born and the complete advertising plan is executed. Creative Director is the head of creative department. The department comprises of visualisers, creative artists and copywriters and their duty is to create advertisements. The creative director coordinates the copy-writing and designing.

**6) Production Department:** Production department also provides good opportunities for career building. The production department can be divided into two sections: one section is responsible for the mechanical preparation of the advertisement or the printed material, and the other for the administration of the detail work. The mechanical production section has many people to deal even technically with block-makers, printers, photographers, DTP operators in designing print outs. Many production departments also handle the job in different languages and need people to assist the advertising job.

**7) Art Department:** The approved layout pass into the hands of artists to prepare finished drawings for reproduction. Art department is in the charge of an Art Director and it is his duty to co-ordinate the work to select the correct type of treatment so as to prepare the visuals and then the final art-work.

**8) Free Lancers:** These are professionals who work in dependently and have a successful track record. They are copywriter, jingle singers, radio announcers, artists, visualizers, technical writers, etc.

Thus, advertising can be an exciting and rewarding career, provided those in this profession understand the full social implication of advertising and their responsibilities to the profession.

## **7.11 SUMMARY**

The Ad Agencies conduct market research, consumer research, product research etc. for the manufacturer or trader. A full-service advertising agency provides various services like, Media Selection, Advertising Planning, Preparation of an advertising copy, layout, illustration, photographs, advertising messages, theme of advertisement etc., showing the copy to his client and obtain his approval, Selecting target consumers, designing products and packages, developing

channels of distribution strategy, determining prices and rate of discount, exhaustive evaluation of the advertising effects etc. While selecting the advertising agency some points are to be observed such as Location, Facilities and Services Provided Imaginations and creative skills of the personnel of agency, past records of the agency, the reputation of the advertising agency, Rates Charged, the size of the advertising agency etc. Since advertising agency is an independent business organisation, it may be in the form of a sole proprietorship, partnership or Joint Stock Company form of organisation.

Some of the departments of advertising agency are Contact Department, Art Department, Media Department, Mechanical Production Department, Copy Department, Research Department, Radio and T.V. Production Department, Finance Department, Merchandising Department, Public Relation Department etc. Advertising is an important profession and advertising industry provides enormous opportunities for career development. The advertising industry consists of the advertising agencies, the advertisers, the media and the ancillary services.

#### **7.12 QUESTIONS**

1. What is an Advertising Agency? State and explain the functions of an Advertising Agency.
2. What is meant by an Advertising Agency? What are its main functions?
3. What factors are considered for selection of advertising agency?
4. Outline the Organisation of an Advertising Agency.
5. State and explain the functional organisation of Advertising Agency.
6. What are the services rendered by an advertising agency?
7. What should be the Criteria for Selection of an Advertising Agency?
8. Discuss the Advantages of the Advertising Agency to the Firm
9. State and explain the Methods in which Advertising Agencies are Compensated for the Services Rendered by them
10. Write short notes on the following :
  - a) Agency-Client Relationship
  - b) Client Turnover
  - c) Agency Accreditation



# 8

## PLANNING AN ADVERTISING CAMPAIGN

### STRUCTURE

- 8.0 Objectives
- 8.1 Introduction
- 8.2 Process of Planning the Advertising Campaign
- 8.3 Market Segmentation
- 8.4 DAGMAR Model
- 8.5 AIDA
- 8.6 Unique Selling Proposition (USP)
- 8.7 Advertising Appeal
- 8.8 Summary
- 8.9 Questions

### 8.0 OBJECTIVES

After completion of this lesson the student will be able to understand:

- Importance of planning the Advertising Campaign
- Process of Planning the Advertising Campaign
- Factors influencing the Planning of an Advertising Campaign
- Bases of Market Segmentation
- Importance of Market Segmentation
- DAGMAR Model, AIDA, Unique Selling Proposition (USP)
- Appeals used in Advertising

### 8.1 INTRODUCTION

Advertising campaign can be defined as a series of advertisements with an identical or similar message, place in one or more of the advertising media over a particular period of time. An advertising campaign must be co-ordinate with other marketing efforts and activities. This means the campaign must be correlated with the personal selling activities of the sales force, those of the distributors of the product and with the various other promotional efforts, which may be a part of marketing mix.

## 8.2 PROCESS OF PLANNING THE ADVERTISING CAMPAIGN

### 8.2.1 Meaning:

The campaign planning is the joint effort of both the advertiser and his ad Agency. The advertiser supplies much information about the product, the channel of distribution, competition the product, and the firm. The agency may collect other information from the market, in respect of target audience etc.

Advertising campaign planning concerns many people in the advertising agency, but mainly concerns the advertising manager (for the client), account executive, marketing manager, creative director, media planner, and PR manager. They design and plan advertising campaign for the client.

**8.2.2 Steps in Advertising Campaign Planning:** The main steps in advertising campaign planning are as follows:

**1. Prototype Stage:** Let us assume that a manufacturer has the prototype of a new product. The basic product has been thoroughly tested, but the packaging has not been determined, it has no name, no price, and perhaps no defined market. In some respects this seems to contradict modern marketing principles. This situation is not uncommon. The company now wishes to advertise its new product and appoints an advertising agency and calls it to explore the possibilities to promote the sales.

**2. Initial Briefing by Client:** The most likely procedure is for the managing director to ask his advertising manager to fix up a meeting with the account executive of the advertising agency. This first meeting may be held at the factory, at the company's head office, or at the advertising agency. Probably the best venue will be where the account executive can see the product and meet the people who have been involved in its development. The factory might be the best place, but much depends on how the company is organized.

For this initial discussion, the right choice of venue can be important to the account executive's clear understanding of the proposition. It can be dangerous for the advertising agency to start off on the wrong foot because of inadequate or faulty interpretation of policy and problems. The need then is for best possible understanding at the beginning. This is the joint responsibility of the advertising manager and the account executive.

**3. Contact Report :** Whenever a meeting has been held with a client a contact report should be written at once and circulated to all those present at the meeting, with additional copies for others not in attendance who should be informed, both inside the company and inside the agency.

The importance of a contact report lies in its confirmation of agreed action, so that nothing depends on people's memories, and if it is submitted directly after the event it serves to remind of

necessary action that must be taken by people present at the meeting. Agreed contact reports, when placed in a file or binder as instructions to proceed, may be referred to as the facts book. Should a dispute occur, reference can be made to the respective contact report: at the end of the year these reports form the basis of a report to the client on the year's work.

**4. Account executive's Report to Agency Management:** The account executive will also give his superiors - the account director and perhaps the agency managing director - a verbal report. If new business is coming into the agency it may be necessary to make changes in the deployment of staff, engage extra staff, and consider the use or expansion of equipment and premises.

**5. Account executive's Briefing to Agency Department Heads:** The account executive now writes up a detailed, factual but as far as possible unbiased report on the assignment, setting out his understanding of the product and the client's requirements. In this report he should try to avoid expressing any personal observations because the object is to inform others whose ideas and opinions are being sought. Each department head is asked to study the report and to attend a plans board meeting.

**6. Proposition:** At this stage, the account executive invites the managing director of the client company to attend a meeting at which the scheme is presented in report form with a presentation of ideas in rough visual form. At this meeting the client party may consist of the managing director, marketing manager, sales manager and advertising manager and the members of the agency party may include the account director, account executive and the marketing director. Once the scheme is approved and adopted in principle the agency will be instructed to prepare a full visual presentation at the client's expense.

Now, the agency will engage in actual copywriting, photography and drawing. Detailed media scheduling will now be done by the media buyer.

**7. Presentation to Client:** At this stage the complete campaign is demonstrated to the client. The campaign is presented visually. Advertising campaign planning must be flexible. Moreover, at such a meeting with the client there will be a number of company directors and executives present who disagree with one another as well as with the agency over what makes an advertising campaign. Everyone likes to argue about advertising! The account executive, supported by the advertising manager in deal circumstances, must sell his campaign on the basis of sales and readership figures of publications, show the results of copy testing, and offer alternative media plans with evidence of the reasoning behind them. Much of the comment and criticism from the client side will often represent arguments which were considered and rejected in the agency much earlier. This has to be expected, accepted courteously and gently dismissed by means by

persuasive reasoning and statistics which reveal that the agency has really taken pains to produce not just a clever scheme but one based on businesslike thinking.

Once the scheme has been approved, the account executive and his companions will return to the agency, ready to execute the campaign. At this stage when the media start buyers, creative staff, print buying production and traffic takeover, working under the direction of the account executive.

### **8.2.3 Factors Influencing the Planning of an Advertising Campaign:**

1. The Organisation its reputation, position in the market.
2. The product e.g. Consumer (Perishable, durable or specialty) goods, or industrial goods etc.
3. The market the nature of customers, their income, their buying behavior, and their location.
4. The competition.
5. The absolute price of the product, Competitor's price etc.
6. The channels of distribution.
7. The budget, the advertising theme, etc.
8. The media, the advertising schedule etc.
9. The Govt. regulations and controls, restriction on certain products, restriction on certain media to carry out certain ads. Etc.

## **8.3 MARKET SEGMENTATION**

### **8.3.1 Meaning:**

Market Segmentation is a technique of dividing the market of a product into several homogenous groups. Under this technique, customers of a product are divided according to such common characteristics as age, sex, income level rural urban composition. The concept of market segmentation is based on the assumption that markets of all commodities are heterogeneous. For every product, there is a group of customers having different nature, buying habits, and attitudes. Two customers are not alike. They differ each other on the basis of their characteristics; customers may be divided into several groups. These groups are formed on the basis of some similar qualities and such division is called Market Segmentation.

**8.3.2 Definition of Marketing Segmentation:** The term "Market Segmentation" has been defined by several authors as follows:

**Philip Kotler**, "Market Segmentation is the sub-dividing of a market into homogeneous subsets customers, where any subsets may conceivably be selected on a market target to be reached with a distinct marketing mix."

**William J. Stanton**, “Market Segmentation consists of taking the total heterogeneous market for a product and dividing it into several sub-markets or segments, each of which, tends to be homogeneous in all significant aspects.”

Market segmentation are grouping of consumers according to such characteristic as income, age, sex, urban rural, etc. This helps forming the market into a meaningful buyer group.

### **8.3.3 Bases of Market Segmentation:**

Market segmentation divides the whole market of a product into several different groups. Segmentation is the process of partitioning a large heterogeneous market into smaller groups of people or businesses which show similar needs and/or characteristics thus resulting into similar purchase behaviour.

**Techniques of Market Segmentation:** Markets can be segmented on the basis of the total demand for the product, the desire and the interests of a group of buyers which exhibits certain characteristics. They can be based on geographical, demographic, psychographic, status, volume entities. The entire market of a country is subdivided into marketing zones. The most commonly used bases for segmenting consumer goods markets are as follows

**1. Geographic Segmentation:** Many organisation segment their market into different geographic units such as nation, states, districts, regions, cities and taluka places. Geographic segmentation is based on the assumption that consumer needs and responses vary geographically. National newspapers, for example, are published from different cities and also in different languages to meet the readers spread all over the country. Different market locations have different costs, demand and other features which are considered while formulating an appropriate marketing strategy. In geographic base, regional differences in terms of geography, climate, population and its density are used as base for market segmentation. Most of the national manufacturers split up their sales areas into sales territories either state wise or district wise.

**2. Demographic Segmentation:** Demography is the study of dynamics of population change. The markets are segmented according to demographic characteristics such as age, sex, income, occupation, education, language, religion, race, nationality and rural urban base. Demographic variables are used commonly and extensively by large number of producers for market segmentation. Demographic segmentation is comparatively easy as required data are available in census and other published reports. Demographic data on population distribution by sex help segmenting market for male and female population. Titan have segmented their market on the basis of sex and are manufacturing wrist watches for male and female buyers separately. Watches of different price in both the categories are brought in the market. Producers of confectioneries segment their markets on the basis of age. The same is the case with toys. In the case of certain products like bicycles, women demand special styles and manufactures adjust their

production to suit male as well as female. This gives more turnover and satisfaction to buyers. Demographic segmentation is important as the nature of demand is closely related to the size and composition of population by age, sex, rural and urban base.

**3. Socio-Economic Segmentation:** The segmentation, here is done on the basis of income group, consumption levels, and other cultural aspects. The population is differentiated for marketing efforts on these considerations. In a country like India, such type of segmentation is necessary as the society is divided into different groups on socio-economic cultural factors. In India, people follow different cultural background. Naturally, suitable segmentation for the purpose of marketing is useful. Socio-economic segmentation is used extensively as information in this regard is more easily available. The lower class, middle class, working class is one example of economic classification. Since market potential is intimately connected with the ability to buy, this segmentation is meaningful in deciding buying patterns of a particular class.

**4. Psychographic Segmentation:** Psychographics attempts to segment according to psychographic profiles of people in terms of their life style and attributes. Psychographics attempt to segment according to psychological profiles of people in terms of their life style and attitudes. In this type of segmentation, certain psychological variables such as social class, life-styles or personality characteristics are used for segmentation. Manufacturers of cars, textiles and home furnishings divide buyers on the basis of social class and life styles. Such segmentation is also possible on the basis of reading habits and leisure activities. Marketing efforts are adjusted according to such variables. It may be pointed out that in the case of geographic, demographic and socio-economic bases, the required data for segmentation are either readily available in census and other reports or can be collected through survey. However, in the case of psychological variables, relevant information is not readily available and has to be collected through behavioural research. Moreover, market segmentation on psychological variables is complicated as it is always difficult to expose individuals to a battery of psychological test and to find out their specific personality traits. Moreover, consumers behave or react differently from what they say, if new benefits or bundles of benefits are offered to them. Psychographic segmentation can be made on the basis of (a) Social class (Upper class, upper middle, lower middle class, etc.) (b) Personality (Self-confidence, ambitious, aggressive, sociable, etc.) and (c) Life-style

(Liberal, conservative, religious, health and fitness oriented, etc.)

**5. Behavioral Segmentation:** Here, the buyers are grouped or separated on the basis of their knowledge, attitudes, views, or response to the product. This is useful in order to find out what role price or package or colour or service can play in influencing buying decisions. This

segmentation is also called product related segmentation as the response of consumers dividing into different convenient groups for the purpose of marketing. In India, the supply of consumer items, electronic goods, two-wheelers, cosmetics etc. is fast increasing. The supply is more as compared to demand. The incomes of people of all categories are also increasing. People are also willing to spend more. They get information about new products from different media. This creates proper background for behavioral segmentation is similar to but slightly different from psychographic segmentation.

**6. Product Segmentation:** When the segmentation of markets is done on the basis of product characteristics that are capable of satisfying certain special needs of customers, such a method is known as product segmentation. The products, on this basis, are classified into (1) Prestige products, (Automobiles and jewellery) (2) Maturity products. (Cigarettes and Blades), (3) Status products, (Most Luxuries), (4) Anxiety products, (Medicines, Soaps and Perfumes) and (5) Functional products, (Fruits and Vegetables). This type of product segmentation is directed towards differences among the products which comprise markets.

**7. Benefit Segmentation:** Under this method the potential buyers form the basis of segmentation. They are interviewed to learn the importance of different benefits they may be expecting from a product. These benefits or utilities may be classified into primary utilities and secondary or evolved utilities. Toothpaste has primary utility of cleaning and secondary utility of good tasted breath freshening and rightness. Likewise, Shampoo has primary utility of cleaning and secondary utility of shiny hair and thickening hair.

**8. Volume Segmentation:** Markets can be segmented into bulk users, medium users and unit users. This method is based on the volume of purchases. The heavy users may constitute a small percentage of the numerical size of the market but forms a major percentage of the unit volume consumed. This analyse is also capable of showing the buying behaviour of different groups.

**9. Status Segmentation:** Markets can be differentiated into nonex-users, users, potential users, first-time users and regular users of a product. High market share companies like the DCM generally look for potential users, whereas small competitive companies are contended to concentrate on regular users who always patronize their products and tend to remain to their brands.

#### **8.3.4 Importance of Market Segmentation:**

Market segmentation is a technique of dividing the market of a product into several homogeneous groups on the basis of their common characteristics. The concept of market segmentation is based on the fact that markets of all the commodities are heterogeneous. On the

basis of their characteristics, customers may be divided into several groups. These groups are formed on the basis of some similar qualities and such division is called market segmentation.

Following points explain the importance of Market Segmentation:

- 1) Market segmentation is the grouping of consumers according to such characteristics as income, age, sex, urban, rural, etc. This helps in forming the market into a meaningful buyer group.
- 2) Market segmentation ensures certain advantages. In fact, market segmentation is the most important factor in media planning because the decision of the media selection would depend mostly upon the people who comprise the market. However, it is not a very difficult task to provide precisely the necessary facts.

Where the market is restricted and clearly demarcated, as a particular section of the community such as doctors, architects, engineers, hoteliers or even telephone or car owners, the media strategy can be simple and straight forward, making use of the selective media like direct mail, etc., depending of course, on the budget available.

It is only when a wider mass market is to be reached that the problem of selection of media becomes complex. Here the problem arises because a mass market does not permit its definition as precisely as is required to make corresponding media selection predictable.

- 3) Markets for a new product or the existing products may be divided into segments on the basis of geographic, demographic and psychographic variables. Good segmentation involves the division of a market by a succession of variables. The market manager must always be open to the possibility of finding new segmentation variables and combinations that will reveal fresh marketing potentialities.
- 4) The market may also be divided into different locations such as nations, states, districts, talukas, etc. It could be recognized that market potentialities and cost vary with market location. Thus, it determines the geographical markets which could serve best.
- 5) Marketing manager may also segment a market on such criterion as the age, sex and marital status of the population. A product for use of infants will have high sales potentiality in suburbs or extended suburbs where the level of fertility is expected to be high as compared to the city. Likewise toothpaste will have better market in urban rather than rural areas. As such market will be segmented on the basis of urbanization.

### **8.3.5 Markets are segmented due to following reasons:**

1. It would be in a better position to spot and compare marketing opportunities. It can examine the needs of each and every segment against the current competitive offerings and determine

the extent of current satisfaction. The segment with lower levels of satisfaction from current offerings represents good opportunities.

2. It can make finer adjustments of its product and marketing appeals. The seller can evolve a separate marketing programme to meet the needs of different buyers.
3. Marketing programmes and budgets could be chalked out on the basis of response characteristics of specific market segments. Funds may be allocated efficiently to bring out the desired effects in different parts of the market.
4. Market segmentation is undertaken with the purpose of locating the tastes, temperaments and buying habits of different groups or segments. The behavioural scientists feel that all buyers are different. They are keenly interested in segmenting the market as the significant differences in market behaviour between the various segments of society rarely exists. In this background, the formulation of marketing policies or programmes or tactics for all segments becomes urgent.
5. Market segmentation is done with the purpose of locating new markets. The group wise or segment wise study of buyer's tastes, temperaments, living habits and so on help a marketer, while searching for new market.

#### 8.4 DAGMAR MODEL

DAGMAR model for arousing consumer interests was developed by Russen Colley in his study entitled "Defining Advertising Goals for Measured Advertising Results." The name DAGMAR model is derived from the study title. The study begins from a point where the prospect is not aware about the existence of the product. From this point of non-awareness the prospect advances ahead towards awareness. He will have to go through the following steps:

1. **Awareness:** When the prospect is asked to mention the name of a brand of product, perhaps he is in a position to recollect the name of a specific brand only.
2. **Comprehension:** The prospect is conscious about the main sales theme of a brand of product. When asked upon, he is able to associate a brand with the sales theme, which is already known to him.
3. **Conviction:** At the stage of conviction, the prospect is able to foresee how the benefits of the brand of goods will serve his need. He is convinced that if he purchases this brand of goods it would be a right decision.
4. **Motivation:** Having been convinced, the prospect is motivated to buy a specific brand of goods.

DAGMAR model suggests that all consumers will not be at the same stage but they would be at different stages. The advertising efforts required to move on person from non-awareness to

awareness could be very taxing as compared to the efforts involved in moving persons from conviction to motivation. DAGMAR model also illustrates the success of means of communication. After advertisements have been carried out, how people associate themselves with a specific brand of product.

## 8.5 AIDA

AIDA is a functional formula devised by E.K. Strong. It is the acronym for Attention (A), Interest (I) Desire (D), and Action (A). Strong postulated that before becoming a user of a product to an Interest in it. From this stage he develops a Desire for the product and this then result in.

**1. Attention:** The main function of an advertisement is to attract attention of the consumers. It is because of this fact that the advertiser will use various devices like the use of attractive colour, headlines display and overall layout.

**2. Interest:** An advertisement is designed to create interest for the goods or services of the advertiser; interest is closely related to attention. An advertiser has to take note of these two aspects while developing an advertisement. A good advertisement starts with a point of interest to the reader and proceeds to a point of interest to the advertiser.

Advertising aims at stimulating primary demands for a new product. It is used for existing product to bring a greater bit of the marketing share. It is also used to remind the consumers about their needs. A good advertisement should arouse interest of the prospects in the advertised product.

**3. Desire:** A good advertisement should be able to create desire in the minds of the readers about the product. It is not enough for a good advertisement to attract attention create interest but also arouse desire in the heart of the prospect to have the product. The advertiser should make use of proper appeals and selling points while creating desire for the product. Making use of proper appeal will depend on the seasonal consumption of the product. For example, the sale of rain-coats in monsoon will emphasize self-protection against rains. It is through the sales appeal that the advertiser creates a desire for the product.

**4. Action:** This is an important stage where the advertiser can study the impact of his advertisement. If the advertisement has attracted attention, aroused interest, created desire, then the advertisement should appeal the prospect to act i.e., to come forward for making purchases.

The advertiser should tell the prospect about the product, their main features, how they can be consumed and where they are available. For example, the prospect who wants to book new scooter should get such information in the advertisement as: place of display, place and date of booking. Every advertisement normally carries such basic information to guide the prospective

buyers. It is this stage which plays a decisive role in generating the sale of the advertiser's product.

## 8.6 UNIQUE SELLING PROPOSITION (USP)

Unique Selling Proposition (USP) is an offer an advertiser makes to his target customers which is unique in relation to competing offers and promises to deliver a certain distinctive benefit or satisfaction. Unique selling proposition is a creative approach and style which was originated at the Ted Bates Advertising Agency in the early 1940s. Its originator, author and copy-writer were Rosser Reeves. He developed this central idea of Unique Selling Proposition (USP). This concept has been adopted by many agencies all over the world. It is the combination of three words - (i) Unique, (ii) Selling, and (iii) Proposition. In order to make the concept clear, the meaning of these three words is given below

- (i) **Unique:** The word unique describes an attribute or feature which the product or brand only possesses or no claim of the attribute or feature is currently being made by any other competing brand.
- (ii) **Selling:** Selling refers to sales value. The claim whatever it is - must be strong enough, important enough and believable enough to convince consumers that it is absolutely in their interest to purchase the product or brand in question.
- (iii) **Proposition:** Proposition is a promise made by the advertiser that the product, if purchased, will satisfy the needs of the consumers. The proposition should be strong enough to move the mass millions, i.e., pull in new and old customers to your product or brand.

## 8.7 ADVERTISING APPEAL

### 8.7.1 Meaning:

An advertising appeal is a statement designed to motivate a person to act. The appeals which the advertiser makes usually focus the buying motives of the consumers. Pleasing total quality of a radio becomes basis to motivate the music and the vitamin contents of a drug form an appeal to motivate public and listen to people to preserve their health. However, numerous appeals may be made for any product.

**8.7.2 Essentials of a Good Advertising Appeal:** The following are the essentials of a good advertising appeal:

1. **It must be Communicative:** An advertising appeal must successfully tell what it wishes to convey. As far as possible, the message must be communicated in a simple language.
2. **It must have a Good Theme:** A good theme means there must be something which has to be told to the prospects. Only meaningful words become effective in conveying the story.

**3. It must be Distinctive:** An advertising appeal must be distinctive. It should present a product in a distinctive way. If it is a new product, then „new“ alone makes it distinctive.

**4. It must be Interesting:** A good advertising appeal must be interesting. An advertisement must provide interest to the readers or the listeners or viewers and this can be done by telling the story of an advertisement in an interesting manner.

**5. It must be Believable:** The theme of an effective advertising appeal must be believable. The message which is doubted can never be effective. Only facts are presented in an interesting manner.

**6. It must be Complete:** An advertising appeal should be complete and must not be superfluous. Such information which is likely to confuse the prospects in making buying decision should be avoided.

**8.7.3 Types of Appeals Used in Advertising:** The following are the appeals widely used in advertising:

**1. Emotional Appeals:** Emotional appeals are used in advertising the consumer product. They are used for inducing initial interests and arousing interest in the advertised product. Goods like toys for children and baby food are sold on emotional appeals.

**2. Intellectual Appeals:** These appeals are free from emotional touch and are based on intelligence. Intellectual appeals are used for selling high priced industrial goods. They are based on rational thinking. Emotional appeals work fast to create interest and desire but it is intellectual appeal of the Bombay Dyeing advertisement where a young and beautiful girl is shown wearing eye-catching prints. The picture of the girl and prints provide emotional appeal but the headline „icy summer prints“ provide an atmosphere of coolness and appeals to the intellect.

**3. Human Instincts Appeal:** Human beings are guided by such instincts as: self-preservation, parental care, food, clothing, curiosity and so on. When a copy makes proper appeal to the appropriate instinct, it will create a desire in the minds of the reader to buy the article. For an appeal to the self-preservation instinct health, food, woolen clothes and physical fitness courses are appropriate articles. Baby food can be sold more easily by making an appeal to the parental instinct and the natural affection of the parents for their children.

**4. Physical Sense Appeal:** Appeals to physical senses evoke greater response. For example, food and beverage products are sold by inciting taste appeal. During summer, cold drinks can be effectively advertised with pictures of cool, refreshing summer drinks but during winter this advertisement would be a misfit if appeal is made to the sense of taste alone, a more viable approach would be to appeal to the instinct of self-preservation.

**5. Positive Appeal:** Appeals that follow positive approach are called positive appeal. They create situations under which prospects are likely to attain happiness and peace of mind with the possession of advertised goods. With a view to arouse product interest, the following positive emotional appeals are used e.g., appeals to comfort, healthy, living, family affection, pleasure, personal appearance, sympathy, love, pride etc. These appeals are positive because they create awareness under which prospects are likely to attain happiness and the mental satisfaction of possession of materials.

**6. Negative Appeal:** Negative appeals are those which follow negative approach. They normally include feelings like jealousy, anger, pain and fear. These are the unpleasant feelings and no prospect would desire to associate himself with frustration

It would be unwise to assume that negative appeals are ineffective. Sometimes they work very fast. We shall present a few negative appeals from illustrative advertisements. For example, Motwane Manufacturing Co., in its advertisement for Motwane Digital Millimeters used the negative appeal which gave striking impact.

## 8.8 SUMMARY

Advertising campaign planning concerns many people in the advertising agency, but mainly concerns the advertising manager, account executive, marketing manager, creative director, media planner, and PR manager. They design and plan advertising campaign for the client. Planning is a process it includes various steps like, Prototype Stage, Initial Briefing by Client, Contact Report, Account executive's Report to Agency Management, Account executive's Briefing to Agency Department Heads, Proposition, Presentation to Client etc. The reputation of Organization, product, nature of customers, competition, price of the product, Competitors' price, channels of distribution, budget, Govt. regulations and controls etc. are the various factors which effects on the Planning of an Advertising Campaign. Market Segmentation is a technique of dividing the market of a product into several homogenous groups. Under this technique, customers of a product are divided according to such common characteristics as age, sex, income level rural urban composition. The concept of market segmentation is based on the assumption that markets of all commodities are heterogeneous. For every product, there is a group of customers having different nature, buying habits, and attitudes. Two customers are not alike as they differ each other. On the basis of their characteristics, customers may be divided into several groups. These groups are formed on the basis of some similar qualities and such division is called Market Segmentation.

Segmentation is the process of partitioning a large heterogeneous market into smaller groups of people or businesses which show similar needs and/or characteristics. Markets can be

segmented on the basis of different geographic units, demographic characteristics, Socio-Economic aspects, psychographic profiles of people, behaviour, product characteristics, different benefits that the consumers are expecting from a product, volume of purchases etc.

## 8.9 QUESTIONS

1. What is Advertising Campaign? Explain the importance of planning of an Advertising Campaign.
2. Explain the Process of Planning the Advertising Campaign
3. What are the steps in Advertising Campaign Planning?
4. What are factors influencing the Planning of an Advertising Campaign?
5. What are the bases of Market Segmentation?
6. Explain the importance of Market Segmentation.
7. Write short note on the following : a) DAGMAR Model b) AIDA c) Unique Selling Proposition (USP)
8. What are the essentials of a good advertising appeal? Explain the different types of appeals used in advertising.



# 9

## **CREATIVITY IN ADVERTISING - I**

### **STRUCTURE**

- 9.0 Objectives
- 9.1 Introduction
- 9.2 Consumer Psychology
- 9.3 Buying Motives
- 9.4 Selling Points
- 9.5 Visualization
- 9.6 Copy
- 9.7 Headline
- 9.8 Slogan
- 9.9 Logo
- 9.10 Summary
- 9.11 Questions

### **9.0 OBJECTIVES**

After completion of this lesson the student will be able to understand

- Buying Motives and Selling Points
- Factor Influencing Consumer Psychology
- Process of Visualization
- Techniques of Visualization
- Essentials and Types of Copy
- Elements of Copy
- Functions and Forms
- Characteristics of a good Slogan

### **9.1 INTRODUCTION**

Creativity in advertising is an art. It is concerned with the perception, attitude, values, personality, and motivation including buying motives. It also include visualization techniques,

types of advertising copy and its elements such as headline, slogan etc. All these elements must be creative in attracting the attention of consumers.

## 9.2 CONSUMER PSYCHOLOGY

### 9.2.1 Meaning:

Consumer psychology deals with consumer behaviour. Consumer psychology is the process whereby individuals decide whether, what, when, where, how and from whom to purchase goods and services. In consumer behaviour we consider not only 'why', 'how', and 'what' people buy but other factors also, such as 'where', 'how' and 'under what circumstances the purchases are made'. The decisions taken by consumers in relation to the purchases are influenced by various factors. They are aimed at solving consumer's problems.

### 9.2.2 Factors Influencing Consumer Psychology

According to Philip Kotler, the major factors which influence consumer psychology or behaviour are as follows:

- 1. Culture:** The most important determinant of consumer behaviour is the culture. In case of animals, their behaviour is generally triggered by instinct, whereas in case of human beings, behaviour is normally learned. When the child grows up, he is largely influenced by all those things which he sees around him. It includes his family and the society as a whole in which he lives. His preferences and behaviour patterns etc. are all influenced and result in his behaving in a particular way. Marketers try to spot cultural shifts so that they can aim their marketing activities accordingly. For example, Indian culture emphasizes the purchasing and wearing of new dresses on festivals like Deepawali. Naturally, there will be good demand of new dresses on the eve of Deepawali. These are variables within the cultural aspect of consumer behaviour.
- 2. Subculture:** Within a culture group, there is a smaller group, which has been termed as subculture by Philip Kotler. He gives as illustrations, groups such as, Catholics and Jews; racial groups such as blacks and whites having their different culture styles and attitudes. Similar subculture segmentation can also be applied in India where we have several types of linguistic, religious and communal groups (Hindu, Muslim, Sikh, Christian etc.) as well as behaviour patterns which vary from north to south and east to west.
- 3. Social Class:** It refers to several homogeneous groups that exist in the society. For instance, take the case of caste system in India. Different castes constitute different social groups. People within such a social class tend to behave on similar lines as per the caste pattern. They can be motivated by similar marketing appeals.
- 4. Personal Factors:** According to Philip Kotler, personal factors also influence buying decisions of the consumers. Personal outward characteristics, such as age, income, occupation,

life style and personality also count. Tastes in clothes, furniture, food, recreation etc. vary according to age and income of the individual.

As modern marketing is customer-oriented, the study of consumer's behaviour is vital in framing production policies, price policies, decisions regarding channels of distribution and above all decisions regarding sales promotion.

Consumer psychology aims at understanding the consumers' behaviour, the factors responsible for such behaviour and the factors that can influence decision of the advertisers. Each individual customer has a different psychology. His character, nature, status, taste, aptitude and inner forces are different. Consumer behaviour analysis is useful in estimating the potential size of a market for a product in the market segmentation, in locating preferred trends in product development, in finding out suitable communication methods with consumers and finally in designing the most favourable media mix to achieve the advertising objectives. A clear understanding of consumer behaviour is essential in advertising planning.

## 9.3 BUYING MOTIVES

### 9.3.1 Meaning:

Buying motives are the urges which compete consumers to buy. People buy the product because they need them. Thus need motivates people to demand product. Hunger is a need which motivates man to demand food and therefore, he purchases food items. Buying motive is a combination of two words buying + motive. Buying means the urge for the satisfaction of which a consumer makes such purchase. Motive is the force which inspires the consumer to make a purchase and which directs his behaviour. Thus, a buying motive is the force for the satisfaction of which a customer purchases some goods and services.

**9.3.2 Classification of Buying Motives:** Buying motives are generally classified as follows:

- (a) **Primary Motives:** They are the basic needs of men. An individual has to satisfy such motives to some extent or the other. They exert the strongest influence. They are according to psychologists „biogenic needs.“ Examples of such motives are food, drink, security etc.
- (b) **Secondary Motives:** When a person overcomes the basic needs than secondary motives come into existence. They are developed or learned. Since they are developed or learned, they vary with the conditions of learning. They may be less dependable motives. Although for some products they may influence as strongly as primary motives. The most commonly known secondary buying motives are as follows:

**1. Fear:** This is a very powerful motive. It forces a person to do many things which otherwise he would have not done. Fears may be of several types. Thus there are fears of meeting

with an accident, fears of financial loss, fears of loss of wealth, fears of uncertainty of human life etc.

**2. Profit:** This motive springs from a person's desire to have more money. A person requires money to satisfy many wants. This motive may take two forms: (a) to make money; and (b) to save money.

The first form is positive whereas the second one is negative. The persons of the first form will spend money in order to accumulate it further but those of the second form will spend money in order to accumulate it further but those of the second form may prove misers as they want to save only.

**3. Vanity:** This is also an important motive. It also influences Purchase of many articles. Normally women suffer from vanity which requires being flattered. The sale price of sarees, perfumes, beauty aids, etc. depend upon the principle of vanity.

**4. Habit:** It is said "habit once formed becomes second nature." They are powerful forces to initiate purchases. Therefore this motive is equally important. A person may chew paan or supari, smoke cigarettes inhale snuff out of habits.

**5. Curiosity:** Man does many things out of curiosity. Man landed on the moon out of sheer curiosity to find out whether life existed on it or not. A person may put efforts to acquire knowledge out of curiosity. Curiosity of children cannot be disputed.

**6. Sex:** The most powerful motive is sex. It is powerful because it has greater impact on human nature. All the changing fashions in dresses owe their origin to this motive. Thus boys and girls dress will to win over each other. The sale of fashionable articles is due to sex.

**7. Love:** A man purchases household goods, toys, tonic, children's food etc., out of love and affection towards his children. When we analyze love as a motive, it may be parent's love for children and their close kith and kin.

**8. Comfort:** It is said "man does not live by bread alone." He wants additional things over and above food, clothing and shelter. Modern age has provided great comforts to man. Good furniture, air-conditioners etc., are purchased by man in order to lead a comfortable life.

**9. Patronage Motive:** In addition to the motives described above, another set of motive spring up which are known as patronage motives. Patronage motives exist out of buyers' desire to purchase or patronize a particular seller rather than other sellers. A person may patronize a particular store because of (i) Location of the store, (ii) Services rendered by the store, (iii) Reputation of the store in the locality, (iv) Attitude of the salesman, and (v) Goods available.

## 9.4 SELLING POINTS

### 9.4.1 Meaning:

Selling points refer to important features of a product that influence the decision of people to buy it. They indicate the advantages accruing to those who decide to buy the product. The unique methods of production, and design, varied colours, suitable, sizes, special merits, attractive packing, liberal discounts, competitive prices and so on constitute the selling points of an article.

Selling points differed from product to product. Necessity goods are sold on points of utility, durability and price, specialty goods are sold on the basis of unique utility, economy, convenience, and comfort. Likewise, luxury goods are saleable on the score of the points which underline fashion, prestige, variety and so on. If these selling points are revealed to the prospects, they will motivate them to own the product.

**9.4.2 Essentials of Selling Points:** The essentials of selling points are as follows:

- 1. It must be Truthful:** A copywriter should try to create repeat business for his firm through his copy. In order to achieve the same, he has to include true facts in his copy. False claims and misleading statements will destroy repeat business.
- 2. It should be Specific:** It means, a claim made by a copywriter should be supported by facts or explanations. Therefore expressions such as “most delightful”, “most dependable”, “most economical” etc. will be meaningless if they are not properly amplified and supported by explanations.
- 3. It must be Believable:** The facts and figures furnished should be such as can be easily believed by readers. Sometimes readers fail to accept facts and figures though it is correct. Therefore the copywriter should cautiously proceed with while giving details of the product.
- 4. It must be understood by the Reader:** The copywriter should have before him the prospects while writing the copy. Therefore the ideas should be easily communicated, since a reader will not waste much of his time in reading it. In short, the language used in the copy should depend upon the type of readers.

Buying motives are concerned with the urges which compel the prospect to buy. Selling points are the talking points for the salesmen.

## 9.5 VISUALISATION

Visualization is a mental process. Visualization means „seeing in the mind’s eye the form of the idea as it would appear in the advertisement“. It is communicated to the prospects by way of an advertisement. Fundamentally, visualization is the process of playing with different ideas. A visualizer must possess fertile mind so as to develop worthwhile ideas. Later, these ideas are transformed into effective advertising message.

Advertisement comprises of several component parts like headline, sub-headline, slogan, body-text, illustration etc. Visualization is the skill to determine which elements an advertisement

should contain and also how they should be featured. Through a gradual process, a visualizer imagines how his advertisement will appear when it takes the final form. Visualization is generally undertaken by copywriters and art directors.

#### **9.5.1 Meaning:**

Visualization is the process of seeing through one's mind eye about the construction of it. It is forming initially a mental picture of the idea that would appear in the Advertisement.

Visualization is a process of creating ideas about overall construction and contents of the advertisement i.e. the layout, the contents, the size of headlines, the colours etc. Visualization takes place before the copy is thought of and before preparing illustrations. Visualization helps in converting abstract ideas into concrete forms or shape of layout of an advertisement.

Visualization thus, deals with language - language of vision which is also a very powerful means of communication of one's thoughts, emotions, feelings, ideas etc. However, it differs from layout because it is an abstract form whereas layout is a concrete physical arrangement of things in the advertisement. Visualization precedes layout and layout is the result of visualization.

#### **9.5.2 Process of Visualization:**

The process of visualization is a team work of copy writers, artists, producers etc. who work together to develop ad copies not only for press media but even for Radio, TV. and other media. Because of the importance of visualization in introducing creativity in ad copies, the process of visualization has become a specialized profession of some people who offer expertise services in visualization.

The visualizer may follow the following steps to conceptualize an idea for advertisement:

- 1. Study the product / service to be advertised** i.e. its features, merits, uses, etc.
- 2. Study advertising objectives** - the objective may be to influence the consumer or it may be to influence the dealers to stock the product or the objective may be to counter competitive advertising.
- 3. Collect relevant information** - about the product, competitors' products, prospects and other relevant information.
- 4. Conceptualize ideas** by adopting various techniques such as brain storming, juxtaposition and association, divergent thinking, etc., taking into account the relevant information.
- 5. Analyze the ideas** from various angles-as to how the prospect would view it and interpret it, how far it will be effective, what impact it will make and so on.
- 6. Select two or three version or ideas** which require further probing. The visualiser than passes on the ideas to the copywriter and the artist.

### 9.5.3 Techniques of Visualisation

The well-known techniques of visualisation are as follows:

1. **Identifying or Pinning down the Problem:** The matter to be advertised must be in correlation with the problem. Thus, the problem must be first clearly laid down so that the advertising copy can be accordingly prepared.
2. **Forming Pool of Observations Facts Collected and Information Gathered:** Before preparing an advertising copy and its construction, the several types of information has to be collected. This collection should be properly arranged in sequence, so that the entire amount of information can be used when needed.
3. **Generating Brain Waves:** This involves thinking on the part of the copy-writer. In this process, the information collected is thought over and a tank of storage collection is formed in the mind.
4. **Brain Storming:** It means group thinking and generating crosscurrents of ideas, thoughts and imagination. Group discussions are arranged in which exchange of thoughts takes place and ideas of each other are known.
5. **Mediation:** Then follows the analysis and synthesis of the ideas. In this stage, the search for tranquility and calmness of mind takes place, where a quiet churning of ideas after waves and storms would lead to the obtaining of vision.
6. **Rough Layout:** A sketch of a rough work out is prepared of final vision which is the preliminary stage of visualization.
7. **Giving Final Shape:** Copy, art work, layout design and illustrations are the products of final touches given to the vision that is the idea is given the final form. All these techniques of visualization are time-tested.

## 9.6 COPY

### 9.6.1 Meaning:

A “Copy” means a written matter in any advertisement. It consists 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.

### 9.6.2 Characteristics of Copy:

- (a) **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.

(b) **Clarity:** A copy should be self-explanatory. The message to be delivered must be clear at first reading.

(c) **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.

(d) **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.

(e) **Sincerity:** Sincerity can be achieved by using facts and quoting figures. 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.

(f) **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.

(g) **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.

### 9.6.3 Types of 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 read the copy. It is just an ordinary, announcement of 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 establish 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 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 favourable atmosphere by changing the position of the customer for the sale of product. Normally luxury items are advertised by such copies.

**9.6.4 Elements of Copy:** A copy normally includes the following elements or parts:

**1. Main Headline:** 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 overlines - that precede the main headline and there can underlines - that follow the main headline. The subhead lines 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:** 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.

## 9.7 HEADLINE

### 9.7.1 Meaning:

A headline is a word or phrase printed in large letters above the advertising message. Headline gives in brief a fair, idea of the contents of the copy.

A good headline attracts attention and arouses interest so that the reader would be induced to read the advertisement.

Normally, the headline finds 100% of the entire copy. Some advertising men believe that 50% to 75% of the performance of an advertisement must be credited to the headline.

As people go through a newspaper or a magazine the headline is the only thing that attracts its attention. Thus the headline carries the heaviest burden of attracting readers to the advertisement.

### **9.7.2 Role of Headline:**

A headline plays a significant role in advertise by performing the following important functions:

- a. to attract attention of readers to the ad;
- b. to attract attention of the target consumers easily and quickly and to persuade them to read the whole of the ad;
- c. to create curiosity and interest in the ad;
- d. to make the illustration and the copy more meaningful;
- e. to introduce a unique selling proposition;
- f. to sort out useful ads from useless ads;
- g. to serve as the essence of the whole ad copy. In the words of David Ogilvy, the advertising guru, “The headline is the most important element in most advertising. It is the telegram, which decides for the reader whether to read the copy”.

### **9.7.3 Essentials of a Good Headline:**

1. **Original:** A good headline should be unique and should not be an imitation of any other headline. Originality of headline creates a separate interest in the minds of readers.
2. **Concise:** A good headline must be brief i.e. it should not have more than 8 to 10 words and should form a maximum of two lines.
3. **Specific:** The headline should be relevant and appropriate to the copy and illustration. It should convey the advertising message specifically and not vaguely.
4. **Provocative:** A good headline should be forceful enough to induce the readers to go through the copy and the entire advertisement.

### **9.7.4 Classification of Headlines**

1. **Benefits Headline:** Such headlines indicate the benefits of the product or the service advertised.

2. **News Style Headline:** It emphasizes on the quality, performances, services, advantages of the product list these types, words like ‘Now’. ‘At least’ etc. are added to the headline.
3. **Advice Headline:** It advises the customers to purchase a product or avail of a service which will be beneficial to them. e.g.  
“How to bake better cakes”?
4. **Challenging Type of Headline:** This type of headline challenges the customer about the quality service, price, performance etc. Such headlines emphasis on the superiority of the advertiser’s product.
5. **Selective Headline:** A selective headline is directly appealed to a selected group of customers. It may be specially directed towards children, students, housewives to be used by those selected customers.
6. **Situation Headline:** It puts the customer in a situation and enquires whether he/she prefers to be in such a situation. Such headlines support the illustration.
7. **Label Headline:** A label headline announces not only about the label of the product but also the selling points. Such headlines are ‘introducing type’ or ‘warning type’.

## 9.8 SLOGAN

### 9.8.1 Meaning:

A slogan is phrase or sentence used repeatedly by a company or an organization or an advertiser to aid in the formulation of his message. A slogan is repeatedly used to create certain kind of effect on the minds of people. Slogan is an important part of advertising copy. Like headlines and illustrations, slogans are communication devices which are used to present an idea rapidly and concisely. It may be used throughout an advertising campaign or over a period of many years. Some advertisers develop and use new slogans for each new advertising campaign. A slogan suggests the thing and he advertises. It suggests the use of product again and again or several times so that readers know it by heart. Generally, slogans are used for headlines in advertisements. They are similar in structure to the summarizing headlines and try to summarize some advertising idea just as a headline does. Slogans are mainly used in outdoor advertising. In such outdoor advertising, a slogan becomes headline and the sales message. Slogans are generally developed from incidents in the life of a product; such incident that optimize the use or value of a product when the incident is happily expressed in a pleasing phrase and is used in advertising. The right frame having appeal becomes a good slogan.

A slogan used repeatedly by a company of any organisation to create an impression in the minds of the customers. A slogan should suggest the thing it advertises. Slogans are used for

headlines in advertisements because of the limitation on the length of a copy in this medium. The slogan then becomes headline and sales message all in one.

Good slogans are not invented monthly by the advertiser. But they develop from incidents in the life of a product or clause of a product etc. Then an incident is happily expressed in a pleasing phrase and used in advertising, it becomes a good slogan e.g.

1. “Any surface that needs painting needs Asian Paints”.
2. “A filter so true that the taste comes through”. (Bristol Cigarette).

**9.8.2 Characteristics of a Good Slogan:** A good slogan should:

1. Contain a definite sales idea :
2. Be compact in their construction :
3. Be hardly more than 7 words long :

An ideal slogan is short, simple, easily remembered and filled with pleasing suggestion of the product. The simplest slogans are the hardest to create. To create a good slogan is to define what you want to say in as many words as necessary.

## 9.9 LOGO

### 9.9.1 Meaning:

The word “logo” comes from the Greek word “logos” meaning “simply the world”. The noun “logos” also appears in the Bible signifying “the word of God”. Today the world logo is used in marketing and in advertising parlance. From the coveted double “R” of RolisRoyce to the immediately recognizable script that CocaCola uses, logos are quickly identified by everyone. Apart from large corporations in every country even the small businessman and one-man enterprises have adopted the corporate logo as a means for creating brand recognition and corporate image.

**9.9.2 Need for Logo:** The need for a logo arises from the need to be different, followed closely by the need to be recognized.

Your own given name could be a good example of a logo. In your childhood days, the name is a device to attract your attention and to differentiate you from others. Over time as one grows up, the name takes on newer meanings to yourself and finally becomes a matter of great pride when you dash off a signature on a letter, cheque or some other document. It is your expression (difference, distinction and recognition) saying “this is me”.

The company’s logo is the corporate signature. It reposes in itself the collective pride of the company and is designed with great care to represent the personality of the company and product. Diversified Corporation uses a variety of symbols as part of their logos. ITC uses the upwards steeply, which also conveys the sense of growth as well as excellence.

Welcome group uses unique folded hands symbols to denote hospitality in the inimitable Indian style. Others too use Indian leitmotifs like LIC which uses two supped hands to denote security is care. Logos today go beyond just being mere symbols. They represent the spirit, the belief, the raison “d” ere of companies and brands. Logos the world over have their own logic which is distinguishable, easily recognized and identifiable.

## 9.10 SUMMARY

Consumer psychology is the process whereby individuals decide whether, what, when, where, how and from whom to purchase goods and services. In consumer behavior we consider not only ‘why’, ‘how’, and ‘what’ people buy but other factors also, such as ‘where’, ‘how’ and ‘under what circumstances the purchases are made’.

The decisions taken by consumers in relation to the purchases are influenced by various factors such as culture, subculture, Social Class, Personal Factors such as age, income, occupation, life style and personality etc.

Buying motives are the urges which competes consumers to buy. Buying motives are generally classified as **(a) Primary Motives (b) Secondary Motives**: The most commonly known secondary buying motives are fear, profit, vanity, habit, curiosity, sex, love, comfort, patronage motive etc.

**Selling points** refer to important features of a product that influence the decision of people to buy.

**Visualization** is the process of seeing through one’s mind’s eye about the construction of it. It is forming initially a mental picture of the idea that would appear in the Advertisement.

**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.

**Headline** is a word or phrase printed in large letters above the advertising message. Headline gives in brief a fair, idea of the contents of the copy. As people go through a newspaper or a magazine the headline is the only thing that attracts its attention.

**Slogan** is a sentence used repeatedly by a company of any organization to create an impression in the minds of the customers.

The word “**logo**” comes from the Greek word „logos“ meaning „simply the world“. The noun „logos“ also appears in the Bible signifying „the word of God“. Apart from large corporations in every country even the small businessman and one-man enterprises have adopted the corporate logo as a means for creating brand recognition and corporate image.

## 9.11 QUESTIONS

1. What is Consumer Psychology? Explain the main factors Influencing Consumer Psychology.
2. What are Buying Motives and Selling Points?
3. What is Visualization? Explain the process of Visualization.
4. What are the techniques of Visualization? Explain them in brief.
5. What is Copy? What are the essentials of a good copy?
6. What are the different types of Copy?
7. What are the main elements of Copy?
8. What is the Headline? Explain its functions.
9. What are the essential of a good copy?
10. Explain the different forms of Headlines
11. What is Slogan? What are the characteristic of a good slogan?



# 10

## ADVERTISING RESEARCH

### STRUCTURE

- 10.0 Objectives
- 10.1 Introduction
- 10.2 Advertising Research
- 10.3 Testing of an Advertisement
- 10.4 Pre-Testing Methods
- 10.5 Post-Testing Methods
- 10.6 Summary
- 10.7 Questions

### 10.0 OBJECTIVES

After completion of this lesson the student will be able to understand:

- Advertising research
- Need and importance of Advertising Research
- Types of Advertising Research
- Testing of an Advertisement
- Evaluating Advertising Effectiveness
- Pre-testing and Post-testing methods

### 10.1 INTRODUCTION

Advertising research is the systematic, scientific and continuous process of studying consumers within the context of market situations, product attributes and competitors' strategies. A well-conducted research programme provides inputs that are the foundation of an advertising campaign.

### 10.2 ADVERTISING RESEARCH

**10.2.1 Definition** Advertising research is defined as the systematic gathering recording and analyzing of data relating to the effectiveness of advertising.

**10.2.2 Need for Advertising Research:**

1. **Target Audience:** It can be identified through ad research and accordingly the message can be directed to the right audience.
2. **Media Mix:** It enables to determine the proper media mix that can be employed to run the ad campaign. Proper media is selected to reach more effectively to particular groups of potential customers.
3. **Unique Selling Proposition (USP):** Advertising research helps to discover USP that can be effectively presented in the ad.
4. **Costly Errors can be minimized:** Advertising research can prevent the advertiser from making costly mistakes. It can be overbudgeting, selecting wrong media, directing the ad message to wrong audience etc.
5. **Budget Amount:** Advertising research also enables to determine the proper amount that can be effectively spent on advertising. Proper budget amount can be allocated and utilized using the ad at the right time and at the right frequency.
6. **Layout, Copy and Illustration:** It can help to develop effective layout, copy and illustrations that would be most effective in gaining consumer attention and in inducing effective readership of ad.
7. **Appeals in Advertising:** Through proper conduct of consumer research, one can understand their likes and dislikes, tastes and preferences. The study can be made of their buying motives. Accordingly appropriate appeals can be developed to stimulate demand among the various groups of prospects.
8. **Competitive Advertising:** Proper advertising research can help to develop not only creative ads but also competitive ads. To face the challenges posed by competitors claimed in their advertisement and other marketing efforts.

### **10.2.3 Importance of Research in Advertising:**

Following points justify the need and importance of advertising research:

1. **Target Audience:** Target market/audience can be identified through ad research and accordingly the message can be directed to the right target audience.
2. **Media-Mix:** It enables to determine the proper media/media-mix that can be employed to run the ad campaign. Proper media is selected to reach more effectively to particular groups of potential customers.
3. **Unique-Selling Proportion (USP):** Research may reveal a unique buyer benefit that no one had thought of before. Advertising research helps to discover USP that can be effectively presented in the ad.

**4. Costly Errors Can be Minimized:** Advertising research can prevent the advertiser from making cost mistakes. Mistakes can often be committed in over budgeting, selecting wrong media. Directing the ad message to wrong audience etc.

**5. Budget Amount:** Advertising research also enables to determine the proper amount that can be effectively spent on advertising. Proper budget amount can be allocated and utilized by using the ads at the right time and at the right frequency.

**6. Layout, Copy and Illustrations:** It can help to develop effective layout, copy illustration that would be most effective in gaining consumer attention and in inducing effective readership / viewer ship of the ads.

**7. Appeals in Advertising:** Through proper conduct of consumer research, one can understand their likes, dislikes, tastes and preferences. A study can be made of their buying motives. Accordingly appropriate appeals can be developed to stimulate demand among the various groups of prospects. And as such the most effective ad campaign theme can be devised and used to bring about desired response from the consumers.

**8. Competitive Advertising:** Proper advertising research can help to develop not only creative ads but also competitive ads to face the challenges posed by competitors' claims in their advertisement and other marketing efforts.

**10.2.4 Types of advertising research:** Advertising research can be sub-divided into the three major areas:

**1. Budget Research:** It is covered with the amount of money allocated to advertising.

**2. Media Research:** It concerned with advertising research, frequency, efficiency and the effectiveness of different media and combinations of media in reaching target customers.

**3. Copy Research:** It deals with what is said and how it is said in the employed media. All these areas are interrelated and interdependent. For example, the use of inappropriate media would affect even the most effective advertising message. Media effectiveness may also be influenced by the available budget.

### **10.3 TESTING OF AN ADVERTISEMENT**

Ad testing deals with the measurement advertisement effectiveness. What constitutes effectiveness? Which variables (s) should be tested, or, measured to know the degree of advertising effectiveness?

#### **10.3.1 Meaning:**

In practice, the following four categories of variables are, generally, tested viz. (1) message variables, (2) media variables, (3) scheduling variables and (4) budgeting variables.

1. **Message Variables:** In the case of an advertising message in an advertising message in a typical print advertisement the variable to be tested would be the headline, the illustration, the body text, the layout, and the typography, individually as well as severally. In the case of television commercials, the variables to be tested would be appeals, themes, propositions, rhetorical style, audio-visual devices, format illustration technique, staging casting music, sound effects, etc.
2. **Media Variables :** The media testing opportunities are considered at the following four levels, viz.,
  - (i) The advertiser must decide the type of media, such as, newspapers, magazines, television, radio or direct-mail, etc., he intends to use.
  - (ii) The advertiser then, must decide the sub-class of media, he is to use. For example, what kind of newspapers: Daily Sunday, Evening or Morning Newspapers. Likewise, what kind of television and / or radio: sport, Network, or, Regional channels, in the same way, what kind of magazines: General, Women, Healthcare, Sports,etc.
  - (iii) The advertiser, then must selected specific media vehicles, what newspapers in Mumbai, which television channels in Delhi, and what media mix is to be used?
  - (iv) Finally, he must determine space units i.e. full page, or, half pages, or, quarter pages broadcast time units, such as 60 seconds, 20 seconds, and the position of the ad in print media as well as in television.
3. **Scheduling Variables:** Consumer behavior is generally influenced by the time factor, such as season of the year, occasions like Diwali, Christmas, Id day of month or week, etc. timing of television commercials frequency continuity are also important factors.
4. **Budgeting Variables:** Budget affects, and is affected by all other advertising variable. How much money should be spent on advertising? How should be the total amount of money be allocated to markets, to media to sales territories and to specific items in the product line? The advertiser must measure the relationship between budgeting variables and profit yields.

### 10.3.2 Need of Evaluating Advertising Effectiveness:

1. **Achieve Awareness:** Testing of advertisement will show whether there is an increased influence of the advertising message, product or service advertised. Testing enables the advertiser to be aware of all the reasons why an advertisement has been effective or otherwise.
2. **Affects Attitudes:** Testing enables the advertiser to know whether the attitude of the prospects towards the advertised product or service has been changed or not, it also enables him to understand whether any message of the advertisement is recollected by the customer.

**3. Actuate Action:** Advertisement testing enables the advertiser to analyze the response by the prospects to advertisements. It gives him an idea of when, how, why a customer's accepts a particular products or rejects it. This will help him to present the product in such manner that he (prospects) takes a favorable or positive action.

**4. Judge Overall Effectiveness:** Testing of advertisement-helps the advertiser in judging the total effectiveness of a particular advertisement in respect of their headlines, layout, copy, illustrations, layout or any other quality that is important within the advertisement.

Thus, advertising evaluation can be done before the campaign is over. The main object of evaluating the campaign is "to get all the bugs out" before sending precious money. When advertisements are tested after the campaign it is called "postmortem" of advertisement effectiveness.

The advertising can be evaluate or tested before or after its application. Both have got various advantages.

### **10.3.3 Pre-Testing Methods:**

An advertisement can be tested at two stages namely: (a) prior to the commencement, and (b) after the commencement of the advertising campaign. The former stage is called „pre-testing“ and the latter „post-testing“.

The following are the pre-testing methods:

**1. Proposition Tests:** Tests of creative strategies are called proposition tests. Strategy refers to the alternative course which can be tried to know most suitable course of action. For example, the advertising campaign of a watch manufacturing company might follow such strategies as: (i) It is stylish watch for fashion conscious man. (ii) It is a dependable watch. (iii) It is an inexpensive watch and looks like a watch that costs twice the price.

Each proposition reflects a different advertising strategy for watches. In order to choose among Fashionable appearance, expensive appearance and reliable which is the best representative sample of prospective watch buyers would be shown all three on individual cards as if they were different watches. The sample respondents would then be asked to choose between the watches, and to give their choices. The most widely acceptable proposition would be established as an advertising strategy.

**2. Concept Testing:** Under this method, testing is carried out in the same way as Proposition Testing, except that roughly drawn advertisement concepts are used instead of placing alternative strategies on the cards. As the public is not used to look at rough advertisement concept, the respondents must be explained in advance that what they are about to be shown are rough layout of the artist. Headlines should be shown clearly and such irrelevant

details must be excluded as: Cufflinks on a shirt because this may give a chance to worry the respondents about why they are there, whether they are fashionable and so on. Concept tests are used to measure the interest and credibility of different advertising approaches.

**3. Sales Area Testing:** The most reliable method of testing the effectiveness of any advertising is initially to run it in one or two selected areas. This testing is used to facilitate launching advertising campaign on a large scale, because effectiveness is first tested in a smaller area.

**4. Folio Tests:** Folio tests are used for press advertisements that are finished or near finished form. Test advertisement along with a couple of advertisements is placed into a folder. The „Folio“ composed in this way is then placed before the selected few consumers who are expected to give their reactions. The rest advertisement is singled out later in the interview and the consumer is asked to discuss its appeal and motivational power in creating interest, arousing desire and attracting attention. This method of pre-testing spots out the most responsive advertisement.

**5. Project Tests:** Television commercials are sometimes tested in consumers“ home by means of portable movie projectors. Often the commercial is inserted in a short sequence from an entertainment film. After showing the film to the consumers, the interviewer asks their opinion about the commercial.

**6. Trailer Tests:** In trailer testing, a trailer or van is parked in a parking zone of a shopping centre and people are invited to come in for interviews. Everyone who enters the trailer is shown a television commercial on a rear screen projector and questioned about it. This method is very economical for it costs less to bring people into, the trailer for interview.

**7. Consumer Jury Tests:** Consumer jury tests are based on the rating given on advertisement by a typical group of consumers. Rating implies comparison of one advertisement with several others. A consumer jury test is made in a variety of ways. The usual procedure is to ask a relatively small group of consumers, who represent potential buyers of the product to rate alternative pieces of copy. Different data collection methods may be used in implementing a consumer jury test. For example, personal interviews may be used or a group may be assembled and the members may be asked to rate on the alternative copy.

**8. Rating Scales:** This method of copy testing requires the establishment of standards for effective copy and numerical weights for each standard. The weights or values indicate the relative worth of a standard in the overall success of copy. Advertisements are then rated according to scale value and a numerical score is obtained.

**9. Portfolio Tests:** These tests are named after the manner in which advertisements to be tested are packaged. A group of advertisements usually a mixture of advertisements to be tested is placed in portfolio. Sometimes, advertisements are actually placed in dummy copies of newspapers and magazines. Respondents are given the folio and asked to go through it, reading whatever interests them and taking as much time as they want. After completing this task, the respondents are asked to recall the advertisements what they can remember.

**10. Simulated Tests:** Simulated tests are tests in which consumers are exposed to alternative pieces of copies through point of purchase displays of direct mail. These tests are simple and less expensive to implement than actual sales tests. However, they are artificial.

**Benefits of Pre-Testing:**

- (i) To check clerical, grammatical, printing or technical errors.
- (ii) To make communication more effective from readers points of view.
- (iii) Minimize waste in advertising.
- (iv) To make it more meaningful and effective.
- (v) It is simple, less time consuming, and less costly.

**10.3.4 Methods of Post-testing:**

Tests that are applied after the commencement of the advertising campaign are called post-tests. Post-testing enables to study the impact of advertising on the effective sales promotion. The following are the methods of Post-testing:

**1. Recognition Tests:** Under this method the respondents are asked to point out the contents of those advertisements which they might have seen. The objective of this test is to know the degree of effective impact of advertisement.

**2. Recall Tests:** Under recall tests the entire advertising campaign is considered as against recognition tests. Where only specific advertisements are considered Recall tests are applied to measure the attention, interest and memory value of advertisements after they have been launched.

**3. Inquiry and Coupon Response:** Under inquiry testing, the advertiser sends a free sample to the reader, on request. The reader is expected to mail the coupon to take advantage of the offer. It is quite likely that such advertisements are given simultaneously in different publications of the newspaper or magazine. The advertisements are keyed in order to know which of the several advertisements resulted into more response. It is assumed that the advertisement which brings largest number of inquiries is superior to others.

**4. Split-Run Test:** It is a modification of inquiry test. An advertiser takes two advertisements in magazine offering split-run facilities. The two advertisements differ in one

respect only e.g., one advertisement presents the cold drink in a transparent bottle and the other advertisement presents the cold drink in a nontransparent bottle. The advertisement is keyed. Now, in two different markets i.e., cold drink marketed in transparent bottle is more, it is taken for granted that this advertisement has been more successful compared to the second one.

**5. Psychological Tests:** A variety of psychological tests are used which include storytelling, word association, sentence completion, depth interviewing etc. This test attempts to find out what the respondent has been in different advertisements and what they mean to him. These tests can be conducted only by trained interviewers.

**6. Focus Interviews:** In this method some selected consumers are called and are asked to deliberate discussion on the advertisements presented to them. The attention of the members of the panel is focused on certain aspect of the advertisement. The opinion expressed by the participants becomes the basis to study the effectiveness of advertising.

**7. Readership Test:** This method attempts to study the impact of advertising in increasing the product awareness by the consumers. Readership test facilitates the relative importance and effectiveness of advertisement published in national press. The readers are asked to tell where they have read the advertisement and how it has increased their awareness about the product.

The various methods used to study the effectiveness of an advertisement provide information about the impact of an advertisement on the product awareness and bringing about a change in the attitude of the consumers.

**Benefits of Post-Testing:**

- (i) To find out the extent to which the ad has been noticed, seen or read.
- (ii) To find the extent to which the message is understood by the readers.
- (iii) To measure the memory value of advertising.
- (iv) To find the impact of advertising on consumer buying behaviour.
- (v) To see whether ad is accomplishing its objectives.
- (vi) To evaluate the comparative effectiveness of different ads in terms of appeals, layout illustration etc.
- (vii) To improve future advertising efforts.

## 10.4 PRE-TESTING METHODS

Before the advertising campaign is undertaken, the advertiser checks or test advertisement in respect to its effectiveness. The main object of evaluating the advertisement before the campaign is “*to get all the bugs out*” from it.

The pre-testing methods of checking advertising effectiveness are as follows:

## **1. Check List Method :**

It is simplest method of testing. In this method a questionnaire is prepared by the researcher containing items that are commonly found in all types of ads. Then he has to put a tick mark against the item appearing in the ad.

This method can be used to find out attention value, interest value, understanding and education value etc. It is easy to conduct, less time and money is consumed. But it is difficult to judge consumer reactions by a mere check list.

The jury members of consumers are asked certain question like:

- (i) Which of these ads would you notice first?
- (ii) Which of these ads would you like most?
- (iii) Which of these ads would make you to buy the brand?
- (iv) Which of these ads can be easily read and understood?
- (v) Which of these ads are more believable?

## **2. Consumer Jury Method :**

A consumer jury is a small group of people who may be considered typical buyers of the product or service advertised. The advertiser enquires with them and their opinions on an advertisement are sought. On the basis of their opinions, he may accept or reject the advertisement campaign.

**(a) Order of Merit Rating:** In this case various ads are shown to the jury of consumers at a time and asked to place them in rank order. Each rank can be assigned certain points, then chart will be prepared and maximum points to be assigned by all members will be selected.

**(b) Paired Comparison:** In this type, a member of jury is shown two ads at a time and is asked to select the better one. This procedure will continue until each ad from the lot is paired with every other ad. The final conclusion may be drawn.

### **Merits of Consumer Jury Test:**

- (i) It can be conducted within a short period of time.
- (ii) Less costly.
- (iii) It does not require actual running of ads.
- (iv) Size of jury members need not be large i.e. 10 to 50 members.
- (v) Members can be motivated to give unbiased replies.

### **Demerits of Consumer Jury Test:**

- (i) It is unrealistic as the ads are not seen in real life condition.
- (ii) There may be biased opinion.
- (iii) Selection of jury members is a real problem.

(iv) Test based on opinion rather than study.

(v) There may be inconsistency in ranking by different members.

### **3. Sales Area Test :**

In this method a campaign, is run with different appeals in separate comparable markets (usually cities) for a particular period of time, the effectiveness of the ad campaign is evaluated by comparing actual sales made to consumers in different markets. That sales are which is giving highest sales is considered as more effective and accordingly ad copy is selected.

### **4. Procedure :**

The procedure is to select two groups of cities (market area), one group is called (Control group of cities) and other is called (The test group of cities) each group contains three cities. The existing ad campaign is continued in control group and new ad campaign is run in test group.

The testing period is divided into three stages, ranging between 3 to 6 months.

First stage is called as Pre-test. During this period sales are checked in several groups to determine the trends in sales in normal conditions.

Second stage is called as “actual test period”, in which test campaign is seen in the test group of cities.

The third stage is called as “Post-test period”, in which sales are checked to find out effect of advertising campaign.

Now sales results of the control groups are compared with the results of the test groups. If the sales show a better performance, the new campaign is treated as effective and later on is run over the entire market area.

### **Evaluation:**

Adcampaign is run on a small scale to find out - its effectiveness before running over entire market of this test is conducted properly, it provides authentic results. However, (i) It is time consuming, (ii) It is expensive, (iii) It poses a problem in selection of cities maintaining comparable situations.

### **4. Inquiry Coupon Response:**

Under this, the advertiser sends an inquiry coupon through newspapers or magazines which will have to be sent back to the advertiser duly filled in by the respondent. The number of inquiries or coupons sent back will ascertain the effectiveness of the advertisement.

The enquiry test can also be conducted by direct mail. One of the types of this test is called as split run test. In this case two Ads are selected for the test. First ad is published in first half of the number of copies and second Ad is given remaining half of the number of copies. The ad showing maximum response is selected.

**Merits:**

1. It can be used to check the relative effectiveness of several ads by remaining them on a limited basis.
2. It is easily implemented and comparable.

**Demerits**

1. It is time consuming.
2. It is expensive.

**Other Methods:**

There are several other pre-testing methods:

**(a) Projective Technique:** The purpose of this test is to avoid the drawback of direct questioning and allow the respondent to reveal his feelings about an advertising situation various types of projective techniques are:

**(i) Depth Interview:** The respondent is given the advertising material and is asked to express his opinion freely. The interviewer studies the respondent about his feelings and motivation.

**(ii) Word Association:** The researcher presents a word and the respondent is asked to reply with first word or thought that comes to his mind. For example? What is the first things you think I say toothpaste? Or automobile?

**(iii) Sentence Completion:** The researcher shows an incomplete picture or puts an incomplete sentence and the respondent is asked to complete the picture or sentence.

## 10.5 POST-TESTING METHODS

Advertising evaluation can be done even after the advertising campaign is over when advertisements are tested after the campaign is over; it is known as “postmortem” of the advertisement effectiveness.

The post-testing methods of advertising effectiveness are as follows:

### 1. Recall Tests :

This test is made to measure the memory value of the reader (respondent). The procedure is to select a group of respondents and it is confirmed that they have read the particular issue of the magazine. The respondents are given cards on which the names of all products advertised in the issue are shown. The respondents are asked to list each ad they think have seen and tell what it looks like. Question can be asked on the message, colour, headline, etc. to find out the impact value.

The merit of the test is to measure the depth of impression which an ad leaves on the respondents mind. This test can also be conducted with some aid and are called as “aided recall test”.

## **2. Readership Test :**

This test finds out what the readers read and how well they remember it. The advertisement to be tested is to be published in a newspaper or a magazine. An interviewer carrying a copy of that medium asks the persons to be interviewed and asks them which newspapers or magazines, they read, what advertisements have been seen and remembered and their effectiveness. The advantage of this method is that, a comparative evaluation is possible and it focuses on the ways of getting attention.

However, the drawback of this method is that it assumes that readership means sales. It is not always that whatever advertisements we read we do buy.

### **Attitude and Opinion Test:**

These tests are conducted to measure the attitudes and opinions of the customers towards a firm's advertising, its products and policies. For such tests measuring scales have been developed to study the consumer attitudes and opinion.

### **Keying on an Advertisement**

After preparation of an advertisement is over, it is to be inserted in newspaper and/or magazines. Thereafter, the advertiser has to check the effectiveness of the advertisement. For this purpose, he has to adopt certain methods to ascertain what enquiry is received from which advertisement. This process of identifying the enquiries pertaining to a specific advertisement is known as keying an advertisement. Advertisement can be keyed by inserting coupons in the advertisement is known as keying an advertisement. Advertisement can be keyed by inserting coupons in the advertisement itself. This coupon is given a key number or some identification mark which helps their sorting. The readers are requested to fill in their names and addresses in the coupons and mail them to the advertiser for getting a catalogue of further information. The number of coupons received back gives an idea about the effectiveness of the advertisement.

## **10.6 SUMMARY**

Advertising research is the systematic, scientific and continuous process of studying consumers within the context of market situations, product attributes and competitors' strategies.

Advertising Research is essential as it identifies target Audience, enables to determine the proper media mix, helps to discover USP, prevents the advertiser from making costly mistakes, and enables to determine the proper amount that can be effectively spent on advertising, develops effective layout, copy and illustrations, and develops not only creative ads but also competitive ads. Advertisement testing deals with the measurement of advertisement effectiveness. An advertisement can be tested at two stages namely: (a) prior to the commencement, and (b) after

the commencement of the advertising campaign. The former stage is called „pre-testing“ and the latter „post-testing“.

### 10.7 QUESTIONS

1. Define Advertising research.
2. What is the need and importance of Advertising Research?
3. What is testing of an Advertisement
4. Explain the need of Evaluating Advertising Effectiveness.
5. What is meant by Pre-testing? What are its methods?
6. What do you mean by post-testing? Explain its methods.
7. Write short note on the following :
  - a) Pre-Testing Methods
  - b) Consumer Jury Method



# 11

## SALES PROMOTION

### STRUCTURE

- 11.0 Objectives
- 11.1 Introduction
- 11.2 Concepts of Sales Promotion
- 11.3 Purpose of Sales Promotion
- 11.4 Objectives of Sales Promotion
- 11.5 Rationale of Sales Promotion
- 11.6 Types of Sales Promotion
- 11.7 Sales Promotion Strategies and Practices
- 11.8 Sales Promotion Budget
- 11.9 Cross Promotion
- 11.10 Surrogate Selling
- 11.11 Summary
- 11.12 Questions

### 11.0 OBJECTIVES

After completion of this lesson the student will be able to understand:

- Concepts of Sales Promotion
- Consumer Sales Promotion
- Trade Promotion

### 11.1 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.

Sales promotion efforts are directed at final consumers and designed to motivate, persuade and remind them of the goods and services 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.

## 11.2 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 are used 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);
- Sales-force promotion (for example bonuses, contests, sales rallies).

## 11.3 PURPOSE OF SALES PROMOTION

Sales promotion tools vary in their specific objectives. A free sample stimulates consumer trial, while a free management advisory service cements a long-term relationship with a retailer. From the marketer's perspective, sales promotion serves three essential roles **it informs, persuades and reminds** prospective and current customers and other selected audiences about a company and its products. The relative importance of those roles varies according to the circumstances faced by a firm.

### **Inform:**

The most useful product or brand will be a failure if no one knows it is available! Because distribution channels are often long, a product may pass through many hands between a producer and consumers. Therefore, a producer must **inform** middlemen as well as the ultimate consumers or business users about the product. Wholesalers, in turn must inform retailers and retailers must

inform consumers. As the number of potential customers grows and the geographic dimensions of a market expand, the problems and costs of informing the market increase.

**Persuasion:**

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

**Reminding:**

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

## 11.4 OBJECTIVES OF SALES PROMOTION

- i) **To introduce new products:** Sales promotion has given to induce buyers to purchase a new product, free samples may be distributed or money and merchandise allowance may be offered to business to stock and sell the product.
- ii) **To attract new customers:** New customers may be attracted through issue of free samples, premiums, contests and similar devices.
- iii) **To induce present customers to buy more:** Present customers may be induced to buy more by knowing more about a product, its ingredients and uses.
- iv) **To help firm remain competitive:** Sales promotions may be undertaken to meet competition from a firm.
- v) **To increase sales in off season:** Buyers may be encouraged to use the product in off seasons by showing them the variety of uses of the product.
- vi) **To increase the inventories of business buyers:** Retailers may be induced to keep in stock more units of a product so that more sales can be affected.

## 11.5 RATIONALE OF SALES PROMOTION

Rationale of sales promotion may be analyzed under the following points.

1. 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.
2. Competitive Pressure: If competitors offer buyers price reductions, contest or other incentives, a firm may feel forced to retaliate with its own sales promotions.
3. Buyers' expectations: Once they are offered purchase incentives, consumers and channel members get used to them and soon begin expecting them.
4. 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.

## 11.6 TYPES OF SALES PROMOTION

- Types of sales promotion directed at consumers.
- Types of sales promotion directed at dealers and distributors.

### 11.6.1 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-in promotions, and point of purchase displays and demonstrations.

1. **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.
2. **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.
3. **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.

4. **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.
5. **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.
6. **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 Shaharukh Khan.
7. **Patronage Awards:** These are values in cash or in other forms that are proportional to one's patronage of a certain vendor or group of vendors. Most airlines offer 'frequent flyer plans' providing points for miles traveled that can be turned in for free airline trips. Cooperatives pay their members dividends according to their annual patronage. Le Meridian adopted an 'honored guest' plan that awards points for users of their hotels.
8. **Free Trials:** Free trials 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.
9. **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.
10. **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.
11. **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 uses this tool to promote its products in the retail market.

12. **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.

### 11.6.2 Trade Promotional Tools

More sales promotion rupees are directed to the trade than to consumers. Manufacturers seek the following objectives in awarding money to the trade: i. Trade promotion can persuade the retailer or wholesaler to carry the brand. ii. Trade promotion can persuade the retailer or wholesaler to carry more than it normally carries. iii. Trade promotion can induce the retailers to promote the brand through featuring, display, and price reduction. iv. Trade promotion can stimulate retailers and their sales clerks to push the product. Manufacturers use several promotion tools. Some of which are mentioned below:

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. **Specialty Advertising:** Items Manufacturers may offer free specialty advertising items to the retailers that carry the company's name such as pens, pencil, calendars, paper weights, and memo pads. As the number of competitive sales promotions have increased, friction has been created between the company's sales force and its brand managers. The sales force says that the retailers will not keep products on the shelf unless they receive more trade promotion money, while the brand managers want to spend their funds on consumer promotion and advertising.

## 11.7 SALES PROMOTION STRATEGIES AND PRACTICES

The sales promotion strategy is an important element in overall marketing strategy. Sales promotion strategy involves identification of objectives, effective communication for attracting attention, allocation of budget, determining the correct promotional mix, introduction of strategic approach and finally evaluation. We shall study about each one of them briefly here.

- 1. Objectives:** The marketer should determine his sales promotion objectives. He should determine what is to be accomplished and what kind of buyer responses are desired. Sales promotion tasks should be objective oriented. These tasks are informing, persuading and reminding the customers about the products. The sales manager should inform consumers about his product and should highlight its special features. He has not only to inform the customers but persuade them to buy it.
- 2. Communication:** Sales promotion should attract the attention of the target audience. If the prices, discounts, off season facilities etc, are not adequately and effectively communicated, the effort of sales promotion would be wasted. A point to be noted here is that the audience evaluates not only the message but also the source of the message in terms of its credibility. The purpose of communication is to persuade potential customers to purchase the product. The sales manager determines the message to be aimed at the target market to gain product acceptance. The overall marketing objectives define the role of communication in sales promotion. Identifying the target audience is the main task of a sales promotion communication. The audience's response to the message source helps determine the effectiveness of the message.
- 3. Medium of Reach:** Sales promotion may adopt different methods for approaching people. Strategic variables are taken into account while deciding a particular method of sales promotion. Consumer promotion has been considered a very effective mode of sales promotion; potential consumers are offered samples, coupons, etc; to promote sales. The point of purchase display is a silent strategy to trigger off buying decisions. Retailers rely on in-store displays to familiarize customers with their product. A showroom display makes it easy for prospective buyers to familiarize themselves with the different features of the product.
- 4. Trade promotion:** through buying allowance, free goods, merchandise allowances, push money etc.; help to enhance sales by retailers and traders. Packaging is another important form of promotion, particularly for consumer goods. It may carry selling messages and information about the product. A good package design attracts the shopper's attention away from other products. It is a proper blend of colour, design and shape.

## 11.8 SALES PROMOTION BUDGET

One of the most difficult marketing decisions facing by companies is how much to spend on promotion. It is not surprising that industries and companies vary considerably in how much they spend on promotion. It is important to determine sales promotion budgets before resorting to sales promotion activities. The resources and sales potentials are estimated before the formulation of budgets. Sales promotion budgets should be adequate so that they achieve the promotion objective.

**Affordable method:** Many companies set the promotion budget at what they think the company afford. This method of setting budgets completely ignores the role of promotion as an investment and the immediate impact of promotion on sales volume. It leads to an uncertain annual promotion budget, which makes long range market planning difficult.

**Percentage of sales method:** Many companies set their promotion expenditures at a specified percentage of sales or of the sales price. Automobile companies typically budget a fixed percentage for promotion based on the planned can price. A number of advantages are claimed for this method.

- the percentage-of-sales method means that promotion expenditures are likely to vary with what the company can afford – which satisfies the financial managers, who feel that expenses should bear a close relation to the movement of corporate sales over the business cycle.
- this method encourages management to think in terms of the relationship between promotion cost, selling price and profit per unit.

The major drawback of this method is that it does not provide a logical basis for choosing the specific percentage except what has been done in the past or what competitors are doing. It also does not encourage building up the promotion budget by determining what each product and territory deserves.

**Competitive Parity Method:** Some companies set their promotion budget to achieve share-of-wise parity with their competitors. Two arguments are advanced for this method. One is that the competitors' expenditures represent the collective wisdom of the industry. The other is that maintaining a competitive parity helps prevent promotion wars. There are no grounds for believing that the competition knows better than the company itself what it should be spending on promotion. Company reputations, resources, opportunities, and objectives differ so much that their promotion budgets are hardly a guide. Furthermore, there is no evidence that budgets based on competitive parity discourage promotional wars from breaking out.

**Objective and Task Method:** The objective and task method calls upon marketers to develop their promotion budgets by defining their specific objectives, determining the tasks that must be performed to achieve these objectives and estimating the costs of performing these tasks. This method has the advantage of requiring management to spell out its assumptions about the relationship between rupees spent, exposure levels, trial rates and regular usage.

**Promotional Mix:** Companies face the task of distributing the total promotion budget over the four promotion tools of advertising, sales promotion, publicity and sales force. Within the same industry, companies can differ considerably in how they allocate their promotional budget. Companies are always searching for ways to gain efficiency by substituting one promotional tool for another as its economics become more favourable. Many companies have replaced some field sales activity with ads, direct mail and telemarketing. Other companies have increased their sales promotion expenditures in relation to advertising, to gain quicker sales. The trial and error method, past performance and corporate policies may influence the appropriate promotional mix. Many firms have increased their sales with the application of appropriate combinations of the promotion media; sales promotion and personal selling are supported with publicity. The promotion mix is a variable in the marketing strategy. It should be clearly decided how far a particular element should be used in combination with other promotional methods.

**Strategic Approach:** The kind of promotional mix employed determines the promotional strategy. Generally speaking a particular combination, type or amount of sales promotion, personal selling, publicity and advertising are brought into the promotional mix, which becomes the promotional strategy in the course of implementation. The marketing strategy as much guides the determination of the promotional strategy, which may be divided into sales promotion strategy, personal selling strategy, publicity strategy and advertising strategy.

**Push and Pull Strategies:** The push and pull promotional strategies may be used to enhance sales. The push strategy concentrates on middlemen or retailers who push the sale of the product to the final consumers. This strategy covers cooperative advertising, attractive terms of sale, coupons and discount facilities.

- i. The pull strategy is directed toward the final buyers. It persuades the buyers to go to the sellers to buy. Sales promotion, particularly customer promotion, is an important form of the pull strategy. Customer promotion, may call for the offer of samples, money-refund offers, prices-off, premiums and so on.
- ii. The push strategy asks the sellers or retailers to attract the layers. Trade promotion is thus the main form of the push strategy. Trade promotions refer to buying allowances, free goods, co-operative advertising, push money, sales contests and so on. The marketing manager has to adopt both these strategies to promote sales.

## Evaluation of Sales Promotional Strategy

Sales promotional strategies should be evaluated twice. First at the stages of implementation and secondly after the final performance because implementation control will suggest improvements during the application of the promotional strategy, while 'performance control' will be a guide for the future. Implementation control covers initial planning, objectives, promotional packages, and printing of special premiums and packaging materials, distribution to retailers, etc. Even though it has proved successful whenever tried, very few firms adopt this strategy. Many manufacturers believe only in performance control. Performance is evaluated in the light of planned objectives. Consumer surveys and consumer experiments are used to evaluation techniques show how far the sales promotion techniques have been effective in increasing sales through motivating consumers and sellers, and point the way to improvement in sales promotion.

## Sales Promotion and Product Life Cycle

- The promotional tools vary in their cost effectiveness at different stages of the product life cycle.
- In the **introduction stage**, advertising and publicity have high cost effectiveness, followed by sales promotional to induce trial and personal selling to gain distribution coverage.
- In the **growth stage**, all the tools can be toned down because demand has its own momentum through word-of-mouth.
- In the **maternity stage**, sales promotion, advertising and personal selling all become more important in that order.
- In the **decline stage**, sales promotion continues strong, advertising and publicity are reduced and sales people give the product only minimal attention.

## 11.9 CROSS PROMOTION

Under this sales promotion strategy, the manufacturer may use all the potential tools such as advertisement, personal selling and sales promotion to hit the market simultaneously so that the buyer will be induced to buy a product. For example when Deccan Chronicle, a daily newspaper, was introduced in Chennai, the management had used all promotional activities, such as display, holding, price off and media to influence the reader to buy the paper. This promotional strategy is called cross promotion.

## 11.10 SURROGATE SELLING

Under this strategy, when the manufacturer is unable to sell his product in the market he may handover the product to a well-known organization to sell on behalf of the manufacturer. This strategy is called surrogate selling. For example, shampoo products are manufactured at Puducherry by a number of small and medium manufactures. But they find it difficult in selling the product in the market. What they have done was, handing over the finished product to Hindustan Lever, Proctor and Gamble who have sufficient logistics in selling the product, there by relieving the burden of converting the product into cash. They have in fact act as a surrogate in selling their merchandise in the market. Bait and Switch advertising Bait means something that is meant to tempt someone. Under this strategy, the marketing manager use AIDAS formula to tempt someone to look the advertisement and influence him to buy a product. For example, Bharat Sanchar Nigam Limited has used 10 paise prominently in its advertisement to bring the attention of its users in mind which will influence them to go for using the BSNL service. This way of tempting the viewer to opt for BSNL is called Bait advertising.

Switch means a device that is pressed or turned to stop or start something working especially by electricity. Switch advertising means when an advertisement is released, it should ignite the minds of the buyer to notice the advertisement and take a decision to buy the product. For example during festival times manufacturer may offer some discount on cash price to the buyer on some selected products. So he has put this in the local newspaper-which would have ignited the minds of the buyers. Buyers will certainly be influenced to buy the product. This strategy is called switch advertising strategy.

## 11.11 SUMMARY

Sales promotion includes promotional activities. Advertising and personal selling also help in increasing sales of a product or service. Sales promotion and advertising are generally used together. Sales Promotion helps in introducing new products in the market, attracting new customers and retaining the existing ones. It also ensures sales of seasonal products and is a very effective way of dealing with competition. The various tools used in consumer promotion are: premiums, free gifts, price off, price packs, coupons, sampling, refunds, rebates and finally contests.

## 11.12 QUESTIONS

1. Define Sales promotion. State its concepts.
2. Explain the importance of sales promotion to advertising
3. What are the objectives of sales promotion?

4. Classify the different types of promotional tools
5. What is meant by cross promotion
6. What is meant by surrogate selling?
7. Write detailed notes on the types of consumer promotional tools.
8. Explain in detail on the sales promotional tools.
9. Explain the application of promotion tools in a product life cycle. State with Example.
10. Throw light on the sales promotional strategies and practices adopted by marketers.
11. Sales promotion is powerful tools of promotion. Explain.

# 12

## BRANDING CONCEPTS

### STRUCTURE

- 12.0 Objective
- 12.1 Introduction
- 12.2 Evolution of Brands and Historical Perspective
- 12.3 Definition and Conceptual clarity
- 12.4 Brand Identity
- 12.5 Brand Identity Levels
- 12.6 Brand Dimensions
- 12.7 Brand Equity
- 12.8 Brand Awareness
- 12.9 Brand Image/Constellation
- 12.10 Brand Loyalty
- 12.11 Summary
- 12.12 Self-Assessment Questions
- 12.13 References/Suggested Readings

### 12.0 OBJECTIVES

The present chapter discusses the brand concepts and its evolution, identity, image and equity in detail. Furthermore, a number of aspects related to the brand have been examined in this chapter.

After reading this chapter you will be able to understand:

- the meaning of brand
- identity of brand
- dimensions of identity of brand
- brand equity
- brand loyalty and brand image

## 12.1 INTRODUCTION

Brands have been around for many years, though they existed silently. For long, managers did not accord due respect to branding when the product was developed, priced, and packaged. Branding was a later decision or not much significant for the marketers, who felt that the product was more important. Branding meant passively assigning names to pre-manufactured products. But in the last two decades the brands have got out of their slumber. They are the hot spots in total marketing process. Among the manager's chief concerns, brands reign at the top. Brands are not universally acknowledged as drivers of financial performance of a company. Not any more, are they cynosures of marketing people; they constantly figure in financial strategy and valuations. The star brands, which rule the roast in the global markets, are the objects of desire for marketers who still lack powerful brands. Brands like Marlboro, Sony, Kodak, Coca Cola, BMW leave the managers drooling. These brands are outcomes of careful and well-crafted branding strategies. To achieve this end, the managers need to approach branding cautiously and with dedication. But the process of branding cannot be approached correctly if confusion surrounds the concept of brand. The need is to confront the critical issue: What is a brand and what it is not.

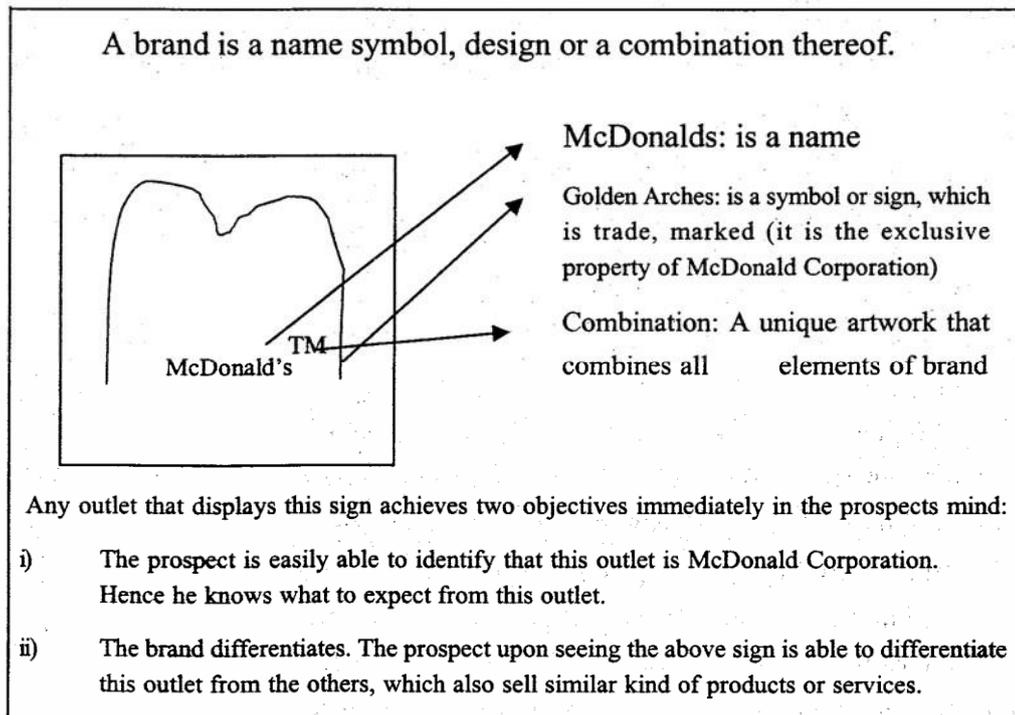
## 12.2 EVOLUTION OF BRANDS AND HISTORICAL PERSPECTIVE

Branding has been around much before the term entered in the jargon of modern marketing. It can be traced to ancient civilizations. The Greeks and Romans and people before them employed various ways to promote their products. These were wines, ointments, pots, or metals. Messages would be written informing the public that this man, at this address, could make shoes and that the man who lived over there, at that address, was a scribe. The Greeks also used town criers to announce the arrival of ships with particular cargos. Brands are particularly linked to uniformity or homogeneity. As long as, something remains single or unique, there would be no need of branding. For instance, Taj Mahal or QutubMinar. No one has difficulty in separating them from the others. It is the uniqueness of these structures that sets them apart from the rest. They are easily identified. But difficulties would arise if we have more than one identical Taj Mahals or QutubMinars. A qualifier would be required to set one thing apart from the others. Naming individuals is the branding practice followed to differentiate one person from the others. In the early twentieth century, the agriculturists employed a variety of tools to brand their produce. Branding becomes an imperative when identity is lost due to homogeneity. If one traces the etymology, the word 'brand' has its origin from the Old Norse word 'brandr' means 'to burn'. In the early times, the farmers used to burn a mark or a symbol on the animals to identify one's livestock. This practice is common even today.

Branding has always been an important aspect of marketing. In the sixteenth century distillers used branding in their own way. They burned or branded their name on the wooden containers. Its purpose was that the whiskey of one distiller could be identified from that of others. It also prevented tavern owners from substituting cheaper versions. Consumer identification with the product and protection continues to be guides of branding practices even today. The concept of branding evolved further in the eighteenth century. Earlier the producers' names identified the products. It was some kind of corporate umbrella branding. In fact, the identity of the producer used to be the brand name. For instance, Smirnoff vodka takes its name from Smirnoff family, which went into the vodka business in the year 1818, Ford automobiles adorn the name that came from Ford family.

### **12.3 DEFINITION AND CONCEPTUAL CLARITY**

The concept of brand in its present form is of recent origin. Creating brand is the ultimate aim of marketing endeavour. The AMA defines it as: "A brand is a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors." There are two aspects of this definition. Firstly, it focuses on 'What', of the brand. Secondly, it emphasizes on what the brand 'does' (see Fig. 6.1). A brand can be any combination of name, symbol, logo or trademark. Brands do not have fixed lifetimes. Under the trademark law, the users are granted exclusive rights to use brand names in perpetuity. The economists view of branding "various brands of a certain article which in fact are almost exactly alike may be sold as different qualities under different names and labels, which will induce rich and snobbish buyers to divide themselves from poorer buyers." The marketers use a brand name because it plays an important role for them. It identifies the product or service. This helps consumers to specify, reject or recommend brands. This is how string brands become part and parcel of a consumer's life. Secondly, brands help in communication. Brands communicate either openly or subconsciously. For instance, the brand 'Fair and Lovely' communicates what the product does. Similarly, a brand like Johnson and Johnson is a symbol of expression of a mother's love. Finally, a brand becomes an asset or property, which only the owner has the right to use if brand property is legally protected. All the registered names are the valuable assets of the owners. Coca-Cola brand name is perhaps the most valued asset of Coca-Cola Corporation.



Conventionally brands were viewed myopically. They were seen to perform identification and differentiation functions. But, mere identification may not be a sufficient condition for survival in a competitive marketplace. For instance, the brand Premier identified the automobiles with the Premier Automobiles Limited very well. At the same time the 'Premier' brand distinguished these cars from rest of the competitors like Hindustan Motor's Ambassador, Maruti, and others. Yet the brand went out of the market. Now Premier cars are not even manufactured. What is essentially missing in the conventional brand concept is consumer. Brands do not exist for the sake of identification and differentiation. They exist because of and for customers. The value dimension is key to any kind of brand to be there in the marketplace. Branding must not be confined to the process of passively assigning a name or symbol to a product. Branding done in this manner may not be able to lift the product into a higher plain. The product may be equal to brand and brand may be equal to product. The purpose of branding is to transform the product. It must add value that consumers covet for transforming a commodity like product into customer satisfying value added propositions is the essence of branding.

## 12.4 BRAND IDENTITY

The Oxford dictionary defines identity as "the fact of being who or what a person or thing is;" "the characteristics determining this." The concept of identity has been widely used in the context of humans. Identity card is particularly employed as a device to establish the identity of the owner. It describes who the person is. Military history is replete with instances where spies

were sent to enemy territories to uncover battle plans and dig enemy strengths by hiding their identities. They attempted to establish in the enemy's territories what they were not- by adopting their dresses, accents, languages, mannerisms, etc. The key consideration to their success was how effectively they established what they were not. The whole establishment of spying is based on a critical understanding of who you are- the real identity and what you want to be perceived as- the identity purported to be received by the receiver.

In other instances, the task is exactly opposite of what we have in spying endeavours. Now-a-days, in offices, where a large number of people work, identity becomes an important issue. It is for the safety and proprietary reasons that only legitimate persons should be allowed to gain entry. Establishing what/who a person is can be done in a number of ways-dress, language, code, mannerism, identity card, palm scanning and other electronic mechanisms. Here, in these instances, the idea is to establish congruence between who you are (not, who you are not in spying) and what you are perceived as. Appreciation of this is critical because it draws a separating line as to what a person or thing is not. Accordingly it is easier to determine what is 'in' and 'in sync' with the identity and what is not. Many a time decision makers responsible for navigating the brand do not have any idea as to what the brand is. The result- they end up taking decisions that impact the brand adversely for they lack ideas about what is legitimate and what works in the interest of the brand. Some cases are discussed here in the following paragraph. Cinthol, once a very powerful brand has been subjected' to severe damages because of typical mistakes that brand, managers commit. It is the absence of understanding, may be, about what the brand is that has led to the present situation. The soap was initially positioned as containing a deodorant agent, which would boost the confidence of the user. In the first moves, Cinthol changed its track and want on to acquire a masculine image with up market hero/hunk user profile. As usually happens, the brand got entangled with HUL's rival Liril. The rising popularity of Liril forced Godrej to position its Cinthol head on with Liril as a 'freshness' soap with lime associations. In fact, the brand communications depicted a slice of lime and a waterfall, which were very similar to those conveyed by Liril for years. If one removed the brand name from the advertisements and television commercials it would have been near impossible to identify the true sponsor. The brand further saw a spate of extensions- Cinthol Cologne, Cinthol Lime, Cinthol International. The focus shifted from brand user to brand ingredients and attributes. It seems that the brand suffered because of the absence of a charter guiding brand decisions. The actions of the managers have left the brand weak and vulnerable.

## 12.5 BRAND IDENTITY LEVELS

The identity decisions begin with understanding the brand's fundamentals. The task of assembling brand elements in a cohesive whole cannot be accomplished unless one knows what the brand is and what it stands for. What is the core value proposition it intends to make to strike a chord with the customers? The most powerful brands on earth can be characterized to have well-articulated or defined identities while the brands, which do not leave any mark, are victims of the lack of it. Identity is essentially an issue that is in the hand of the brand steward, creator or manager. An observation of brands around us would reveal that brand identity has two levels: the central or fundamental identity and the peripheral identity.

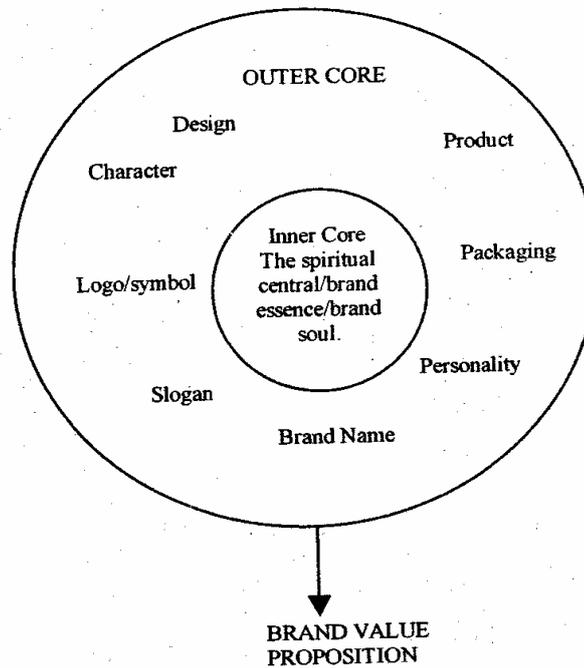
### Central Identity (Inner Core)

The identity is the soft core of the brand, which is normally enveloped, with layers of peripheral identity elements. It represents the essential core of the brand. What is the brand actually meant for? What is the potion or essence of the brand? The central identity indicates the reasons why the brand has been brought into existences. It envelops within it the brand's unique selling appeal or preposition. For a brand to have sustainable identity, analysis of customers, competitors and self-appraisal of company's strengths and weaknesses is essential. It is not a cold-blooded rational exercise. Great brand identities are sometimes, based on the creator's gut feel or perception. Often a brand becomes what the man behind it is. It acquires a system of values that dominate the creator's mind. Brands for them, to begin with, tend to be not as much a business entity but an emotional creation. IBM brand greatly took its essential character from Sir Watson, which ultimately determined its identity and translated itself in to a key compelling value proposition.

### Outer Core of the Brand

The inner core of brand identity is about the spiritual centre. It is qualitative and philosophical. The brand manifests itself in brand identity elements like the product, symbol, user profile, personality, slogans, endorsers, characters, name, and packaging. All the brand elements get combined to make up brand identity. The outer core of the brand completes the picture and provides it meaning. It suggests what the brand stands for more tangibly in an easy to grasp fashion. It is somewhat operationalization of the inner core of the brand. Managing a brand would involve conscious decisions about picking up brand elements in a manner that a cohesive whole is created as intended by the brand's core identity. The brand's core sometimes may be too philosophical or abstract, which may pose difficulty in decoding a brand's intentions. It for this

reason, tactically, the outer identity may be used to provide direction and meaning to the element selection.



**Brand Identity:** Liril

**Inner core:** Freshness, fun and spirit.

**Outer core:**

- Product scope : Soaps, perfumes, talcum powders.
- Personality : Youthful, spirited, mysterious, charming, energetic, indulgent.
- Extensions : Liril Rain fresh, Liril Talc.
- User : Young girls, urban.
- Association : Waterfalls, excitement, lime.
- Slogan : Liril freshness (la, la, la, ra, la ...)

**Value proposition:**

Feeling of freshness, youthfulness and energy.

## 12.6 BRAND DIMENSIONS

Brand identity provides long-term perspective and thereby makes the brand durable; it guides communications so that coherent and consistent signals flow to the outside world and finally, the brand remains realistic. Brand identity, therefore, provides defense against the moves,

which may render the brand image fickle or opportunistic. There are six dimensions of brand identity: physique, reflection, relationship, personality, culture and self-image.

The physique dimension of the brand refers to the physical aspects. For instance, the physique of a brand like IBM would be data systems, computers, servers, etc. The physical aspects are usually rooted in the product. These include salient objective features, name, colours, logos, and packaging. The brand's physique is its backbone. It is tangible value added to the brand. The brand structure is usually built upon the physique. It is the tangible basis of its creation. A brand in absence of physical attributes would be unoccupied and get lost in unconsciousness. The conventional brand concept relied too much on product/attribute aspects. The brand was equated with its physical aspects. However, the brand is much more than this. The physique is the starting point in brand creation. It involves reflecting upon issues like: What does it do? What are its attributes? How does it perform? How does it look like? At the heart of top-quality, German cars lay superiorly engineered engines. It very strongly defines what the brand does- the ultimate driving pleasure. The unique BMW and Mercedes grills are an important physical element of their identity. It is for this reason; there has been an evolution in their grills over the years yet there is continuity. It is an inseparable part of a brand's identity. Similarly, Coke's bottle seems to be a part of Coke's identity. It has always remained same, which shows its continuity. The brand has resisted the change.

A brand by design or by default develops a character of its own. People tend to describe brands in terms of traits as if they were living persons. It is not uncommon to hear people using adjectives like 'young' 'energetic' 'rebel', 'funny' in the context of Pepsi. Brands often acquire personality traits because of spokespersons or endorsers who are used in communications. For instance, the HundaiSantro's spokesperson, Shah Rukh Khan has passed on his traits-smart, fast, innovative, number one, and energetic over to the endorsed brand. In the current parity marketing environment, marketers frequently resort to developing a unique brand personality as the basis of forging customer relationships.

Culture consists of rites, rituals and values. In every brand's background lies a system/network of values. These values drive the brand. Just as the culture is one of the important forces behind consumer preferences, prejudices and behaviours, the culture of the brand also manifests various aspects of the brand like the product it carries, its uniqueness, and its communication. Brand is an inspired manifestation of its culture. For instance, how does a computer brand like IBM differ from Apple? Apple very clearly provides the cues about the culture it has roots in. It is symbolised by simplifications, friendliness, and iconoclastic values. In fact, Apple's symbol (the bitten apple) suggests the inherent value of not following the herd culture. Culture is increasingly used by service companies as an important element of the brand.

Emphasis is placed on building a unique culture to make it an important element in the brand identity structure. The case in point is upscale retailer Nordstrom, British Airways, LL Bean, Walt Disney. Each of these brands embodies the organisational culture values, which are carefully cultivated. Nordstrom personifies ultimate service and British Airways symbolises the customer focus in all its operations. It is these values that set these brands apart from the rest in the pack, which may try to neutralise these brands on the aspects of physique and personality, but the system of the values that is the essential core of their identity is virtually impossible to copy. Often brands draw their system of values from the countries they originate in. For instance, Mercedes personifies German values of engineering excellence, Perrier represents French, Coca Cola is quintessential American and Rolex represents Swiss craftsmanship.

How a brand is different from a product? One of the key differentiators is the ability of the brand to forge an emotional bonding with the customers. The product is a faceless commodity, which lacks identification; but the brand is much more than this. It carries various hooks on which the bonds are created. Therefore, brand is a relationship. Why does a customer like Nike, because it may symbolise individuality and success and blind action ('just do it'). Brands forge relationships on the basis of emotional, functional or aspirational delivery. For instance, the chewing gum brand 'Big Bubble' seeks to portray itself as a 'friend who always helps and protects'. The brand accordingly becomes a friend you do not want to lose. Brands may seek to create relationships on the basis of their ability to convey style, wealth, affection and esteem. The high luxury brands like Louis Vuitron, Cartier, Dior, Rolex envelop the customer with the image they want to signal to their social surrounding. HUL's Annapurna brand attempts to strike connection with mothers by becoming a companion who helps them to be good, caring and providing mothers. The basis of the relationship is emotional.

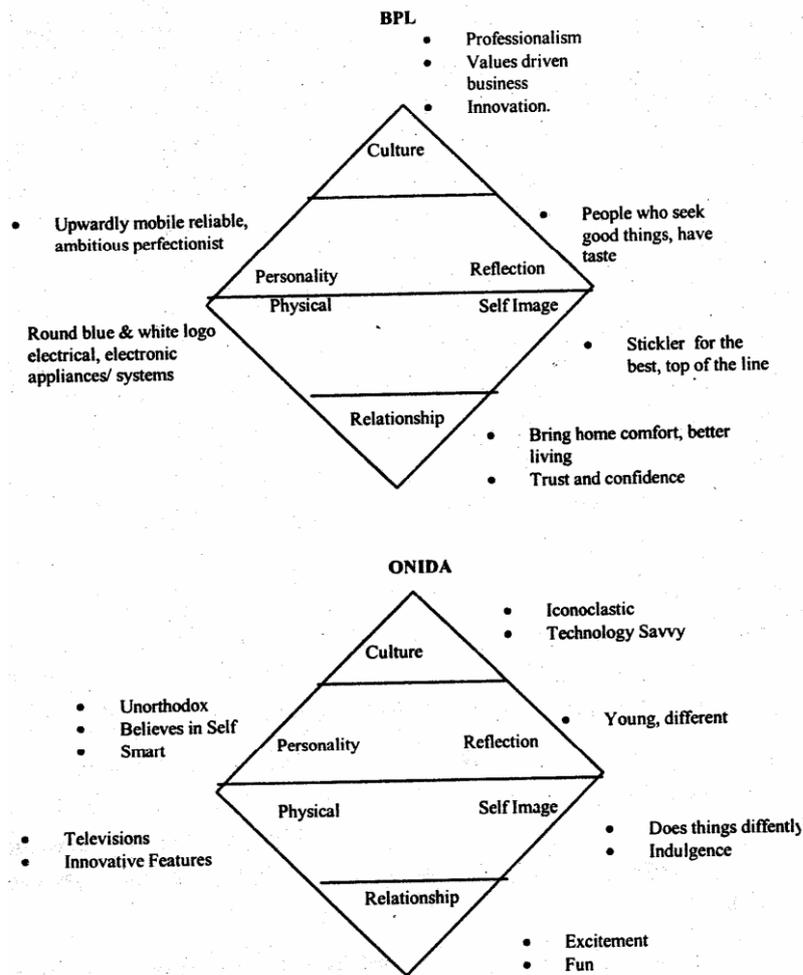
The relationship aspect is particularly important in service environments. Services, unlike goods, are essentially relationships. Therefore, the service marketers must define their brands on the basis of relationship with the customers. This identity element would be the key driver of a brand's image. For instance, ICICI bank intends to present itself to its customers as a friend who makes complex financial matters (in fact life) easy. The Global Trust bank has tried to reach to its customers as someone who gives individual attention and makes them feel valued. In the recent communications of ABN Amro, the bank has been called 'your kind of bank'. It seeks to cultivate a relationship on the basis of identity that is, reflecting the values that customers have.

A brand's reflection refers to the image of its buyers who it seeks to address. It is the reflected image of its target customers in its communications. The reflection is not difficult to find. For instance, the discussion about Pepsi boils down to the fact that it is meant for typical young drinkers who seem to have a carefree attitude. What is the reflection of a brand like

Whirlpool? Its visual communication portrays a young couple, upper middle class, just married, setting up home (probably), urban. The result, this is the perceived customer type.

Reflection and target market may not be the same. Sometimes they may be at variance from one another. For instance, in the whirlpool case the target set of customers may be much wider to include existing refrigerator users, old people, people in urban areas, institutions. Thus, reflection of a brand may just be a smaller portion or segment of the intended target customers/market. For instance, Allen Solly brand's positioning reflects its user to be the typically young executive, but it is not to suggest that the brand is meant for them only. The target for the brand represents a greater market. The brand managers must take care of the potential hazard of reflecting customers as they are. The customers do not wish to be portrayed as they actually are; rather they would like to be depicted as 'someone they would like themselves to be'. The reflection should be of a transformed customer- as a result of using the product/brand. For instance, girls wish to be reflected, as they would be after using a lipstick or perfume, rather than as they actually are. It is portrayal of beauty and centre of attraction.

Self-image refers to how a customer sees himself in relation to the brand. Reflection is target customers' outward facade, and self-image is internal reflection. Brands often become the basis of our inner relationship with outer selves. For instance, the customer buying a CFC free air conditioner may feel expressing his concern for the environment or settling for a cosmetic brand, which does not use animal ingredients. He may see himself as exhibiting sensitivity to ecology/animals. Self-image is a customer's own self-perception. It has two dimensions: the current and the desired. The current self-image refers to 'how I see myself to be' we either try to conform to our existing self or move to the desired self by brands which symbolise the same. Customers buy aspirational brands to establish their desired self-concepts. For instance, by buying Louis Philippe shirts, customers wish to establish to themselves that they are part of the select 'upper crust' group. Similarly, sometime back American Express (Am Ex) positioned its credit cards as exclusive. The Am Ex brand communication hammer that 'Quite frankly, American Express card is not for everyone'. It is meant for only a few privileged ones. The customers essentially drove toward Am Ex Cards for being what they wanted to be in their perception. Am Ex customers always felt proud in displaying their card for it confirmed to the public that they are a part of that elite group who owns Am Ex Cards.



**FIG 12.3: BRAND IDENTITIES OF BPL AND ONIDA**

The brand identity framework is valuable in developing a comprehensive understanding about the brand. The identity element could be filled with a rich description so that all possibilities of confusion may be avoided. The brand identity elements though an individual are interrelated. Together they form a composite whole- what the brand is. This provides immense service by bringing cohesion and consistency in brand building efforts. The six elements of this framework represent three sides: the sender, the receiver and the connection. Brand personality and physique represent the sender, the brand as it is inside the firm, while reflection and self-image reflect the receiver, the target audience of the brand. Brand culture and relationship act as a bridge between the two.

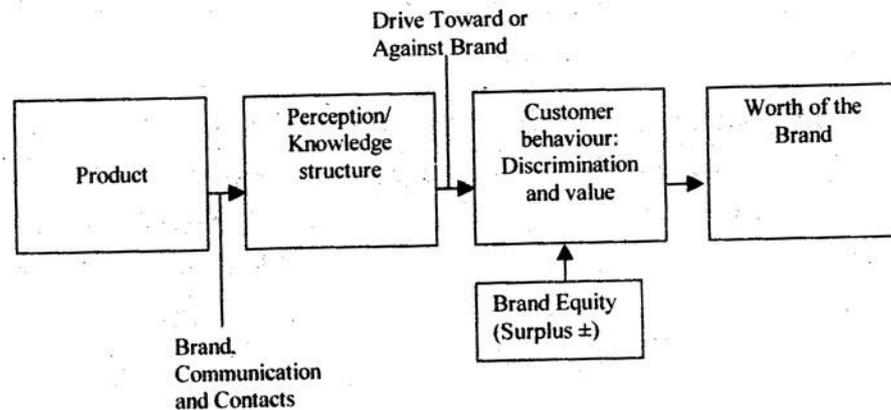
## 12.7 BRAND EQUITY

Brands are valued for their equity. Everyone in the marketing profession agrees that brands can add substantial value. It is also true, sometimes, that brands become a burden. The

brand can be a value enhancer or reducer. A variety of opinions exist about brand equity. Some of these are as follows:

“Brand equity can be thought of as the additional cash flow achieved by associating a brand with the underlying product or service” (Biel, 1992). “Brand equity is a set of brand assets and liabilities linked to a brand, its name and symbol, that add to or subtract from the value provided by a product or service to a firm and/or to that firm’s customers” (Aaker, 1991). “Brand equity” as the totality of customers’ brand perception which includes the relative quality, financial performance, customer loyalty, satisfaction and overall esteem value of products and services. It is all about how consumers, customers, employees and all stakeholders feel about the brand” (Konapp, 2000). “Brand equity is defined in terms of marketing effects uniquely attributable to the brands- for example, when certain outcomes result from the marketing of a product or service because of its brand name that would not occur if the same product or service did not have the name” (Keller, 1993).

The marketing literature is laden with works, which explore, interpret, and ‘expose’ the concept of brand equity. The advantages of brand equity direct the academic and the managerial attention to its measurement and management. There appears to be a broad consensus on the value of brand equity but it comes with a slight area of darkness around it. At the most fundamental level differing views guide our understanding as to what it is. The best way to achieve this is by conceptualizing the brand equity in terms of the input-throughput-output model. The product and its attributes both tangible and intangible- are the inputs to the equity model. It is the brand, which is the basis of equity or value. In the absence of a brand, achieving equity is impossible. It is the fundamental core/block. The value that a brand generates is not itself generated. A brand generates more value as a result of discriminating responses that customers exhibit in favour of a brand or the willingness to pay more for a brand. All these are outcomes. It is monetization of these that is called financial worth or value that is added by the brand. But the most crucial link between the input and output is the consumer- the consumer’s mental framework to be more precise. It is the consumers’ knowledge structure or image or perceptions that a customer has about the brand that drive the outcomes. Operationally, it is the brand and its constellation of knowledge structure in a customer’s mind that a brand manager needs to manage to achieve desired equity.



A brand's ability to draw customers, again and again and command premium is directly related to what it stands for in a customer's mind. The brand perception or image is the key driver of brand pull and push away. A brand's strength lies in this intervening variable. A powerful brand symbolizes a loyal customer base. It is this, which leads to financial benefits and reduced costs. At the heart of brand equity is the customer equity and an unwavering customer franchise, which stands by the brand. A brand adds value in two ways: for the customers and the marketers.

Brand equity assets can enhance or decrease value for customers. A brand's equity is valuable to customers because: It helps customers in information processing. A brand is useful in aiding customers in interpreting, processing, and storing information about the products and the brands. It simplifies this process. Brands are considered by customers as chunks of information, which can be easily decoded (drawn meaning thereof) and stored in a proper order. It considerably reduces chaos possibilities that may occur in the absence of branding. Brands allow customers to store great quantities of information about brands without getting any confusion.

A Brand's assets enhance customer confidence in the purchase decision. One feels more confident in purchasing a brand (imagine buying an unbranded product e.g., like tooth paste). It happens because of familiarity with a brand. Familiarity creates confidence. Brand stands for consistency and assurance. It provides guarantee of promised delivery. The final value to customer comes in the form of usage satisfaction. For instance, satisfaction from drinking Nescafe is different from drinking an unbranded coffee. Brands transform customer experience. The brand associations and quality move the product beyond its 'thingness' boundary enveloping it with images that customer's value.

Brand equity also plays a critical role in enhancing value for the marketer. A firm benefits from the equity in the following ways: The brand equity assets increase the effectiveness and efficiency of marketing programmes. The expenditure associated with a brand to achieve a goal generally tends to be less than an unbranded product aiming to achieve the same goal. For instance, retaining a customer is much costlier than retention when a product is unbranded; it may

partially happen due to lack of brand loyalty and preference. Similarly, launching of a new product with extensions may be much simpler, easy and less costly.

Brand equity dimensions allow a firm to have greater customer loyalty. The customers can exhibit preference and commitment to a brand only. A greater number of loyal customers in the basket automatically reduce the expenditures that need to be incurred in maintaining a customer base. Fewer customers would need to be replaced. The expenditure would be lesser accordingly.

Brand equity allows a firm to charge premium. That is, a customer may willingly support a brand in spite of greater sacrifice that needs to be made. In fact, brands, which enjoy strong equity in the market, command a premium price.

Brand equity provides great opportunities for growth. In fact, most of the firms now are relying on brand extensions- to achieve growth rather than launching new brands. Brand equity makes growth easier for the firms. It is how the value is added. For instance, RCI has grown into many product categories by relying on the brand equity of Dettol. Dettol soap is a very strong player in a highly competitive bathing soap market.

Brand equity is a good source of achieving leverage in distribution channels. It is easier to get access in the distribution chain when the brand has equity. The trade partners' exhibit disbelief in dealing with a brand without equity because of the uncertainties it brings along with it. Brand equity is an implicit assurance of success. Therefore, channels welcome brands with equity and give access to point of purchase displays, shelf space, etc. Channel Corporation is achieved easily when the brand enjoys equity.

Finally, brand equity is a provider of competitive advantage. It imposes barriers on the entry of competitors. Brands can build equity occupying positions and attribute associations in a pre-emptive fashion. Once these become proprietary to a brand, other brands are at a disadvantage. For instance 'Dettol' has so strongly entrenched itself with 'antiseptic' that other competitors are just notable to make a dent in its market. Johnson & Johnson's 'Savlon' is hardly able to compete in the market. It may be true for 'Fair and Lovely' in the fairness cream market.

A strong brand equity blocks entry of rivals in a customer's mind on the same turf. Brand equity holds immense potential to create economic value for the markets. The advantages listed above make compelling reasons in favour of creation, protection and enhancement of equity of a brand. It can only be done once it is understood what drives brand equity.

## **12.8 BRAND AWARENESS**

Brand awareness is the second brand equity asset. It includes brand recognition and brand recall. Brand recognition is the ability to confirm prior exposure ("yes I've seen it earlier") and

recall is the ability to remember the brand when a product category is thought about. The awareness is essential for a brand to be able to take part in the decision process. Brand awareness may exist at three levels: brand recognition, brand recall and top of the mind recall for a brand to be able to take part in the decision process. Brand awareness may exist at three levels: brand recognition, brand recall and top of the mind recall.

Brand recognition is at the bottom level of the awareness pyramid. When person is able to confirm prior exposure, the brand said to have been recognised. It is gauged by aided recall measures. Brand recognition is particularly important under low involvement buying situations, especially when the decision is taken in stores or at the point of purchase. Recognition means some sense of familiarity, which sometimes is sufficient in choice decision. Still higher level of awareness is reflected in a person's ability to recall a brand without any aid when a cue about a product class is given. (e.g., "mention brands of tyres"). It indicates stronger brand position in the mind. Still at a higher level of awareness is the top of the mind recall.

The top of the mind awareness indicates the relative superiority a brand enjoys over others. Sometimes a brand is able to achieve such a dominant position that it becomes the only recalled brand in the product category. Brand dominance competitively is a popular state, which every marketer would like to achieve. A dominant position prevents other brands from getting in the buyer's mind. Hence, dominant brand is the one that is only brand considered while making a purchase. Very few brands are able to achieve dominance. The cases may include Johnson & Johnson baby powder, Dettol antiseptic, Band Aid. Once upon a time Dalda and Colgate also enjoyed this status.

First, brand name acts as the central node to which other associations can be attached. It is therefore, the first communication task. Brand recognition must be created first without which other associations cannot be established. Brand awareness allows easy access to these associations. Awareness acts as an anchor to which other associations can be attached (e.g., attributes and benefits). It is for this reason that the marketers first establish a brand name and then expand its scope by incorporating various attribute and benefit associations. Second, recognition and confirmation of prior exposure- imply familiarity, which sometimes leads to liking. Brand recognition is particularly important in low involvement conditions when the customer is not motivated to engage in extensive product evaluation. Brands may simply be bought on the strength of familiarity. Third, awareness also acts as a substitute for a firm's commitment and substance.

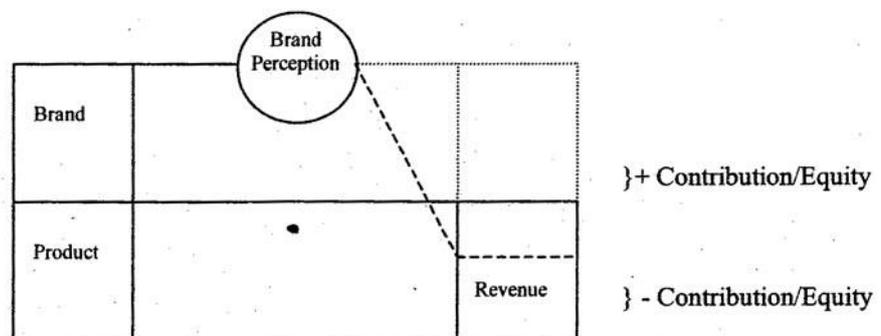
A brand, which enjoys recognition, may imply extensive advertising support, long standing of the firm, brand success, etc. It suggests that a firm supports a brand. The perception of substance and commitment of the firm to the brand sometimes influences buying in high

involvement conditions. Final source of value from awareness is a brand's ability to be considered in the decision process. Brand awareness is a crucial determinant of its participation in the consideration or evoked set. Generally, when a brand is not able to get recall it is not included in the consideration set. Recall is essential for finding membership in the evoked set. Recall sometimes may also be an adequate condition to survive, especially in low involvement buying. The mind share (top of the mind recall) often leads to market shares.

## 12.9 BRAND IMAGE/CONSTELLATION

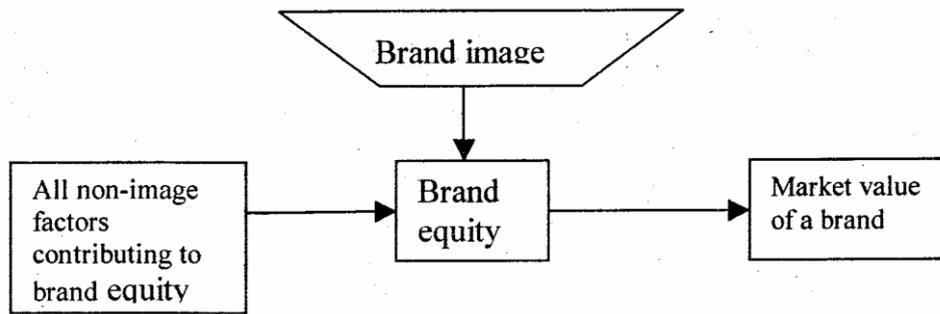
Brands reside in a customer's memory in the form of a network of associations. Brand name represents the central node to which a variety of informational nodes are connected. The nodes connected to brand name store information about attributes, benefits, typical user profile, etc. Hence the brand name is more than simply a label employed by the marketer to differentiate a product among a plethora of others. "It is a complex symbol that represents a variety of ideas and attributes. It tells the consumers many things, not only by the way it sounds (and its literal meaning if it has one) but more important, via the body of associations it has built up and acquired as a public object over a period of time". Thus, brands acquire public image- a facade- which resides in a customer's mind and which may be more important for the overall market performance of the brand than the technical aspects of the product. The meaning or perception that is contained in this memory network determines buyer behaviour towards a brand. Brand image can be defined as "perceptions about a brand as reflected by the associations held in consumer memory". It can also be conceptualized as "culture of attributes and associations that consumers connect to the brand name". Brand image is totality of associations that surround the brand. It is a perceptual concept. What is contained in a brand's image may or may not be a result of marketing efforts. It represents how a brand lives in a customer's very personal, subjective world. A consumer may develop a set of beliefs about a brand as to where it stacks up in terms of, e.g., attributes or benefits. It is this set of beliefs that a customer holds about a brand that make up the brand image. The image that consumers hold about brands does not tend to be uniform. Brand image is a perceptual construct. It varies depending upon the receiver's (customer's) own 'looking glass' or perceptual filter. Accordingly image may not be as intended or not as clear. According to Gardner and Levy, "the image of a product associated with the brand may be clear cut or relatively vague; it may be varied or simple; it may be intense or innocent. Sometimes the notions of people have about a brand do not even seem very sensible or relevant to those who know what the product is 'really' like. But they all contribute to the customer's decision whether or not the brand is the one 'for me'.

Brand equity is the value side of the brand. Most often, this value is monetised and defined as economic terms. The incremental cash flows; which, could be traced to the brand name. How can brand name alter the nature and quantum of cash flows associated with a product? So long as a brand is taken as a label or a name passively, it does not offer much opportunity for value enhancement. A brand needs to be taken as something more than a name. A brand is a constellation of meanings and associations. These are not in the product that a brand enrobes; rather they are all engineered in the prospect's mind. They live, grow and die in the mind. They also add or subtract value. A brand is what it stands for in the consumer's perceptual space. It is an identity, which is at the core of equity creation. Brand name is just a cue. A subtle trigger makes a brand surface in the mind.



The key concept between the brand and the equity is the brand image. It is an intervening variable. As depicted in the Figure 6.5 the perception of a brand can adjust brand value upwards or downwards. For instance, a bottle of white petroleum jelly commands some monetary price that customers would be willing to pay. Now put a label on the bottle indicating 'Vaseline'. It would immediately adjust the jelly's worth upwards. What causes this alteration? It is the brand name. Upon getting the cue (name) a constellation of visual and verbal dimensions springs up in the customer's mind that acts as an intervening concept causing the value to move upwards.

Strong brands perform radical alterations while weak brands do marginal ones. Imagine radical value enhancements that brands like Rolex, Cartier, Mont Blanc, and Armani create. What drives their value? These alterations are affected by their image in the customer's mind. The brand image is the driver of brand equity. Imagine a customer who is not familiar with a brand like Rolex. This customer would assess the brand's worth on the basis of 'thing' rather than a brand. It is so, because 'Rolex' represents nothing to him and hence, does not alter this valuation much. It does not exist as a perceptual entity. There is no intervening variable between the brand and the valuation. Brand image is a customer concept. It is what drives customer behavior.



Brand equity is based upon the attitudes that customers hold about a particular brand. Attitude is a very important concept in consumer behaviour. The movements in a brand's performance signal attitudes that customers have toward it. For instance, a brand, which is experiencing declining sales, indicates that customers are not holding a good attitude towards it. Attitude represents our evaluations of brand. The term attitude has come from the Latin word for "posture" or "physical position". 'Attitudes are learned predispositions to respond to an object or class of objects in a consistently favourable or unfavourable way'. Attitudes determine how a person would behave. They are experiences to action. Consumers hold attitudes towards product categories: 'I do not like potato wafers', consumers also hold attitudes towards brands: "I like to buy Pepsi, every time I feel like having a soft drink". It is this hidden attitude that determines whether a customer would turn toward or away from the brand in question.

In the context of brand management, customer behaviour or action tendencies have typically engaged brand marketers. The feelings and evaluations that customers hold about a brand are critical. The feelings and evaluations cannot occur in vacuum. That is, how a customer evaluates or feels about a brand depends on the, knowledge he or she has about the brand, how the brand is placed in cognitions. "From the customers' perspective, brand equity involves a strong, positive brand attitude (favourable evaluation of the brand) based on consistent meanings and beliefs which are accessible in memory (easily activated)".

Therefore, the beliefs or cognitions- what a customer thinks about a brand- are determining variables. A customer may think about a brand in terms of its attributes, benefits, ingredients, users, etc. The issue is what is associated with the brand in the customer's mind? This is the fundamental driver of brand equity, and each deriver of brand equity is called brand image.

## 12.10 BRAND LOYALTY

Brand equity assets can add or subtract value for the customer and the firm. They add value to customers by providing help in information interpretation, processing and storage. The customers are able to process brand information faster and store a greater quantity. Brand equity assets (e.g., perceived quality and associations) can boost confidence in a buy decision and

provide user satisfaction. Brand equity assets also provide value to the firm by way of their ability to charge premium, leverage brands into extensions, channel support and corporation, customer brand loyalty benefits, etc. Brands are valued depending upon the kind of assets and liabilities they represent. The brands like IBM, Ford, Boeing, Intel, and McDonald are perhaps the most valuable assets of their respective companies. These companies are able to generate wealth not because of conventional assets but for the brands they own. Their source of revenue stream lies not in factories or the machines rather it is the name and/or symbol that they put on their products.

Loyalty is at the heart of equity and is one of the important brand equity assets. What happens when customers pay very little or no attention to the brands and buy on the basis of other considerations? It suggests that a brand lacks hold on the customers. Brand is not the basis on which buying is done. A situation like this exhibits no equity creation by the brand. Brand loyalty is one of the important bases of equity creation. When customers show commitment to the brand, it creates equity. Brand loyalty has been one of key concerns of the marketers. It is valued for its ability to have a dramatic impact on a firm's marketing performance. Loyalty provides insulation against competitive assaults. It also allows the opportunity to command a premium. Earlier brand loyalty was viewed purely from the angle of a customer's response or behaviour. Now behavioural angle is combined with attitudinal dimension in defining loyalty. "Brand loyalty is the biased (i.e., non-random) behavioural response (i.e., purchase), expressed over time by some decision making unit, with respect to one or more alternative brand out of a set of such brands, and is a "function of psychological (decision making, evaluative) processes". Another definition of loyalty is proposed as "consisting of repeated purchases prompted by a strong internal disposition". Thus loyalty has both behavioural and attitudinal dimensions to it.

Brand loyalty is not a dichotomous construct. It may operate at different levels. Five levels of brand loyalty can be distinguished: from committed buyer at one extreme to switcher or indifferent buyer at the other extreme. The other three are in between states. Each state implies a different type of brand equity asset and different types of marketing challenges. At the lowest level, the indifferent buyer does not attach any importance to the brand. The buying is done on a basis other than brand like availability or price. These buyers are switchers and are indifferent to the brand. The second category is satisfied buyers of a particular brand (absence of dissatisfaction). These buyers have no reason to switch but may actually switch given the stimulation from the competitors. These can be called habitual buyers. They are vulnerable and can succumb to benefits offered by the competition. The third category of buyers is satisfied with the brand and they have switching costs in terms of time, money, and risk. This category is a little safe because they would switch only when competition is able to overcome switching costs for them. This set can be called switching cost loyal customers. In all these categories of customers a

virtually negligible element of attitudinal commitment to the brand is visible. They all signify different shades of behavioural loyalty.

The fourth category of loyalty implies that the buyers like the brand. They tend to have some sort of emotional attachment to the brand. This attachment may get developed as the result of prolonged relationship (usage over a long period of time) or use experience or perceived high quality. People in this category consider a brand as a friend. It is an affect driven loyalty. At the next level of loyalty, the customers tend to be committed to the brand. The commitment is “an enduring desire to continue the relationship and to work to ensure its continuance”. Customers get committed to a brand when the brand achieves personal significance for them. It happens when buyers perceive it to be a part of them. They identify with the brand. It becomes a vehicle of self-expression. The strong identification may be based on functionality or images/symbolism that it signifies. A case in point could be Coke as a ubiquitous symbol of what America is all about or Harley Davidson, which portrays something about the Harley rider which words, cannot express. The committed buyers are not usually available to the competition. They become a solid asset base. The committed buyers spread a lot of good word around about the brand and thereby generate a market for it.

Loyalty implies customers who would continue to buy the brand. It represents a future revenue stream. It also implies lesser loss of customers by way of defection or attrition. Hence firms with greater loyal customers would have relatively lesser marketing costs (lower advertising costs) and greater revenue (from increased purchases, price premiums). Brand loyalty is generally a function of product usage experience whereas other brand ‘equity assets like awareness, associations, and perceived quality may not be related with usage experience. However these dimensions also contribute to loyalty, All brand equity dimensions tend to have causal relationships among each other. One may cause the other (e.g., perceived quality may be based on associations or association with a symbol may affect the awareness). The key premise is that for brand equity to exist the customers need to be loyal to the brand. When customers are not loyal to the brand, the equity is not likely to exist.

Customer loyalty is of strategic importance to the firm. It is an asset. Loyalty adds value in four ways. First, loyalty reduces marketing costs of the firm because it costs much less to do business with repeat customers than attracting new ones. Loyalty also imposes entry barriers on potential competitors, as customers are not easily available to be captured. Secondly, loyalty provides trade leverage. It is much easier to gain shelf space, trade cooperation when a brand has a loyal customer base. Thirdly, it allows a marketer to attract new customers because loyal customers signify and communicate assurance, confidence and faith in the brand to other prospective customers. A prospect can much easily be converted into a customer when a brand has

loyal followers. Finally, loyal customers provide the firm with lead-time to respond to competitive moves (e.g., product improvement). Loyal customers do not move quickly to such competitive endeavours. Hence the firm gets the much-needed time to effectively counter competitive moves.

### **12.11 SUMMARY**

The marketers in order to evoke positive feelings and customer patronage connect their brands with a variety of concepts or associations. This is done with an assumption that these set of associations are related with customer loyalty, customer beliefs about positive brand value and a willingness to search for a brand. A positive image makes customers favourably inclined towards brand promotions and resist competitive activities. A closer look at the marketing efforts like advertising, promotions, distribution, event sponsorships, etc. would reveal a brand manager's design to create appropriate sets of associations linked to the brand. The brand equity, which implies greater profits, more cash flows and market share, hinges on brand image that resides in the customer's mind and drives behaviour.

### **12.12 SELF ASSESSMENT QUESTIONS**

1. What is brand? Explain its concepts.
2. Define brand identity and its levels.
3. Define brand image as an asset of a firm.
4. Explain brand equity. What are the benefits of it to the society?
5. Distinguish brand equity and brand image.

### **12.13 REFERENCES/SUGGESTED READINGS**

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# 13

## BRANDING DECISIONS

### STRUCTURE

- 13.0 Objective
- 13.1 Introduction
- 13.2 Selecting a brand name
- 13.3 Brand Extension Decision
- 13.4 Family vs. Individual Brand Name
- 13.5 Multiple Branding
- 13.6 Private vs. national branding
- 13.7 Summary
- 13.8 Keywords
- 13.9 Self-Assessment Questions
- 13.10 References/Suggested Readings

### 13.0 OBJECTIVE

After studying this lesson you should be able to understand-

- Various aspects of branding decisions.
- How to select a brand name.
- Concept of multiple branding.
- Brand extension decisions.

### 13.1 INTRODUCTION

Consumers perceive a brand as an intrinsic part of the product and branding can add value to the product. For example most consumers would perceive a bottle of 'Old Spice' as a high quality, expensive aftershave lotion but the same product presented in an unmarked bottle may be viewed as lower in quality even though fragrance and antiseptic properties are identical. These branding decisions are an important aspect of product strategy.

The most important skill of marketing professionals is ability to create, maintain, protect and enhance their brands. A brand is a name, term, sign, symbol, design or a combination of these that identifies the maker or seller of a product or service.

The importance of branding can be gauged from the fact that today hardly anything goes unbranded. Even common man's salt is packaged in branded containers. Parts of an automobile-spark plugs, tyres, filters etc.-are all branded bearing a brand name different from that of automaker.

Branding is not a waste of resources but it helps the buyers in many ways as follows:

- Brand names help consumers in identifying the products that might help them.
- Brand appraises the buyer about product quality because a buyer who repeatedly buys the same brand knows that he will get the same features, benefits, and quality each time he buys.

Branding is also advantageous to the seller as follows:

- Brand names become basis on which the product's special qualities can be advertised.
- The seller's brand name and trademark provide legal protection for unique product features that otherwise might be copied by competitors.
- Brand helps the seller in segmenting the market. For example, Maruti is available with different brand names for different income classes.
- A good brand helps in building the corporate image.

The major branding decisions are described in following section.

## **13.2 SELECTING A BRAND NAME**

Once the idea of a product or service turns into the actual product or service, the next major issue becomes choosing the right name. Having the right brand name can be as important as having the right product. Some brand names are so powerful that they become the generic names of their product categories. For example, 'Xerox' generally refers to photocopy. Some products have to work hard to be noticed at all.

### **Brand name selection process**

A typical brand name selection process includes the following steps-

- Firstly, the company identifies the objective or criteria for the brand name. Selecting a brand name begins with a careful review of the product and its benefits, the target market and proposed marketing strategies.
- Secondly, the company generates a list of potential brand names.
- Thirdly, screening is done to shortlist names that seem to be most appropriate for further testing. Often the company assigns to a team the task of generating and screening potential brand names. The team may include product managers and other company marketing people, advertising agency people and outside brand name consultants.

- Fourthly, the company obtains consumer's reaction to the screened brand names. It may conduct surveys or focus group interviews to find out which names would best project the desired product concept, and which are the most easily understood, remembered and linked.
- Fifthly, the company conducts a search for the trademark to be sure that each of the screened brand names can be registered and legally protected.
- Finally, the company selects one of the surviving names as the final name for the product.

### **Desirable Qualities of a Brand Name**

It is very difficult to find the best brand name. The desirable qualities for a brand name are as follows:

- a) It should suggest something about the product's benefits and qualities e.g. Aquaguard, Fresh wrap foil and Vacuum Cleaner etc.
- b) It should be easy to pronounce, recognize and remember. Short names are helpful in this. e.g. Tide, Fena, Maruti, Cake etc.
- c) It should be distinctive e.g. Kodak, Santro etc.
- d) It should translate easily into foreign languages.
- e) It should be capable of registration and legal protection, e.g.the name should be unique as it cannot be registered if it infringes on existing brand names.
- f) It should be adoptable to packaging/labelling needs.
- g) There should not be any undesirable imagery.
- h) It should not go out of date.
- i) It should be adaptable to any advertising medium.
- j) It should be capable of being pronounced in only one way. For example General motor's Nova car. The car was introduced in South America. It seemed like a sensible decision because Nova is the Spanish word for Star. However, Nova also sounds the same as the Spanish word for 'no go'. Consumers were not interested in a no go car, and sales didn't pick up until General Motors changed the name.

### **13.3 BRAND EXTENSION DECISION**

A brand extension decision strategy is any effort to use a successful brand name to launch product modifications or new products. A successful brand is like a powerhouse containing enough energy to illuminate distinct territories. Such a brand name holds enormous appeal for consumers. It has stood the test of time and competition. This is the driving force behind brand extension-the huge accumulation of consumer-pulling power which can be harnessed beyond the brand's traditional market boundaries e.g. extension from Ivory soap, to Ivory shampoo, from Dettol antiseptic to Dettol soap, from Pond's Dream flower talc to Pond's Dream flower soap and from North Star shoes to North Star Apparel. The other driving force is the present day high cost of launching an altogether

new brand. With increasingly competitive markets and escalating media costs, it makes sound financial and marketing sense to use the inner force of a respected brand for launching a new brand.

- a) The category chosen for the brand extension must be seen as compatible with the nature of the parent brand and the expertise it represents. There must be a fit. Management judgement acts as the first screen. Consumer survey can be used for further screening.
- b) There should be consistency in the value perception of the brand in the new category as compared to its parent brand. For example Dettol represents trusted, hygienic household and personal care product. Using this brand name for a beauty cream would be entirely out of character. That is not the distinguishing value of the brand name.
- c) The extended brand must have some inherent quality perception which gives it an edge in the new category. This might be the case if Dettol were to launch a shaving cream or Complan a nourishing tasty biscuit for the school kids lunch box. Shaving does lead to nicks and cuts. Dettol antiseptic shaving cream would approach the consumer with a built in edge. The Complan-aware mother asked to choose between established biscuits brands and the new Complanbiscuits, would probably perceive Complan to have an edge in terms of greater nourishment.

### **13.4 FAMILY VS. INDIVIDUAL BRAND NAME**

Manufacturer's, who brand their product, face several further choices. At least four brand name strategies as follows can be distinguished:

- a) Individual brand names for all the products are there. This policy is followed by Hindustan Lever Limited as they have different brand names for different products e.g. Lifebuoy, Lux, Rexona, Breeze, Liril and Pears.
- b) Blanket Family name is there for all the products. This policy is followed by Bajaj and General Electric.
- c) There are separate family names for all the products. This policy is followed by Sears. For example Sears has brand name Kenmore for appliances, Kerrybrook for women's clothing and Homart for major home installations.
- d) Company trade name is combined with individual product name. This policy is followed by Priya gold e.g. Priya gold biscuits and Priya gold pickle etc.

### **Advantages of Individual and Family Brand Names**

An advantage of individual brand name strategy is that it lies in the fact that the company does not tie its reputation with the acceptance of products. If the product fails, it does not compromise the manufacturer's name. Use of blanket family name for all the products helps in lowering the cost of introducing the product as there is no need for 'name' research, or heavy advertising expenditure to

create brand-name recognition and preference. Furthermore, sales will be strong if the manufacturer's name is good.

Strategy of having separate family names for all the products proves advantageous in a situation where a company produces quite different products. In such a situation use of blanket family name may prove to be disadvantageous.

Strategy of company trade name combined with individual product names is also used by some manufacturers, who want to associate their company name along with an individual brand name for each product. The company name legitimizes, and the individual name individualizes, the new product.

### **13.5 MULTIPLE BRANDING**

Multiple branding strategy consisting of seller's developing two or more brands in the same product category. For example Kelvinator produces four main brands of refrigerators- Kelvinator, Leonard, Gem and Tropicana. Each of these brands is positioned somewhat differently in the consumers mind. The strategy has contributed considerably to Kelvinator maintaining its leadership in the market.

The multibrand approach is the logical consequence of a differentiation strategy and as such cannot co-exist with a low cost policy, in view of reduced economies of scale, technical specialization, specific sales networks and necessary advertising investments. In order to take advantage of productivity gains, there is a tendency to fragment the production chain in the case of differentiation at the last possible moment, thus exploiting the benefits of the learning curve. Maruti's policy of having several car brands makes the most of all possible production and corporate communication synergism and breeds the loyalty of the customer which progresses from one model to another within the same make.

#### **Reasons for Adopting Multiple Branding Strategy**

- a) No single brand can develop a market on its own. Even if it forms the sole presence at the outset, once the brand has created the market, its development requires several brands, whether from a single company or different companies. The collective presence of a number of brands helps to promote a market and injects growth in the market.
- b) Multiple brands allow for the best market coverage. No single brand can cover a market unit on its own. As market matures there is a need for differentiation and it becomes necessary to offer a wider range i.e. the market becomes segmented. A single brand cannot be targeted at several different qualities at the same time without running the risk of losing its identity. In any case, consumers and retailers themselves will object to further brand ascendancy.
- c) Multiple brands offer a tactical flexibility which also enables one to limit a competitor's field of extension.

- d) A multibrand policy can stop any new competitors entering a market. A strong entry barrier to a market can be created by offering a complete range to retailers, with a brand name for each sector of the market.
- e) A multi-brand policy is necessary to protect the main brand image, when the success of an innovation is not certain, it is not advisable to risk associating it with a successful brand. For example, Procter and Gamble launched their first liquid detergent under the brand name Vizir and not under the name of leading market brand, Ariel.
- f) The distributive trades also play a part in the brand multiplicity in a market. Each type of retailer has a specific function and is aimed at the clientele which shops there precisely because they do not want to go elsewhere. Loyal perfumery customers are looking for the atmosphere which is to be found there, far removed from the perfumery corner in a supermarket. The identity of these distribution channels is partly created by the selection of products which are unique to each one.
- g) Multiple branding helps in minimizing the risks of price competition between retailers selling the same product.
- h) In a sophisticated market, one brand cannot meet all the demands of the customers without leading to confusion.
- i) Multi-brand strategy helps in avoiding the dilution of the strength of the company's main brand.
- j) A brand portfolio makes it possible to cover the different price sectors without affecting the reputation of each brand.

### **Constraints of multi-brand strategy**

- a) A multi-brand strategy only makes sense if, in the long term, each brand has its own territory. This is not always the case companies hang on to brands whose images are not different enough to justify the economies of the multi-brand policy. Each brand must have its own clear meaning. This calls for a disciplined approach in handling out innovations among the brands of a portfolio. Huge resources are needed for all this.

Each company may not have so much of resources.

- b) The second constraint is linked with cost management. Even though the multi-brand logic is not part of a competitive price strategy, but aims at a better adaptation to specific market needs, the price factor cannot be ignored.

Productivity gains are a constant necessity. To achieve the maximum overall savings, in spite of brand differences, manufacturers incorporate identical features in their brands as far as 'desirable'.

'Desirable' is preferable to 'possible' in this respect. Indeed, there have been too many dummy brands

which have differed only in their packaging, destroying the belief in brand differences. Similarity between products should not reach the point where it endangers the brand's capital.

### **13.6 PRIVATE VS. NATIONAL BRANDING**

In deciding to brand a product, the manufacturer has three options with respect to brand sponsoring

- a) The product may be launched as a manufacturer's brand, which is also called a national brand.
- b) The manufacturer may sell the product to middlemen, who put on a private brand label. This is also called as middlemen brand distributor brand or dealer brand.
- c) The manufacturer may produce some output under its own brand names and some that is sold under private labels. For example, Whirlpool produces output both under its own name and under distributor's name.

#### **Challenges to middlemen in sponsoring their own products**

- a) They have to hunt down the qualified suppliers who can deliver consistent quality.
- b) They have to order large quantities and tie up their capital in inventories.
- c) They have to spend money promoting their private label.
- d) They have to take the chance that if their private-label product is not good, the customer will develop a negative attitude toward their other products.

#### **Reasons for middlemen in promoting their own brands**

- a) It is a profit making venture because middlemen can often locate manufacturers with excess capacity, who will produce the private label at a lower cost. Other costs, such as advertising and physical distribution, may also be low. This means that the private brander is able to charge a lower price and often make a higher profit margin.
- b) Private brands also give middlemen exclusive products that cannot be purchased from competitors and allow them to build greater store traffic and loyalty. For example, if K mart successfully promotes Canon Cameras, other stores that sell Canon products will also benefit. Further, if K mart drops the Canon brand, it loses the benefit of its previous promotion for Canon. But if K mart promotes its private brand of Focal Cameras, K mart alone benefits from the promotion. And consumer loyalty to the Focal brand becomes loyalty to K mart.

#### **Advantages of private branding over national branding**

- a) Retail shelf space is scarce, and many manufacturers, especially the newer and smaller ones, cannot introduce products into distribution under their own name.

- b) Middlemen take special care to maintain the quality of their brand, thus building consumer confidence. Many shoppers know that the private-label brand is often manufactured by one of the large manufacturers anyway.
- c) Private brands are often priced lower than comparable national brands, thus appealing to budget-conscious shopper, especially in times of inflation.
- d) Middlemen give more prominent display to their own brands and make sure they are better stocked. As a result, the former dominance of national brands is weakening.

### **National brands manufacturer's dilemma**

Manufacturers of national brands are very frustrated as they spend a lot of money on consumer directed advertising and promotion 'to maintain strong brand preference. Their price has to be somewhat higher to cover this promotion. At the same time, the mass distributors exert considerable pressure on them to put more of their promotional money into trade allowances and deals if they want adequate shelf space. Once manufacturers start giving in, they have less to spend on consumer promotion, and their brand leadership starts slipping. This is the national brand manufacturer's dilemma.

### **13.7 SUMMARY**

Branding decisions are an important aspect of product strategy. A brand is a name, term, sign, symbol, design or a combination of these that identifies the maker a seller of a product or service. Branding is helpful to both the buyer and the seller of goods service. A typical brand name selection process consists of identification of objectives or criteria for the brand name, generation of a list of potential brand names, screening, obtaining consumer's reaction to the screened brand names, searching for the trademark and final selection.

The brand name should suggest something about the product's benefits and qualities. It should be easy to pronounce, recognize and remember. It should be capable of registration and legal protection. It should be adaptable to any advertising medium.

A brand extension strategy is any effort to use a successful brand name to launch product modifications or new products. It helps in instantaneous product recognition at very low cost.

Whereas line extension refers only to additions to an existing product line of a company in a given category, brand extension refers to using an existing brand name to enter another product market altogether. For the success of a brand extension strategy, the product category must be seen as compatible with the nature of the parent brand and the expertise it represents. There must also be consistency in the value perception of the brand in the new category as compared to its parent brand.

Important brand name strategies are– (i) using individual brand names (ii) using blanked family names for all products (iii) using separate family names for all the products and (iv) Using

company trade name with individual product names. Different strategies are advantageous in different categories.

Multiple branding strategy consists of the seller's developing two or more brands in the same product category. The strategy helps in market development, complete market coverage, limiting a competitor's field extension, stopping any new competitor entering the market, protecting the main brand image and minimizing the risks of price competition between retailers selling the same product. Huge resource requirement and large cost of production are some of the important constraints in a multibranding strategy.

When the product is launched as a manufacturer's brand, it is called as national brand, whereas when the manufacturer sells the product to middlemen, who sell it under his own brand name, it is known as private branding. Quite often it is a profit making venture for the middlemen as total cost to him is low.

### **13.8 SELF ASSESSMENT QUESTIONS**

1. Discuss the importance of branding.
2. Explain the process of brand name selection. Also explain the desirable qualities of a brand name.
3. What are different brand name strategies? Explain.
4. Explain the concept of multiple branding.
5. What prompts a middleman to have his own brand name and what are challenges before him in doing this?
6. Write short notes on following:
  - i) Brand extension vs. line extension
  - ii) National manufacturer's dilemma

### **13.9 REFERENCES/SUGGESTED READINGS**

1. Kotler, Philip: Principles of Marketing, Prentice Hall of India Pvt. Ltd., New Delhi
2. Kapferer, Jean-Noel: Strategic Brand Management, Kogan Page India Pvt. Ltd., New Delhi
3. Sengupta, Subroto: Brand Positioning, Tata McGraw Hill Publishing Company Ltd., New Delhi.

# 14

## BRAND STRATEGIES

### STRUCTURE

- 14.0 Objectives
- 14.1 Introduction
- 14.2 Product Branding
- 14.3 Line Branding
- 14.4 Range Branding
- 14.5 Umbrella- Branding
- 14.6 Source/Double Branding
- 14.7 Endorsement Branding
- 14.8 Factors for Choosing a Branding Strategy
- 14.9 Summary
- 14.10 Self-Assessment Questions
- 14.11 References/Suggested Readings

### 14.0 OBJECTIVES

After studying the present lesson, you should be able to understand-

- Rationale for branding.
- A framework for brand name selection.
- Factors related to branding strategy.
- Pro and Cons of branding strategy.

### 14.1 INTRODUCTION

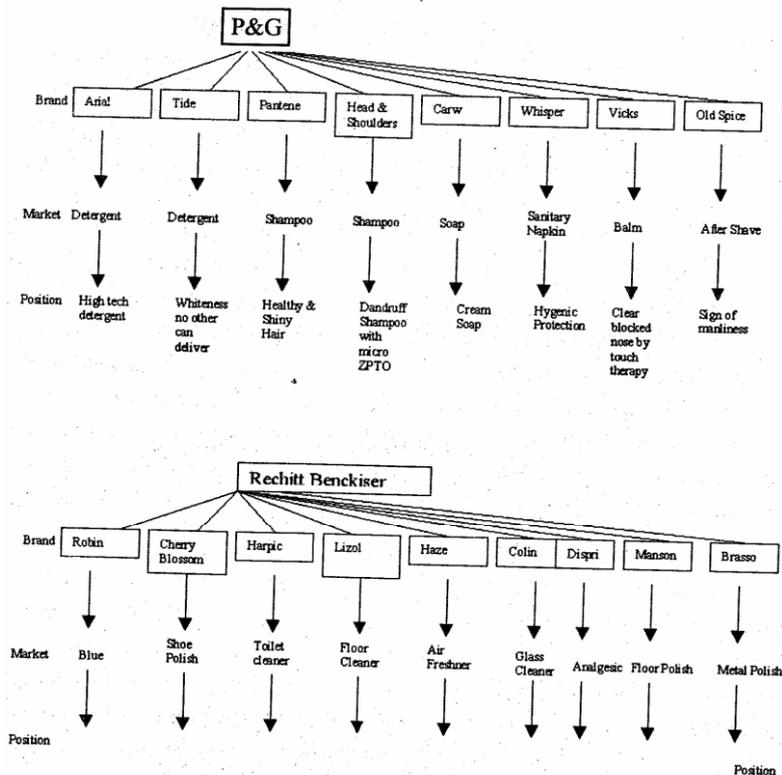
Most companies have evolved from being one-product companies. Over time, firms accumulate manufacturing and marketing capabilities. The desire to grow coupled with capabilities fuels the ambition to venture into uncharted markets or make untried products or services. The result is obvious. A single product company from being a rule once upon a time has become an exception. It is difficult to spot a company that offers a single product. The growth pattern followed by the marketers takes either horizontal or vertical or both directions. As the number of products handled by a company increased, the obvious question it raises is as to what kind of branding relations they would enjoy. That is how products and brands would be related. The product-brand relationship as it exists in

the current marketing environment can be observed with the help of branding strategies that are followed by different companies. Different strategies are discussed in the following paragraphs.

## **14.2 PRODUCT BRANDING**

Product branding is one extreme of the branding continuum. It is fiercely driven by customer logic. In terms of customer perception and information processing, the most effective way to designate a product is to give it an exclusive name, which would not be available to any other product. This way the brand is able to acquire a distinct position in the customer's mind. What the brand represents is clearly understood and internalized by the market. The purpose of branding is to differentiate your cow from other cattle on the farm. The reality is that cattle on the ranch do look almost like clones. "A successful branding programme is based on the concept of singularity. It creates in the mind of the prospect the perception that there is no product on the market quite like your product". A brand must singularly represent a product. Hanging multiple products on a name is likely to cause confusion. A brand represents a position, an idea, a concept and a product. This is the way it should be.

In the product branding strategy the brand is promoted exclusively so that it acquires its own identity and image. The thrust is on making the brand acquire its 'own' set of associations and stand on its own. Product branding allows a brand to acquire differentiation and exclusivity. The brand does not share other products and does not take on company associations. The company's name is relegated to the back seat to fulfil the legal compulsions, which make it mandatory to identify the manufacturer. The product does not get benefits from the company name. The identity is not shared. The greatest advantage in favour of product branding is that a brand can be targeted accurately to a distinct target market or customers because its positioning can be precise and unambiguous. Customers connect easily with product brands since what the brand represents to them tends to be clear.



As is evident from the figure, P & G and Reckitt have been followers of the product brand strategy. A mega company like Hindustan lever also has been an adherent of product branding. It uses individual brand names to promote a product with an intention to provide it a distinct position. For instance, in the toilet soap category, HUL has brands like Lux, Lifebuoy, Rexona, Pears and Liril.

In terms of positioning, Lux has been a 'toilet soap of film stars, Lifebuoy has always taken the position of a soap that fights germs hidden in the dirt and promotes health. It has been the only soap exclusively directed at the male user. Rexona occupies the platform of a gentle soap with natural oils to have a good effect on skin. Liril enjoys the position of a 'freshness' soap. In HUL's portfolio there have been three brands of detergent powders- Surf has been positioned as an up market detergent, Sunlight caters to the middle rung and Wheel is the mass economy brand (Sunlight has been withdrawn from the market). The shampoo brands are Sunsilk and Clinic. Sunsilk occupies the position of a beauty shampoo, which makes hair soft, shiny and bouncy, while Clinic brand is a shampoo for vitamin nourishment or for preventing dandruff. In the last couple of years, HUL appear to have abandoned its pure product brand approach. The company instead has pursued the strategy of exploiting the power of its brands to the fullest scale by leveraging them. It aims to make most of the investments made in the preceding decades to cultivate some of the world's most powerful brands.

The cigarette industry presents another example where carving out a distinct position is imperative. At the product level most cigarettes tend to be the same. The other reality is that customers tend to exhibit strong brand preference for their brands. The brand fixedness is a norm with cigarettes, especially in the up market segments. Loyalty is a function of differentiation of a brand on

dimensions valuable to the customers. Hence, a cigarette company faces an uphill task of establishing a distinct position in a prospect's mind in order to succeed. The differentiation has to be in the mind. The product does not provide much scope for this to happen. It is for this reason that cigarette companies tend to favour product branding. Take for example ITC. The brand portfolio of ITC includes: India Kings, Benson & Hedges, Classic State Express, Gold Flake Kings, Wills, Berkeley, Capstan, Scissors, and Hero. In some cases like Wills and Scissors, the brands are line extended; to that extent the strategy has been diluted. Each of these brands is highly differentiated and occupies a distinct position. Off late even ITC seems to have jettisoned .pursuance of product branding. It's very powerful Wills brand now has gone out of its category to adorn a range of clothes.

Out of the four companies mentioned, except for P&G rest of the three companies does not follow the product brand strategy exclusively. These companies have made a distinct shift in favour of other branding options. One thing common among them is the tendency to leverage an established brand into areas outside its product category. In fact, too few companies follow product branding, making it difficult to cite examples of this approach. Why are companies drifting away from the once very popular product branding? Without going into a systematic analysis, it appears that market forces are making it a difficult or unviable policy in the current environment. May be the negatives associated with pure product branding outweigh the advantages that it delivers.

Product branding delivers a number of benefits to the firm following it. First, with an identifiable brand uniquely positioned and directed at a segment, the firm is able to cover an entire market spectrum by making multiple brand entries. For instance, HUL's detergent brands- Surf Excel, Rin, and Wheel offer all possible price points, benefits and utilities linked to different submarkets. With exclusive brand creation, the firm leaves very little scope for market confusion. It is a customer friendly approach. Customers know what to look for when a specific need is triggered. For instance, what do you do when you need stain remover- 'Surf Excel haina'. And when need is to find an economical solution, customer knows to look for Wheel. Contrast it with Henko's policy. Finding differences between Henko Stain Champion and Renko Compact is not easy. Does it mean that Henko compact does not offer effective stain removal or is it that Henko Stain Champion is technologically an inferior product? These are the thoughts, which would occur in a customer's mind that considers Henko. Appreciating brand differences is much easier when product branding is followed, especially when the products are similar, e.g., detergents. Nothing much is perceptible.

Shared branding has an effect of making the firm less innovative and risk averse. When a new product takes on an existing brand's reputation and image, the firm would like to launch it only when it is hundred per cent sure. Doubts would not allow it to experiment because at stake is not only the new product but an existing well established brand. The product branding in this regard is a superior option. A new product is not likely to send negative feedback and associate the brand with the burden

of failure. For instance, HUL's peanut bottle (Blue Seal) failed. People did not even know it was from HUL.

Consider the strategic business units of P&G. These include baby care, beauty care, feminine care, health care, fabric care, home care, food and beverages and tissues and towels. The immediate reaction is how a company can venture into so many unrelated fields. P&G has been an ardent follower of the product brand strategy. Its brands are standalones; people don't know that they all share a common root in P&G. Such level of operational flexibility stems from its branding policy. The company does not share a common identity. So customers do not exclaim: Oh! How can a company like P&G makes Pringle Potato Chips, it is a detergent company (if source of Ariel is made a part of its identity). A company following product branding is better positioned to venture into unrelated areas of activity without being a subject of market scrutiny.

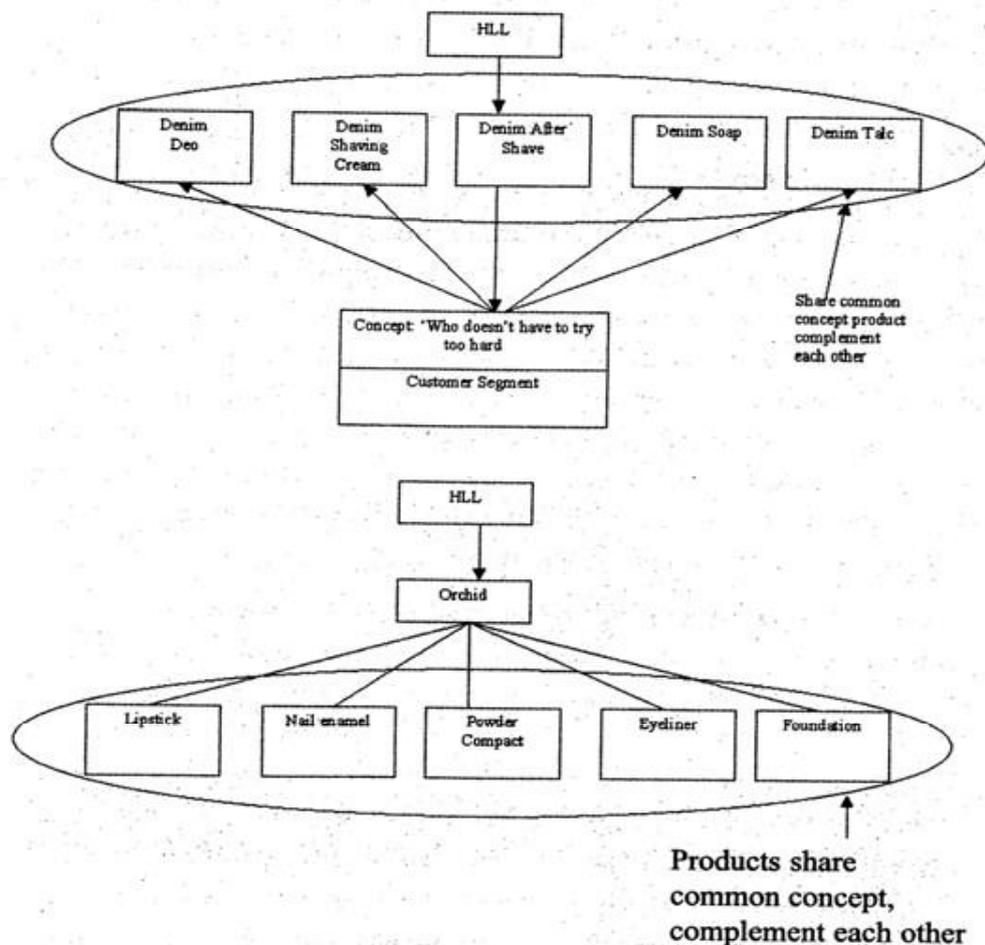
The drawbacks of product brands are essentially cost based. Creating individual brands is a costly exercise. The new brands do not exploit existing strengths of a company or its brands; the demand for funds for investment tends to be very high. Only the firms, which have deep pockets and long staying power, can adopt this strategy. It is not meant for everyone in the marketing game. In order to recoup the investments, the brand must capture some minimal threshold of the market so that breakeven is achieved. Capturing market is easier in introducing and growth stage of product like cycle. Launching a brand in a product category, which has already hit the end of the growth or maturity, is not a good proposition. It is so because the market tends to be already divided among existing players and no growth is forthcoming. Displacement of players, which have firm roots, is difficult but is not impossible. The additional investments needs to achieve the same would send the break-even point even further.

### **14.3 LINE BRANDING**

Line in the context of product mix refers to various product lines that a firm may have in its total portfolio. For instance, Philips has product lines like television, video and audio, personal care, communication and household appliances. Gillette India has three product lines- oral care, batteries and personal care. The basic idea in line is how the firm organises its product portfolio. Each line is headed by a line manager; whose, primary responsibility is to constantly monitor health, profitability and performance of the line. This organisation simply reflects some similarity among the products- either marketing or manufacturing- on the basis of this structure.

Line branding in the context of a branding organisation does not have the same meaning. Sometimes a brand is launched with a distinct concept, e.g., Lakme ("source of radiant beauty") Winter Care Lotion. The brand appeals to a distinct market segment that appreciates and like the brand concept. The core idea is that brand connects with a consumer group. Now the customers do not tend to be contented with one product, which the brand offers. Rather they want additional products, which go hand in hand with the brand concept or application. For instance, the Lakme user wants the

brand to offer all complementary products which enhance beauty- body lotion, deep pore cleansing lotion, lipsticks, nail enamels, eye makeup. Line brands start with a product but later extend to other complementary products. Complementary products combine to form a complete whole. The products in the line draw their identity from the main brand. They enhance the brand by reinforcing each other. Marketing products as a line under a common brand improves the brand's marketing power rather than selling them as individual brands.



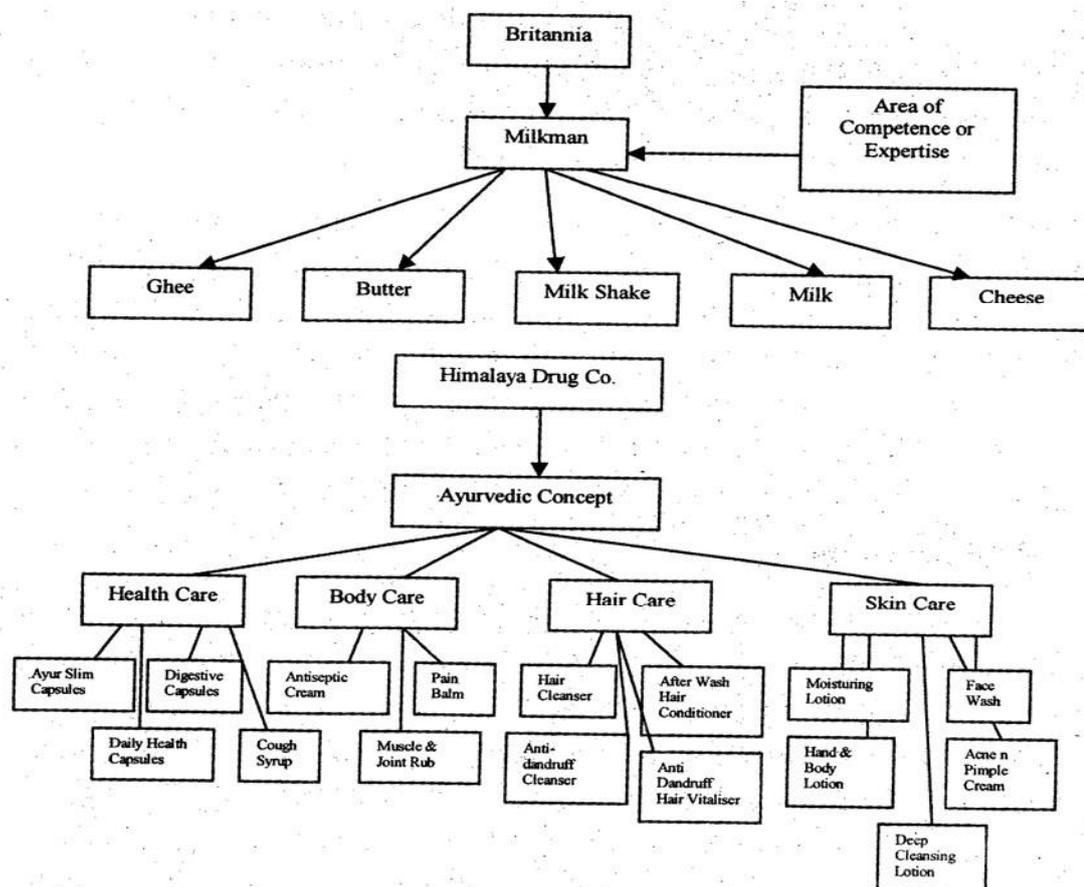
Line branding strategy illustrates how a well-cultivated brand can be extended on to a host of related products under a common concept. This strategy seeks to penetrate the customer rather than penetrating the market. It seeks to fulfil all complementary needs that surround a basic need. The clues to extend the brand come from the customer side as they wish the brand to take care of the total need rather than serving it in a fragmentary manner.

The chief motivation behind such complementary product is the ratio between marginal cost and marginal gain. The firm only promotes the main product and its concept; the complementary products do not require additional investment. They just ride piggyback on the original brand's concept and marketing. The complementary products are not supposed to become stand-alone brands. Hence, the brand could be extended without much cost. Line brands as a complete team reinforce and strengthen brand concept among its users.

Sometimes the lure of line branding can be so tempting that firms may fall victims to its trap. The ease with which complementary products permit their launch may force overextension of the line. This may potentially weaken the brand instead of strengthening it. The bottom line for line branding is to stick to the narrow immediate space of a brand. How would it influence new product activity in the firm? It may dampen the firm's inclination to make a non-linear jump. Sticking closely to a brand may affect a firm's fortune in the long run.

#### 14.4 RANGE BRANDING

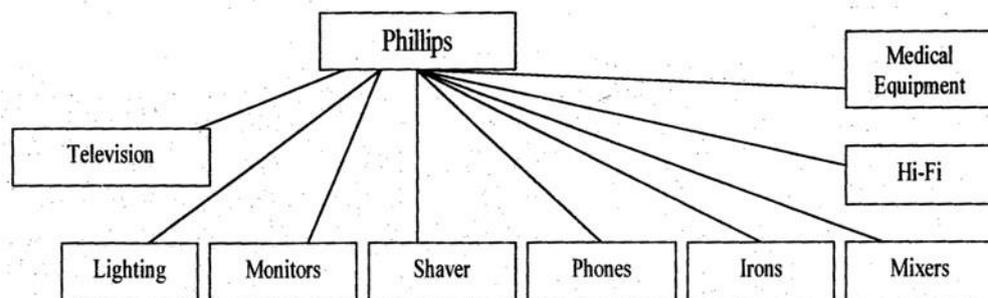
Line branding restricts the brand's expansion into nearby territories of complementary products, which, complement or support the main product's usage. On the other hand, Range branding, is not restrictive in this sense. Brands can move beyond product complementarities. However, the bottom line is that products must emanate from some area of competence. That is, firms can develop expertise and capability in some area over time. The firm in launching different products could use the same expertise. The nature and façade of products may differ from the outside, but they all share some common competence. Range brands encompass many products under a single banner. All the products share a common promise, which stems from the firm's or range brand's area of competence. The products are tied together by a single brand concept. For instance, Nestle uses its Maggi brand for its range of fast foods- Maggi noodles, sauces, super seasonings, Tonite's special, dosa mixes, soups.



One of the benefits of the range brand strategy is the formation of brand equity. Many products under range branding share a common name. Accordingly, one brand is promoted as in the case of Ayurvedic Concepts. This helps in preventing brand building efforts from getting dissipated in different directions. Secondly, the brand can easily embrace other new products, which are consistent with the brand. This reduces the cost of introducing a brand in the market place. The Ayurvedic Concept can be passed on to new products, which share its idea without much additional expenditure. On the flip side, once a brand tends to hang a large Brand Management number of products on it, it has a tendency to become weak due to over stretching. Its meaning may get diffused in the perception of the market.

### 14.5 UMBRELLA- BRANDING

The companies of the East have particularly favoured umbrella branding. For instance, Japanese and Korean companies enjoy the distinction of pursuing umbrella branding. For instance, the Korean giant LG uses its name on products like microwaves, refrigerators, computer monitors, televisions, and air conditioners. The Japanese firm, Mitsubishi uses its name on all the products and services it sells. Its name embellishes products like semi-conductors, automobiles, consumer electronics, space equipments, etc. Hyundai’s business interests go into areas like microprocessors, telecommunication satellites, cars, commercial vehicles, subways, construction projects, LNG carriers, turnkey engineering. All these diverse businesses are under the common banner of Hyundai. The other followers of umbrella branding include Philips, GE and Canon Indian business houses like Tata, Bajaj and HMT, also follow umbrella branding.



Umbrella branding of a company scores well on the economic dimension. Investing in a single brand is less costly than trying to build a number of brands. By leveraging a common name across a variety of products, the brand distributes its investment. Hence umbrella branding works out to be an economical strategy. Using an umbrella brand to enter into new markets (e.g., Tata making a foray into the automobile car market) allows considerable savings. The brand gives the new product advantages of brand awareness, associations and instant goodwill. That is, the product inherits all these from the brand pool simply by taking on the umbrella name.

Umbrella branding may even make sense in the current marketing environment characterized by information overload and brand proliferation. The brand and the media scene have become

cluttered to the extent that most consumers suffer from excessive bombardment of information. In a situation of information explosion, registering a brand in a consumer's mind may be near impossible. Building brand awareness would be difficult because the customers, in order to cope with information assault, would shut their receptors. Consumers filter a great deal of information directed at them. Umbrella branding in this context makes sense, because the brand already enjoys awareness and image advantage over new brands. The product can get these awareness and image association simply by putting umbrella brand on it.

Tata is an old brand. It has been primarily into the old economy business like steel, cement, trucks, etc. With time the brand associations also age and lose relevance in current times. When Tata launched Tata Indica, it signified Tata's foray into a new field. When the new product shares the umbrella brand name, it automatically sends feedback. The result, the umbrella acquires new associations. The result will be a new, contemporary, up-to-date and modern image. This way a brand revives itself.

Umbrella branding appears to be an ideal branding practice, but it is not. Umbrella branding suffers from a number of disadvantages. The strongest criticism against umbrella branding is that it is not a market or consumer consistent strategy. Despite the numerous cost advantages that a single brand allows a company to reap, umbrella brands do not earn better profits. If it is a low cost strategy, it also is a low revenue earning model. When we compare the companies in the United States and Japan (Umbrella branders), in terms of profitability, the latter score poorly. The top hundred US companies made a profit, on an average, of 6.3 per cent of sales and the top Japanese hundred companies made a profit, on an average, of just 1.1 per cent of sales. The profitability figures do not favour umbrella branding.

Umbrella branding may be appropriate when markets operate at a higher level of aggregation. With time, markets fragment and get divided into smaller sub-segments. Each segment presents its own unique structure of needs and buyer preferences. The results, a host of specialists join the market with precise targeting. This creates a difficult situation for the umbrella brander- the generalist. A generalist may win the major battle, but in niche fights what is needed is specialization. An umbrella brand represents 'many things about many products, but in the age of specialization what is needed is, 'everything of something'. From the customers' point of view a specialist brand makes more sense than a generalist brand. For instance, if you want to buy a mid-size car which one would you buy, Santro, Esteem, Accent or Indica. Mind you, the first three are specialists, while Tata Indica is a generalist. The brand conjures up images of LCVs, HCVs and a host of other associations.

Another danger associated with umbrella branding is that since many products share the common name, a debacle in one product category may influence the products because of shared identity. The product linkages tend to be stronger. For instance, if Samsung refrigerators discovered to be faulty, the message about its defects would travel to other quarters, impacting the brand's

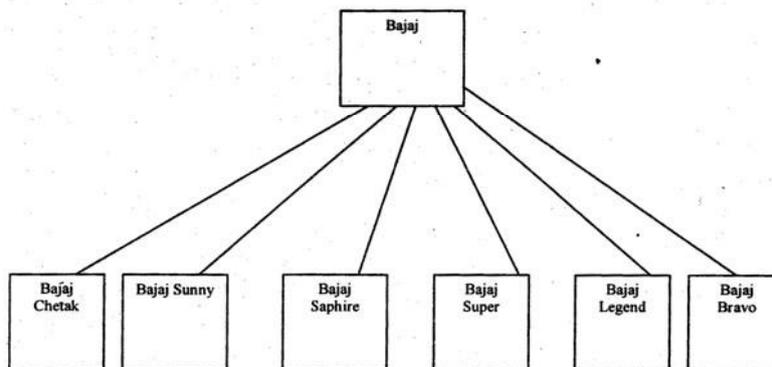
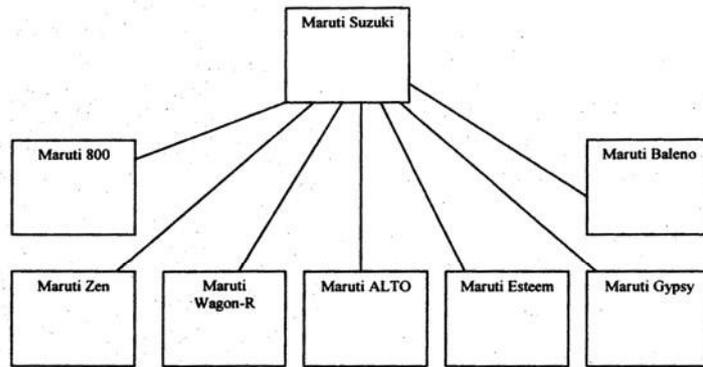
performances in categories like air conditioner, televisions and monitors. The products are not insulated from one another. A great deal of caution is needed. Companies following umbrella branding must consider the limits of this strategy. Umbrella brands are difficult to stretch vertically. For instance, Maruti Suzuki's attempt to go to the upper segment with its 'Baleno' range did not yield good results. Similarly, a prestige brand like Omega ventures into lower end watches, it is likely to damage the core brand. The firm following umbrella strategy must take vertical movements with utmost care and caution.

Horizontal extensions are somewhat less threatening. Umbrella brands can easily adopt a variety of products in a category. For instance, all Sony products, which range from Walkman to music system to computer floppies, embrace the same concept.

#### **14.6 SOURCE/DOUBLE BRANDING**

Source brand strategy combines the firm's name with the product brand name. It is a hybrid of umbrella brand and product brand strategy. The product is given a brand name and it is combined with the name of the firm. This is also called double branding. For instance, Chetak is the name of the scooter and Bajaj is the company behind it, the brand accordingly becomes Bajaj Chetak. Both the names enjoy equal importance and are given equal status in the brand's communication. Firms, which follow double branding, include Johnnie Walker. Its brands are Johnnie Walker Red Label, Johnnie Walker Black Label, and Johnnie Walker Blue Label.

The brand names are two tiered. Like cooperate umbrella branding, the name of the firm is common to all products. For instance, Bajaj is common to all of its brands and so is Maruti. But beyond umbrella branding, each product also carries its own name or description to create a source or double brand. Source branding by combining a firm's name with product name seeks to achieve two objectives. First, the firm's name brings its equity to the product. The product stands to benefit from what the company has been able to cultivate in terms of awareness, expertise, and attribute and reputation associations. For instance, when Bajaj name is added to a new brand like legend, immediately Bajaj's repertoire of associations is transferred onto the product. Secondly, the second name, the name of the product (e.g., legend) provides the opportunity to add something unique to the brand. This is an opportunity for customization or personalization. That is, the brand can stand for something over and above what Bajaj stands for. The brand can acquire its own image within the broad framework of corporate image. This way the brand can reach new customer groups or market segments.



The Johnnie Walker Red label does not go in the same market as Johnnie Walker Blue label. The two brands share a common identity and heritage, but at the same time they are different from one another. The second name allows building up of this difference or distinction. Kellogg's employs both umbrella branding strategy and source branding strategy. In its range of Kellogg's rice flakes, wheat flakes, corn flakes, umbrella branding is employed. But when Kellogg's name is combined with an independent name to create a new brand, the strategy becomes double branding. The examples include Kellogg's Cocos and Kellogg's Frosties. Maybe the firm seeks to reach out to slightly different segments, which necessitates the use of an additional name to achieve greater image modification. Another follower of source branding in the automobile sector is LML. Its brands like LML T5, LML Prithvi, LML Alpha and LML NY are all double brands.

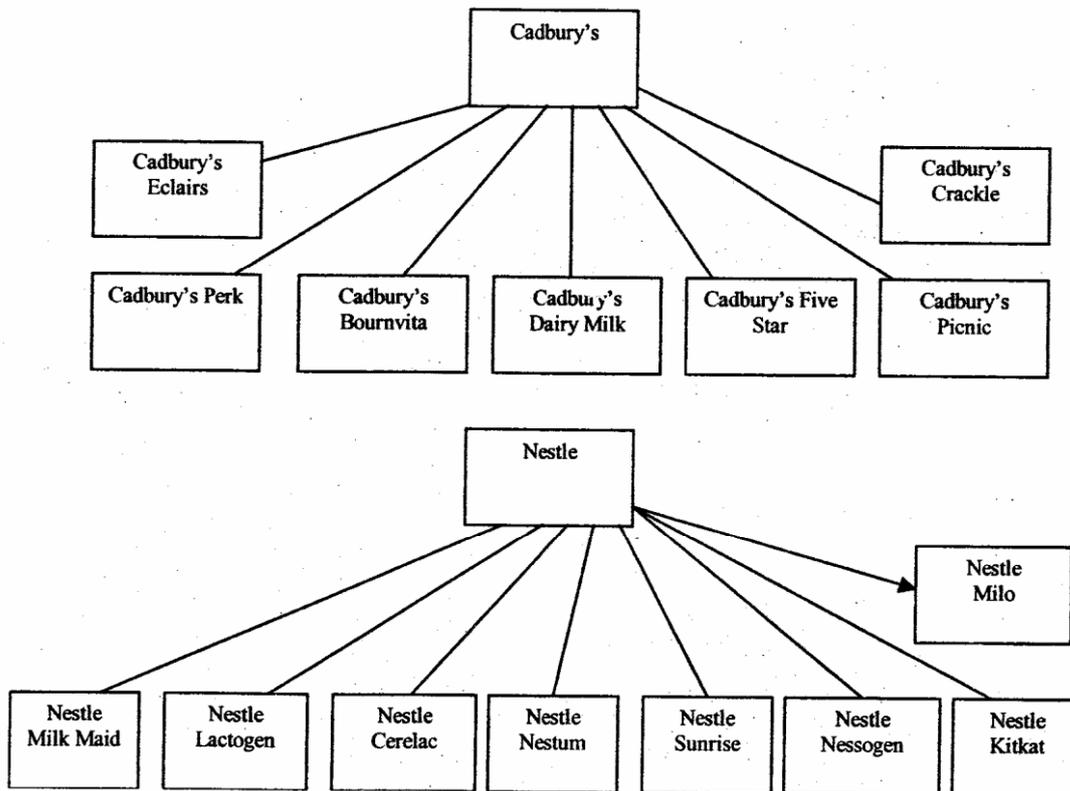
Double branding is somewhat an extension of the umbrella strategy. Each brand tends to share something common- the identity and image of the source company behind the brands. The company image becomes the limiting factor in this branding approach. How far a double brand can go is restricted by the external constraint imposed by the company's field of experience, expertise and know-how. The brands need to be consistent with the activity or expertise domain of the firm. If a brand makes a bid to go beyond the limits imposed by the firm's image, it would become a burden instead of gain. Motorcycles or three-wheelers are product categories, which enjoy greater consistency and expertise similarity. A double brand by way of Bajaj Kawasaki or Bajaj Boxer, or Bajaj Challenger is fine. But when the product field is not consistent, e.g., cars or computers, double branding may not be the correct strategy. Furthermore, when a brand wishes to go away from original

field of activity, more is the need to build an independent brand. It is important to note here that the activity distances need to be read from a customer's perspective. The perceptions of managers and customer may be significantly different from one another.

#### **14.7 ENDORSEMENT BRANDING**

Endorsement brand strategy is a modified version of double branding. It makes the product brand name more significant and the corporate brand name is relegated to a lesser status. The umbrella brand is made to play an indirect role of passing on certain common generic associations. It is only mentioned as an endorsement to the product brand. By and large, the brand seeks to stand on its own. Unlike the product brand where the brand is made an independent entity without any reference to its maker, the endorsement brand discloses the identity of the maker, making it a small part of the brand. The brand gets an endorsement that it belongs to specified company, e.g. Kit Kat gives a signal that it is Nestle's product. Cinthol's communication stresses that it is a Godrej product and Dairy Milk is Cadbury's brand (see Fig. 5.6). Most people would be able to identify that Marie, Good Day, Snax, Fifty-Fifty, Cream Treat and Bourbon are Britannia's brands. Though these brands enjoy their unique independent image but somewhere in their image the maker's association is also a part.

Endorsement branding strategy allows the brand the freedom to take an independent direction. Unlike the source brand strategy where the corporate name is an integral and equal part of the brand, in endorsement strategy the firm's name sits back as an assurance of quality. It rubs off the brand in a positive and generic way. The idea is not to pass on specific associations on to the brand. The brand is expected to carve out its own image. It acts more or less as an independent entity. For instance, in the case of Cadbury's and Nestle, the brands mentioned above have their own unique position and image. Cadbury's or Nestle support the brands to the extent that they transfer certain qualities or associations, which enhance customers' trust. Brands are identified by their own name. Customers do not ask for Cadbury's Bournvita or Nestle's Cerelac. Rather the products brand name is used in transactions. While the company name does sit at back of the mind, people tend to be visually familiar with Nestle and Cadbury's signage. The company name does form an integral part of the brand's visual symbol.



Endorsement brand strategy can be viewed as a step which is more towards product branding. By taking the corporate name from the status of equality to minority, the product name is provided greater opportunity to be on its own. This strategy is less expensive in comparison to product branding. The endorser brand allows access to the repertoire of associations, which it has accumulated over time. For instance, the recent launch of Fair Glow, fairness soap stands to gain a lot from the Godrej image once it is called Fair Glow from Godrej. Similarly, Vatika shampoo has been able to make considerable gains in the tough to crack shampoo market. Creating a successful product brand would have needed more investment and time. Dabur endorses Vatika brand. In the visual signage the Vatika name dominates but Dabur does appear in it as an inseparable component. The result, both the Fair Glow and Vatika brands have gained from the corporate name rub off. A certain level of trust, quality, assurance and expertise associations have gone into these brands. To that extent brand awareness and acceptance is facilitated.

The Dabur name guarantees brand's efficacy because it is a well-established name in ayurvedic formulations, while Godrej is a well-known and respected player in the soaps category. In order to test whether the strategy followed is endorsement branding or double branding, one needs to explore how brands are mentioned in daily conversations. People ask for Vatika and not Dabur Vatika. In the same fashion the soap is called Fair Glow, not Godrej Fair Glow. Here lies the distinction. The brands have acquired their own status and image.

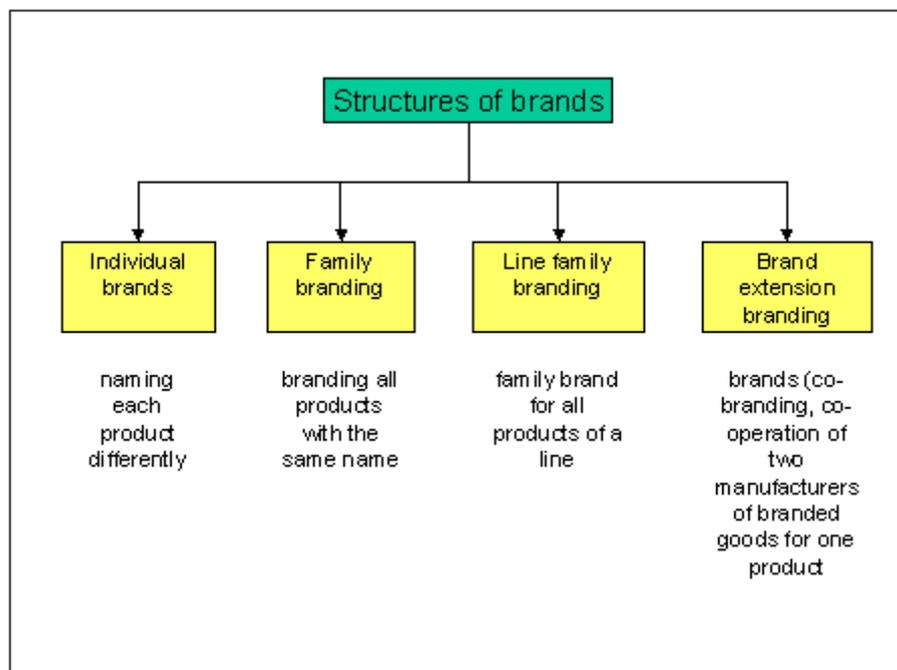
Thus, endorsement branding strikes a delicate balance between umbrella and product branding. The marketers can subtly transfer the corporate brand's equity and at the same time enjoy

the freedom to venture beyond immediate product boundaries. For instance, Johnson & Johnson, ICI and Bayer endorse brands in diverse areas. Brand stretchability in this strategy is not as good as in product branding. Therefore, while endorsing a product brand, care must be exercised in finding consistency. Otherwise, the endorsement may just be perceived as hollow, e.g., Nestle burnt its fingers when it launched Mithai Magic. The product failed, as it did not go down well with the Nestle endorsement.

### 14.8 FACTORS FOR CHOOSING A BRANDING STRATEGY

The six strategies discussed above can be labelled as generic strategies of branding. Each one is driven by its own internal structure and logic. The benefits and constraints flow accordingly. One cannot make a blanket judgement about any strategy being the best. Each strategy comes with its own pros and cons. Therefore, “the branding strategy decision cannot be automatic. It must be preceded by ‘a systematic analysis of a brand’s strategic challenges and a firm’s strengths and weaknesses. It must be understood that these strategies are not mutually exclusive. Firms can adopt multiple branding strategies depending upon their requirements. For instance, Nestle adopts, by and large, an endorsement branding strategy for all its products. Within the endorsement framework, Maggi takes as an umbrella brand role for its range of products like sauces, noodles, macroni, cubes and curries. All Godrej brands Cinthol, Fair Glow, No 1, Ganga, Crowning Glory, etc., are endorsed by the company name. However, in the electrical appliances business, Godrej becomes an umbrella brand for its refrigerators and air conditioners.

It is hard to generalize as to which branding strategy is appropriate. But the choice of the strategy needs to be based on a thorough understanding of what each of the branding strategy stands for and what are its intentions. A summary of the strategies is given in Figure 5.7.



The choice of a branding strategy is a complex task. The firm needs to adopt a situational perceptive in order to arrive at a strategy which is best suited to the needs of the firm. The following factors may be taken into consideration while selecting a branding strategy:

**Market Size:** Product branding strategy is a high fixed cost intensive strategy. Some minimum investments have to be made to get a brand to the threshold of awareness and image formation. Recouping the expenditures incurred in the initial phases of establishing a brand would necessitate acquisition of a critical mass in the market. In large and growing markets such acquisition is relatively easier. The primary demand builds up and a brand does not really have to displace existing competitors. However, when market size is smaller and is not growing, achieving critical mass is difficult. This would enhance the payback period. In such situations a branding strategy, which takes assistance from an established name, may be more desirable. Shared brands reduce brand-building costs, and thereby allow brands to enter in the profit zone even at smaller market size levels.

**Competition:** Competition implies how fiercely the market is contested. When competition is less intense, the marketers are not motivated to brand the product. Simply manufacturer's identification would be sufficient. This was the case with most firms in India prior to liberalisation. Brand building was not really a priority. Brands were labels to identify the products. Branding in the primitive sense prevailed.

Competition forces marketers to focus on markets or customer side of the equation. The critical challenge is how to win the customers and outsmart the rivals in the fray. Brands need to shift from generality to specialty. Specific customer benefits or personality focus needs to be achieved. Accordingly, branding strategies, which are tilted in favour of individual brands identity creation, may be more appropriate. Firms can choose between product branding, endorsing branding and double branding depending upon the resources at the disposal.

**Resources:** Product branding is definitely not an option for a resource starved firm. Product branding firms like P&G, HUL, RCI (earlier), Coke and Pepsi are all deep pocketed. They have the resources to create and support product brands. Building a common equity has not been on their agenda. While firms in Eastern side of the globe, heavily banked upon umbrella branding. May be it has something to do with resources, which were at their disposal. These firms, instead, created a common equity pool to be used and exploited by products in their portfolio. Toyota created the Lexus product brand after monopolizing the American and European markets for several decades.

**Product Newness:** Today's market environment is characterized by brand proliferation. As brands crowd the shelves at the retail outlets, distinctiveness is lost. Customers tend to club all brands into categories. This simplifies decision-making. Brand multiplication tends to work counter to brand individuality. When a marketer wants to add a new product, which is characterized by its own uniqueness in terms of benefits or attributes, using a common brand name is not desirable. A shared name would induce customers to generalize the product on the basis of similarity and ignore its

distinction. Rather the marketing challenge is how to make customers focus on a brand's distinctive features. The appropriate branding strategy under these circumstances is not to follow umbrella branding, but to move towards product branding which concentrates on differentiation. Brands can evolve a mid-route by combining company name with product name to avoid confusion and establish clarity of image.

**Technology/Innovativeness:** Product innovations sometimes embody new technology. Innovations bring uncertainty, both for the firm and the customers. From the firm's point of view, innovations imply uncertainty about success and risk of potential failure. For instance, when Sony launched Betamax or RCA launched Selectavision, the companies were doubtful whether the products would be commercially successful or not. Firms marketing an innovation have to attend to two tasks: first, to insulate brand equity in case the innovation fails and second, to communicate its innovativeness, i.e., its uniqueness. Both of these concerns favour branding strategies more towards product branding. Firms can choose double or endorsement branding strategy. DuPont relies on endorsement branding when it launches its innovative products. Its brands include Kevlar, Nylon and Lycra. All innovations bear the endorsement of Du Pont.

## 14.9 SUMMARY

It has been observed that companies start with one product but overtime as they accumulate manufacturing and marketing capabilities they tend to become multi-product. As the number of products handled by a company increases, it raises the questions. What kind of branding relations would they have among themselves? Companies differ in their approaches to branding. Western companies seem to favour product branding while the companies in the east practice mega brand approach. A company can choose from a variety of branding strategies.

## 14.10 SELF ASSESSMENT QUESTIONS

1. What is branding? Explain its terminology in Indian context.
2. Explain different branding strategies and their pros and cons.
3. Which factors a firm must consider at the time of selection of a brand strategy?
4. Distinguish product branding and corporate branding.

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