

Master of Commerce
(III SEMESTER)

ADVERTISING AND SALES MANAGEMENT
(MARKETING)



UNIVERSITY OF CALICUT
SCHOOL OF DISTANCE EDUCATION

Calicut University, P.O. Malappuram, Kerala, India-673 635

(2015 ADMISSION ONWARDS)

2041

Master of Commerce

Study material

III SEMESTER

ADVERTISING AND SALES MANAGEMENT

(MARKETING)

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Layout:

Computer Section, SDE

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CHAPTER 1

COMMUNICATION-BASICS

Introduction

Communication is a key element in any human activity. Communication is a learned skill. However, while most people are born with the physical ability to talk, not all can communicate well unless they make special efforts to develop and refine this communication skill. Very often, we take the ease with which we communicate with each other for granted, so much so that we sometimes forget how complex the communication process actually is. Communication takes place when we are supposedly at the same level of understanding and comprehension as other interlocutors. Common forms of communication include speaking, writing, gestures, touch, using pictures and broadcasting. Communication is therefore not what is said whether verbally or non-verbally, but what is understood.

What is communication?

Communication is a word derived from the Latin word **communis** or **comm nic re**, which means 'to make common' or 'to share'. Communication is the act of conveying intended meaning to another person through the use of mutually understood signs and language. Communication is the art of transmitting information, ideas and attitudes from one person to another. Communication is the process of meaningful interaction among human beings. The basic steps of communication are: the forming of communicative intent, message composition, message encoding, and transmission of signal, reception of signal, message decoding and finally interpretation of the message by the recipient.

Characteristics of Communication

The characteristics of communication include:

1. Communication is a process: Communication is a 2 way process which involves; listening to others (Receiving) message Asserting/Expressing (Sending).
2. Communication is a dynamic: it is ever changing depending on the variables at play.
3. . Communication is a complex a process.
4. Communication is a two-way process of reaching mutual understanding, in which participants not only exchange (encode-decode) information but also create and share meaning.
5. Communication involves the sharing of information using a code.
6. Communication occurs between people and sometimes animals
7. Communication is irreversible: once one has communicated something it cannot be recalled back.
8. Communication is a system

9. Communication must have the elements of communication: Source, receiver, channel, message, noise, feedback.
10. Communication can be verbal/ non verbal or visual.
11. Communication can be accidental especially in non-verbal

Functions of communication

Human beings communicate for various reasons. Here are some of the reasons why we must communicate:

1. To change in behaviour
2. To influence others
3. To express our thoughts and emotions through words & actions.
4. It is a tool for controlling and motivating people.
5. It is a social and emotional process.
6. Communication for improving self-confidence
7. Entertain
8. Educate
9. Establish relationships
10. Inform
11. Solve problems
12. Make orders
13. Give directions

Forms of Communicating

Verbal Communication

All forms of communication can be categorized as either verbal or nonverbal. Both verbal and nonverbal communication can be subdivided into either vocal or non-vocal. Verbal communication involves using speech to exchange information with others. We usually communicate verbally in face-to-face conversations such as; meetings, interviews, conferences, speeches, phone calls e.t.c. Much of the communication that takes place between people is both verbal and non-verbal; that is, it is based on language and gestures.

Verbal communication of the vocal category includes spoken language, while non-vocal verbal communication involves written communication as well as communication is transmitted through sign language, finger spelling, Braille, or other similar alternatives to verbal language.

Paraverbal/paralinguistic/ paralanguage features

Paralinguistic or paralanguage features are the aspects of spoken communication that do not involve words. They add emphasis or shades of meaning to what people say.

Paralinguistic features accompany verbal communication and are the vocal signals beyond the basic verbal message. Paralinguistic elements in a person's speech, convey meaning beyond the words and grammar used. Examples of paralinguistic features include pitch, rate, quality of voice and amplitude. Other forms of paralanguage can also include laughter or imitative speech. Prosody, which is the rhythm, pattern, stress, rate, volume, inflection and intonation of a person's speech, is also a form of paralanguage.

People express meaning not just in what they say but in the way they say it. The paralinguistic features employed by a speaker provide hint to the meaning, communicate the speakers' attitudes and convey their emotion. Paralinguistic features also alert the listener as to how to interpret the message. Many of these paralinguistic features are culturally coded and inherent in verbal communication, often at a subconscious level.

Non-Verbal

Non-verbal communication is a type of communication that employs gestures and body language. The term "body language" is sometimes used to denote non-verbal communications. "Body Language" is the communication of personal feelings, emotions, attitudes, and thoughts through body-movements such as gestures, postures, facial expressions, touch, smell, walking styles and positions among others. These movements can be done either consciously or involuntarily; more often they 'happen' subconsciously, and are accompanied, or not accompanied, by words.

There are basically three elements in any face-to-face communication. These three elements account differently for the meaning of the message:

- Words account for 7%
- Tone of voice accounts for 38% and
- Body language accounts for 55% of the message.

Our body language and tone of voice should be consistent with the words we use. This is only possible when we say what we mean to say and say it rightly. Otherwise we can confuse people and reduce the prospect of getting our message across to be understood. Non-verbal communication can lead to misunderstandings, communication failure and even conflicts if the interlocutors are careless.

Non-verbal communication includes:

(P)OSTURES & GESTURES

(E)YE CONTACT

(O)RIENTATION

(P)RESENTATION

(L)OOKS

(E)PRESSIONS OF EMOTION

Body language and kinesics are based on the behavioral patterns of non-verbal communication. Body language can actually contradict verbal communications and

reveal our inner feelings about any particular person or topic either intentionally or unintentionally.

The way in which you fold your arms, cross your legs, sit, stand, walk, move your head, eyes, lips reveal what you may be thinking or feeling. For example, you may be sitting and conversing with a person; suddenly, he leans forward and with both arms clutches the chair. By doing so he non-verbally communicates to you his desire to end the meeting. Body language has shed new light on the dynamics of relationships.

Hands Gestures

Hands and arms are used by most of us to communicate our thoughts. People rub arms together, keep their arms closed, and clench the fists. All these tell what the person has in his mind involuntarily. It is a way that people non-verbally communicate positive expectations. Hands clenched together seems to be a confident gesture as some people who use it are often smiling and sound happy. However, if the hands are clenched too tightly, it is indicative of frustration or hostile attitude.

Eye Gestures/facial expression

Facial expression, offers the most readily observable group of gestures. We focus our eyes on the face more often than on any other part of the body, and the expressions we see there have widely accepted meanings.

If a prospect's eyes are downcast and face turned away, you're being shut out, however, if the mouth move, he is probably considering your presentation. If his eyes engage yours for several seconds at a time with a slight, one-sided smile extending at least to nose level, he is weighing your proposal. It is only when you see 'eye to eye' with another person that a real basis for communication can be established. Other forms of nonverbal communication include: Touch, smell, distance.

The number of people in a communication situation affects the use of non-verbal communication. The more the persons involved, the more complex the use and understanding of the non-verbal communication becomes. However, to decipher the non-verbal communication it is important to see, interpret and understand them holistically and in a context, while identifying the different types of personalities involved.

Levels of communication

1. Intrapersonal (Within a person)
2. Interpersonal (Face to face)
3. Group communication
4. Mass communication
5. Inter country/ Development

COMMUNICATION BARRIERS

1. Physiological Barriers

Physiological barriers may result from individuals' personal discomfort, caused, for example, by ill health, poor eye sight, or hearing difficulties. These may also affect one's personality in many different and mostly negative ways. This can best be handled by working on developing a positive perception as certain physiological features contributing to barriers may not be curable.

2. Physical Barriers

Physical barriers include:

- Office doors, barrier screens, separate areas for people of different status
- Large working areas or working in one unit that is physically separate from others.
- Distance

Research shows that one of the most important factors in building cohesive teams is proximity. Proximity in different cultures is different and therefore needs to be taken in the right context. It has been observed that people coming from rural backgrounds with more physical space available may not feel comfortable in closed quarters as they tend to have larger personal spaces as compared to people living in urban conditions. This aspect alone can become a significant psychological barrier if they subconsciously feel “threatened” by inadvertent “invasion” of their personal space in case an urbanite approaches them in close proximity considering it as a normal personal space.

3. Cultural Barriers

Culture prescribes behaviour. Humans can adapt to different culture once we come to accept it and appreciate that cultures are different so that we can be recognized from others and that no specific connotations need to be attached to one culture or the other.

4. Language Barriers

Language that describes what we want to say in our terms may present barriers to others who are not familiar with our expressions, buzz-words, and jargon. When we couch our communication in such language, it is a way of excluding others. In a global setting the greatest compliment we can pay another person is to talk in their language.

5. Interpersonal Barriers

Withdrawal is an absence of interpersonal contact. It is both refusals to be in touch with others.

6. Psychological Barriers

There are 3 types of psychological barriers would be discussed as they are the most common ones.

a. Perceptual barriers

b. Emotional Barriers, and

c. Experiential barriers.

Perceptual barriers

The problem with communicating with others is that we all see the world differently. A bad experience would perceptually block out unpleasant things. This could be in the shape of avoiding it and if that is not possible by altering the behaviors i.e., response types in different ways. Similarly, retention filters out things that feel good, and gives the tendency to forget those things that are painful. It is very interesting to note that how our experiences taint or color our perceptions. Perceptual barriers can significantly alter our understanding and thus affect our communication. They are deep rooted and work in conjunction with our experiences.

Emotional barriers

One of the other chief psychological barriers to open and free communication is the emotional barrier. It is comprised mainly of fear, mistrust, and suspicion. As mentioned earlier the roots of our emotional mistrust of others lie in our childhood and infancy when we were taught to be careful what we said to others.

Experiential barriers

Experiential barriers on the other hand become barriers by virtue of not having experienced them leading to altered interpretation and comprehension. Our experience shapes our view of the world. For example, when children experience trauma at the hands of trusted adults (especially family members) their emotional link with the adult world is severed, creating distrust. They are left with three companions: guilt, fear and feelings of inferiority.

7.Stereotypes

Stereotypes are widely circulated ideas or assumptions about particular groups. Stereotypes are usually negative attitudes which people use to justify discrimination of conflict against others. According to Pennington (1986) " there are two characteristics of stereotypes

1. People are categorized on the basis of very visible characteristics e.g. race, nationality, sex, dress and bodily appearance;
2. All members of a particular group are assumed to have the same characteristics; and the effects of stereotyping are seen as gross over simplified and over generalized descriptions. They operate to overestimate differences existing between groups and under estimate differences within groups.

Stereotypes distort reality since the over estimation between groups and under estimation within groups bear little relation to the truth.

Stereotyping acts as a barrier to communication because people make pre-conceived judgment about people which are unfounded if their character does not relate to their appearance.

Stereotyping has a halo effect. **Halo effect** is the use of a single attribute to describe a person or object fully. For example, if a person is friendly we may use this attribute to assume that they are punctual and good at their job. Another important aspect of stereotyping is perception.

8. Authority

Barriers to communication for one reason or the other often get neglected. Knowing them is synonymous to knowing about one's own barriers sprouting out of one's personality. Barriers to communication can lead to misunderstanding and confusion.

How to be a good communicator

To be a good communicator, one needs to:

- a) Express own reflections and ideas clearly
- b) Develop relationships
- c) Provide feedback (answers, reacts)
- d) Be open to others' feedback (accept others answer without prejudice, references etc.
- e) Respect attitudes and opinions of others
- f) Be tolerant to different customs and cultures
- g) Give full attention to people while they are talking to you.
- h) Encourage other people to talk, and ask appropriate questions.
- i) Present your ideas so that others are receptive to your point of view.
- j) Treat people fairly and let others know how you want to be treated.
- k) Value teamwork and know how to build cooperation and commitment.
- l) Strive to understand other people and to be empathetic.
- m) Be able to easily win people's trust and respect.
- n) Check to make sure you have understood what other people are trying to communicate.
- p) Be able to work with people you have difficulties with without becoming negative.

Elements of Communication

Elements of communication have been explained in different models which attempt to explain the communication process. Communication is a two-way process that results in a shared meaning or common understanding between the sender and the receiver. An understanding of how communication works can help us to understand and improve our communication. The elements of communication enable us to understand how communication works. The basic communication model consists of five elements of communication: the sender, the receiver, the message, the channel and feedback.

CHAPTER 2

INTEGRATED MARKETING COMMUNICATION

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.

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 behaviours, 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 recognises the added value of a comprehensive plan that evaluates the strategic roles of a variety of communication discipline”

TOOLS OF IMC

Advertising

Publicity

Public Relation

Sales Promotion

Personal Selling

Packaging

Internet

Trade Fair

&

Exhibition

Sponsorship

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 public. Public relations consider multiple audiences (consumers, employees, suppliers, vendors, etc.) and use 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 relations help the company and

its public by relating each other for mutual benefits. The main objective of public relations 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, CD Now, 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.

IMPORTANCE OF IMC

1) 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.

2) 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.

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

4) 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.

5) 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 through out the country.

6) 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 Mix.

STEPS 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:

1) 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?

2) Determining the communication objectives: The next step is setting the communication objectives. There may be different communication objectives like increase in sales, brand image and good will, expansion of business. Thus the seller has to evaluate all this objectives and select the one which he intends to achieve.

3) Determining the message : An effective message should get attention, hold interest, arouse desire, & 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.

4) 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 yearend 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.

5) 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.

6) 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 thee has to be variation in communication mix. One medium which is effective in one market may not be equally effective in another market.

7) 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.

8) 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.

CHAPTER 3

ADVERTISING-FUNDAMENTALS

The promotion mix of any product or service marketing consists of four basic elements. They are:-

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

1. Advertising is the dissemination of information by non-personal means through paid media where the source is the sponsoring organization.

2. Personal selling is the dissemination of information by non-personal methods, like face-to-face, contacts between audience and employees of the sponsoring organization. The source of information is the sponsoring organization.

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

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

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

- (i) It is a mass communication reaching a large group of consumers.
- (ii) It makes mass production possible.
- (iii) It is non-personal communication, for it is not delivered by an actual person, nor is it addressed to a specific person.
- (iv) It is a commercial communication because it is used to help assure the advertiser of a long business life with profitable sales.
- (v) Advertising can be economical, for it reaches large groups of people. This keeps the cost per message low.
- (vi) The communication is quick, permitting an advertiser to speak to billions of customers in a matter of a few minutes.
- (vii) Advertising is identified communication. The advertiser signs his/her name to his/her advertisement for the purpose of publicizing his identity.

The word advertising comes from the Latin word "advertere" meaning to turn the minds of towards". 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.

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".

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".

FEATURES OF ADVERTISING

- 1. Communication:** Advertising is a means of mass communication reaching the masses. It is a non-personal communication because it is addressed to masses.
- 2. Information:** Advertising informs the buyers about the benefits they would get when they purchase a particular product. However, the information given should be complete and true.
- 3. Persuasion:** The advertiser expects to create a favourable attitude which will lead to favourable actions. Any advertising process attempts at converting the prospects into customers. It is thus an indirect salesmanship and essentially a persuasion technique.
- 4. Profit Maximisation:** True advertising does not attempt at maximising profits by increasing the cost but by promoting the sales. This way it will not lead to increase the price of the product. Thus, it has a higher sales approach rather than the higher-cost approach.
- 5. Non-Personal Presentation:** Salesmanship is personal selling whereas advertising is non-personal in character. Advertising is not meant for anyone individual but for all. There is absence of personal appeal in advertising.
- 6. Identified Sponsor:** A sponsor may be an individual or a firm who pays for the advertisement. The name of reputed company may increase sale of products. The product gets good market because of its identity with the reputed corporate body.

7. **Consumer Choice:** Advertising facilitates consumer choice. It enables consumers to purchase goods as per their budget requirement and choice. Right choice makes consumer happy and satisfied.
8. **Art, Science and Profession:** Advertising is an art because it represents a field of creativity. Advertising is a science because it has a body of organised knowledge. Advertising is profession is now treated as a profession with its professional bodies and code of conduct for members.
9. **Element of Marketing Mix:** Advertising is an important element of promotion mix. Advertising has proved to be of great utility to sell goods and services. Large manufactures spend crores of rupees on advertising.
10. **Element of Creativity:** A good advertising campaign involves lot of creativity and imagination. When the message of the advertiser matches the expectations of consumers, such creativity makes way for successful campaign.

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 personal selling programme. Advertising maybe used to open customers' doors for salesman.
3. To reach people inaccessible to salesman.
4. To enter a new market or attract a new group of customers.
5. To light competition in the market and to increase the 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.

IMPORTANCE OF ADVERTISING

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

1. **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 wet as in the international markets.

2. 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.

3. 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.

4. 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.

5. 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.

6. 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.

7. 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 Reporter News and Kairali T V 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.

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.

PARTICIPANTS IN ADVERTISING

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

1. Advertiser: Seller who manufacture and market consumer products are the prominent group of advertisers. Ramco Cements, Microsoft, Apple Incorporate and Kairali TMT are the examples of advertisers. Also the retailers like Walmart, Spencers and Big Bazaar are the second prominent segment among advertisers. They stock the products, and sell them to the ultimate consumers. Government and social organization are also active participant in this category.

2. Target audience: It refers to the recipient of the advertising message. Every message is either directed to a mass audience and class audience. Advertising desires 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 products.

3. 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 professionalised, specialised, 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 to 20 percentage 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 for enhancing the quality of the work.

4. 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 advertising agencies or, their services may be hired by the agencies on job basis.

5. Target Audience: 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.

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

(i) Print Media: They consist of newspapers, magazines, journals, handbills, etc.

(ii) Electronic Media: They consist of radio, television motion pictures, video, multi-media and the internet.

(iii) Outdoor Media: They consist of posters, hoarding, handbills, stickers air balloons, neon sign bill boards, local cinema houses, and transit media.

(iv) 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.

7. 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.

8. 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.

ROLE OF ADVERTISING IN AN ECONOMY

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 brings 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.

CHAPTER 4

TYPES OF ADVERTISEMENT

Advertising is 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 non commercial organisations such as Trust, Societies, 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 advertisement is 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 2010s, 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 Afghanistan. In 2014, 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. 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 identify 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.
- 5. 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 post-pone 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 advertising aims at establishing financial, solvency of the company in the minds of the prospective investors. It is because of financial advertising the company have succeeded in floating of mega issue of shares arc in cores. The financial advertising aims at establishing financial solvency of the company in the minds of the prospective investors.
- 6. 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. 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 40 years. It actually began in the early 1960s in United States of America, 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 utilised 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.

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 organisations 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.

ON THE BASIS OF GEOGRAPHICAL AREA

- 1. Local 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 allover 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 TATA NOTORS, Reliance Industries Ltd, Vodafone, Sahara etc 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 Arabia and other airlines, and multinational companies advertise their products and services all over the world. Ford and BMW 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.

CLASSIFICATION ON THE BASIS OF AUDIENCE

On this basis, advertising may be classified into the following four categories, viz.,

- 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, equipments, 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 tactical and rational.
- 3. Trade Advertising:** This kind of advertising is employed by manufactures 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.

CLASSIFICATION ON THE BASIS OF MEDIA

On this basis, advertising may be-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 Point of Purchase advertising.

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, 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 organisation. It is also known as corporate advertising or image advertising. It is mostly undertaken by large firms.

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.

CHAPTER 5

ADVERTISEMENT LAYOUT

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

Definition

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

ADVERTISEMENT COPY

An advertisement copy is the text used in the advertisement be it print radio television or other form of advertisement. The text so used can be in the form of dialogs, some catchy phrase, a company's motto or slogan Or any word. It aims at catching the interest of the prospective buyer and at persuading him to make a purchase all within a few short seconds. Advertising copy is composed by professional copywriters hired by advertising agencies.

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

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

1. Attention value,
2. Suggestive value,
3. Memorising value,
4. Conviction value,

- 5. Sentimental appeal value,
- 6. Education value,
- 7. Instinctive value,

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

- (a) **Use of Pictures.** Picture has the immense display and attention value.
- (b) **Use of Display Type or Heading.** Use of appropriate to headings enhances the value of an advertisement copy to a great extent. To invite attention, the heading should be brief and meaningful, made up of three or four words and should be printed in emphatic bold display types.
- (c) **Boarder etc.** – Attractive boarder can be used to compel the attention of the readers. The boarder must have a distinctive look so as to separate it from the rest of the setting.
- (d) **Price Quotation** – Prices should not be quoted on the advertisement copy except when they are very low as in clearance sale or special offers. But if an appeal is being made to high class customers who care more for quality than for price, a price quotation should be avoided and emphasis should be laid on quality.
- (e) **Reply Coupons** – Reply coupons inserted in an advertisement in an unusual setting are yet another way of attracting attention of the readers to the copy.
- (2) **Suggestive Value** - The next task would be to offer a suggestion about the use and the utility of the product that may remain inscribed on the mind of the reader even when he forget where he really saw the advertisement. Slogans, Pictures, phrases and suggesting may be used for this purpose. They should be drafted and used as to drive home to the reader the utility of the product in everyday situation.
- (3) **Memorising Value** – The copy of the advertisement should be so drafted and laid out that the product will stick to the mind of the individual reader. Repetition of advertisement with slogan is an effective method of creating a memorising value. Pictures and photographs confirming to the suggestion will have tremendous memorizing value.
- (4) **Conviction Value** – An advertisement copy can prove effective and achieve the desired end when the suggestion contained in it is backed by convincing arguments. The advertiser must be careful to include the statement in the advertisement copy which does not conform to the product.

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

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

(7) **Instinctive Appeal Value** – Human thoughts and actions are guided by instincts and inclination. All that one thinks or does has its roots in one instinct or the other. Instincts are the underlying forces which compel the men to act in certain ways. The most important function of an advertisement copy is to induce, persuade and motivate the prospects to think well of a product and to take to its use. Advertising, essentially, is the motivation of the potential consumer and for this purpose; the advertiser should attempt to make an appeal to some basic instincts to get success in motivating the prospects. Generally speaking, the following are the basic instincts which an advertiser should keep in his mind-

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

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

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

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

e) **Something for Nothing Instinct** – Everybody has a vague desire to get something without paying anything for it. This desire is, more or less, present in everybody irrespective of the status or income. An advertisement copy that contains an offer of a prize or a gift is likely to tempt quite a many of the customers. This instinct is widely used by lottery ticket sellers by offering one free ticket with the purchase of 10 tickets or by drycleaners by the offering three for two bargain.

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

- (i) **Pride** – This theme can be used to popularize luxury articles among riches, the possession of which gives them a distinctive status and a feeling of pride.
- (ii) **Beauty** – This theme is used in advertisements for cosmetics, perfumeries, toilet soaps etc., for men and women.
- (iii) **Health** - In drugs and food products advertisement they use of this theme is used.
- (iv) **Economy** – It is central theme in advertisement of clearance sales or bargain purchases.
- (v) **Comfort** – The advertisements for fans electric appliance refrigerators etc. generally contain this feeling of comforts.
- (vi) **Fear** – Themes stressing the fear of death accident personal loss through burglary frenetic. and other untoward happenings in life are generally used by insurance companies or banking companies. The traffic police is also using this theme in their notes of caution i.e., life is short don't make it shorter.
- (vii) **Parental Affection** - All advertisement copies of products meant for children such as toys body foods and dresses etc use this feeling.
- (viii) **Patriotism** – This theme may be used in advertisement for those who use foreign products.
- (ix) **Achievement** – This theme is used generally by large concerns engaged in the production of goods necessary for the development of country's economy.
- (x) **Emulation and Imitation** – This theme is used where people buy more not to satisfy their genuine requirement, but as their neighbours happen to possess them.

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

Preparation of a layout

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

Functions of an Advertising Layout

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

- (i) **Assembling Different Parts** – The main function of layout is to assemble and arrange the different parts or elements of an advertisement illustration, headline sub headlines, slogans, body text and the identification mark etc. And boarder and other graphic materials – into a unified presentation of the sales message. In all the layouts present these elements in the same size, form, shape, position and proportion as desired by the advertiser in the final ad, proof , Thus layout gives both creative personals (copywriter and artists) and the advertiser who pays for it a good idea of how the finished ad will finally appear.
- (ii) **Opportunity of Modification** - The layout offers an opportunity to the creative teams, agency management and the advertiser to suggest modification before its final approval and actual construction and production begins.
- (iii) **Specification for Costs** – The layout provides specification for estimating costs and it is a guide for engravers typographers and other craft workers to follow in producing the advertisement.

Principles of Design and Layout

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

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

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

(3) **Contrast and Emphasis** – Contrast means variety. It gives life to the whole composition and adds emphasis to selected important elements. An advertiser always looks to advertisements from completion point of view and desires the policy of the most important elements to attract the attention of the people. An advertisement with good contrast may attract the attention of customers Contrast maybe visible in a number of ways. It may be witnessed through sizes, shapes and colours. Different colours sizes

and shapes of elements in an advertisement add contrast. The varying directions, of design elements (Vertical trees, horizontal pavements arched rainbows) add contrast; too there must be sales communication purpose behind every layout decision made.

(4) **Eye Movement** – Eye movement is the design principle which helps move the eyes of the readers from element to element in the order given in the hierarchy of effects model for effective communication of the message in advertising. An effective ad uses movement to lead its reading audience from initial message awareness through product knowledge and brand preference, to ultimate action (intent to purchase). Direction and sequence are two terms for the same element and artists may perform it in many ways. Mechanical eye direction may be created by devices such as pointing fingers lines arrows or even a bouncing ball that moves from unit to unit. Planned eye movement should follow the established reading patterns too, such as the tendency to start to top left corner of a page and read through to the lower right corner. The eyes also moves naturally from large items to small from dark to light and from colours to not – colours.

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

Elements of a layout

An advertising copy is the means by which the advertiser's ideas are given expression to in a message to readers. Regardless of its length and brevity copy refers to all the reading matters of an advertisement, including the headline, sub- headlines, text or body, and the name of the firm or the standard initials of the advertiser. As we have seen that advertising has so many immediate purposes but its ultimate goal is to stimulate sales. As a reader turns the pages of a magazine or newspaper, he notices so many advertisements but a great variation in copy. Some copy may be so sticking that the reader takes immediate action and rush to the nearest dealer to purchase it while there may be some other copy or copies that he does not like or it does not click to his mind. The first copy conforms to the requisites of a good copy. A copywriter must take pains in making up a sound advertisement copy containing its various components i.e. headlines, subhead lines, illustrations etc. The following are the main components of an advertisement copy

- | | |
|---------------|---------------|
| 1. Background | 9. Name Plate |
| 2. Border | 10. Price |
| 3. Caption | 11. Product |
| 4. Coupon | 12. Slogan |
| 5. Decoration | 13. Space |

6. Heading

14. Sub-heading

7. Illustration

15. Text

8. Mascot

16. Trademark

1. Background

The background for the advertisements should be somewhat catchy and colourful. The arrangement of background differs from medium to medium and advertisement to advertisement. In short, background should be suitable for the contents of the advertisement.

2. Border

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

3. Caption

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

4. Coupon

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

5. Decoration

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

6. Heading

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

7. Illustration

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

8. Mascot

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

9. Name Plate (logo)

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

10. Price

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

11. Product

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

12. Slogan

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

13. Space

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

14. Subheading

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

15. Text

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

16. Trade mark

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

CHAPTER 6

ADVERTISING MESSAGE

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

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

- General Message Factors
- Message Structure
- Message Testing

General Message Factors

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

- Characteristics of the Target Audience – The makeup of the target audience (e.g., age, location, attitudes, etc.) impacts what is conveyed in the message.
- Type of Media Used – The media outlet (e.g., television, print, Internet, etc.) used to deliver the message impacts the way a message will be created.
- Product Factors – Products that are highly complex require a different message than simpler products. Additionally, the target market's familiarity with a product affects what is contained in a message. For instance, a new product attempting to gain awareness in the market will have a message that is much different than a product that is well-known.
- Overall Advertising Objective – As mentioned, the objective of the advertising campaign can affect the type of ad that is designed. For example, an advertisement with the objective of stimulating immediate sales for an existing product will be different than an advertisement that seeks to build initial awareness of a new product.

Message Structure

Most advertising messages share common components within the message including:

- The Appeal – This refers to the underlying idea that captures the attention of a message receiver. Appeals can fall into such categories as emotional, fearful, humorous, and sexual.
- Value Proposition – The advertising message often contains a reason for customers to be interested in the product which often means the ad will emphasize the benefits obtained from using the product.

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

Message Testing

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

Evaluating Campaign Results

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

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

CREATIVITY IN ADVERTISING

The creative part of advertising involves the process of selecting and presenting the messages. The business of conceiving, writing, designing and producing these messages is called “advertising creativity” and the key wordsmith is called a copywriter or copy chief or copy supervisor. The success of advertising depends to a great extent on the quality of the message or copy of advertisement rather than the money spent on advertising.

The conventional theory of advertising includes the concept of AIDA (Attention, Interest, Desire and Action). Most of the advertisers believe that the message in advertisement copy must attract the attention and interest of the consumer if buying is to result. But they forget that only good advertisement copy or good message can attract the attention and interest of the receiver until and unless the much advertise product attributes have a strong impact on consumers. The consumers come to know the

existence of the product only through the advertisement. Advertising tries to persuade the consumers that they need the product. But if the product attributes fail to satisfy the need of buyers, good creativity will not pay.

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

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

Activities Comprising Creative Design task Process

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

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

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

(3) Target Audience- The next step in the creative process is to make the copywriter available description of the demographic and psychographic make-up of the specific target audience for whom the ad is being created vis-à-vis the product. Quantitative data

such as age, sex, marital status, occupation, income, education, place of residence, must be supplemented by information on consumer attitudes (related to advertised product, and its competitors as well as to the types of creative claims being considered for the message) on relevant media, shopping and buying habits and on product usages. Thus any information that describes target audience is useful.

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

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

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

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

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

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

CHAPTER 7

ADVERTISING MEDIA

The two basic tasks of marketing communications are message creation and message dissemination. Media planning supports message dissemination. Media planning helps you determine which media to use--be it television programs, newspapers, bus-stop posters, in-store displays, banner ads on the Web, or a flyer on Face book. It also tells you when and where to use media in order to reach your desired audience. Simply put, media planning refers to the process of selecting media time and space to disseminate advertising messages in order to accomplish marketing objectives. When advertisers run commercials during the Super Bowl game at more than \$2.5 million per thirty-second spot, for example, media planners are involved in the negotiation and placement.

Media Planning is the process of establishing the exact media vehicles to be used for advertising. Choosing which media or type of advertising to use is sometimes tricky for small firms with limited budgets and know-how. Large-market television and newspapers are often too expensive for a company that services only a small area (although local newspapers can be used). Magazines, unless local, usually cover too much territory to be cost-efficient for a small firm, although some national publications offer regional or city editions. Metropolitan radio stations present the same problems as TV and metro newspapers; however, in smaller markets, the local radio station and newspaper may sufficiently cover a small firm's audience. The three components of a media plan are as follows:

1. Defining the marketing problem. Do you know where your business is coming from and where the potential for increased business lies? Do you know which markets offer the greatest opportunity? Do you need to reach everybody or only a select group of consumers? How often is the product used? How much product loyalty exists?

2. Translating the marketing requirements into attainable media objectives. Do you want to reach lots of people in a wide area (to get the most out of your advertising dollar)? Then mass media, like newspaper and radio, might work for you. If your target market is a select group in a defined geographic area, then direct mail could be your best bet.

3. Defining a media solution by formulating media strategies. Certain schedules work best with different media. For example, the rule of thumb is that a print ad must run three times before it gets noticed. Radio advertising is most effective when run at certain times of the day or around certain programs, depending on what market you're trying to reach.

Advertising media generally include:

- Television
- Radio
- Newspapers

- Magazines (consumer and trade)
- Outdoor billboards
- Public transportation
- Yellow Pages
- Direct mail
- Specialty advertising (on items such as matchbooks, pencils, calendars, telephone pads, shopping bags and so on)
- Other media (catalogs, samples, handouts, brochures, newsletters and so on)

When comparing the cost and effectiveness of various advertising media, consider the following factors:

- **Reach.** Expressed as a percentage, reach is the number of individuals (or homes) you want to expose your product to through specific media scheduled over a given period of time.
- **Frequency.** Using specific media, how many times, on average, should the individuals in your target audience be exposed to your advertising message? It takes an average of three or more exposures to an advertising message before consumers take action.
- **Cost per thousand.** How much will it cost to reach a thousand of your prospective customers (a method used in comparing print media)? To determine a publication's cost per thousand, also known as CPM, divide the cost of the advertising by the publication's circulation in thousands.
- **Cost per point.** How much will it cost to buy one rating point for your target audience, a method used in comparing broadcast media. One rating point equals 1 percent of your target audience. Divide the cost of the schedule being considered by the number of rating points it delivers.
- **Impact.** Does the medium in question offer full opportunities for appealing to the appropriate senses, such as sight and hearing, in its graphic design and production quality?
- **Selectivity.** To what degree can the message be restricted to those people who are known to be the most logical prospects?

Reach and frequency are important aspects of an advertising plan and are used to analyze alternative advertising schedules to determine which produce the best results relative to the media plan's objectives. Calculate reach and frequency and then compare the two on the basis of how many people you'll reach with each schedule and the number of times you'll connect with the average person. Let's say you aired one commercial in each of four television programs (A, B, C, D), and each program has a 20 rating, resulting in a total of 80 gross rating points. It's possible that some viewers will see more than one announcement--some viewers of program A might also see program B, C, or D, or any combination of them.

For example, in a population of 100 TV homes, a total of 40 are exposed to one or more TV programs. The reach of the four programs combined is therefore 40 percent (40 homes reached divided by the 100 TV-home population).

Many researchers have charted the reach achieved with different media schedules. These tabulations are put into formulas from which you can estimate the level of delivery (reach) for any given schedule. A reach curve is the technical term describing how reach changes with increasing use of a medium. The media salespeople you work with or your advertising agency can supply you with these reach curves and numbers.

Now let's use the same schedule of one commercial in each of four TV programs (A, B, C, D) to determine reach versus frequency. In our example, 17 homes viewed only one program, 11 homes viewed two programs, seven viewed three programs, and five homes viewed all four programs. If we add the number of programs each home viewed, the 40 homes in total viewed the equivalent of 80 programs and therefore were exposed to the equivalent of 80 commercials. By dividing 80 by 40, we establish that any one home was exposed to an average of two commercials.

To increase reach, you'd include additional media in your plan or expand the timing of your message. For example, if you're only buying "drive time" on the radio, you might also include some daytime and evening spots to increase your audience. To increase frequency, you'd add spots or insertions to your existing schedule. For example, if you were running three insertions in a local magazine, you'd increase that to six insertions so that your audience would be exposed to your ad more often.

Gross rating points (GRPs) are used to estimate broadcast reach and frequency from tabulations and formulas. Once your schedule delivery has been determined from your reach curves, you can obtain your average frequency by dividing the GRPs by the reach. For example, 200 GRPs divided by an 80 percent reach equals a 2.5 average frequency.

Frequency is important because it takes a while to build up awareness and break through the consumer's selection process. People are always screening out messages they're not interested in, picking up only on those things that are important to them. Repetition is the key word here. For frequency, it's much better to advertise regularly in small spaces than it is to have a one-time expensive advertising extravaganza.

Media Objectives

Media planning is a four-step process which consists of

- 1) Setting media objectives in light of marketing and advertising objectives,
- 2) Developing a media strategy for implementing media objectives,
- 3) Designing media tactics for realizing media strategy, and
- 4) Proposing procedures for evaluating the effectiveness of the media plan.

Target Audience

The core objective of a media plan is to select the **target audience**: the people whom the media plan attempts to influence through various forms of brand contact. Because media objectives are subordinate to marketing and advertising objectives, it is essential to understand how the target audience is defined in the marketing and advertising objectives. The definition may or may not be exactly the same, depending on the marketing and advertising objectives and strategies.

A common marketing objective is to increase sales by a specific amount. But this marketing objective does not specify a target audience, which is why the media objective is needed. Consider Kellogg's Corn Flakes and all the different strategies the advertiser could use to increase sales among different target audiences. For example, one target audience might be current customers -- encouraging people who eat one bowl a day to also "munch" the cereal as a snack. Or, the advertiser might target competitors' customers, encouraging them to switch brands. Or, the advertiser might target young adults who are shifting from high sugar "kids cereals" to more adult breakfast fare. Finally, the advertiser could target a broader lower-income demographic. The point is that each campaign could increase sales via a different target audience.

Marketers analyze the market situation to identify the potential avenues for boosting sales increase and consider how advertising might achieve those aims. If the advertiser chooses to attract competitors' customers -- like what Sprint does to attract users of other wireless services -- the media plan will need to define the target audience to be brand switchers and will then identify reasons to give those potential switchers to switch, such as greater convenience, lower cost, or additional plan features.

Setting Media Goals

Media experts suggest high reach is appropriate when something new is associated with the brand, such as new features, new sales incentives, new packaging or new service opportunities. The newness requires a high level of awareness among the target audience. A high reach is also often necessary in three other situations:

- a) Advertising in support of sales promotion activities,
- b) For reminder advertising for a mass market product, and
- c) When the brand faces severe competition.

Media Strategies

Media planners make three crucial decisions:

1. where to advertise (geography),
2. when to advertise (timing), and
3. what media categories to use (media mix).

Moreover, they make these decisions in the face of budget constraints. The actual amount of money that an advertiser spends on marketing communications can vary widely, from billions of dollars for multinational giants such as Johnson and Johnson to

a few thousand dollars for local "mom-n-pop" stores. In general, companies spend as little as 1% to more than 20% of revenues on advertising, depending on the nature of their business. Regardless of the budget, some media options are more cost effective than others. It is the job of media planners to formulate the best media strategies -- allocating budget across media categories, geographies, and time. Let's look at each of these three decisions in turn, and then consider cost effectiveness.

Media Mix Decisions

Which media should the advertiser use? Media planners craft a media mix by considering a budget-conscious intersection between their media objectives and the properties of the various potential media vehicles. That is, they consider how each media vehicle provides a cost-effective contribution to attaining the objectives, and then they select the combination of vehicles that best attain all of the objectives.

When making media mix decisions, planners look to a whole spectrum of media, not just to traditional media vehicles such as TV, radio, and print. That is, media planners consider all the opportunities that consumers have for contact with the brand. These opportunities can be non-traditional brand contact opportunities such as online advertising, sweepstakes, sponsorships, product placements, direct mail, mobile phones, blogs, and podcasts. The scale and situations of media use are especially important when evaluating suitable brand contact opportunities. For example, product placement in a video game makes sense if the target audience plays video games. Sweepstakes make sense if many of the target audience find sweepstakes attractive.

Media Schedule Decisions

It relates to the decision of the time of advertisement. Media planners need to consider *when* to advertise. Given a fixed annual budget, should all months receive equal amounts of money or should some months receive more of the budget while other months receive less or nothing? Media planners can choose among three methods of scheduling: continuity, flight, and pulse. **Continuity scheduling** spreads media spending evenly across months. For example, with an annual budget of \$1,200,000 a year, continuity scheduling would allocate exactly \$100,000 per month. This method ensures steady brand exposure over each purchase cycle for individual consumers. It also takes advantage of volume discounts in media buying. However, because continuity scheduling usually requires a large budget, it may not be practical for small advertisers.

The **flight scheduling** approach alternates advertising across months, with heavy advertising in certain months and no advertising at all in other months. For example, a board game maker like Parker Brothers might concentrate its advertising in the fall when it knows that many people buy board games as gifts for the holidays. Or, with the same budget of \$1,200,000, for example, a different brand could spend \$200,000 per month during each of six months -- January, March, May, July, September and December -- and spend nothing during the other months, in hopes that the impact of advertising in the previous month can last into the following month.

Pulse scheduling combines the first two scheduling methods, so that the brand maintains a low level of advertising across all months but spends more in selected months. For example, an airline like United Airlines might use a low level of continuous advertising to maintain brand awareness among business travelers. United Airlines might also have seasonal pulses to entice winter-weary consumers to fly to sunny climes. In budget allocation terms, a consumer goods brand may spend \$5,000 in each of the twelve months to maintain the brand awareness and spend an additional \$10,000 in January, March, May, July, September and December to attract brand switchers from competing brands. The pulse scheduling method takes advantage of both the continuity and flight scheduling methods and mitigates their weaknesses. However, this does not mean it is good for all products and services. Which method is the most appropriate for a given campaign depends on several important factors.

How do media planners select among continuity, flight, and pulse scheduling approaches? The timing of advertising depends on three factors: seasonality, consumers' product purchase cycle, and consumers' interval between decision-making and consumption.

The first, and most important, factor is sales seasonality. Companies don't advertise fur coats in summer and suntan lotions in winter. Likewise, some products sell faster around specific holidays, such as flowers on Mother's Day, candy on Halloween, and ornaments around Christmas. Companies with seasonal products are more likely to choose flight scheduling to concentrate their advertising for the peak sales season. Other goods, however, such as everyday products like milk and toothpaste, may lack a seasonal pattern. Everyday goods may be better served by a continuity approach. Media planners can use a breakdown of sales by month to identify if their brand has seasonal fluctuations, which can serve as a guide for the allocation. They can allocate more money to high-sales months and less to low-sales months.

The second factor that affects when advertising is scheduled is the product purchase cycle: the interval between two purchases. Fast-moving consumer goods such as bread, soft drinks and toilet paper probably require continuous weekly advertising in a competitive market to constantly reinforce brand awareness and influence frequently-made purchase decisions. In contrast, less-frequently purchased products such as carpet cleaner or floor polisher may only need advertising a few times a year.

A third factor that affects media scheduling is the time interval between when the purchase decision is made and when a product or service is actually bought and consumed. For example, many families who take summer vacations may plan their trips months before the actual trips. That is, they make purchase decision in advance. Thus, travel industry advertisers will schedule their ads months before the summer, as we saw in the Wyoming example. Destination advertising has to be in sync with the time of decision making, instead of the actual consumption time.

New product launches usually require initial heavy advertising to create brand awareness and interest. The launch period may last from a few months to a year. As

mentioned earlier, P&G launched its Gillette six-bladed Fusion shaving system with advertising on Super Bowl XL, the most expensive form of advertising in the world. If consumers like the product, then personal influence in the form of word-of-mouth or market force (brand visibility in life and media coverage) will play a role in accelerating the adoption of a new brand. Personal influence and market force are "unplanned" messages, which often play an important role in new product launches. Media planners should take advantage of these "unplanned" messages in a new product launch campaign.

Designing Media Tactics

Establishing media objectives and developing media strategies are the primary tasks of media planners. Designing media tactics is largely carried out by media buyers. Media buyers select media vehicles to implement established media strategies. Among the major factors that affect media vehicle selection are reach and frequency considerations.

REACH CONSIDERATIONS

As a major component of media objectives, the planned level of reach affects not only media mix decisions but also what media vehicles are used in each media category. High levels of reach will require a different set of media vehicles than low levels of reach. That is, high levels of reach can be better served with a mix that includes multiple media vehicles with different audiences so that cross-media duplication of audience is minimal. For example, if there are three magazines that each reach a portion of the target audience but that have few readers who read more than one magazine, advertising in these three magazines would reach the widest target audience possible because of the low overlap of the readers of these magazines.

FREQUENCY CONSIDERATIONS

In contrast to high levels of reach, high levels of frequency can be effectively achieved through advertising in a smaller number of media vehicles to elevate audience duplications within these media vehicles. A commercial that runs three times during a 30-minute television program will result in higher message repetition than the same commercial that runs once in three different programs.

CHAPTER 8

ADVERTISING AGENCY

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.

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 advice the manufacturer on product design or package design, pricing of product channels of distribution. Besides, they advice 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”.

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 function 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 agency gathers and analyse 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 are 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.

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. 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, type settings, printing, filming etc. The agencies which provide maximum services with minimum costing preferred.
- 3. Imagination:** Imaginations and creative skills of the personnel of agency is 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 timeliners, 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 timeliners, 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.

AGENCY ACCREDITATION

The principle of accreditation by the Indian Newspaper Society, Doordarshan and All India Radio, ensures professional status to advertising 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.

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. Finalise 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 be wanting 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 creative people in the field of advertising do not like to be simply dictated by their 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.

ORGANISATION STRUCTURE OF AN ADVERTISING AGENCY

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 type 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.

Organisation 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.

Departments of an Advertising Agency

The organisation of an advertising agency may be divided in various departments entrusted with a specialised function to be performed under each departmental manager who is specialised 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 work 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 visualisers. A visualise 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 organisation and the public. It performs a liaison work between the clients and the various sections of the public - customers, employees and shareholders etc.

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 most developed nations. 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 unremunerative 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 a new product advertising is involved, the advertising agencies are remunerated on a special fee basis.

CHANGING ADVERTISING AGENCY OR CLIENT TURNOVER

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 labour 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 an reduction of the effectiveness of their advertising campaign.

The main reason for changing the advertising agencies

1. Dissatisfaction to the advertiser from the services of the advertising agency.
2. The advertiser is interested in a 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 unreasonables 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.

CHAPTER 9

ADVERTISING BUDGET

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.

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.

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 is 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.

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 rule 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. 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, judgement 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 or 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 repond 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 a 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 and Demerits:

- (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 himself 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.
- (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 or Weaknesses :

- (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 task 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 an 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 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. Judgement Method: Judgement method of framing an advertising budget is based upon the judgement 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 judgement 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.

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 an Expenditure:** The traditional approach is that money spent on advertising should be treated as an 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 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.

CHAPTER 10

ADVERTISING- REGULATORY FRAMEWORK

In the last few years advertising has become serious and big business. The advertising business is growing at a considerable rate. There are several legislations that control the content of advertising. Some of the principal legislations are –

- Cable Television Networks (Regulation) Act, 1955
- Press Council of India Act, 1978
- Cable Television Networks (Amendment) Rules, 2006.

There are also some prominent prohibitory legal provisions that regulate advertising. In 1985, the Advertising Standards Council of India (ASCI), a non statutory tribunal, was established that created a self regulatory mechanism of ensuring ethical advertising practices. ASCI is a voluntary Self-regulation council. The members comprise Advertiser's, Media, Advertising Agencies and other Professional/Ancillary services connected with advertising practice. ASCI entertained and disposed of complaints based on its Code of Advertising Practice ("ASCI Code"). This Code applies to advertisements read, heard or viewed in India even if they originate or are published abroad so long as they are directed to consumers in India or are exposed to significant number of consumers in India.

Issues in Advertising

1. Deceptive Advertising- As advertisements aim to influence or persuade customers into buying products that they promote, many a times advertisements illegally use false statements and misrepresentations about their products in violation of customers' right to know exactly what they are purchasing.
2. Misleading Prices- Companies often hide or fudge prices of products/ services advertised in order to attract a larger customer base. The prices they advertise often do not disclose additional charges and the overall cost to the customer. Such advertisements are commonly found in the airlines, mobile telephony industry and memberships for clubs. A common case of such misleading pricing is the 'end-of-season sales' when the prices of products are often knocked down and advertised in the media in order to push up sales. But what such advertisements don't disclose is that such knocked down/ discounted prices are actually pushed up before providing the discount so that the profit margin of the seller on such products remains intact.
3. Failure to maintain standards- At times companies/ sellers/ service providers cleverly bypass established standards applicable to the products by adopting a different standard which provides a sense of enhanced efficacy of the goods/ services in the mind of the customer. This also provides unfair advantages to

the seller over its competitors. Such advertisements are often seen in advertisements that compare the products advertised against the products of other leading brands.

4. Labelling issues- Labelling on products can also be misleading. They may, at times, misrepresent or obfuscate the actual weight of the packets or adopt a different standard of measurement contrary to the generally accepted standards. The packaging of products may also use exotic high sounding words such as “organic”, “eco-friendly”, “natural”, “mild” etc. without a proper explanation of the terms and such terms may even be used for products that have nothing to do with such concepts.
5. Surrogate Advertisements- Whenever the advertisements for certain products like tobacco or liquor which have adverse effect on health and are restricted or banned, the manufacturers tend to launch new products with similar brand names. A blitzkrieg of advertisements is launched in the media for such new products with an aim to reinforce or sustain the banned products/ advertisements.

Legal Scenario in India

There are several laws in India that relate to advertising. A snapshot of some of these enactments is provided hereunder-

Consumer Protection Act, 1986- Section 6 of the Act grants consumers the right to be informed about the quality, quantity, potency, purity, standard and price of goods or services, as the case may be so as to protect the consumer against unfair trade practices. Section 2(r) of the Act, under the definition of the term "unfair trade practice", covers the gamut of false advertisements including misrepresentations or false allurements. Redress against such unfair trade practices pertaining to false advertisements may be sought under the Act ;

Cigarettes and other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003- Section 5 of this Act, inter alia, prohibits both direct & indirect advertisement of tobacco products in all forms of audio, visual and print media;

Cable Television Networks (Regulations) Act, 1995 and Cable Television Networks (Amendment) Rules, 2006- Section 6 of the Cable Television Networks (Regulations) Act, 1995 provides that no person shall transmit or re-transmit through a cable service any advertisement unless such advertisement is in conformity with the advertisement code prescribed under the Cable Television Networks (Amendment) Rules, 2006. However, the aforesaid provision does not apply to programmes of foreign satellite channels which can be received without the use of any specialized gadgets or decoder. Rule 7 of the Cable Television Networks (Amendment) Rules, 2006 lays down the “Advertising Code” for cable services which are formulated to conform to the laws

of the country and to ensure that advertisements do not offend morality, decency and religious susceptibilities of the subscribers;

Doordarshan/ All India Radio (AIR) Advertisement Code- Doordarshan and AIR, both under the control of Prasar Bharati (a statutory autonomous body established under the Prasar Bharati Act), follow a comprehensive code for commercial advertisements which control the content and nature of advertisements that can be relayed over the agencies;

Drug and Magic Remedies (Objectionable Advertisement) Act, 1954- This Act purports to regulate the advertisements of drugs in certain cases and to prohibit the advertising for certain purposes of remedies alleged to possess magic qualities and to provide for matters connected therewith;

Drugs and Cosmetics Act, 1940- Section 29 of the Act imposes penalty upon whoever uses any report of a test or analysis made by the Central Drugs Laboratory or by a Government Analyst, or any extract from such report, for the purpose of advertising any drug. The punishment prescribed for such an offence is a fine which may extend up to five hundred rupees and/ or imprisonment up to ten years upon subsequent conviction;

Emblems and Names (Prevention of improper use) Act, 1950- This piece of legislation prohibits the use of any trade mark or design, any name or emblem specified in the Schedule of the Act or any colorable imitation thereof for the purpose of any trade, business, calling or profession without the previous permission of the Central Government;

Food Safety and Standards Act, 2006- Section 53 of this Act provides a penalty of up to Rs. 10 lakhs for false and misleading advertisements relating to the description, nature, substance or quality of any food;

Indecent Representation of Women (Prohibition) Act, 1986- This Act is aimed at prohibiting indecent representation of women through advertisements or in publications, writings, paintings, figures or in any other manner and for matters connected therewith or incidental thereto (Section 3 and 4 of the Act).

Prenatal Diagnostic Techniques (Regulation and Prevention of Misuse) Act, 1994- Advertisement in any manner regarding facilities of pre-natal determination of sex available at any genetic counseling centre, laboratory, clinic or any other place is prohibited under this Act and has been made a punishable offence under the Act (Section 22);

Young Persons (Harmful Publications) Act, 1956- Section 3 of the Act, inter alia, imposes penalty for advertising or making known by any means whatsoever that any harmful publication (as defined in the Act) can be procured from or through any person;

The Representation of People Act, 1951- The display to the public of any election matter by means of cinematograph, television or other similar apparatus in any polling

area during the period of forty-eight hours ending with the time fixed for the conclusion of the poll for any election in the polling area is prohibited under the Act (Section 126).

Indian Penal Code, 1806- The IPC, vide an array of provisions, prohibits obscene, defamatory publication, publication of a lottery and/ or statements creating or promoting disharmony/ enmity in society.

Needless to say, the foregoing laws are in addition to applicable IPR laws and other relevant laws in general.

Regulatory Authorities

Advertising Standards Council of India (ASCI) is a self regulatory voluntary organization of the advertising industry. The ASCI has drawn up a code for self regulation in the advertising industry with a purported view to achieve the acceptance of fair advertising practices in the best interests of the ultimate consumer. The ASCI also lays down similar codes for advertisements in specific sectors/industries from time to time. However, the codes are self-imposed discipline to be followed by those involved in the industry and in no way are the codes mandatory. As such, compliance with the code is rare and very few complaints are actually received by the ASCI on account of non-compliance.

CHAPTER 11

RECENT DEVELOPMENTS IN ADVERTISING

21st century India has witnessed a gigantic customer revolution. The economy has scaled up to a staggering **\$2 trillion** from a mere **\$422 billion** back in 2001. Per capita incomes are on the rise along with the **Gross Domestic Product** or GDP. Some consumption segments have managed to hold on to their high billing including mobile phones, subscriptions and also cars. Indian advertising has naturally transformed itself to match the changing needs and demands of the newly emancipated population.

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

Further progress in artificial intelligence will add a totally new dimension to advertising and it's planning. There will be major career opportunities for talented people in the electronic media. There will be a number of challenges unique to the coming generations and with these challenges there will be opportunities, responsibilities, and rewards that advertise of the past could not have imagined. According to advertising experts, the landscape has shifted considerably as compared to the earlier decade and even the last few years. Service oriented sectors have grown as opposed to the slump in the manufacturing and production sector. This has impacted advertising immensely.

Services now dominate both the **print and television advertising** categories and this is one of the biggest trends in the sector in recent times. Television has heralded its dominance over all other media platforms when it comes to advertising. According to industry statistics, television holds the lion's share of advertising expenditure which is

more than 40% while digital media is also rapidly expanding its footprints and will soon move into double digits.

Print media expenditure has gone down considerably and stands at less than the coveted 40% mark as per recent reports and statistics. Television is increasingly being used as a prime advertising platform by nationally acclaimed companies and organizations while print is the marketing weapon of choice for local and regional players. Alongside, advertising has witnessed the interdependence of media platforms where they often work complementary to each other to get the message across. This is another new development which is being tapped by agencies for their campaigns and marketing blueprints.

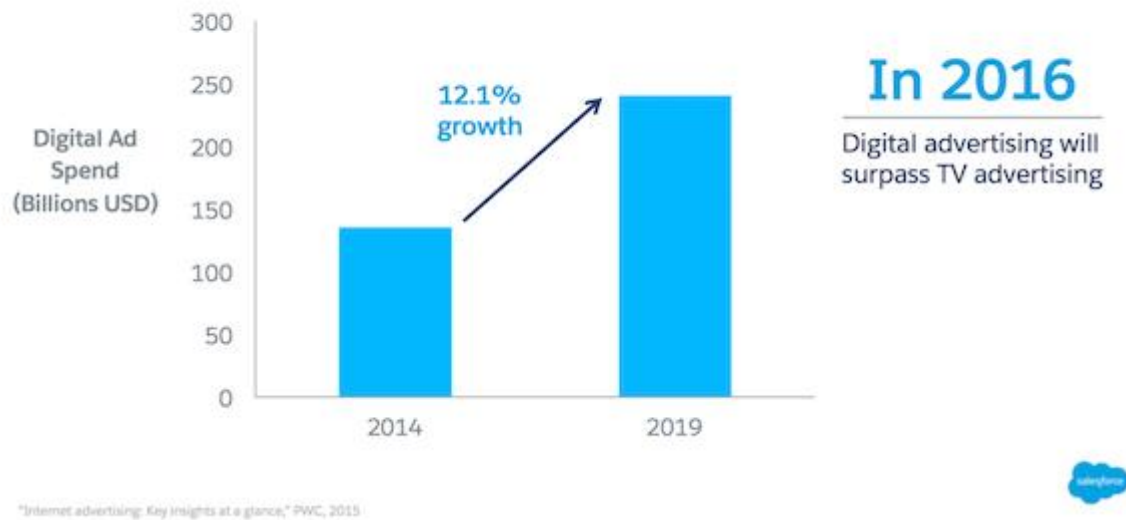
Soft drink companies still advertise hugely in their bid to outdo each other and this translates into fantastic advertising. Alongside, other duels have emerged between telecommunication companies and mobile phone companies as well. The Samsung and Nokia or Vodafone and Airtel battles are the stuff of modern day advertising legend. The telecom industry has taken up a huge space as far as advertising is concerned. Alongside, FMCG sectors are having a field day when it comes to occupying advertising space and consumer mind spaces. FMCG players are investing heavily in television advertising in recent times while consumer durables sectors are witnessing a quiet exit from the advertising space.

Digital media is slated to be the next big thing in advertising and may soon overtake print as reinforcement to television advertising.

1. Digital advertising spend continues to grow rapidly

Globally, digital advertising is forecasted by PWC to grow from \$135 billion in 2014 to \$240 billion in 2019, a compound annual growth rate (CAGR) over the period of 12.1%. In Q3 2015, U.S. digital ad revenue reached \$15 billion, which is a full 23% increase over Q3 2014, according to the IAB and PWC. At the same time, Magna Global just forecasted that in 2016, digital advertising will surpass television advertising for the first time, with \$66B in revenue in the U.S. This is made even more remarkable because it is an accelerating trend globally -- last year, Magna Global and PWC forecasted that digital advertising would pass TV in 2017.

Digital Ad Spend Continues to Grow Rapidly

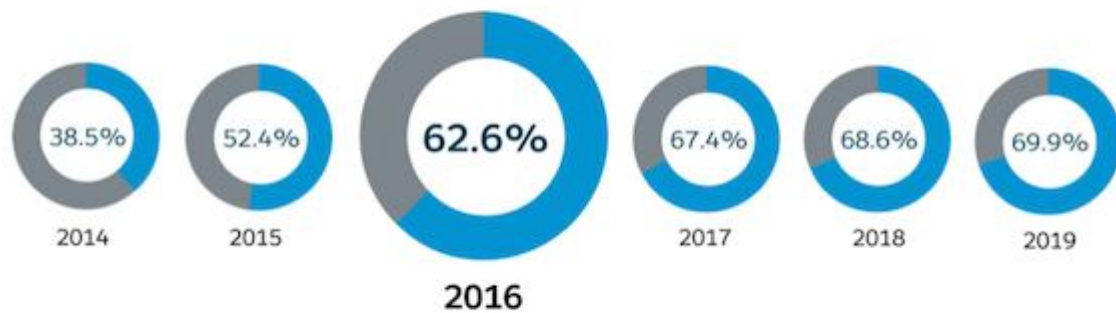


2. As advertising spend grows, it also shifts to mobile

When we look at the growth of digital advertising, those numbers are built on the massive growth in mobile advertising. In 2015, for the first time, more advertising was spent on mobile than on desktop ads. As everyone spends more time on mobile, with three hours and eight minutes spent per US adult daily this year, this trend will grow. The percentage spend on mobile is forecasted by e Marketer to grow to 63% this year, 70% (or \$65B) by 2019. When we look at mobile advertising, the growth of Face book, Twitter, and Instagram are the largest factors; Face book is predicted to reach \$6.3 billion in mobile revenue in 2016, more than 3x the mobile ad revenue of Google.

Advertising Spend Shifts to Mobile

Percentage of Total Digital Ad Spend that is Mobile



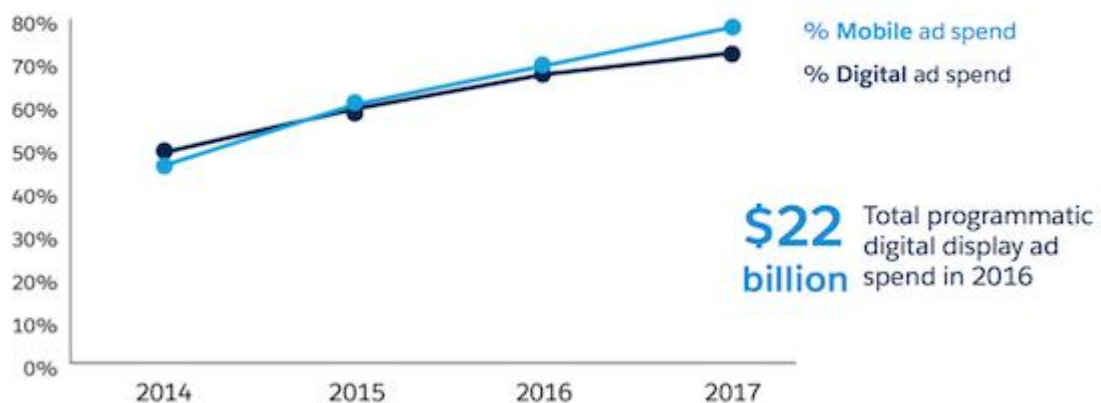
"Mobile to Account for More than Half of Digital Ad Spending in 2015," eMarketer, September 1, 2015

3. Programmatic advertising takes over

The growth of mobile advertising is mirrored by the growth in programmatic advertising. In 2014, just under half of all display advertising was purchased programmatically, or through a technology platform and an API. In 2016, 67% of all display ads will be purchased programmatically. Mobile programmatic ad revenue will reach \$9.3 billion this year according to eMarketer, and marketers in the U.S. cite mobile as having the most opportunity for programmatic buying. Both Facebook and Google have led this change, as their advertising products are programmatic.

Programmatic Advertising Takes Over

Percentage of Digital and Mobile Ad Spend that is Programmatic



"Programmatic Direct Takes Majority of Programmatic Ad," eMarketer, September 28, 2015

4. Personalized, cross-channel marketing grows and includes advertising

As marketers buy programmatic ads across multiple platforms -- including Desktop, Mobile apps, and Mobile web -- it is becoming critically important for advertisers to engage with their customers across multiple channels as individual people, not as anonymous collections of interests or user devices. Advertisers are leveraging Face book Custom Audience, Twitter Tailored Audiences, and now Google Customer Match to align advertising to the CRM-based data they already use to guide the customer journey.



Advertising trends have evolved from the quintessentially traditional print ads and TV spots to new marketing strategies that include QR codes, co-branding, content marketing and online advertising. While print and TV are steadfast in the ad industry, new technology is opening new avenues to reach consumers. For businesses that want to stay ahead of the curve with interactive advertising, these trends can do just the trick.

5. Quick Response Codes

A QR code, or a “quick response” code, is a two-dimensional symbol akin to the UPC (Universal Product Code, or "bar code"). A QR code elicits a digital action when scanned by a QR code reader. In advertising, it has gained traction as an interactive tool in which consumers can scan the code to retrieve additional information about the product or promotion. When scanned by a smart phone, a QR code can initiate several actions, such as opening a website, making a phone call or sending an SMS message. Make a free QR code online using the QR Code Generator (see Resources) and place the symbol on your company’s business cards, brochures, coupons, print ads and even TV spots.

6. Co-Branding

Co-branding is a joint venture that combines the advertising efforts of two or more brands to create a new consumer product. Recent examples of co-branding include Isaac Mizrahi and Target, Crest Plus Scope, Ford F150 trucks and Harley Davidson motorcycles, and Apple and Nike. These brands have worked together to create new consumer products that elevate brand awareness while creating heightened consumer interest in newly launched products. Small businesses can take a cue from national brands by launching a co-branded ad campaign with another recognized, locally-owned company. For example, a car service center can partner with a detail shop to create mutual coupons for use at both businesses. This maximizes the use of advertising dollars while simultaneously creating a stronger promotion for the consumer.

7. Content Marketing

Content marketing is a term that began gaining popularity around 2003 with the birth of social media websites such as Face book and Twitter. Content marketing includes advertorials (newspaper or magazine articles that are written editorially to promote your product), blogs or any other kind of content that is published on the web for promotional purposes. As a form of advertising, content marketing is effective at creating awareness when it comes to brand storytelling. Since the rise of social media, content marketing has strengthened connections between consumers and brands while creating a new advertising vehicle. Small businesses can capitalize on the power of content marketing by running advertorials or hosting a blog on their Web site.

8. Online Advertising

Consumers use the web to find many things, including businesses and brands. When it comes to capitalizing on reaching consumers, advertisers are using tools such as Google Ad Words to create online advertising campaigns. Ad Words is a Google product that allows small businesses to create online advertisements with keyword and budget parameters to target their primary customers. Other trends in online advertising include marketing efforts such as search engine optimization (SEO -- the process of using keywords to get a website to rank higher in results as opposed to using Ad Words); social media; mobile devices such as iPods and other handhelds; display ads; and website banner ads.

CHAPTER 12

PERSONAL SELLING

Introduction

Buying and selling are two branches of exchange process. Selling is a function in which goods are exchanged with money. So, selling function has major role in marketing. Selling does not mean only taking money and giving goods. It has broad meaning in marketing, in which include the activities such as selling goods, identifying potential customers, creating demand, providing information and services to buyers etc.

Meaning and Definition of Personal Selling

Personal selling is an important constituent of promotion mix. Personal selling, unlike advertising or sales promotion, involves direct relationships between the seller and the prospect or customer. In a formal sense, personal selling is a two-way flow of communication between a potential buyer and a salesperson that is designed to accomplish at least three tasks:

- Identify the potential buyer's needs;
- Match those needs to one or more of the firm's products or services; and
- On the basis of this match, convince the buyer to purchase the product.

The personal selling element of the promotion mix can encompass diverse forms of direct interaction between a salesperson and potential buyer, including face-to-face, telephone, written, and computer communication. The behavioural scientist would most likely characterize personal selling as a type of personal influence. Operationally, it is a complex communication process, one still not fully understood by marketing scholars.

Personal selling is a direct communication between sales people and one or more potential buyers or customers. The interaction between these two finally ends in a sale. Thus, personal selling refers to the presentation of goods before the potential buyers and persuading them to purchase it. It involves face-to-face interaction and physical verification of the goods to be purchased. The objective is not only just to sell the product to a person but also to make him/her a permanent customer. In short personal selling involves selling through a person to person communication.

American Marketing Association defines personal selling as “the oral presentation in a conversation with one or more prospective purchasers for the purpose of making sales”

Nature of Personal Selling

In order to foster customer orientated selling, companies need to develop a corporate culture that views understanding customers and creating value for them as being central to their philosophy, and to use evaluation procedures that include measurement of the support given to customers, customer satisfaction with salesperson interactions, and the degree to which salespeople are perceived by customers to behave ethically. Personal selling involves:

- The desire to help customers make satisfactory purchase decisions.

- Helping customers assess their needs.
- Offering products that will satisfy those needs.
- Describing products accurately.
- Avoiding deceptive or manipulative influence tactics.
- Avoiding the use of high pressure sales techniques.

Importance of Personal Selling

The importance of the personal selling function depends partially on the nature of the product. As a general rule, goods that are new and different, technically complex, or expensive require more personal selling effort. The salesperson plays a key role in providing the consumer with information about such products to reduce the risks involved in purchase and use. Insurance, for example, is a complex and technical product that often needs significant amounts of personal selling. In addition, many organizational products cannot be presold, and the salesperson has a key role to play in finalizing the sale. It is important to remember that, for many companies, the salesperson represents the customer's main link to the firm. In fact, to some customers, the salesperson is the company. Therefore, it is imperative that the company take advantage of this unique link. Through the efforts of the successful salesperson, a company can build relationships with customers that continue long beyond the initial sale. Salesperson serves as the conduit through which information regarding product flows to buyers; improvements, applications, or new uses can pass from the customer to the marketing department.

Personal selling is an integral part of the marketing system, fulfilling two vital duties (in addition to the core sales task itself): one for customers and one for companies.

- First, the salesperson dispenses knowledge to buyers. Lacking relevant information, customers are likely to make poor buying decisions. For example, computer users would not learn about new equipment and new programming techniques without the assistance of computer sales representatives. Doctors would have difficulty finding out about new drugs and procedures were it not for pharmaceutical salespeople.
- Second, salespeople act as a source of marketing intelligence for management. Marketing success depends on satisfying customer needs. If present products don't fulfill customer needs, then profitable opportunities may exist for new or improved products. If problems with a company's product exist, then management must be quickly apprised of the fact.

In both of the situations, salespeople are in the best position to act as the intermediary through which valuable information can be passed back and forth between product providers and buyers.

The Sales Management Task

Since the advent of the marketing concept, a clear-cut distinction has been made between marketing management and sales management. Marketing management refers to all activities in the firm that have to do with satisfying demand. Sales management is a

narrower concept dealing with those functions directly related to personal selling. Generally speaking, sales managers are in middle management and report directly to the vice president of marketing. Their basic responsibilities can be broken down into at least seven major areas:

- Developing an effective sales organization for the company;
- Formulating short-range and long-range sales programmes;
- Recruiting, training, and supervising the sales force;
- Formulating sales budgets and controlling selling expenses,
- Coordinating the personal selling effort with other forms of promotional activities;
- Maintaining lines of communication among the sales force, customers, and other relevant parts of the organization, such as advertising, production, and logistics; and, in some firms,
- Developing sales forecasts and other types of relevant marketing studies to be used in sales planning and control.

Essential elements of Personal Selling

Personal selling consists of the following elements.

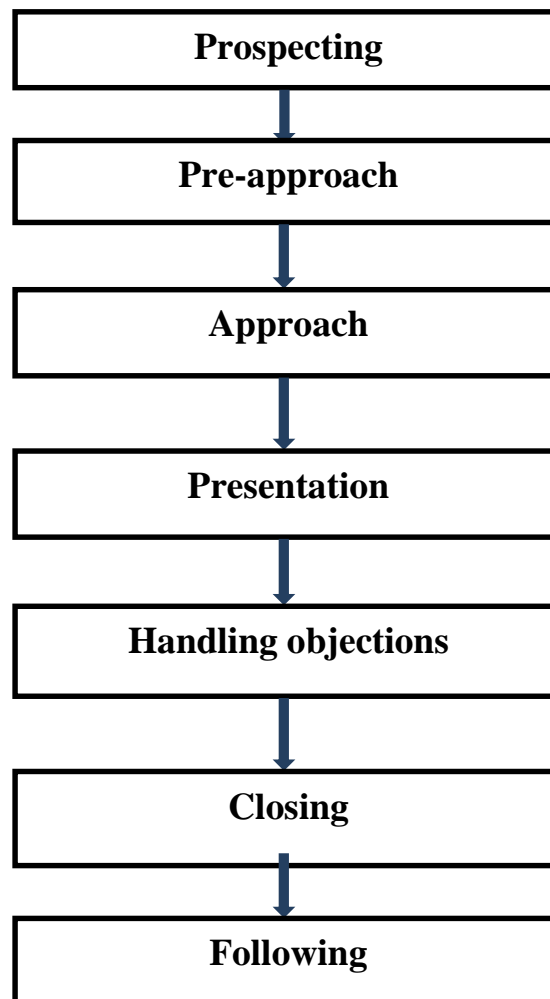
- **Face-to-Face interaction:** Personal selling involves a salesmen having face-to-face interaction with the prospective buyers.
- **Persuasion:** Personal selling requires persuasion on the part of the seller to the prospective customers to buy the product. So a salesperson must have the ability to convince the customers so that an interest may be created in the minds of the customers to use that product.
- **Flexibility:** The approach of personal selling is always flexible. Sometimes salesperson may explain the features and benefits of the product, sometimes give demonstration of the use of product and also answers number of queries from the customers. Looking into the situation and interest of the customers, the approach of the salesperson is decided instantly.
- **Promotion of sales:** The ultimate objective of personal selling is to promote sales by convincing more and more customers to use the product.
- **Supply of Information:** Personal selling provides various information to the customers regarding availability of the product, special features, uses and utility of the products. So it is an educative process.
- **Mutual Benefit:** It is a two-way process. Both seller and buyer derive benefit from it. While customers feel satisfied with the goods, the seller enjoys the profits.

Process of Effective Personal Selling

Promotion is communicating with potential customers. Almost every company can benefit from personal selling. While face-to-face with prospects, salespeople can get more attention than an advertisement or a display. They can adjust what they say or do

to take into consideration culture and other behavioral influences on the customer. They can ask questions to find out about a customer's specific interests. They can also stay in tune with the prospect's feedback and adjust the presentation as they move along. If-and when-the prospect is ready to buy, the salesperson is there to ask for the order. Selling, and particularly order getting, is a complicated activity that involves building buyer-seller relationships.

The personal selling process consists of seven stages. They are:-



Prospecting: Personal selling begins with prospecting-the search for and qualification of potential customers. A lead is the name of a person who may be a possible customer. A prospect is a customer who wants or needs the product. If an individual wants the product, can afford to buy it, and is the decision maker, this individual is a qualified prospect. Leads and prospects are generated using several sources. The enterprise can supply its sales force with different sources, but the sales person initiative is indispensable. This initiative can have different forms: consulting a variety of sources such as the professional press magazines, the Internet sites etc.

Pre-approach: Once a salesperson has identified a qualified prospect, preparation for the sale begins with the Pre-approach. The pre-approach stage involves obtaining further information on the prospect and deciding on the best method of approach. Activities in this stage include finding information on who the prospect is, how the prospect prefers to be approached, and what the prospect is looking for in a product or service.

Approach: The approach stage involves the initial meeting between the salesperson and prospect, where the objectives are to gain the prospect's attention, stimulate interest, and build the foundation for the sales presentation itself and the basis for a working relationship. The first impression is critical at this stage, and it is common for salespeople to begin the conversation with a reference to common acquaintances, or even the product or service itself. Which tactic is taken will depend on the information obtained in the prospecting and pre-approach stages. The approach stage is very important in building rapport. In many societies considerable time is devoted to non business talk to establish a rapport between buyers and sellers.

Presentation: The presentation is at the core of the order-getting selling process, and its objective is to convert a prospect into a customer by creating a desire for the product or service. Three major presentation formats exist are:

- **Stimulus-Response Format:** The stimulus-response presentation format assumes that given the appropriate stimulus by a salesperson, the prospect will buy. With this format the salesperson tries one appeal after another, hoping to "hit the right button".
- **Formula Selling Format:** A more formalized presentation, the formula selling presentation format, is based on the view that a presentation consists of information that must be provided in an accurate, thorough, and step-by-step manner to inform the prospect. A popular version of this format is the canned sales presentation, which is a memorized, standardized message conveyed to every prospect.
- **Need-Satisfaction Format:** The stimulus-response and formula selling formats share a common characteristic, the salesperson dominates the conversation. By comparison, the need-satisfaction presentation format emphasizes probing and listening by the salesperson to identify needs and interests of prospective buyers. Once these are identified, the salesperson tailors the presentation to the prospect and highlights product benefits that may be valued by the prospect. The need-satisfaction format, which emphasizes problem solving, is the most consistent with the marketing concept. Two selling styles are associated with this format. Adaptive selling involves adjusting the presentation to fit the selling situation, such as knowing when to offer solutions and when to ask for more information.

Consultative selling focuses on problem identification, where the salesperson serves as an expert on problem recognition and resolution.

Handling Objections: A critical concern in the presentation stage is handling objections. Objections are excuses for not making a purchase commitment or decision. Some objections are valid and are based on the characteristics of the product or service or price. However, many objections reflect prospect skepticism or indifference. Whether valid or not, experienced salespeople know that objections do not put an end to the presentation. Rather, techniques can be used to deal with objections in a courteous, ethical, and professional manner.

Closing: The closing stage in the selling process involves obtaining a purchase commitment from the prospect. This stage is the most important and the most difficult because the salesperson must determine when the prospect is ready to buy. Three closing techniques are used when a salesperson believes a buyer is about ready to make a purchase:

- trial close,
- assumptive close, and
- urgency close.

Follow up: The follow-up stage includes making certain the customer's purchase has been properly delivered and installed and difficulties experienced with the use of the item are addressed. It is important that the salesman follows the client to get informed of his satisfaction degree and, maybe, his probability of repurchase. Once the sale is done, the sales person must give all the complementary information regarding the distribution delays, paying terms or the service after the sales. It is often recommended to make a control visit after the reception of the merchandize to verify that everything is all right. Such a visit permits to detect a certain problem, to reveal the interest of the salesman in his client and to assure the customer that he has taken the right decision.

CHAPTER 13

TYPES OF SELLING

Meaning and Nature of selling

Selling is supposed to be the heart of marketing. The business, which sells goods at reasonable price and satisfies customers, can get success. Selling is the act of transferring ownership of goods to buyer through different processes. For this the buyer pays price of the goods. Demand should be created for selling goods. Despite intense competition, selling function can create demand. So, selling function plays significant role in marketing. Selling may be taken as a means of promotion. It stimulates communication, motivates customers to buy goods or services and converts prospective customers to real customers. The main objective of selling is to provide reasonable quality goods in necessary quantity at reasonable price. Delivery of goods and payment of price are the two major components of selling. In this way, selling means to exchange goods for money or transferring ownership of goods through the process of exchange, but in modern and broad sense it means to identify perspective customers, to create demand for goods, to provide information about goods and market and accomplish selling.

BENEFITS OF SELLING ACTIVITIES

There are different benefits of selling activities, which are as follows:

(1) Benefits to the society:

Economic growth and maximum employment are the basics for national development. The achievement of both these goals means jobs and incomes for a nation's labour-force. The number of people, who need jobs, continues to expand, and also some jobs are being eliminated, because of the introduction of computers and abolition of obsolete technology. If jobs are to be made available for all those, who want and expect them, the economy must continuously expand its production of goods and services, which can only be done by adopting sound government-policies and efficient use of people. Equally important here is the fact, that an economy needs individuals, to sell what is produced. Through their persistent efforts to create and stimulate demand, salespeople could be said to be the life and blood of a productive economic-system. The large number of workers, in factories, and offices, would not be needed, if someone were not selling their products.

(2) Benefits to consumers:

Professional people may not know every fact of a product, but they, at least know its major uses, limitations and benefits; so they can easily serve their customers, quite effectively. For example, an insurance agent can analyse the hazards and risks that confront a client's business or home-situation, examine existing coverage and offer helpful advice, in order to eliminate the gaps or overlaps in coverage, in addition to saving the client's money. The sales-engineers are qualified to analyse technical-problems, which may be confronting a particular organisation and they can give the right recommendations for developing efficient operations. Like-wise, the medical representatives may help the busy doctor, by keeping him abreast of new drugs in the market. The list of sales-people who can offer assistance to customers is practically without end.

(3) Benefits to business firms; their sales-persons and customers:

Salespersons are owned by their companies, while customers are the end-users of the company's product(s) and/or services, all these people, in the chain of marketing, stand to benefit by sales-activities. A business firm can be profitable only if its revenues exceed its costs. The prime responsibility of the salespersons is to sell the goods, produced by the organisation, at a profit. The creative sales-person, tries to penetrate his territory, and adopts suitable means and techniques of profitable-selling of goods and/or services. Business firms, derive various other benefits from, non-selling activities of sales-persons. The salesperson, in the field, is an ideal person, to keep the company abreast, or ahead of competition. He, thus, becomes an important source of field-intelligence by providing important (and sometimes very crucial) information, about the nature of competitive-activities, and also about the changing needs of customers. The sales-force has the additional responsibility of serving the needs of customers that buy the firm's product(s). Most firms cannot survive, only on the basis of one-time sales; repeat-sales are necessary. This is possible only if the customers are served in a professional manner. A customer-oriented sales-person has to perform such activities as: providing customers with 'product-information' and 'demonstration(s); training customers-employees, in product-use; providing customers with sales-advice; and assisting customers in maintaining 'inventories'.

METHODS OF SALES

- Direct sales: involving person to person contact

- Channel sales: an indirect sales model, which differs from direct sales. Channel selling is a way for ("B2B") sellers to reach the ("B2B") and ("B2C") markets through distributors, re-sellers or value added re-sellers VARS.
- Agency-based
 - Sales agents
 - Sales outsourcing through direct branded representation
 - Consultative sales
 - Complex sales
 - Consignment
 - Telemarketing or telesales
- Travelling Salesman
 - Door-to-door methods
 - hawking
- Request for proposal – An invitation for suppliers, through a bidding process, to submit a proposal on a specific product or service. An RFP usually represents part of a complex sales process, also known as "enterprise sales".
- Electronic
 - Web – Business-to-business ("B2B") and business-to-consumer ("B2C")
 - Electronic Data Interchange (EDI) – A set of standard for structuring information to be electronically exchanged between and within businesses
- Indirect, human-mediated but with indirect contact
 - Mail-order
 - vending machine

CHAPTER 14

SALESMANSHIP

Salesmanship is the art of helping customers to take a rational decision. **Garfield Blake** defines salesmanship as “salesmanship consists of winning the buyer’s confidence for the seller’s house and goods thereby winning the regular and permanent customer”. Personal selling and salesmanship are often used synonymously. But they are different. Salesmanship includes all activities undertaken to induce people to buy products and services. So salesmanship is broader in scope. Salesmanship involves all those activities which are to be under taken to convert a man into a prospect and then the prospect into a customer. Personal selling is on the other hand a way of practicing salesmanship.

ELEMENTS OF SALES MANAGEMENT

There are the four basic elements of sales management, discussed below:

(1) Planning: a business cannot be taken as a chance. Every salespeople or person concerned have to see for the future, in a planned way like what must be done? And who will do it? The plan must be based on extensive market research, and the facts must be verified at every stage. The plan should also be evaluated, after investigating the total-market, for a particular type of product. Flexibility must be provided by establishing a specialists production line, to allow for variation in production. The plan should also be subject to continued review. The details of the plan should be discussed, with all the departmental heads, concerned, and their sub-ordinates, who bear responsibility for fulfilling their parts of the plan.

(2) Co-ordination: Co-ordination is all pervasive and permeates every function of the management-process. For example, ill planning, departmental-plans are integrated into a master. Plan, ensuring adequate co-ordination. Similarly, organising starts by co-ordination wholly, partially inter-departmental and inter-personnel matters. Co-ordination also helps in maximum utilisation of human-effort by the exercise of effective leadership, guidance, motivation, supervision, communication etc. The control-system also needs coordination.

Co-ordination does not have any special techniques. Nevertheless, there are sound principles, on which to develop skills. It has a special need to help the staff, to see the total picture and co-ordinate their activities, with the rest of the team. The sales manager has to encourage direct personal-contact, within the organisation, particularly where there is lateral-leadership. Harmony, and not discord, should be the guiding mantra. In addition, one has to ensure free flow of information that is selective to the objectives of the business. No personal problems, arising from business operations are to be ignored,

but solved through a free exchange of ideas. This is especially true in the case of the sales-force of any organisation.

(3) Controlling: the sales manager has to check regularly, that the sales activities are moving in the right direction or not. He guides, leads, and motivates the subordinates, so as to achieve the goals planned for the business. He has to take steps to ensure that the activities of the people conform to the plans and objectives of the organisation. The controlling system should be such that one can study the past, note the pitfalls and take corrective measures, so that similar problems may not occur in the future. The controller has to ensure that the set targets, budgets and schedules are attained or followed in letter and spirit. There must be procedures to bring to light the failure to attain a target. The control-system has to (i) prepare sales and market forecasts; (ii) determine the level of sales-budget; (iii) determine the sales-quotas for each salesman; (iv) determine, review and select distribution-channels; (v) organise an efficient sales force; (vi) establish a system of sales-reporting; (vii) establish a system of statistical sales-credit; (viii) establish stock control system(s); (ix) review of performance of the sales force; and (x) establish periodical testing programmes. In a big organisation, each salesman is assigned a territory (not so big that it cannot be adequately covered). Each salesman has a target, set for specific 'period. From the weekly and monthly sales-reports, the control system is established, that will prepare records whether a particular salesman is working efficiently or not.

(4) Motivating: Motivation is essentially a human resource concept. It aims to weld together distinctive personalities into an efficient team. For this, knowledge of human psychology is needed, as a means of understanding behaviour patterns. This is especially important in the case of the sales-force. Only motivated sales-persons can achieve company's goals.

OBJECTIVES OF SALES MANAGEMENT

Every business firm has certain objectives to achieve. These objectives may be very explicit and definitive, or they may be implicit or general. Although, firms have different mixes of objectives, and they do place differing emphasis, on individual ones, the typical objectives include (i) profitability, (ii) sales-volume, (iii) market share, (iv) growth, and (v) corporate-image. While all these objectives are important to a business firm, the objectives, relating to sales-volume, market share and profitability, are greatly affected by the effectiveness and efficiency, with which the sales-function is managed.

Business firms, have, in fact, found that it is the most effective management objective of the firm; that must emanate out of its overall business or corporate objectives. The sales-management objectives of a business firm, generally relate to the areas of (i) achieving sufficient sales-volume, (ii) providing sufficient profit, and (iii)

experiencing continuing growth. Generally, objectives of sales-management have to cover various sales-functions, in an integrated manner. These objectives are to be expressed, as far as possible, in measurable and quantitative terms, and should also be realistic and achievable. Since, there are more than one objective, these should be put, on a hierarchical manner (most important, down to the least important). To ensure their flawless realisation, they must be congruent, i.e., they must fit together, and not be in conflict with each other. For example, suppose you ask a salesman to cut his travelling expenses, and ask him to spend more time, in the field. To make these two requirements, more meaningful, they must be linked with specific time-element.

The setting of objectives should not be based only on the judgment of the top-management. Rather, it should be formulated and finalised, with the involvement of the sales-force, at the grass-roots level. In addition, the process of setting of sales-objectives should begin, only after the company has conducted benchmark studies, to find out, as to where it stands in terms of product, brand and market-sales and market share trends (all in measurable terms).

Sales Management Strategies.

The art of meeting the sale target effectively through meticulous planning and budgeting refers to sales management. Sales management helps to extract the best out of employees and achieve the sales goals of the organization in the most effective ways. Let us go through some sales management strategies.

- **Identify goals and objectives of the sales team:** A firm should be clear on its sales targets and make sure the targets are realistic and achievable. It should also assign a fixed timeline to achieve the target.
- **Know the product well:** a firm should understand the benefit that the end-user would get from its product or service. The marketer must interact with customers to find out more about their expectation from the product as well as the organization. One would not be able to convince the customers unless and until he himself is clear with the benefit of the product.
- **Identify your target market:** Selling techniques and strategies can't be same for all individuals. Each audience has different needs interest and requirements.
- **Hire the right individual for the sales team:** Sales professionals have a major role in the success and failure of organisations. Recruit individuals who are aggressive, out of the box thinkers and nurture the dream of making it big in the corporate world. Make the sales representatives very clear about their roles and responsibilities in the team. Develop a lucrative incentive plan for them. Incentives and monetary benefits go a long way in motivating the sales team.

- **Transparency:** It is very important to maintain transparency .Communicate what all the product actually offers. It is unethical to make false promises. Only commit to what actually can deliver to customers.
- **Know Competitors product:** It is essential to do a SWOT analysis of your organization to know its strengths, weaknesses, threat and opportunities. A marketer must know how his product is better than his competitors.
- **Device strategies as per the target audience:** sales people should have knowledge about the market and individual needs must be able to relate with the product. Alternate plans should be ready if one plan fails.
- **Review Meeting:** Management must conduct frequent meetings with the sales team to review their performance and keep a track on their daily activities. The sales team must prepare a daily sales report for the superiors to know what they are up to.

Ethical and Legal aspects of selling

Ethics are the principles governing the behavior of an individual or a group. These principles establish appropriate behavior, indicating what right and wrong. Ethical principles are particularly important in personal selling. Most businesses try to develop long-term mutually beneficial relationships with their customers. Sales people are the official representatives of their companies, responsible for developing and maintaining these relationships. To maintain good relationship with their company and customers, sales people need to have a clear sense of right and wrong so that their companies and customers can depend on them when questionable situation arise. The process of buying and selling in these relationships should be typically straightforward. The terms and conditions must be well defined and can easily be written into traditional contract.

CHAPTER 15

MARKET ANALYSIS AND SALES FORECASTING

There's an old saying derived from a Danish proverb that goes, "It's difficult to make predictions, especially about the future." As difficult as predicting the future is, it's common in business and especially important to marketing. Because marketing is the part of business primarily responsible for generating revenue, forecasting the success of marketing activities has implications for virtually every other part of the business. Sales forecasts affect hiring, investments, salaries, purchasing, production, and just about anything else a business does. Accurate forecasting gives businesses a distinct advantage over competitors who do not prepare forecasts or those who prepare them poorly. Accurate forecasts help businesses better allocate, and hopefully, earn more from their resources.

Apart from the difficulties of predicting the future generally, forecasting itself often evokes nervous reactions because the techniques can be very complex and mathematical. However, not all forecasting need to be so. Many forecasting methods rely solely on informed opinions, while some utilize relatively quantitative analyses. In these notes, we'll overview several different approaches to forecasting.

MARKET AND SALES POTENTIAL

While technically not a forecast, potential is closely related to sales forecasting. While forecasting addresses the question "How much will we sell?" potential estimation asks "How much could be sold?" There are two types of potential estimates, though we will ultimately focus on only one. The first is called *market potential*, which will be our focus for most of this section. Recall that a market refers to the people with a want or need for the benefits of a particular product category and the ability to satisfy that want or need. Market potential is defined as the total amount of all brands in a product category that could possibly be sold to the market. The second type of potential estimate is called *sales potential*, which captures the same basic idea as market potential but as it applies to a single brand. Sales potential is defined as the total amount of a single brand that could possibly be sold to the market.

When faced with these definitions, some people may ask, "Why doesn't market potential equal sales potential?" After all, isn't the amount that a single brand could possibly sell actually equal to the amount that could possibly be bought if the brand put all others out of business? Well, in theory, the answer to the question could be yes. However, in reality, probably not. For example, suppose you were tasked with estimating the sales potential of Brand A. People in the product market who were highly loyal to Brand B would be part of the market potential estimate but not Brand A's sales potential estimate. Likewise, it could be that Brand A is not distributed in all of the places that Brand B is distributed.

People in the product market with access to Brand B would be part of the market potential estimate but not part of Brand A's sales potential estimate. Brand A may also lack

the product capacity to serve the entire product market. Thus, in practice, there is almost no probability that in competitive product markets the estimates for sales potential will equal the market potential estimates. Forecasts, which will be discussed later, are the predictions of how much will actually be sold during a given time period. The market forecast is the prediction of how much of all brands in a product category will be sold in a given time, while sales forecasts predict sales of a single brand.

Most sales potential estimates are derived from market potential estimates. That is, to calculate sales potential, you generally must calculate the market potential first. Sales potential is typically expressed as a percentage of market potential based on market share predictions. Second, in practice there is very little difference between sales potential and actual sales forecasts. Generally companies try to capture as many customers as they realistically believe they can. If so, then they sales forecast will essentially equal the sales potential estimate.

Market potential is frequently used to estimate whether or not expansion into new markets will be feasible. Markets in this case are most frequently defined geographically, but need not be so. For example, a company may be considering expansion into parts of the country where their product is not currently sold. Therefore, they may want to estimate the potential to sell to customers in these new locations. However, market potential can also be estimated when a firm wants to sell to new demographic groups. For example, the NFL recently began offering team jerseys cut and styled for women because research indicated that many women fans would rather not wear team apparel styled for men. This represents expansion into a new demographic market. Demographic and geographic market definitions are commonly applied together when estimating market potential.

Sales Forecasting

When a product is produced for a market, the demand occurs in the future.

The production planning cannot be accomplished unless the volume of the demand known.

The success of the business in supplying the demand in the most efficient & profitable way will

then depend on the accuracy of the forecasting process in predicting the future demand.

Technique of Forecasting

1. Naïve techniques - adding a certain percentage to the demand for next year.
2. Opinion sampling - collecting opinions from sales, customers etc.
3. Qualitative methods
4. Quantitative methods - based on statistical and mathematical concepts.
 - a. Time series - the variable to be forecast has behaved according to a specific pattern in the past and that this pattern will continue in the future.

b. Causal - there is a causal relationship between the variable to be forecast and another variable or a series of variables.

Factors in the Selection of a Forecasting Technoque

- A single organization may use several different forecasting methods to anticipate the future of its various actives. It also will likely use different methods during the life cycle of a single

product. The selection may depend on any or all of the following factors:

1. Availability and accuracy of historical data.
2. Degree of accuracy expected from the prediction.
3. Cost of developing the forecasting.
4. Length of the prediction period.
5. Time available to make the analysis.
6. Complexity of factors affecting future operations

Evaluating Forecasting Technique

Impulse response: respond very fast to changes in historical data are described as having a high impulse response.

Noise dampening ability: forecasts that reflect every little happenstance fluctuation in the past data are said to include random variation, or noise.

Measure of forecast accuracy: the accuracy of a forecasting model refers to how close actual data follow forecasts

The larger the number of period, the greater is the noise-dampening ability and the lower

impulse response of the forecast and vice versa.

Forecasting is more fraught with uncertainty because of its fundamental difference from market potential estimation. Forecasting focuses on how much people will buy and not on who could buy. Therefore, as noted earlier, forecasting is about making predictions of future behavior. Forecasting methods range from very simple guesses to highly complex econometric models. In this section, we will focus on some of the simpler methods of forecasting.

Some Techniques Explained

Judgmental Forecasting Techniques

As the name implies, judgmental forecasting techniques rely on the judgment of knowledgeable people to make informed guesses about sales in the coming period or periods. Judgmental methods have the advantage of simplicity, which means they can be completed with relatively low costs and in relatively short time frames. However, judgmental forecasts are not typically based on data and do not typically involve any empirical analysis. As such, they may be prone to error and bias, depending on who is involved. That said, judgmental forecasts should rely on multiple participants, which may mean that the forecasts are somewhat more accurate. Of course, the accuracy of these forecasts depends greatly on how knowledgeable and insightful the participants are.

Salesforce Composite. In organizational markets, salespeople should know the needs and plans of their customers. They should have a good sense from their customers about how much their customers Potential and Forecasting expect to purchase in the coming period. As such, salespeople are often a good source of information for creating forecasts. Many companies, especially those with large salesforces, survey their salespeople and ask them whether they believe their customers will be buying more, less, or about the same amount in the coming periods. Salesforce composites should be interpreted guardedly, however. Despite their (hopefully) extensive customer knowledge, salespeople may not always provide objective forecasts. For one thing, good salespeople tend to be very optimistic. If so, some may overstate their expectations. For another, salespeople may suspect that their individual sales quotas or targets are based on sales forecasts. If so, they may have an incentive to downplay management expectations. Management should try to develop a feel for how their sales staff approach sales forecasting and make adjustments as necessary.

Jury of Executive Opinion. This judgmental forecasting method asks executives to provide their best guess of what sales will be in the coming period. Their opinions are compiled in some way and a forecast produced. How the opinions are compiled is up to the manager preparing the forecast; no rules exist for combining the executives' predictions. For example, some executives, based on position or past predictions, may be given more weight than others. Importantly, executives need not be strictly internal to the company preparing the forecast. Companies may poll customers, outside experts, industry leaders, and others in addition to their own corporate executives. A relatively

broad range of inputs is generally desirable assuming that everyone asked can reasonably be expected to have some expert knowledge of the company and its prospects for the coming periods. However, if executive opinions of expected sales are very different from one another, then the manager preparing the forecast should be somewhat concerned about the accuracy of the forecast and should seek more information from the executives about why they made the predictions that they did.

Delphi Method. The Delphi method of forecasting is a somewhat more structured variation of the jury of executive opinion. The name derives from the city of Delphi in Greece. In ancient times it was the site of the temple of Apollo. People would travel to the temple to ask the priestess of Apollo, named Pythia, for her predictions of the future. She became known as the “Oracle of Delphi.” Thus, the Delphi method refers to predictions of the future, which is what sales forecasting is all about. The Delphi method begins with a panel or jury of knowledgeable executives, however, it utilizes an iterative approach to trying to reach a consensus among them. The executives, who are anonymous to one another, are asked to forecast sales and submit their opinions to the forecaster along with the reasoning behind their predictions. The forecaster collects opinions from the executives, and then summarizes them, usually with an average of the initial forecasts and some of the executives’ reasons for their opinions. The summary is distributed back to the executives, who may revise their estimates and submit the revisions to the forecaster. The process continues until no more movement toward a consensus can be obtained. The Delphi method is obviously more involved than other judgmental methods and its iterative approach means it can take more time. However, its emphasis on consensus building along with well informed executives, often produce fairly accurate forecasts.

CHAPTER 16

TRAINING & DEVELOPMENT OF SALES PERSONNEL

For effective operation of selling activities, sale force in terms of manpower and womanpower is necessary for a business concern. For attaining predetermined objectives; it is imperative that entire manpower should be in place. Manpower i.e. in this case sales force is one of the most precious resources of a business unit. It takes a lot of years to build-up and to develop itself for efficient and effective working. As we know that the effective sales organisation is the antipathy of any competitor.

However, it must be emphasised that the Sales-Force can be effective only when the other ingredients of the Marketing-Mix: product, price, place and promotion are equally sound and intact. To expect salespeople to become more productive; it is hardly fair. Each ingredient of this Mix has to be emphasised equally so that its productivity may be improved. Thus, the Sales-Force is the infantry that has to visit customers, and/or channels of distribution to impart information and knowledge; actually obtain orders from specific customers, and ensure that existing customers are happy and satisfied with the company and its service provided to them apart from, of course, looking for new prospects.

SALES FORCE TRAINING

Training is very much important for sales force to ensure that the contents related to the product are described to the potential customer and exiting customers efficiently and effectively. Generally, training means to train the employees i.e. to improve their productivity to face the challenges created by competition. The art of selling lies in presenting the benefits and multi-uses of the product so that the buyer gets the feeling of satisfaction to his needs.

Not only, it is expected from a successful salesman that he must be well informed/intelligent in terms of knowledge but also he must be skilled in the presentation of information/knowledge of himself. A sales force training programme, thus, aims at providing the required knowledge about the products and the effective ways presentation to the customers in the market. The nature and scale of both these skills should be specified, in advance, so that the programme so conceived is directed towards predetermined and definite goals.

The Training-Programme may be for the-newly recruited salesmen as well as those already in employment with the company to refresh their knowledge. So, the first task for the Sales Manager/Training Manager is to set objectives for such type of training programmes. For this purpose, the first step is to identify the gap between the standard of skills required and Salesman's current standard in the organisation/company. The level, they are supposed to achieve can be known easily by reference to job specifications. Current-levels of skills, in the case of existing Salesmen, can be determined through observations of their actual working i.e., their knowledge about Product, Competition, selling skills etc.

Though, a good Training-Programme should clearly state what the Trainees are expected to do, after their Training and the period within which they should be able to

do it. For guidance, the Training Manager, may include Knowledge-Areas, viz. the Company, its Products, Practices and Procedures; as well as the Product/Services and their Competition. The Skill-Areas include (i) Sales-techniques, (ii) Work-Organisation, and (iii) Reporting-System. Depending on the nature of a Company, there may be certain other exclusive, supplementary areas, where Training may also be needed.

After setting the objectives, the Manager has to think about the following points:

- (i) What should be taught?
- (ii) Where should it be taught?
- (iii) Should who teach it?
- (iv) How should it be taught? and
- (v) What time should it be taught at?

In the reply of the first question, i.e., what (i.e., contents of the course), have been explained already. Regarding the second question of place, normally there are three alternatives: the company's, factory and Office, the fields and courses run by outside organisations, e.g., NICEM, etc. Usually, the best location for training in basics: policies procedures and processes, knowledge is the place where this type of work is being actually carried out, e.g. Company's Head Office. Moreover, the basics of theoretical-training maybe discussed the staff training room is the best location.

To impart the basic knowledge, the trainees should be assigned to a senior sales executive. It will be here that the trainee will be able to appreciate the application of the required skills. And, training may be integrated with demonstrations and real-life experience in in-plant training. In the response to the question 'By Whom', it simply means that the training should be imparted by different senior sales-executives, who are specialists in their own areas. Of course, the overall responsibility is that of the sales manager/training manager. By delegating the authority, the sales manager does not wash-off his hands; he just shares his burden, but retains overall control.

Some big companies have their own training department and human resource development departments. It pre-supposes enough number of trainees, to justify specialised staff. Sometimes, companies also have consultants. But this approach has the disadvantage of total lack of their knowledge of company's objectives and needs. External courses are also mostly general in nature. However, a judicious mix of all the three alternatives, so as to serve best the company's needs is advised.

The reply of fourth question depends upon, who is teaching? Every individual has his own and unique way of teaching/explaining. However, some basic guidelines may be laid down to serve as instructions of the training-personnel. Similarly, the last question is at 'What Time?' It is difficult to precisely lay down the specific duration of training. Usually, it may be between 6-8 weeks in medium to large companies. In between sessions, there should be adequate breaks. If required, the programme can go well into the evenings. However, every instructor should avoid too much of lectures and rather should concentrate on participative-activity, so that interest in the course is maintained.

Another teaching-approach, suitable to all companies of any size is meet the man behind you. Here, each head of the department talks with the trainees. In doing so, he makes direct contact and he befriends them. He tries to sell his department to the trainees. During this type of a lecture, the following points are may be covered: (i) His job-what he does? (ii) Goals-what his department does presently? (iii) Innovations- what is scheduled for future? (iv) Needs-what is needed for his more effective working? (v) Help how salesmen can help in effective working? To sum-up, the initial training-programme ends with the achievement of basic-objectives laid down for it. By this time the trainee is expected to have acquired basic grounding in (i) product-knowledge, (ii) the company and (iii) the desired level of skills in sales-techniques, and maybe considered to be fit to be exposed to actual field conditions, i.e., then starts the on-the-job training.

A good training schedule may be prepared on the basis of ACMEE principle, where 'A' = Aim of the Training; 'C' = Content of the Training; 'M' = Method of the Training; 'E' = Execution of the training-programme, and 'E' = Evaluation. A Training-Programme should be executed scientifically, and a post-evaluation should be made after each kind of Training.

SALES FORCE DEVELOPMENT

It is assumed that the newly trained salesmen charge of his territory after initial-training freely. But, the sales manager must ensure the ways for their continuous development. The standards of performance that the salespeople have learnt during their training must be properly channelised. It has been noticed that even the seniors, with good performance-records, need assistance, to give continued good performance. And it must be remembered that the development is a continuous process and is the key to make the sales-force really more and more productive/efficient. Development-process could be carried out in two ways:

- (1) Field, i.e., on-the-job training, where sales-executive develops each individual new-entrant salesman, under his charge, during his day-to-day working, and
- (2) Through sales-meetings, refresher courses and development programmes, at the office. Field- training aims at rendering continuous help to the salesman, to get over his initial difficulties; and perform better on an on-going basis. For this, the sales-executive in-charge has to follow the points:
 - (i) Compares his charge's field-performance regularly, (compared with the set standards) and reasons for variances are established.
 - (ii) Weak areas are also identified, and the salesman is educated, on how to overcome them. The new-entrant salesman is encouraged to incorporate offered suggestions in his work.
 - (iii) The weak areas observed by the sales-executive in-charge, should be tabulated on corporate basis. This will reveal general weaknesses of initial training, and would help set objectives of the refresher course for the future. It will also help in improving the quality of training for future batches.

METHODS OF IMPROVING SALES-FORCE PRODUCTIVITY

In the ensuing lines, it is tried to explore a few important areas, in which Marketing- Oriented Companies can help their sales- force, to act and perform in a more productive manner.

(1) Identifying the Perfect Customer

Every time the company must do the task of personal selling's sales-force. The salesman haste call on prospects and tries to convert them into customers. One of the drawbacks of asking salespeople to carry out a number of calls-per-period is the danger that one tends to concentrate on the number, rather than on the quality of calls. However, it is more sensible, to target one's effort on a smaller number of better calls. At this point, they can plan their day in a more effective way, by allowing more of their time and effort upon A=Excellent or B=Good Customers; some time on the C=Fair and none on the D=Poor. That would mean that the 'Call-rate' can be better targeted on promising prospects, and little time is wasted on contacts, which are less likely to yield results i.e. sales.

For this basis of categories, the following points must be considered:

- (i) Size of the firm and/or its consumption-level (sales-volume).
- (ii) Segments that serve potential-customers.
- (iii) The nature of firm's products, techniques and production processes.
- (iv) The personality of buying-decision-makers and/or their motivational stimuli (e.g., willing to purchase from .large firms or from small firms only).
- (v) The geographical location of the customers.

2. Understanding the Customer's Decision-Making Unit (DMU)

Generally, sales-person deals with a number of customers. In this process of selling; the main participants are deciders, buyers, influencers, users, and gatekeepers etc. Each one of these has a role to play, sometimes supportive and sometimes become barrier. A good salesperson must understand the way this unit, as a whole, functions, and the respective roles of each member, thereof. The situation gets further complicated in the case of large firms, where there are many members in this decision-making unit (DMU). Each one of them is to be communicated, in one form or the other. However, it is impractical, inefficient and often positively imprudent, for the sales-persons to contact them all. It is suggested that he may contact, the less important or less accessible members of this unit, through company's literature, direct mailing, exhibitions etc.

However, it must be ensured that:

- (i) Every member of the DMU receives the right amount of information neither too much, nor too little.

(ii) He has to concentrate on the most important and decisive members of this DMU of the buyer (customer).

(iii) The sales manager may prepare a record about ever] one of more promising customers, which should include: annual reports and published accounts; a scrap-book of published material about the firm; company's literature and product-specifications; organisational details; a "who-is-who" of the personnel in the company; and ideally, a comparison of the firm's performance, with that of its competitors. If this database is complete and up-to-date, the sales-person would be addressing a customer about whom his or her knowledge-level is so high, that a true relationship can easily be forged.

(3) Learning from the Star Performers

Sales-Force is a heterogenic lot of numerous personalities. That makes it rather impossible to achieve total homogeneity of behaviour; attitude; and performances. There are the high-flyers at one extreme, and sloggers at the other; the former are enthusiastic, creative and effective; latter may work hard, but results do not come easily to them. However, by analysing the level of performance of individual sales-people, one can easily designate, the top ten percent as the stars; the next twenty percent as good; the next thirty as adequate; and the remaining forty percent are treated as 'problem children'.

Once the sales-force has been categorised into clearly defined Groups, based on their performance quality, 'one can ask a simple question:

"What does the 'Star' do, which is so very different from that of others?" If one could identify, in some detail, how the 'Star' behaves, in front of a "Customer", the way he (or she) communicates the message, plans and manages time, uses Sales-Aids etc., one would know how to develop new training-methods, for the rest of the force. Thus, an insight would be gained, into the Selling and Buying-Environment, and this should help in discovering areas, in which Productivity could be improved.

(4) Sales-Meetings (Conferences)

This is another, important avenue for the development of the sales force. The "objectives" of such sales-meetings are: (i) training and development of individuals;

(ii) to inform and get the feedback information;

(iii) to stimulate and motivate, and

(iv) to provide a common platform for exchange of experience. A sales meeting to be successful, should have the following in-built ingredients:

(a) Location: It should be held at a place, where any additional information, can be easily made available. Company's Headquarters; Head Office of the Sales Manager; or that of the Regional Manager, are ideally suitable. Adequate arrangement should be

made for the seating of the participants, and proper and “business-like atmosphere” should be created.

(b) Audience: The level of intelligence of participants should be considered. This will help in selecting and assigning the subjects for discussion, to suitable hands.

(c) Agenda: A proper Agenda should be framed, keeping in view the needs, for which the Meeting is being held. The agenda should be made known to the participants in advance.

(d) Periodicity: The sales meeting should have a definite periodicity. National-level sales-meetings/conferences, are usually an annual affair. This ensures that the participants are well prepared.

(e) Activities: There should be proper allocation of work, so that each participant knows what to expect from whom. The Convener should do well to ensure a “participative atmosphere” in the Meeting. A little ‘Creativity’, on his part, will go a long way, in ensuring success of the meeting.

(5) Kerb-Side Conferences

These conferences aim at a random appraisal of the performance of a sales-man, and is usually done on a monthly basis, taking a day’s work into consideration. It should be ensured that (i) the salesman is not calling on his friendly customers on that day, and (ii) the presence of the appraiser, does not influence the sales-person’s work-pattern. The appraiser has to watch the salesman, during the day and keep a mental note of his strong and weak areas. After the call(s) is/are over the day, the appraiser and the salesman deferred to a quiet place, where the work is systematically appraised; and properly recorded and graded, on an appraisal-form. It is essential that the agreement of the salesman be obtained to such an appraisal-form. This will put him in a proper frame of mind, and he will be receptive to suggestions. The sequence of this appraisal, could be like this:

(i) the appraiser appreciates the skills that have been employed;

(ii) the salesman is now asked to analyse the call(s), identify the problems not properly tackled, and reasons thereof;

(iii) if the salesman fails to identify his weak areas, even after questioning, the appraiser tells him about these, in very clear terms;

(iv) once the deficiencies have been isolated, salesman’s concurrence, on his weaknesses is obtained;

(v) the appraiser, then gives instructions, on how to overcome these weaknesses. The salesman, may in some cases be asked to rehearse these, to reduce the element of any doubt;

(vi) any follow-up action is then specifically pointed out;

(vii) before parting, the appraiser says a few words of encouragement and concludes on a note of optimism. Such kerb-side meetings are very useful for the purpose of increasing the productivity of employees, but heavily depend on the ability and skills of the appraiser, to pinpoint deficiencies and offer remedial measures. However, generalities should be avoided, as the process is very expensive.

(6) Refresher Courses

Generally, the refresher courses are held at the company's headquarters, usually once a year. The course-content is usually based on the feedback-information from

(i) company's activities; (ii) sales executives;

(iii) market-intelligence; (iv) sales-meetings/conferences etc.,

(v) product-development, (vi) technical areas affecting the company etc. (since the last conference/meeting). Such courses make the sales-force adequately prepared, periodically, to face the challenges of competition, with confidence.

(7) Sales Bulletins

Lastly but not least, training and development is also continued through sales bulletins. It is a good medium to keep the salesman educated about day-to-day matters of changes/interests. The information reaches him through the bulletins, while the salespeople are at work, and also when it is urgently required. No time is lost in waiting for the next sales-meeting/conference.

CHAPTER 17

EVALUATION OF SALES PERSONNEL

The ultimate success of any marketing and sales effort depends largely on the performance of individual salesperson. Primary job of every sales manager is to help every sales person achieve his or her full potential. Sales force supervision and evaluation, therefore, become very important. Adoption and successful operation of appropriate control procedures results in greater effectiveness which ultimately shows up in greater sales volume at more profit and less cost. Supervision and evaluation of sales force are instruments of achieving sales control. They are concerned with monitoring the performance and striking balance between the standards and actual performance. Effective supervision and evaluation assure the attainment of objectives with minimum efforts.

SUPERVISION OF SALES FORCE

Management controls sales personnel through supervision. Regardless of who does the supervising, the objective is to improve the job performances of sales personnel. Executives supervise the sales personnel under them. The executive with supervisory responsibilities establishes working relations with sales personnel for purposes of observing, evaluating, and reporting on performance; correcting deficiencies; clarifying duties and responsibilities; providing motivation; informing sales personnel of changes in company policies; and helping to solve business and personal problems. Clearly, sales supervision is concerned mainly with the action phase of control- action aimed at enhancing personnel contributions to the achievement of objectives.

EVALUATION OF SALES FORCE

In general sense, the evaluation process consists of comparing actual performance with planned performance. Evaluation implies a process of systematically uncovering deviations between goals and accomplishments. When weaknesses are identified, the firm will devise and implement corrective methods through supervision and other control devices. When strengths are indicated, by the discovery of deviations in a favourable direction, management will use this information as a valuable aid in the anticipating and dealing with problems in future periods. This may take the form of revising performance standards and generally reappraising present policies, procedures, marketing communication methods, and potential opportunities for the firm. Thus, the evaluation process aims at both prognosis and diagnosis and is considered to be a preventive and curative marketing device. Evaluation system should do three essential things for the sale manager and sales-people:

- Provide feedback to each salesperson on individual job performance.
- Help salespeople modify or change their behavior toward effective work habits.
- Provide information to sales managers on which to base decisions on promotion, transfer and salespeople.

TIME HORIZON FOR EVALUATION

Sales evaluation normally is of three types:

- 1. Short run evaluation-** In this, performance is evaluated over one year and the focus is on the achievement of targets in terms of sales.
- 2. Intermediate run evaluation-** The performance is judged over 2 to 4 years time period and focus is on evaluation in terms of creating and identifying new opportunities while adapting to competitive and environmental threats.
- 3. Long run evaluation-** This is on long-term basis and focus on evaluation in terms of surviving in an uncertain and increasingly competitive world.

STANDARDS OF PERFORMANCE

Performance standards are designed to measure the performance of activities that the company considers most important. Setting standards of performance requires consideration of the nature of the selling job. In other words, sales job analysis is necessary to determine job objectives, duties and responsibilities, and the like. These, in turn, depend upon selling strategy. Setting performance standards for new business sales personnel requires different measures from those for trade-selling sales personnel. Setting sales performance standards requires considerable market knowledge. It is important to know the total sales potential and the portion that each sales territory is capable of producing. Management needs evaluations of customers and prospects from the standpoint of potential profitability for each class and size of account. Marketing intelligence must provide evaluations of competitors' strengths, weaknesses, practices and policies. These items all bear on the setting of performance standards, especially quantitative standards.

Quantitative Performance Standards

Most companies use quantitative performance standards. The particular combination of standards chosen varies with the company and its marketing situation. Quantitative standards, in effect, define both the nature and desired levels of performance. Quantitative standards provide descriptions of what management expects. Each person on the sales force should have definitions of the performance aspects being measured and the measurement units. These definitions help sales personnel make their activities more purposeful. Sales personnel with well-defined objectives waste little time or effort in pursuing activities that was not contribute to reaching those objectives. A single quantitative standard, such as one for sales volume attainment, provides an inadequate basis for appraising an individual's total performance.

Today's sales managers realize that it is possible to make unprofitable sales, and to make sales at the expense of future sales. In some fields, for example, industrial goods of high unit price, sales result only after extended periods of preliminary work, and it is not only unfair but misleading to appraise performance over short intervals solely on the basis of sales volume. Sales personnel have little control over many factors affecting sales volume. They should not be held accountable for "uncontrollable" such as

differences in the strength of competition, the amount of promotional support given to the sales force, the potential territorial sales volume, the relative importance of sales to national or home accounts. Each company selects the combination of quantitative performance standards that fits its marketing situation and selling objectives. If necessary, it develops its own unique standards designed best to serve its objectives.

The standards discussed here are representative of the many types in use.

(i) Sales Quotas

A quota is a quantitative objective expressed in absolute terms and assigned to a specific marketing unit. The terms may be rupees or units of product; the marketing unit may be a salesperson or a territory. As the most widely used quantitative standards, quotas specify desired levels of accomplishment for sales volume, gross margin, net profit, expenses, performance of non-selling activities, or a combination of these and similar items. "When sales personnel are assigned quotas, management is answering the important question: How much and for what period? The assumption is that management knows which objectives, both general and specific, are realistic and attainable. The validity of this assumption depends upon the market knowledge management has and utilizes in setting quotas. When sales volume quotas are based upon sound sales forecasts, in which the probable strength of demand has been fully considered, they are valuable performance standards. But when sales volume quotas represent little more than guesses, or when they have been chosen chiefly for inspirational effect, their value as control device is dissipated.

(ii) Selling expense ratio

Sales manager uses this standard to control the relation of selling expenses to sales volume. Many factors, some controllable by sales personnel and some not, cause selling expenses to vary with the territory, so target selling expense ratios should be set individually for each person on the sales force. Selling expense ratios are determined after analysis of expense conditions and sales volume potentials in each territory. An attractive feature of the selling expense ratio is that the salesperson can affect it both by controlling expenses and by making sales. The selling expense ratio has several shortcomings. It does not take into account variations in the profitability of different products, so a salesperson who has a favourable selling expenses ratio may be responsible for disproportionately low profits.

Then, too, this performance standard may cause the salesperson to over-economize on selling expenses to the point where sales volume suffers. Finally, in times of declining general business, selling expense ratios inhibit sales personnel from exerting efforts to bolster sales volume. Selling expense ratio standards are used more by industrial product companies than by consumer product companies. The explanation traces to differences in the selling job. Industrial product firms place the greater emphasis on personal selling and entertainment of customers; consequently their sales personnel incur higher costs for travel and subsistence.

(iv) Territorial net profit or gross margin ratio

Target ratios of net profit or gross margin to sales for each territory focus sales personnel's attention on the needs for selling a balanced line and for considering relative profitability. Managements using either ratio as a quantitative performance standard, in effect, regard each sales territory as a separate organizational unit that should make a profit contribution. Sales personnel influence the net profit ratios by selling more volume and by reducing selling expenses. They may emphasize more profitable products and devote more time and effort to the accounts and prospects that are potentially the most profitable. The net profit ratio controls sales volume and expenses as well as net profit. The gross margin ratio controls sales volume and the relative profitability of the sales mixture, but it does not control the expenses of obtaining and filling orders.

Net profit and gross margin ratios have shortcomings. When either is performance standard, sales personnel may neglect new accounts, and over-emphasize sales of high profit or high margin products while under-emphasizing new products that may be more profitable in the long run.

(iv) Territorial market share

This standard controls market share on a territory by territory basis. Management sets target market share percentages for each territory. Management later compares company sales to industry sales in each territory and measures the effectiveness of sales personnel in obtaining market share. Closer control over the individual salesperson's sales mixture is obtained by setting target market share percentages for each product and each class of customer or even for individual customers.

(v) Sales coverage effectiveness index

This standard controls the thoroughness with which a sales person works in the assigned territory. The index consists of the ratio of the number of customers to the total prospects in a territory. To apportion the sales person's efforts more among different classifications of prospects, individual standards for sales coverage effectiveness are set up for each class and size of customer.

(vi) Call frequency ratio

A call frequency ratio is calculated by dividing the number of sales calls on a particular class of customers by the number of customers in that class. By establishing different call frequency ratios for different classes of customers, management directs selling effort to those accounts most likely to produce profitable orders. Management should assure that the interval between calls is proper, neither so short that unprofitably small orders are secured, nor so long that sales are lost to competitors. Sales personnel who plan their own route and call schedules find target call frequencies helpful, in as much as these standards provide information essential to this type of planning.

(vii) Calls per day

In consumer product fields, where sales personnel contact large numbers of customers, it is desirable to set a standard for the number of calls per day. Otherwise, some sales personnel make too few calls per day and need help in planning their routes,

in setting up appointments before making calls or simply in starting their calls early enough in the morning and staying on the job late enough in the day. Other sales personnel make too many calls per day and need training in how to service accounts. Standards for calls per day are set individually for different territories taking into account territorial difference as to customer density, road and traffic conditions and competitors' practices.

(viii) Order call ratio

This ratio measures the effectiveness of sales personnel in securing orders. Sometimes called a "batting average", it is calculated by dividing the number of orders secured by the number of calls made. Order call ratio standards are set for each class of account. When a salesperson's order-call-ratio for particular class of account varies from the standard then the salespersons need helping in working with that class of accounts.

(ix) Average cost per call

To emphasize the importance of making profitable calls, a target for average cost per call is set. When considerable variation exists in cost of calling on different sizes or classes of accounts, standards are set for each category of account.

(x) Average order size

Average order size standards control the frequency of calls on different accounts. The usual practice is to set different standards for different sizes and classes of customers. Using average order size standards along with average cost per call standards, management controls the salesperson's allocation of effort among different accounts and increases order size obtained.

(xi) Non-selling activities

Some companies establish quantitative performances standards for such non-selling activities as obtaining dealer displays and cooperative advertising contracts, training distributor's personnel, and goodwill calls on distributor's customers. Whenever, non-selling activities are critical features of sales job, appropriate standards should be set. Since quantitative standards for non-selling activities are expressed in absolute terms, they are, in reality, quotas.

Qualitative performance criteria

Qualitative criteria are used for appraising performance characteristics that affect sales results, especially over the long run, but whose degree of excellence can be evaluated only subjectively. Qualitative criteria defy exact definition. Many sales executives do not define the desired qualitative characteristics with any exactitude; instead they arrive at informal conclusion regarding the extend to which each sales person possesses them.

Executive judgement plays the major role in the qualitative performance appraisal. Written job description up to date and accurate, are the logical points of departure. Each firm develops its own set qualitative criteria, based upon the job description, but the manner in which these criteria are applied depends upon the needs of management.

MEASURING ACTUAL PERFORMANCE

Sales management's next task is to measure actual performance. There are two basic sources of performance information: sales and expense records and reports of various sorts. Almost every company has a wealth of data in its internal sales and expense records, but this purpose.

Field sales reports

The fundamental purpose of field sales reports is to provide control information. They provide a basis for discussion with sales personnel. They also indicate the matters on which sales personnel need assistance. The sales executive uses field sales reports to determine whether sales personnel are calling on and selling to the right people, and whether they are making the proper number of calls. Similarly, field sales reports assist in determining how to secure more and larger orders. Field sales reports provide the raw materials that sales management processes to gain insights on giving needed direction to field sales personnel.

A good field sales reporting system assists sales personnel in their self-improvement programs. Recording accomplishments in written form forces individuals to check their own work. They become their own critics and self-criticism often is more valuable and more effective than that from headquarters.

Purposes of field sales reports

The general purpose of all field sales reports is to provide information for measuring performance; many reports, however, provide additional information. Consider the following list of purposes served by field sales reports:

1. To provide data for evaluating performance- for example, details concerning accounts and prospects called upon, number of calls made, orders obtained, days worked, miles travelled, selling expenses, displays erected, cooperative advertising arrangements made, training of distributor's personnel, missionary work, and calls made with distributors sales personnel.
2. To help the sales person plan the work- for example, planning itineraries, sales approaches to use with specific accounts and prospects.
3. To record customers' suggestions and complaints and their reactions to new products, service policies, price changes, advertising campaigns, and so forth.
4. To gather information on competitors' activities- for example, new products, market tests, changes in promotion, and changes in pricing and credit policy.
5. To provide information requested by marketing research- for example, data on dealers' sales and inventories of company and competitive products.
6. To report changes in local business and economic conditions.
7. To keep the mailing list updated for promotional and catalogue materials.

Types of sales force reports

Reports from sales personnel fall into six principle groups.

1. Progress or call report: Most companies have a progress or call report. It is prepared individually for each call or cumulatively, covering all calls made daily or weekly.

Progress reports keep management informed of the salesperson's activities, provide source data

on the company's relative standing with individual accounts and in different territories, and record information that assists the sales person on revisits. Usually the call report form records not only calls and sales, but more detailed data, such as the class of customer or prospect, competitive brands handled, the strength and activities of competitors, best time to call, and "future promises".

2. Expense report: The purpose is to control the nature and amount of salesperson expenses. This report also helps the salesperson exercise self-control over expenses. The expense report reminds salesperson that they are under moral obligation to keep expenses in line with reported sales-some expense report forms require sales persons to correlate expenses with sales. The details of the report form vary with the plan for reimbursing expenses.

3. Sales work plan: The salesperson submits a work plan (giving such details as accounts and prospects to be called upon, products and other matters to be discussed, routes to be travelled, and hotels or motels) for a future period, usually a week or a month. The purposes are to assist the salesperson in planning and scheduling activities and to inform management of the salesperson's whereabouts. The work plan provides a basis for evaluating the salesperson's ability 'to plan the work and to work the plan'.

4. New-business or potential new-business report: This report informs management of accounts recently obtained and prospects who may become sources of new business. It provides data for evaluating the extent and effectiveness of development work by sales personnel. A subsidiary purpose is to remind sales personnel that management expects them to get sales reports point the way to needed sales training, changes in customer service policies, and product improvements. The salesperson reports the reasons for the loss of the business; but receipt of a lost-sales report also causes management to consider further investigation.

5. Report of complaint and/or adjustment: This report provides information for analysing complaints arising from a salesperson's work, complaints by class of customer, and cost of complaint adjustment. This assists management in detecting needed product improvements and changes in merchandising 'and service practices and policies. These data also are helpful for decisions on sales training programs, selective selling, and product changes. The optimum number of reports is the minimum necessary to produce the desired information. Holding down the number of reports is important, since they are generally made out after the selling day. Report preparation places demands on free time, and, unfortunately, the best people often have the least time.

COMPARING ACTUAL PERFORMANCES WITH STANDARDS

The most difficult step in sales force control is the evaluation step the comparing of actual performances with standards. This is more than a mechanical comparison; this step is difficult because evaluation requires judgement. The same standards cannot be applied to all sales personnel-there are differences in individual territories, their sales potentials, the impact of competition and the personalities of sales personnel and their costumers. It is possible to take territorial differences into account by setting individual

performance standards for each territory, but it is not possible to adjust fully for differences in the personalities of the salesperson and the clientele. Furthermore, complications often develop in relating individual performances to standards, for example, when two or more sales persons work on the same account or when an account deals both with the salesperson and the home office. Evaluating sales personnel requires both a comparison of performance with quantitative standards and an appraisal against qualitative performance criteria.

Sales personnel with poor performances, as gauged by quantitative standards, may be making offsetting qualitative contributions. Individual who do not reach sales quotas or keep to prescribed call schedules, for instance, may be building for the future by cementing relations with distributors and dealers. Evaluating performance of sales personnel requires judgement and deep understanding of market factors and conditions. Judgement enters into the evaluation of sales personnel in still other ways. Performance trends, as well as the current record, are relevant- an individual showing improvement but with still substandard performance needs encouragement. There is always the chance, too, that something is wrong with a standard-when an individual continually fails to reach a standard, management should investigate whether the standard has been set too high.

In comparing actual results with projected results, the general procedure in scientific work is to set up tests that measure the variable under observations while taking account of the effects of other variables. In the evaluation of sales personnel it is not possible to set up such tests. Each salesperson's performance results from complex interactions of many variables, some beyond the control of either the salesperson or of management. The time element changes and so do the sales personnel, the customers, general business conditions, competitors' activities and other variables. However, some companies measure the impact of particular variable on personnel performance through careful design of experimental and control groups.

CHAPTER 18

ADVERTISING RESEARCH

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. Advertising research is defined as the systematic gathering recording and analysing of data relating to the effectiveness of advertising.

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 advertisement.
- 4. Costly Errors can be Minimised:** Advertising research can prevent the advertiser from making costly mistakes. It can be 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 utilised 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.

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.

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 inter related 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.

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?

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, Sports, Healthcare, etc.

(iii) The advertiser, then must select 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 behaviour 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.

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 analyse the response by the prospects to an advertisements. It gives him an idea of when, how, why a customer accepts a particular product or rejects it. This will help him to present the product in such manner that he (prospects) takes a favourable 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 an advertisement effectiveness. The advertising can be evaluate or tested before or after its application. Both have got various advantages.

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. Fashionable appearance, expensive appearance and reliable. To choose 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.

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. The 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.

3. 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.

4. 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, under-standing 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?

5. 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.

6. 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.

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.

CHAPTER 19

PROMOTIONAL PROGRAMS

Sales promotion is one of the most loosely used terms in the marketing vocabulary. We define sales promotion as demand stimulating devices designed to supplement advertising and facilitate personal selling. In other words, sales promotion signifies all those activities that supplement, co-ordinate and make the efforts of personal selling and advertising more effective. It is non recurrent in nature which means it can't be used continuously.

Concept of Sales Promotion

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

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

Definitions of Sales Promotion

According to American Marketing Association “ Those marketing activities other than personal selling advertising and publicity that stimulate consumer purchasing and dealer effectiveness such as display shows and exhibitions, demonstrations and various non-recurrent selling efforts not in the ordinary routine.”

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

Purpose of sales Promotion

Sales promotion tools vary in their specific objectives. A free sample stimulates consumer trial, while a free management advisory service cements a long-term relationship with a retailer. From the marketer's perspective, sales promotion serves three essential roles it informs, persuades and reminds prospective and current customers and other selected audiences about a company and its products. The relative importance of those roles varies according to the circumstances faced by a firm.

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

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

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

OBJECTIVES OF SALES PROMOTION

The basic objectives of sales promotion are:

i) To introduce new products

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

ii) To attract new customers

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

iii) To induce present customers to buy more

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

iv) To help firm remain competitive

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

v) To increase sales in off season

Buyers may be encouraged to use the product in off seasons by showing them the variety of uses of the product.

vi) To increase the inventories of business buyers

Retailers may be induced to keep in stock more units of a product so that more sales can be effected.

Rationale of sales promotion

Rationale of sales promotion may be analysed under the following points.

Short-term results

Sales promotion such as coupons and trade allowances produce quicker, more measurable sales results. However critics of this strategy argue that these immediate benefits come at the expense of building brand equity. They believe that an over emphasize on sales promotion may under mine a brand's future.

Competitive Pressure

If competitors offer buyers price reductions, contest or other incentives, a firm may feel forced to retaliate with its own sales promotions.

Buyers' expectations

Once they are offered purchase incentives, consumers and channel members get used to them and soon begin expecting them.

Low quality of retail selling

Many retailers use inadequately trained sales clerks or have switched to self service. For these outlets, sales promotion devices such as product displays and samples often are the only effective promotional tools available at the point of purchase.

Types of Sales Promotion

In using sales promotion, a company must fulfill the objectives of the organization. Sales promotion objectives are derived from broader promotion objectives, which are derived from more basic marketing objectives developed for the product. The specific objectives set for sales promotion will vary with the type of target market. For consumers, objectives include encouraging purchase of larger-size units, building trial among non users and attracting switches away from competitors' brands. For retailers objectives include inducing retailers to carry new items and higher levels of inventory, encouraging off-season buying, encouraging, stocking of related items, off setting competitive promotions, building brand loyalty of retailers and gaining entry into new retail outlets. For sales force, objectives include encouraging support of a new product or model, encouraging more prospecting and stimulating off-season sales.

Many sales promotion tools are available to accomplish these objectives at the consumer level, and at the middle men level. For the purpose of convenience, the types of sales promotion methods may be grouped under three categories:

1. Types of sales promotion directed at consumers.

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

CONSUMER PROMOTION TOOLS

The main consumer promotion tools include samples, coupons, cash refund offers, price packs, premiums, prizes, patronage rewards, free trials, product warranties, tie-ins, and point of purchase displays and demonstrations.

Samples

Samples are offers of a free amount or trial of a product to consumers. The sample might be delivered door to door sent in the mail, picked up in a store, found attached to another product or featured in an advertising offer. Sampling is the most effective and most expensive way to introduce a new product.

Coupons

Coupons are certificates entitling the bearer to a stated saving on the purchase of a specific product. Coupons can be mailed, enclosed in or on other products or inserted in magazine and newspaper advertisements. Coupons can be effective in stimulating sales of a mature brand and inducing early trial of a new brand.

Cash Refund Offers or Rebates

These are like coupons except that the price reduction occurs after the purchase rather than at the retail shop. The consumer sends a specified “proof of purchase” to the manufacturer, who in turn „refunds” part of the purchase price by mail. Cash refunds have been used for major products such as automobiles as well as for packaged goods.

Price Packs

These are offers to consumers of savings off the regular price of a product, flagged on the label or package. They may take the form 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.

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.

Prizes

These are offers of the chance to win cash, trips or merchandise as a result of purchasing something. Pepsi-cola offered the chance to win cash by matching numbers under the bottle cap with numbers announced on television. Sometimes the prize is a person, offering the winner either cash or dinner with actor Sharuk Khan.

Patronage Awards

These are values in cash or in other forms that are proportional to one's patronage of a certain vendor or group of vendors. Most airlines offer "frequent flyer plans" providing points for miles travelled that can be turned in for free airline trips. Cooperatives pay their members dividends according to their annual patronage. Le Meridian adopted an "honoured guest" plan that awards points for users of their hotels.

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.

Product Warranties

These are an important tool, especially as consumers become more quality sensitive. When My TVS offered a two year car warranty, substantially longer than other competitors' customers took notice. They inferred that My TVS quality must be good or else the company would be in deep trouble. Companies must carefully estimate the sales-generating value against the potential costs of any proposed warranty programme.

Tie-in Promotions

These are becoming increasingly popular. In a tie in promotion two or more brands or companies team up on coupons, refunds and contests to increase their pulling power. Companies pool funds with the hope of broader exposure, while several sales forces push these promotions to retailers, giving them a better shot at extra display and ad space.

Point-of-Purchase Displays

These take place at the point of purchase or sale. Display of visible mark or product at the entrance of the store is an example. Unfortunately many retailers do not like to handle the hundreds of displays, signs and posters they receive from manufacturers. Hindustan Lever often use this tool to promote its products in the retail market.

Product Demonstrations

Products are being shown in action. Consumers can visit the store and see the usage of product in live action so that doubts of the consumers can be clarified in the store itself. When a new product is introduced in the market, the sales promotional tool is often used. For example ultra modern grinder being used by the company to demonstrate its speciality than the other product.

Trade Promotion Tools

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

- i. Trade promotion can persuade the retailer or wholesaler to carry the brand.
- ii. Trade promotion can persuade the retailer or wholesaler to carry more than it normally carries.

- iii. Trade promotion can induce the retailers to promote the brand through featuring, display, and price reduction.
- iv. Trade promotion can stimulate retailers and their sales clerks to push the product.

Manufacturers use several promotion tools. Some of which are mentioned below:

Price– Off

Manufacturers may offer a price – off, which is straight discount off the list price on each case purchased during a stated period of time. The offer encourages dealers to buy a quantity or carry a new item that they might not ordinarily buy. The dealers can use the buying allowance for immediate profit or price reductions.

Allowance

Manufacturers may offer an allowance in return for the retailer's agreeing to feature the manufacturer's products in some way. An advertising allowance compensates retailers for advertising the manufacturer's product. A display allowance compensates them for carrying a special display of the product.

Free Goods

Manufacturers may offer free goods, which are extra cases of merchandise to middlemen who buy a certain quantity of items.

Push Money

Manufacturers may offer push money which is cash or gifts to dealers or their sales force to push the manufacturer's goods.

Speciality Advertising Items

Manufacturers may offer free specialty advertising items to the retailers that carry the company's name such as pens, pencil, calendars, paper weights, and memo pads.

As the number of competitive sales promotions have increased, friction has been created between the company's sales force and its brand managers. The sales force says that the retailers will not keep products on the shelf unless they receive more trade promotion money, while the brand managers want to spend their funds on consumer promotion and advertising.

CHAPTER 20

POSITINING OF ADVERTISEMENT

Positioning means to form in the mind of another or others a **concept** about your product or service by comparing it to something already familiar to the customer and to make it "real" to the customer how your product/service can be useful, beneficial, worthwhile, etc., to him or her. Let's do a mental exercise. Consider how many advertisements you see in a day. Possibly many in number. Which ones do you remember? Okay. Consider how many ads your customers might look at with regard to your product or service. Competition could be strong. Positioning is done with words (ad copy) and/or images (positioning pictures) in order to create a rapid communication of your product or service. One wants to make a lasting impression!

In order to rapidly communicate and to make a favorable, effective sales pitch for your product or service to a majority of potential buyers, it is vital to ensure **proper positioning** as you compose your ads. Otherwise your ad might end up with the rest of the advertisements one sees on a daily basis — in the mental trash can!

Why? Because computers don't decide to buy your products or services. People do. You'll need to communicate what you offer to potential customers in the best possible light — one which causes the best possible reality for your product or service in each interested consumer visiting your website.

Proper positioning increases your chances of making sales by forming in your visitors' minds a favorable impression of your product or service, or how your product or service could be used by your potential customers in their lives. By using clever and creative positioning, you can more quickly advance each potential customer along the line to the point of sale.

Product positioning is a crucial ingredient in the buying process and should never be left to chance. It's your opportunity to influence the market's perception of your products. Failure to proactively address product positioning is unlikely to end well. With or without your input, customers will position your product probably based on information from your competitors, which will not flatter you.

Clear, concise, meaningful product positioning also helps you cut through the relentless advertising and marketing noise of the marketplace. In your customer's mind, product positioning gives your messages some context so they can be better heard and accepted.

FEATURES OF POSITIONING

During the process of generating product positioning strategies, periodically review each one against the following list of characteristics.

- **Single-minded**—does it convey one primary message at a time?
- **Meaningful**—will it connect with the target audience?
- **Differentiating**—does it contrast your strengths against the competition?
- **Important**—is it pertinent and significant to the target audience?
- **Sustainable**—will it resonate with the target audience well into the future?
- **Believable**—will it ring true with the target audience?
- **Credible**—can you clearly substantiate your claims?

Positioning in advertisements is the answer to the following questions:

- Ever had problems communicating to customers about a product or service?
- Does your website or ad seem to confuse people about what you're selling?
- Does your "ad copy" (text) make various ineffectual stabs at communication?
- Does your ad copy send a muddled message?
- Does your ad cause upset of your potential customers because in their eyes it can't be understood?

MARKET TESTING

Market testing is the process of using quantitative and qualitative methods to evaluate consumer response to a product idea prior to the introduction of a product to the market. It is also used to generate communication designed to alter consumer attitudes towards existing products. In most cases these can be applied in various combinations, depending on the business decision to be made, the study objective, the rigour the test requires, and practical issues such as sample availability, cost of materials.

Objectives of Market Tests

Basically there are four main reasons for undertaking product testing:

1. Advertising claims: An advertiser wants to make a comparative claim
eg. 'the best grease remover available'
2. Cost savings/Process testing: A manufacturer may wish to reduce the cost of manufacture or introduce a new manufacturing process, and needs to check the impact on the product in terms of consumers perceptions - is it better, same or worse.
3. Product Improvement/New Product: A product improvement is tested to see if this is perceptible to consumers, and if they do think of it as an improvement. Or a new product is tested to ascertain its acceptance with consumers.
4. Competitive Threat: A competitor launches a new product. The competitive product (and threat) can be tested against an existing product or a product designed to counteract the competitive launch.

METHODS OF MARKET TEST

Product tests can be undertaken in a variety of ways - cost, convenience, speed and accuracy are all considerations in deciding which to use.

1. Mail out

Product is mailed to consumers along with instructions and questionnaires. Is probably the cheapest way to undertake product tests. Obviously in home test, and less control over the usage circumstance - which reflects what ultimately happens with products consumers use in their homes. Questionnaire collection could be by phone call or mailing back the questionnaire. Sequential monadic is not a good idea by mail.

2. Home delivery

Product is dropped off to houses. Allows for interview at drop off (could be a sight and handling questionnaire) and for interviewer to explain in detail what the respondent is to do during the test. Could have a self completion questionnaire which could be collected by a home visit, a phone back interview or mailed back.

3. Central location

Respondents come to a central location to undertake tests there - might be the research offices, or in shopping centres for example. This allows for a more controlled sight and handling or use of the product, but would rarely reflect the real way in which consumers would use the product. Interviews are conducted on the spot. This allows for greater security of products.

4. Telephone collect

Consumers' views are collected via a telephone interview. This could be after having used the products at home for some time or even after having used in a central location.

5. Product Sample Collection

Samples are collected after being used in the home - usually to ensure security, or perhaps to inspect packaging or some other aspect of the product.

6. On-line

Respondents are sent a link to the product and asked to comment on it without actually using it. This is useful for packaging and positioning testing, but does not constitute a product test.