

B.V.V,Sangha's
Shri.S.R.Kanthi Arts ,Commerce & Science College, Mudhol
Prof.S.M.Khot

Advertising Skills

Module-1

Introduction

Advertising is a form of mass communication with the public. It is usually one sided i.e. from the company to the buyer/potential user of the product. It is a form of communication that typically attempts to persuade the potential customers to purchase or consume more of a particular brand of product/services. As rightly defined by Bovee, "Advertising is the non-personal communication of information usually paid for and usually persuasive in nature about products, services or ideas by identified sponsors through the various media."

Advertising an important tool of communication is use to promote commercial goods and services, it can also be used to inform, educate and motivate the public about non-commercial issues such as AIDS, Don't drink and drive, Polio, Save water, electricity, animals and trees etc. "Advertising justifies its existence when used in the public interest - it is much too powerful tool to use solely for commercial purposes."

Introduction

The word advertising comes form the latin word "advertere meaning" to turn the minds of towards". Some of the definitions given by various authors are: According to William J. Stanton, "Advertising consists of all the activities involved in presenting to an audience a non-personal, 2 sponsor-identified, paid-for message about a product or organization." According to American Marketing Association "advertising is any paid form of non-personal presentation and promotion of ideas, goods and services by an identified sponsor". Advertising is used for communicating business information to the present and prospective customers. It usually provides information about the advertising firm, its product qualities, place of availability of its products, etc. Advertisement is indispensable for both the sellers and the buyers. However, it is more important for the sellers. In the modern age of large scale production, producers cannot think of pushing sale of their products without advertising them. Advertisement supplements personal selling to a great extent. Advertising has acquired great importance in the modern world where tough competition in the market and fast changes in technology, we find fashion and taste in the customers.

Definition

- 1. American Marketing Association has defined advertising as "any paid form of non-personal presentation of ideas, goods and services by an indentified sponsor".*
- 2. According to Webster, "Advertising is to give public notice or to announce publicity".*

3. 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

1. Communication : Advertising is 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 favorable attitude which will lead to favorable actions. Any advertising process attempts at converting the prospects into customers. It is thus an indirect salesmanship and essentially a persuasion technique.

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

5. Non-Personal Presentation : Salesmanship is personal selling whereas advertising is non-personal in character. Advertising is not meant for anyone individual but for all. There is absence of personal appeal in advertising.

6. Identified Sponsor : A sponsor may be an individual or a firm who pays for the advertisement. The name of reputed company may increase sale or products. The product gets good market because of its identity with the reputed corporate body.

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

8. Art, Science and Profession : Advertising is an art because it represents a field of creativity. Advertising is a science because it has a body of organized 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

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 he product. Dealers are attracted towards a product which is advertised effectively.
8. To warn the public against imitation of an enterprise's products.

Importance

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 educate 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, Doordarshan and Zee TV 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.

14 different types of advertising

Companies can use various advertisements to reach their target consumers or to inform the public. Here are 14 types of advertising and examples:

1. Print advertising

Print advertising refers to printed advertisements, often seen in newspapers and magazines. However, this category also includes other printed materials, such as brochures, directories and flyers. Companies can place advertisements in local newspapers—whether throughout the paper or within the classifieds section—to target consumers within a geographic location.

For a more targeted audience, companies may seek advertising opportunities in magazines. Specialty magazines can help a company reach a specific group or type of people. For example, a company that sells golf equipment would place ads in magazines for golf enthusiasts because they know that audience is more likely to appreciate their product. Magazine advertising can also offer a better visual experience for consumers, as the full-page opportunities allow for more color and high-production images than newspaper advertisements.

2. Direct mail advertising

Direct mail is a type of print advertising that sends advertisements to customers through the mail. Examples include brochures, catalogs, newsletters and flyers. This approach enables companies to identify an even more targeted market than other print advertising formats because it distributes ads via a direct mailing list.

For example, someone who opens a hair salon can create a flyer that announces their grand opening. They can then send that flyer to a list of residents located within five miles of the salon. To attract new customers, the owner can also include a discount coupon with the mailer.

3. Television advertising

Television advertising is a type of broadcast advertising where companies advertise their products or services through 20-, 30- or 60-second TV commercials. It can be costly but enables companies to repeat their advertisements regularly. The costs to air television commercials can vary due to the following factors:

The ad length

The time of day

The television show

Frequency of airing

The geographic reach

The number of networks

For example, it is much more costly to air a commercial during a widely watched event, such as the Super Bowl. While consumers now have the ability to skip advertisements on their televisions, it still serves as an effective method of reaching a large audience. Repeating advertisements help build recognition and brand awareness, and even if consumers are not watching the ads, they may still be listening to them.

4. Radio advertising

Radio is another form of broadcast advertising that plays ads during programming breaks. Customers can listen to radio advertisements while conducting other activities, such as driving or doing household chores. Like television, radio enables the repetition of advertisements, which can give companies more recognition with consumers.

Companies can research what radio stations are popular with their target customers. They can also learn what times of day these customers listen to the radio most. For example, they may try to advertise during a morning time slot when they know many of their customers will be driving to work.

5. Podcast advertising

In podcast advertising, companies can sponsor podcasts or have advertisements for their products or services played during the episodes. Typically, podcasts play ads at the beginning, middle and end of episodes. Similar to radio advertising, companies can research which podcasts are most popular with their target audience.

Some podcast hosts read from a script provided by the company or create their own, which can be an entertaining way for listeners to consume advertising content. Often, companies will offer a discount code available to listeners of a podcast. Besides attracting new customers, this code can help companies assess how well this advertising strategy works based on its use.

6. Mobile advertising

Mobile advertising reaches consumers through any mobile device with internet connectivity, such as a cellphone or tablet. These advertisements may appear to consumers through social media, on web pages or within apps. For example, a customer playing a mobile game may receive ads for similar games between gameplay rounds. The benefit is that these advertisements can reach consumers no matter where they are. If individuals enable location settings, companies may even be able to target them via geographic location.

Another way companies conduct mobile advertising is by combining it with print advertisements using QR codes. When consumers see a QR code in a magazine, they can scan it using their mobile device. It could then take them to the brand's website or offer them a coupon.

7. Social media advertising

Companies use social media advertising to promote their products or services on various platforms. Social media advertising, like other digital advertising, enables companies to target specific audiences. They may focus on reaching customers based on their geographic location, age group or buying habits. They can either pay for the platforms to promote their advertisements, or they can use more organic methods.

For example, a small business can use organic social media advertising by asking its followers to like and re-share one of their posts. They then may pick a participant at random to receive a discount or gift. Today's businesses also utilize online influencers, bloggers or celebrities to create posts promoting their brands or products. Rather than full advertising campaigns, these methods may serve as more cost-effective techniques that enable the business to spread awareness of their brand.

8. Paid search advertising

Paid search is a type of online advertising, sometimes referred to as pay-per-click (PPC) advertising. Companies that use PPC advertising only pay a fee when users click on their ad. They bid on specific keywords, usually related to their business, along with the placement of their ad on the search engine. For example, a company that sells folding bicycles includes the keyword "foldable bikes" in its bid. When users search that phrase, the company's products appear as an ad within the search results—typically at the top of the page.

9. Native advertising

Native advertising is a type of digital advertising in which ads look similar to the rest of the page content. Pay-per-click advertisements can serve as a form of native advertising because the advertised product often blends in with the other results. Businesses enjoy using this format because it does not interrupt the user experience, unlike display advertising.

For example, a website that publishes articles about professional development may also include sponsored articles. These look the same as the articles published by the site's writers and editors but came from a business looking to promote its products or services. A reader may find an article about time management tips and realize later that it is a sponsored post from a company that sells time-tracking software. In this scenario, the company also would likely mention or advertise its software within the article's content.

10. Display advertising

Display advertising is a type of digital advertising that uses identifiable ads. These may include banner ads at the tops or sides of web pages and pop-up ads. Another example would be the video ads that appear before or during streaming video content. Display advertising encourages users to click on them to move to the company's website, often to make a purchase. These advertisements are very prevalent online, though sometimes that can make them easy for consumers to ignore.

One method used in display advertising is remarketing or retargeting. When users visit a brand's website, they often accept browser cookies that allow the site to track their journey. If the user decides not to purchase anything on the site, the brand may target that customer and place ads for their products on other websites to remind them to return and buy the item.

11. Outdoor advertising

Outdoor advertising refers to advertisements that consumers see outside their homes. As a result, this type of advertising is sometimes called out-of-home advertising. Examples include billboards and advertisements seen in public places or transit vehicles, such as on the sides of buses or inside subway cars.

Outdoor advertising aims to catch the attention of a large population. Usually, these ads help businesses build their brand awareness within a geographic location. The space allotted to outdoor advertisements may be limited, as can the amount of time a consumer takes to view the advertisements. Typically, these ads use bold images and fewer words so that the content is easily understood.

12. Guerrilla advertising

Guerrilla advertising refers to less conventional methods that are generally low-cost and employ creative techniques to draw attention. A common strategy in this category is ambient advertising, in which a company places ads in public places but uses an unconventional manner. For example, rather than advertising on a bus stop, a company may paint a mural on the sidewalk advertising their services.

Guerrilla marketing sometimes invites public interaction or participation. For example, the advertisement may encourage individuals to take a photo with the ad and post it on social media using a hashtag. That is why companies using guerilla advertising aim for eye-catching ads — to entice consumers to interact with their content. Advertising via word-of-mouth can serve as an effective and less costly way for companies to build brand awareness.

13. Product placement advertising

In product placement advertising, a company pays to have their product embedded in media content, such as a television show or movie. The content sometimes does not explicitly mention the product, but it is viewable by the audience. This method can help companies reach targeted groups more discreetly.

For example, a soda brand may want to target teenagers. They can pay to have their beverages advertised via product placement in a popular teen film franchise. Characters in the film who drink soda will drink that company's beverage, and the label will be visible. The characters may mention the beverage brand, but not necessarily.

14. Public service advertising

Public service advertising refers to advertisements that promote a cause or initiative rather than a product. Often called public service announcements (PSAs), these ads aim to inform the public about a topic in a way that benefits them or others. Organizations can use public service advertising in various formats, such as television, radio or online video advertising. Providers will donate airtime to these ads, though they must meet particular requirements to qualify as a PSA.

This type of advertising often is used by government agencies or charitable organizations to educate consumers on health and safety topics. For example, the Centers for Disease Control airs PSAs to inform citizens of the necessity to take health screenings or prepare for natural disasters.

What is audience analysis?

In consumer insights, audience analysis refers to researching the interests, preferences, demographic, location, and other aspects of a group. This could be a broad audience like “all Tumblr users” or a much narrower group like “millennial female fans of The Bachelor in Massachusetts.” The insights you gain from audience analysis depend on the depth of your research.

While your own audience is a great place to start with audience analysis, looking at your competitor’s audience and comparing it to your own can help you gain insights into how to stay ahead of the competition.

Audience analysis can be branded or unbranded. Branded analysis means looking at the audience for a specific brand (Apple, Microsoft, etc) while unbranded analysis looks at the audience for the type of product and related topics (computers, tablets, technology, etc).

For businesses, the best audience analysis gives you deeper understanding of what compels consumers to support a brand or make a purchase. While understanding the basic demographics of an audience is helpful, it isn't as powerful as understanding the intricacies of consumer preferences related to your brand and product.

For example, if a coffee chain wants to attract and retain more customers, knowing the demographics of coffee drinkers in key locations is only the first piece of the puzzle. Analyzing the specific coffee preferences of that audience and how they have changed over time can give the brand much more actionable insights on how to engage consumers.

The deeper, customized analysis could reveal that a trend (like a preference for cold brew coffee) is spreading rapidly within the target audience. An insight like this is actionable because it helps brands make informed decisions about updates to improve their menu and advertising.

Methods for Setting Advertising Budget

1. Percentage of Sales Method:

It is a commonly used method to set advertising budget. In this method, the amount for advertising is decided on the basis of sales. Advertising budget is specific per cent of sales. The sales may be current, or anticipated. Sometimes, the past sales are also used as the base for deciding on ad budget. For example, the last year sales were Rs. 3 crore and the company spent Rs. 300000 for advertising. It is clear that the company has spent 1% of sales in the last year.

Company has the tendency to maintain certain per cent (or percentage) of sales as ad budget. Based upon the past, the current and the expected sales, amount for advertising budget is determined. This method is based on the notion that sales follow advertising efforts and expenditure. It is assumed that there is positive correlation between sales and advertising expenditure. This is not the scientific method to decide on advertising budget.

The method offers following merits:

- (a) It is based on sales volume. Therefore, cost of advertising can be offset against profits earned from the sales. It satisfies financial management.*
- (b) This method encourages marketing manager to think in terms of relationship between promotional costs, selling price, and profits per unit.*
- (c) It maintains competitive parity. All firms in the industry spend approximately the same percentage of sales for advertising.*
- (d) It keeps the company in constant touch with the sales target to be achieved.*

Demerits:

The method has been criticized on following grounds:

(a) *In absence of specific guidelines, it is not possible to decide the appropriate per cent of sales. It lacks a scientific base.*

(b) *Long-term planning is not possible because a long-term sales forecasting seems difficult.*

(c) *It neglects other objectives of advertising. Only sales are given priority. It doesn't consider the need of advertising.*

(d) *Stage of product life cycle is not considered.*

(e) *It is, to some extent, inflexible.*

2. Objectives and Task Method:

This is the most appropriate ad budget method for any company. It is a scientific method to set advertising budget. The method considers company's own environment and requirement. Objectives and task method guides the manager to develop his promotional budget by (1) defining specific objectives, (2) determining the task that must be performed to achieve them, and (3) estimating the costs of performing the task. The sum of these costs is the proposed amount for advertising budget.

The method is based on the relationship between the objectives and the task to achieve these objectives. The costs of various advertising activities to be performed to achieve marketing objectives constitute advertising budget.

1. Determine main objectives of marketing department.

2. Set advertising objectives in terms of sales, profits, brand loyalty, competitive stability, etc.

3. Determine advertising task in terms of various advertising activities required to be performed to achieve the advertising objectives.

4. Estimate cost of each advertising activity for the defined period.

5. Make sum of costs of all the activities. It is the estimated amount for advertising.

Thus, advertising budget is set on the basis of the objectives a company wants to achieve and in what way it wants the objectives to be achieved. This method is logically consistent and practically applicable for all the companies. The method emphasizes on actual needs of the company. It is considered as a scientific method to set ad budget.

3. Competitive Parity Method:

Competition is one of the powerful factors affecting marketing performance. This method considers the competitors' advertising activities and costs for setting advertising budget. The advertising budget is fixed on the basis of advertising strategy adopted by the competitors.

Thus, competitive factor is given more importance in deciding advertising budget. For example, if the close competitors spend 3% of net sales, the company will spend, more or less, the same per cent for advertising. Here it is assumed that "competitors or leaders are always right." If not followed carefully, this method may result into misleading.

It is obvious that a company differs significantly from the competitors in terms of product characteristics, objectives, sales, financial conditions, management philosophy, other promotional means and expenses, image and reputation, price, etc.

Therefore, it is not advisable to follow the competitors blindly. Marketing/advertising manager should take competitors' advertising strategy as the base, but should not follow as it is. The advertising budget must be adjusted to the company's internal and external situation.

Limitations:

Manager must be aware of following limitations of the competition parity method:

- (a) In case of a new product, the method fails to guide for deciding on advertising budget.*
- (b) It is difficult to know in which stage of life cycle the product of close competitor is passing through.*
- (c) Company differs in terms of sales, profits, challenges, financial conditions, and so on. To follow competitors directly may be erroneous.*
- (d) Advertising is not the sole factors that affect the sales; interplay of many factors determines sales.*
- (e) In case, when there are many competitors, it is difficult to decide as to whom the company should follow.*
- (f) The method is followed only when there are dominant competitors. In absence of competition, the method cannot be used.*

4. Affordable or Fund Available Method:

This is, in real sense, not a method to set advertising budget. The method is based on the company's capacity to spend. It is based on the notion that a company should spend on advertising as per its capacity. Company with a sound financial position spends more on advertising and vice versa.

Under this method, budgetary allocation is made only after meeting all the expenses. Advertising budget is treated as the residual decision. If fund is available, the company spends; otherwise the company has to manage without advertising. Thus, a company's capacity to afford is the main criterion.

Limitations:

Following are the limitations of the method:

(a) The method completely ignores the role or need of advertising in the competitive market environment.

(b) In long run, it leads to uncertain planning as there is no guarantee that the company will spend for advertising.

(c) Except company financial position, other factors like company's need for advertising, consumer base, competition, and so forth are ignored.

(d) This method only guides that a company should not spend beyond its capacity.

(e) This is not a method in real sense.

(f) There is possibility of bias in deciding advertising amount.

5. Expert Opinion Method:

Many marketing firms follow this method. Both internal and external experts are asked to estimate the amount to be spent for advertisement for a given period. Experts, on the basis of the rich experience on the area, can determine objectively the amount for advertising. Experts supply their estimate individually or jointly.

Along with the estimates, they also underline certain assumptions. Internal experts involve company's executives, such as general manager, marketing manager, advertising manager, sales manager, distribution manager, etc.

Whereas external experts involve marketing consultants, dealers, suppliers, distributors, trade associations, advertising agencies, and other professionals related to the field. Marketing consultants and advertising agencies provide such services on professional basis.

Advertising budget recommended by external experts is more neutral (bias-free) and, hence, is reliable. Experts considers overall situation and give their opinion on how much a company should

spend. Mostly, the experts consider all the relevant factors related to advertising while deciding on advertising budget.

Merits:

Expert opinion method offers following merits:

- (a) The estimates tend to be more balanced as various executives and experts are involved.*
- (b) The budget is more accurate and realistic because the internal executives are well aware of company's strengths and weaknesses.*
- (c) It is the only option when a company is new, having no past experience.*
- (d) External experts tend to be more neutral as they are external to organisation*

Demerits:

However, the user must be aware of following possible demerits:

- (a) It is not a scientific method. Personal value, experience, and attitudes play vital role.*
- (b) It is difficult to fix responsibility of the final estimates as many experts contribute to budget estimates.*
- (c) External experts are not fully aware of the company's marketing situations.*
- (d) When more internal experts are involved, it may deteriorate relation due to possible conflicts or lack of consensus.*
- (e) Possibility of prejudice or bias cannot be ignored.*
- (f) All opinions, right or wrong, are given equal importance*

6. Other Methods:

There are some other methods used for setting advertising budget.

They have been listed below:

- i. Arbitrary Allocation Method*
- ii. Profit Maximization Approach*
- iii. Incremental Method*
- iv. Sales Force Opinion Method, etc.*