

Advertising

Unit = 1

1. a) What do you mean by Communication?
- b) Mention the nature/characteristics of communication?
- c) What are the importance of communication?
- d) Explain communication process.

a) Ans. The word 'Communication' has been derived from the Latin word *communies*, which means to share or to participate. Thus, communication stands for sharing or transmission of information, idea, opinion and emotion, a fact or an attitude. It includes both, the act of communicating as well as the message to be communicated. Communications have been defined by the different authors in different ways. Some of them are:

According to W. H. Norman and Summer, "Communication is an exchange of facts, ideas, opinions or emotions by two or more persons."

According to Keith Davis, "Communication is the process of passing information and understanding from one person to another."

Thus, communication is the process of passing information and understanding from one person to another. It is a process which includes:-

- i) Transmission of subject matter or message.
- ii) Involvement of two parties to complete the process of communication.

b) Ans. Following are the important nature of communication:-

- i) Two or more persons: Communication involves at least two persons. One is known as sender and the other is known as receiver.
- ii) Message: Message is a must in the communication process. Symbols that the sender transmits to the receiver.
- iii) Universal: Communication is universal in nature. It is universal in nature because it is found everywhere and it is necessary everywhere in every time.
- iv) Social Process: Communication is a social process as it enables everyone in the society to satisfy his basic needs and desires through exchange of written, spoken or non-verbal message.
- v) Upward, downward or horizontal: Business communication may flow down to top or up or from up to down and from side to side.

c) Ans. Following are the importance of Communication:

1. Efficient Planning: Accurate and up-to-date information concerning the external environment and internal conditions is necessary for taking right decisions at the right time. The quality of managerial decisions and plans depends largely on the quality of information and its effective transmission.
2. Training and Development: Communication is essential for the orientation and ongoing training of both workers and executives. Communication provides knowledge and the degree of learning depends to a great extent on the communication skills of the trainer.
3. Motivation and Morale: Communication plays an important role in inspiring people to work hard and in fostering positive attitudes. Managers can increase the self-confidence and job satisfaction of employees by keeping in close touch with them.
4. Coordination: Communication is the most effective means for unifying and integrating the efforts of individuals towards the common goals. It serves as a cementing force in the face of narrow specialisation and facilitates team work. Communication enables people to work together.
5. Leadership: A leader can modify the behaviour of his people through fact and persuasion. For this purpose the leader needs to be a good orator and patient listener. He can sell his ideas and overcome resistance to change through a two-way flow of communication. By keeping himself close to his people, the leader can continuously win their support and loyalty. Leadership becomes inspiring and effective when the leader remains in close touch with his subordinates.
6. Effective Control: Communication from the boss serves as the basis on which employees regulate their work and know how well they are doing. A manager can correctly judge the performance of his subordinates and take suitable remedial actions on the basis of feedback information from them.
7. Sound Industrial Relations: Communication creates a meeting of minds and a meeting of hearts. It can bring people closer to each other. Sound and open communication helps to improve relations between employer and employees and between employer and the trade unions. It helps to develop mutual cooperation and understanding thereby improving industrial harmony and industrial productivity.
8. Corporate Image: Communication is indispensable for every organisation to develop and maintain reputation or goodwill in society. A business concern can keep itself in close touch with its customers, investors, dealers, suppliers and other sections of society through various forms of communication.

d) Ans. Communication Process is concerned with sharing and understanding of information. It involves seven major elements –

- i) Sender
- ii) Message
- iii) Encoding
- iv) Media
- v) Receiver

- vi) Decoding
- vii) Feedback
- viii) Response
- ix) Noise

Given below a brief explanation of above mentioned elements of communication process –

i) Sender: The communication process starts with the sender. He is the person who transmits a message. He is the one who gets the entire process of Sender started.

ii) Message: A message is the actual information that has to be conveyed. Communication is unthinkable without a message. No communication can be taken place without a message.

iii) Encoding: encoding is putting the meaning of the message into appropriate words, symbols, gestures or other form of expression for the purpose of sending on intentional message.

iv) Media: Media are the communication channels through which the message moves from the sender to the receiver. The sender must send the messages to such media that reach target, audiences or receivers.

v) Receiver: The person or group who receives the message and attaches some meaning to the message, is the receiver. The receiver has to perform three functions –

- a) Reception of the message
- b) Decoding the message
- c) Understanding the message

vi) Decoding: Decoding means attaching meaning to the message. Meanings are already in the receivers mind, not in the message.

vii) Feedback: Feedback is the reversed of the communication process in which the receiver expresses the response to the sender's message. Thus, in feedback, the receiver sends his reply or response to the sender, indicating that he has understood the message received.

viii) Response: Response indicates the reactions of the receiver after being exposed to the message. Response depends to a large extent on the perception interpretation, personal desires of the receiver.

ix) Noise: Noise is the unplanted state or distortion in the communication process which results in receiving a different message than the sender sent. Generally, environmental noise is an element or activity that disturbs, confuses or makes the communication process more difficult.

2. a) What do you mean by Marketing Communication?
b) Explain the components of marketing communication?

OR

Explain the marketing communication mix.

- c) Discuss marketing communication process.

a) **Ans.** It is an important aspect of the promotion mix of the Ps under the marketing mix. As the phrase suggests, it deals with communicating all sort of information to the target audience. All marketing communication is done with some purpose or the other. The main object is to seek the desired response from the audience so targeted.

b) **Ans.** A company's total marketing communications mix-also called its promotion mix consists of the specific blend of advertising, personal selling, sales promotion, public relations, and direct-marketing tools that the company uses to pursue its advertising and marketing objectives.

Definitions of the five major promotion tools follow:

1. Advertising: Any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor.
2. Personal selling: Personal presentation by the firm's sales force for the purpose of making sales and building customer relationships. This can be at the manufacturer/trader level.
3. Sales promotion: Short-term incentives to encourage the purchase or sale of a product or service.
4. Public relations: Building good relations with the company's various publics by obtaining favorable publicity, building up a good corporate image, and handling or heading off unfavorable rumors, stories, and events.
5. Direct marketing: Direct connections with carefully targeted individual consumers to both obtain an immediate response and cultivate lasting customer relationships--the use of telephone, mail, e-mail, the Internet, and other tools to communicate directly with specific consumers.

c) **Ans.** Marketing communications process consists of integrated activities in which the targeted audience is identified and a well coordinated promotional program is prepared to generate the desired response from the audience. Marketing communications involves identifying the target audience and shaping a well coordinated promotional program to elicit the desired audience response. Thus, the communications process should start with an audit of all the potential contacts target customers may have with the company and its brands.

The Process involves the following steps:

- 1. Identification of the Target Audience:** No manufacturer or advertiser can target the entire population, So with the help of segmentation, the best and most profitable segment of the market also called as target audience is identified. All promotional efforts including advertising are made keeping in mind the chosen target audience.
- 2. Determination of the advertising objectives:** Before beginning the designing of the ad it is important to determine which objective or set of objectives will be achieved. The advertising objectives range from gathering new customers to retaining old customer base on one hand to building awareness of the brand and its product to other.
- 3. Designing of Message:** For this stage to be effective, the right image of the product/service should be created in the mind of the target audience. A message that attracts the attention, develops the interest, arouses desire and stimulates action is an effectively designed message.
- 4. Message Content:** The message while designing the ad should be such that it should stand out from the competing product ads.
- 5. Message Structure & Format:** While designing the ad, the marketer needs to decide whether the message needs to be one sided (tell the story of the product) or two sided (compare the product with those of the competitor(s)).
- 6. Choosing Media:** Effective spread of the message involves minimal disturbance. If an ad is being played with noise in the background, the entire message being delivered will get lost. The advertiser has to make a choice between the following two kinds of channels:
 - i) Personal Channels involving communication between two. This ranges from face to face communication, email, voice messaging, to email or video messaging and calls.
 - ii) Non personal or Mass channels include print, audio, audio visual etc. It is also useful as a support mechanism to personal channels.
- 7. Collecting Feedback:** To assess the effectiveness of the marketing communication process, feedback from the target audience is crucial. The time needed to assess the communication impact depends upon the type of promotion used.

3. "Advertising as a tool of Communication"- Explain.

OR

Discuss advertising as a tool of Communication.

Ans. Advertising is communication with many consumers of products and services. To communicate with a large group, we put the advertising message through mass media like the press, magazines and TV. Advertising is thus one form of mass communication. Advertising aims at a group, i.e., mass. These days products are mass produced for mass consumption. It is not possible to contact each customer individually. Therefore, advertising a mass communication tool is a must for modern marketer.

Further advertising as a tool of communication can be evaluated through the following points:

- i) Advertising predisposes a person favourably for a product/service/idea moving him towards its purchase.
- ii) Mostly advertising is indirectly concerned with sales, It either informs or persuades or reminds about a product or service. Most of the times, it is indirect in its approach and has a long term perspective, e.g., building up a company image or brand image.
- iii) Advertising is not the only form of persuasive communication. Very closely allied to advertising are sales promotion and public relations. In fact, both are important parts of advertising, and are often 'managed by the same people or agencies or departments. All three are vital to the marketing of a product, service or idea.
- iv) Advertising, as we know today is a booming global industry. It is not only a communication tool used by a variety of people but is also very effective process of information dissemination. It also serves a useful purpose in our society.
- v) It is a paid form of non personal presentation and promotion of ideas, goods and services.
- vi) Advertising is a sub component of the promotion mix which in turn is a part of the quartet comprising the marketing mix i.e., product, price, and place. It has been believed that the right combination of the marketing mix often solves the problems that modern manufacturers face.

Thus the modern world depends on advertising. Without it, producers and distributors would be unable to sell, buyers would not know about and/or continue to remember products or services, and the modern industrial world would collapse. If factory output is to be maintained profitably, advertising must be powerful and continuous. Mass production requires mass consumption, which in turn, requires advertising to the mass market through the mass media.

4. a) Give the meaning and definition of advertising.
- b) Mention its important features.
- c) Explain importance of advertising.
- d) Mention the various objectives of advertising.

a) Ans. The term "advertising" has been derived from the Latin word 'advertere' which means to turn (the mind) to. Broadly speaking, advertising does turn the attention of people to a product, service, idea or organisation.

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

"Advertising consists of non-personal forms of communication conducted through paid media under clear sponsorship." - Philip Kotler.

b) Ans. The important features/characteristics of advertising are as follows:

1. Non-personal: Advertising does not involve face-to-face interaction between the buyer and the seller or his representative. It is an impersonal means of marketing communication.
2. Paid Form: An advertisement is openly paid for by its advertiser. The advertiser purchases time or space to tell his story. Money is paid for per column centimeter in print media and per second in radio and TV. There are standard tariff rates for different types of advertising media.
3. Mass Appeal: Advertising is addressed to mass audience and not to any specific person.
4. Promotion: The basic purpose of advertising is to persuade people to buy products or services or to accept ideas which are being advertised.
5. Products, Services and Ideas: Advertising is done not only for tangible products like a TV or refrigerator but also for services (e.g., insurance policy, share issue, airline travel) and ideas (e.g., family planning, no smoking, pollution control)
6. Multiple Media: Advertising messages can be communicated through several types of media such as newspapers, radio, TV, films, direct mail, bill boards, leaflets and so on.
7. Creativity: Advertising requires use of imagination and creative ideas. Without it, the target audience may not act upon the message.
8. Long-term Investment: Advertising is neither a wasteful expenditure an investment that yields returns in the short-term. It is an investment in building goodwill and brand image over a period of time.

c) Ans. Advertising has become indispensable in modern business due to cut-throat competition and mass production. It performs several functions and pervades our economic and social life. As a technique of mass communication and persuasion advertising is beneficial to the following groups:

i. Benefits to Manufacturers

1. It increases sales volume by creating attraction towards the product.
2. It helps easy introduction of new products into the markets by the same manufacturer.
3. It helps to create an image and reputation not only of the products but also of the producer or advertiser. In this way, it creates goodwill for the manufacturer.
4. It helps to establish a direct contact between manufacturers and consumers.

ii. Benefits to Wholesalers and Retailers

1. Easy sale of the products is possible since consumers are aware of the product and its quality.
2. It supplements the selling activities.
3. It ensures more economical selling because selling overheads are reduced.
4. It enables them to have product information.

iii. Benefits to Consumers

1. Advertising stresses quality and very often prices. This forms an indirect guarantee to the consumers of the quality and price.
2. Advertising helps in eliminating the middlemen by establishing direct contact between producers and consumers. It results in cheaper goods.
3. It helps them to know where and when the products are available. This reduces their shopping time.
4. It provides an opportunity to the customers to compare the merits and demerits of various substitute products.

iv. Benefits of Salesmen

1. Introducing the product becomes quite easy and convenient because manufacturer has already advertised the goods informing the consumers about the product and its quality.
- 2 Advertising prepares necessary ground for a salesman to begin his work effectively. Hence sales efforts are reduced.
3. The contact established with the customer by a salesman is made permanent through effective advertising because a customer is assured of the quality and price of the product.

4. The salesman can weigh the effectiveness of advertising when he makes direct contact with the consumers.

v. Benefits to Community or Society

1. Advertising leads to a large-scale production creating more employment opportunities to the public in various jobs directly or indirectly.

2. It initiates a process of creating more wants and their satisfaction thus leading to a higher standard of living.

3. It assures employment opportunities for the professional men and artist.

4. Advertising does provide a glimpse of a country's way of life.

d) Ans. The purpose of advertising is nothing but to sell something -a product, a service or an idea. The real Objective of advertising is effective communication between producers and consumers. The following are the main objectives of advertising:

1. Induce Trial: Manufacturers that have launched new products work to fulfill this objective. A consumer will not start to regularly consume till she buys a new product for the first time. Often flashy and attractive ads are placed in various media so that potential consumers can become aware.

2. Reminding Consumers: It is not just about attracting new consumers. It is said that it is far easier to retain existing consumers than to make new ones.

3. Creation of Demand: The main objective of an advertisement is to create a favorable climate for maintaining or improving sales. Customers are to be reminded about the product and the brand. It may induce new customers to buy the product by informing them its qualities since it is possible that some of the customers may change their existing brands as a result.

4. Facing the Competition: Another important objective of the advertisement is to face the competition. Under competitive conditions, advertisement helps to build up brand image and brand loyalty and when customers have developed brand loyalty, it becomes difficult for the competitors to change it.

5. Creating or Enhancing Goodwill: Large scale advertising is often undertaken with the objective of creating or enhancing the goodwill of the advertising company. This, in turn, increases the market receptiveness of the company's product and helps the salesmen to win customers easily

6. Informing the Changes to the Customers: Whenever changes are made in the prices, channels of distribution or in the product by way of any improvement in quality, size, weight, brand, packing, etc., they are informed to the public by the producer through advertisement.

7. Neutralizing Competitor's Advertising: Advertising is unavoidable when competing with or trying to neutralize competitor's advertising. When competitors are adopting intensive advertising as their promotional strategy, it is reasonable to follow similar practices to neutralize their effects. In such cases, it is essential for the manufacturer to create a different image of his product.

8. Barring New Entrants: From the advertiser's point of view, a strongly built image through long advertising helps to keep new entrants away. The advertisement builds up a certain monopoly for the product which new entrants find difficult to break.

In short, advertising aims at benefiting the producer, educating the consumer and supplementing the salesmen. Above all it is a link between the producer and the consumer.

5. a) What do you mean by Audience analysis/Audience selection?

b) Explain the importance of audience analysis in advertising.

c) Mention the strategies that can be adopted while selecting a target audience.

a) **Ans.** Once the advertising objectives are decided, the target audience at which the advertising is to be directed is selected. No single product or service can fully meet the needs and desires of all people. Therefore, a marketer should focus on those customers for which the product is best suited. Any group of people can be called a market only when they feel need for the product, are interested in it, have the money to buy it and are willing to spend on it. The selection of target market helps the marketer to correctly identify the audience and the group of customers to whom the advertising message should be directed. It helps in subdividing the total market into several segments and to focus on the most appropriate segment. Audience selection is the process of comparing and evaluating the different market segments and then selecting one or more segments as the prospects with the highest potential.

b) **Ans.** The importances of audience analysis in advertising are discussed in the following ways:

1. Role of Target Audience in Determining Advertising Objectives: Once the target audience is selected, it becomes easy to determine the specific objectives of advertising. For example, if the target audience consists of rural population, advertising may aim at creating demand and increasing sales. On the other hand, when the target audience is urban population increasing market share may be a more relevant objective.

2. Role of Target Audience in Deciding Advertising Budget: The money to be spent on advertising depends upon the size and geographical spread of target audience. For fast moving consumer goods such as soaps, tooth paste, cosmetics, biscuits, etc. target audience is very large and is scattered all over the country and abroad. Therefore, manufacturers of these products are the biggest spenders on advertising.

3. Role of Target Audience in Designing Advertising Copy: The message to be communicated in advertising is called advertising copy. The contents, design and layout of advertising copy largely depend upon the age, sex, income, education, occupation and other characteristics of the target audience. For example, advertising copy for Lifebuoy soap makes an appeal to health factor.

c) **Ans.** While selecting a target audience, a firm can adopt any of the following strategies:

1. Undifferentiated Strategy: In this strategy, a firm uses the same marketing mix for all the markets. The firm considers the target markets as one and the same. This strategy requires extensive distribution through the maximum number of retail outlets. Pepsi, Sony and Revlon employ this strategy.

2. Concentrated Marketing: Under this strategy, a separate marketing mix is created for each market segment. Small companies which can create niches in one product, one segment employ this strategy. Ayur Herbal cosmetics are marketed in this way.

3. Differentiated Marketing: Multiple marketing mix offerings are devised in this strategy. Unilever and Proctor and Gamble employ differentiated marketing strategy.

6. a) What do you mean by advertising budget?

b) Mention the steps involved in setting advertising budget.

c) Mention the factors affecting the advertising budget.

d) Discuss briefly the various methods of deciding advertising budget.

a) **Ans.** One of the major decisions involved in advertising management is deciding the total amount to be spent on advertising during a financial year and allocation of this amount to specific advertising operations. This is called advertising budget or advertising appropriation.

b) **Ans.** Setting the advertising budget involves translation of an advertising plan into money terms. The process of setting advertising budget consists of several steps-(i) deciding the advertising campaign, (ii) calculating the funds required to execute the campaign, and (iii) allocation of total outlay among different products, market segments, time periods and geographical areas, etc.

c) Ans. Advertising Budget is the amount of money which can be or has to be spent on advertising of the product to promote it, reach the target consumers and increase the sales and give reasonable profits to the company.

Like any other managerial aspect this too is impacted by a lot of factors some of which are outlined below:

1. Company Objectives.
2. Frequency of the advertisement.
3. Type and Depth of competition.
4. Market share of the product.
5. Stage in the Product Life Cycle.
6. Type of Media to be used.
7. Kind of Target Audience.
8. Organisational factors.

These are discussed in detail below:

1. Company Objectives: Every company has a specific objective in mind while setting the ad budget. If the objective is to increase market share, it indicates that the ad budget will have to include all possible promotional methods.

2. Frequency of the Advertisement: As the title itself suggests, where the frequency expected is high i.e., to say more ad exposure daily that translates to say one ad every hour means 24 ads in a day. This multiplied by 30 days means 720 ads a month.

3. Type and Depth of competition: Where the competition is intent on fighting to the end through coverage across media as usually happens between close competitors like Colgate and Pepsodent or Ariel and Tide or MRF and CEAT etc, the ad budget of the advertiser will increase to match that of the competitors.

4. Market share of the product: New brands with small market shares generally receive above average advertising support. On the other hand, older and mature brands in the maturity stage get less than average support.

5. Stage in the Product Life Cycle (PLC): There are four stages of the PLC- Introduction, Growth, Maturity and Decline. During the Introduction stage the product is launched in the market and needs a lot of promotional support to make more and more people aware of the existence. Ad budget too should be high.

6. Type of media to be used: From among all the media - from audio to visual to print to outdoor and the internet, it is the visual media which is the costliest in terms of placing the ad. So in case the advertiser is interested to use above the line media, the ad budget will be high and in case the desire is to use below the line media, the budget can be a limited amount.

7. Target audience: The advertiser needs to be aware of the type of media the targeted audience uses, their purchase habits, as well as their demographics like age, gender, income etc. Some members of the audience may have the money but not the willingness while the reverse may be true for some others.

8. Organisational Factors: Organisational structure, power politics, opinions of experts, preferences of decision-makers, pressure from top management also influences allocation of the advertising budget.

d) **Ans.** The main methods of setting the advertising budget are as follows:

1. The Percentage of Sales Method: Under this method, the total amount to be spent on advertising is decided by multiplying the value of previous year's sales or projected sales for the budget period with a predetermined percentage. Different percentages may be fixed for different products, territories, etc.

2. The Affordable Funds Method: According to this method, the advertising outlay should be linked with the profitability and liquidity of the firm. Better the financial position more should be spent on advertising.

3. The Competitive Parity Method: In this approach, advertising outlay is decided on the basis of what other firms in the industry are spending. A firm decides its proportion of total industry advertising expenditure on the basis of its market share.

4. The Objective and Task Method: In this method, the amount to be spent on advertising is determined keeping in view the pre-determined objective and task of advertising. This involves some steps: (a) define the objective. (b) Outline the tasks. (c) Estimate the cost of accomplishing the task. (d) Monitor to judge how well the objectives are being attained; and (e) Re-evaluate objectives and appropriations.

5. Marginal Analysis Method: According to marginal analysis, a firm should continue to add to the advertising budget so long as the incremental expenditures are less than the marginal revenue they generate. Marginal analysis is based on the functional relationship between advertising expenditures and sales.