

AdvertisingUnit = 5

1. a) What do you mean by Advertising Agency?
- b) Discuss the role of an advertising agency.
- c) What are the various types of advertising agency? Explain them.
- d) What are the various factors determining the selection of an advertising agency.

OR

Explain the determinants of selection of an advertising agency.

1. a) **Ans.** An advertising agency means an independent organisation of creative and business persons who specialise in the preparation of advertisements and in the purchase of space and time in the different media on behalf of the clients and in return for fee and commission.

According to the Institute of Practitioners in Advertising, an advertising agency is "an organisation (whether owned by an individual, firm or corporation), whose business consists in the acquisition of right to use space or time in advertising media and in the administration, on behalf of advertisers, of advertising appropriations made by them."

b) **Ans.** An advertising agency is a facilitating institution. It helps advertisers in the creation and production of advertisements. It provides a full range of services to advertisers from the conception of advertising idea to the release of advertisements in the media. Thus, an advertising agency is a specialised service institution which plans, designs and executes advertising campaigns for and on behalf of its clients in return for some remuneration.

Various functions performed by an advertising agency are given below:

1. Contacting Clients: First of all an advertising agency establishes contacts with individuals and organisations which are desirous of advertising their products, services, ideas, etc. The agency can get business service and grow only when it has a large number of clients who regularly require and avail of its services.

2. Getting the Brief: The 'brief' is a written statement of the result which the client expects from the advertising. The brief also provides an overview of the client's business and its marketing strategy. The accounts executive takes the brief from the client.

3. Conducting Research: The agency undertakes a study of the client's product or service in order to identify its strengths and weaknesses. It also analyses the present and potential market for the product. A full service agency usually has its own research department.

4. Preparing Advertising Plan: On the basis of research, an advertising plan is prepared. The plan is a blueprint of the agency's creative and media programme. The agency plans the advertising campaign and prepares an advertising budget.

5. Producing the Copy: Copy ideas are interpreted and the layout is prepared by artists who work in close association with copywriters. The production department of the agency converts ideas, text and art work into typography and engraving for printing. Illustrations are drawn and photographs are finalised for the copy.

6. Buying Space and Time: The advertising agency chooses the appropriate media for the advertisement. It also secures space in print media and time in broadcast media depending upon the client's requirements. It arranges release of the advertisement in the chosen media.

7. Providing Advice: An advertising agency may also provide advice to the client regarding market conditions and related matters. It may supply support in market research and even involve in the total marketing plan.

8. Services: Advertising agencies provide a number of services such as marketing research, test marketing, product planning and development, package designing, sales training, preparation of sales and service literature, designing of merchandising displays, publicity and public relations, etc.

9. Services: Advertising agencies provide a number of services such as marketing research, test marketing, product planning and development, package designing, sales training, preparation of sales and service literature, designing of merchandising displays, publicity and public relations, etc.

c) Ans. Advertising agencies are of different sizes, shapes and types. On the basis of business handled and functions performed, advertising agencies may be classified as below:

1. In-house Agency.
2. General Agency.
3. Industrial Agency.
4. Virtual Agency.
5. Network Agency
6. Independent Agency.

These various types of advertising agencies are explained below:

1. In-house Agency: An advertising agency owned and managed by the advertiser is known as 'in-house agency'. It is operated under the direct supervision and control of the advertiser. It performs all the creative and media functions involved in advertising. The reasons for using in-house agency are as follows:

a) Savings: It saves the profit of an outside agency.

(b) Specialisation: In-house agency better understands the company's

(c) Priority Service: The in-house agency works only for the client and is immediately available. There are no conflicts with other clients.

(d) Minimum Staffing: In-house agency employs minimum staff and engages freelance staff to handle peak work loads.

2. General Agency: This type of agency represents the widest variety of clients across industries and sectors. It, however, concentrates, in practice on 'consumer accounts', i.e., the companies that manufacture and market consumer products such as soaps, cosmetics, detergents, textiles, scooters, cars, etc. A general agency is independent of its clients. This is the most common type of advertising agency. The general agency may be further classified into the following categories:

(a) Full-service Agency: This agency serves its clients in all areas of communication and promotion. It offers the full range of advertising services like planning, creating, producing and executing advertisements.

(b) Specialised Agency: Such an agency offers services in one particular area of advertising. It specialises either in copy writing or media planning or media buying.

A specialised agency may be of the following types:

(i) Research Agency: Such an agency specialises in research work which is one of the activities performed by a full-service agency.

(ii) Creative Boutique: This agency is generally established by art directors, copywriters and other creative specialists. It develops creative ideas and appeals for advertising.

(iii) Media Buying Agency: It buys space and time in different media in bulk and then sells the same to different advertising agencies and advertisers.

3. Industrial Advertising Agency: This type of advertising agency is not common in India. It represents companies that want to advertise industrial products such as computer hardware, X-ray equipment, precision instruments, turbines, furnaces, etc. Industrial advertising requires specialised technical knowledge.

4. Virtual Agency: In such an agency, the staff do not have fixed offices. They work at home, in their cars, or at the clients' offices. They conduct meetings by video conferencing or electronic mail. Thus, a virtual agency operates like a group of freelancers

5. Network Agency: Can handle large scale of work. Too many brands to look at, so chances of getting a step-child treatment after a point are high.

6. Independent Agency: Who better than an entrepreneur to understand another entrepreneur's challenges. CMOs more comfortable working with network agencies. If the founder is not involved in any project, it shows in the quality of the work.

d) Ans. While selecting an advertising agency, the following factors should be kept in mind

1. Size and Competence of Staff: First of all a good advertising agency must have adequate and experienced team of specialists in different areas of advertising management.

2. Compatibility: The advertising agency needs to be compatible with the task entrusted to it. The needs and expectations of the advertiser determine the suitability of the agency.

3. Roster of Present Accounts: The list of present clients of the agency is another important consideration. The agency is deemed to be fit if its clients are well-known business firms and these are happy with the agency's services

4. General Reputation: The overall goodwill and prestige of the agency in the field of advertising need to be taken into consideration. The agency must be well known and its track record should be sound.

5. Facilities and Services: The infrastructure and facilities available with the agency are important. Its contacts and reach with different media and other concerned institutions should be considered. The range of services offered by the agency is also significant in making the choice.

6. Financial Soundness: Only a financially healthy agency can render efficient and quick services to its clients. Its average billing on accounts indicates revenue generating capacity.

7. Stability: An agency which has been long in the field can perform more efficiently and effectively. The investment in the agency and its management are examined before selecting a suitable advertising agency.

8. Requirements: The advertiser has to decide whether he needs a full service agency or a specialised agency. The chosen agency must understand the clients requirements and problems.

9. Creativity: The style, clarity, memorability and impact of the agency are to be taken into account. A good agency has a problem-solving approach.

10. Cost: The fee and commission quoted by the agency is an important factor influencing the selection. The charges need to be reasonable in the light of the work to be done.

2. Write notes on:

- i) Social aspects of Advertising in media.
- ii) Ethical aspects of Advertising in media.
- iii) Legal aspects of Advertising in media.

2. i) Ans. Social aspects of Advertising in media: The term social means about the society and the aspects that affect modern society. There are a number of issues in Indian society that impact society as such, yet are not limited to the following:

1. Advertising Performs the Role of Information Disseminator: Through ads the society in general and the target market in particular gets to know about, not only the new products/ services/ideas in the market but how they create a positive impact in society. Had advertising not been there, the society would be a less informed one than it is now.

2. Personal Health and Hygiene: A lot of oral care ads talk about frequent brushing to ensure healthy teeth thus inculcating good hygiene habits. A number of personal hygiene products have hit the market raising awareness about why it is important to maintain personal hygiene.

3. Rights of Consumers: A number of print ads have highlighted the concerns of the consumers. One ad that immediately comes to mind is Jaago Grahak Jaago' campaign.

4. Creation of awareness: Information about diseases and epidemics in print media esp new diseases like Dengue and Chikunguniya.

5. Contributes to Trend Setting: Ads esp for computer accessories, paints and clothes that get talked about in blogs and other media contribute to the trends being set.

6. Advertising and Cultural Values: Culture is the most fundamental determinant of a person's wants and behaviour. These cultural values distinguish one social group from another. Each culture contains smaller groups of sub-cultures that provide more specific identification and socialization for its members. Four types of sub cultures can be distinguished - nationality groups, religious groups, racial groups, and groups by geographical areas.

7. The 'Development' Perspective: advertising does reflect the changing cultural values of a society. At times, it itself acts as a change agent. While doing so it should not lose sight of the developmental perspective.

8. Advertising and Standard of Living: Advertising makes people aware of their needs which make them aspire to a higher standard of living. There is, however, the criticism that by creating a desire for various products, advertising plants seeds of discontent in those who cannot afford them.

ii) Ans. Ethical aspects of Advertising in media: Ethics is concerned with good and bad, with reference to a particular culture at a given point of time. It represents a set of moral principles and values. Morality is concerned with the right type of conduct. It represents a set of principles of right and wrong behaviour. Ethics and morality are therefore, closely related, though the latter is wider in its meaning.

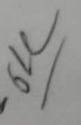
What is ethical advertising? To understand this, we must learn what is considered unethical by consumers, according to one market survey. Advertising is considered unethical when:

- (i) It degrades the rival's product or substitute product;
- (ii) It gives misleading information;
- (iii) It gives false information;
- (iv) It conceals information that vitally affects human life (e.g., side effects of drugs, precautions while using a geyser);
- (v) It makes exaggerated or tall claims;
- (vi) It is obscene or immoral;
- (vii) It is against the national and public interest.

Ethical advertising contains truth, not absolute truth, but socially accepted standards of honesty as truth. It has to be right in its approach and claims. Business morality is derived from social morality. Truth in ethical advertising is valued because an advertiser indulging in untruth will be spotted sooner or later. He will lose goodwill for ever, not only for one product, but possibly for his entire product line. Lastly, truth in advertising should be valued for its own sake. It is a high moral principle, and also an important tenet of business ethics. It is immoral for an advertiser to deceive his prospects. Laws in most countries are stringent against untruth in advertisements. Consumer consciousness also pressurises the advertiser to be ethical and truthful.

Ethical advertising can shift the demand curve to the right; unethical can shift the demand curve of a firm to the left.

iii) Ans. Legal aspects of Advertising in media: Today advertisers face several legal restrictions. Consumer-movement has forced the government to pass laws to regulate advertising and protect consumer interest. Legal restrictions and regulations are enforced by Government to check deceptive and misleading advertisements. On 1st August, 1984, MRTP Act was amended and Unfair Trade Practices were covered within the purview of MRTP Act. The main object of incorporating such provisions in MRTP Act was to check deceptive and misleading advertisements in the public interest. In 1986, Government enacted Consumer Protection Act to protect the interest of consumers. In 1987, the Government passed Code for Commercial Advertising on Doordarshan. From time to time, various



amendments are made in these Acts, but the main theme is to control untruthful and deceptive advertising and to promote the interest of consumers.

1. Unfair Trade Practices of MRTP Act: For preventing deceptive and misleading advertisement, MRTP Act has declared certain trade practices as unfair. These Unfair Trade Practices are controlled by MRTP Act. In case any advertiser is found indulging in issuing deceptive advertisements, he is directed to immediately withdraw such ad, not to repeat such ad in future, issue corrective ad, making necessary clarifications, give damages to cheated consumers and he is also liable to fines, prosecution or both under the Act.

2. Remedy Under Consumer Protection Act, 1986: A consumer, registered consumer association central government or state government can lodge a complaint of unfair trade practices adopted by advertiser, under consumer protection act. In consumer protection act, there is three-tier-machinery for redressal of consumer grievances i.e. at the district level, state-level and national-level. Procedure for filing a complaint under consumer protection act is simple as district-forums are available in each district and complains can be made on.

3. Code for Commercial Advertising on Doordarshan: This code was passed by Parliament in 1987. It suggests 33 Do's and Don'ts' for advertisers.

Doordarshan should follow the following code of conduct:

- i) Ads should not be against any caste, community, nationality.
- ii) No advertisement should be presented as news
- iii) Ads should not show national emblem, national flag, any national leader or state dignitary.
- iv) Ads should not have any relation to religious, political or industrial dispute.
- v) Ads should not promote chit funds, private money-lenders, fortune-tellers.
- vi) Ads should not portray women as passive/submissive.
- vii) Documents of guarantee for guaranteed goods will have to be made available to Director General of Doordarshan for inspection, if demanded.
- viii) Ads should not give derogatory remarks for competitive products.
- ix) Ads should not show excessive violence such as gunfire, bombardments, etc.
- x) Ads should follow moral decency i.e., it should not give vulgar, indecent scenes.

4. Control of Municipality over Outdoor Advertising: Municipalities have been given powers to check and regulate outdoor-advertising in their respective municipality areas. If municipal authorities find indecent, vulgar posters, banners on public places, then these authorities can remove such posters banners and can take action against such advertiser. Further, before fixing sign-boards on roadsides, prior permission from municipal authorities is required.