

Module - 1

Module 1:

Role of IMC in marketing process, IMC planning model, Marketing and promotion process model.

Communication process, steps involved in developing IMC programme, Effectiveness of marketing communications.

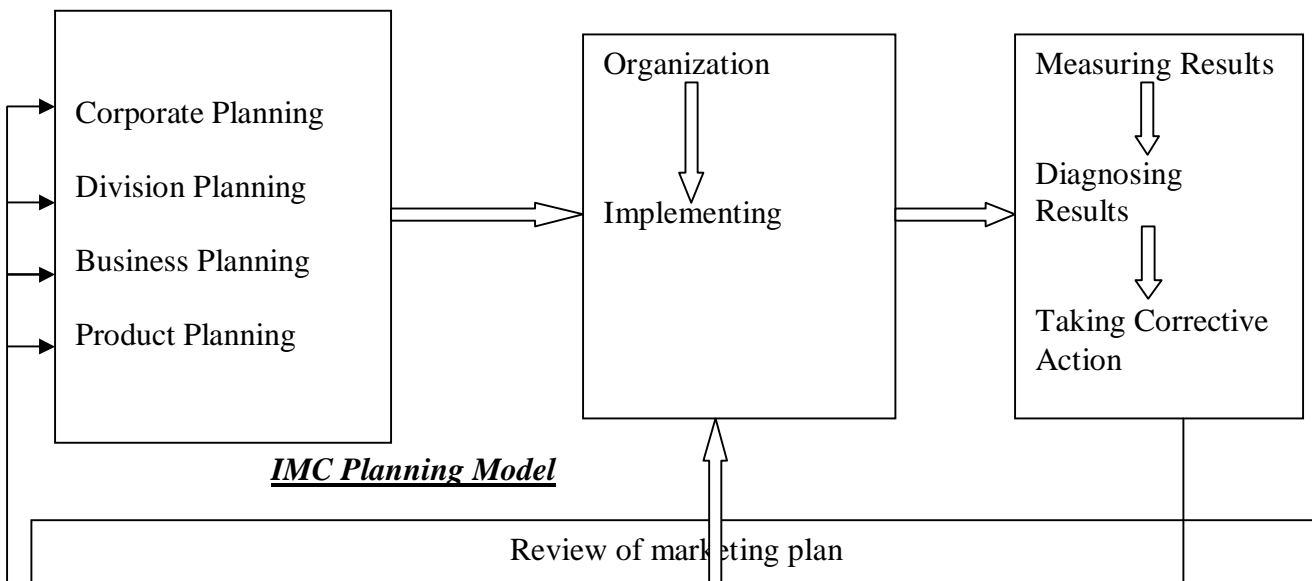
Advertising:

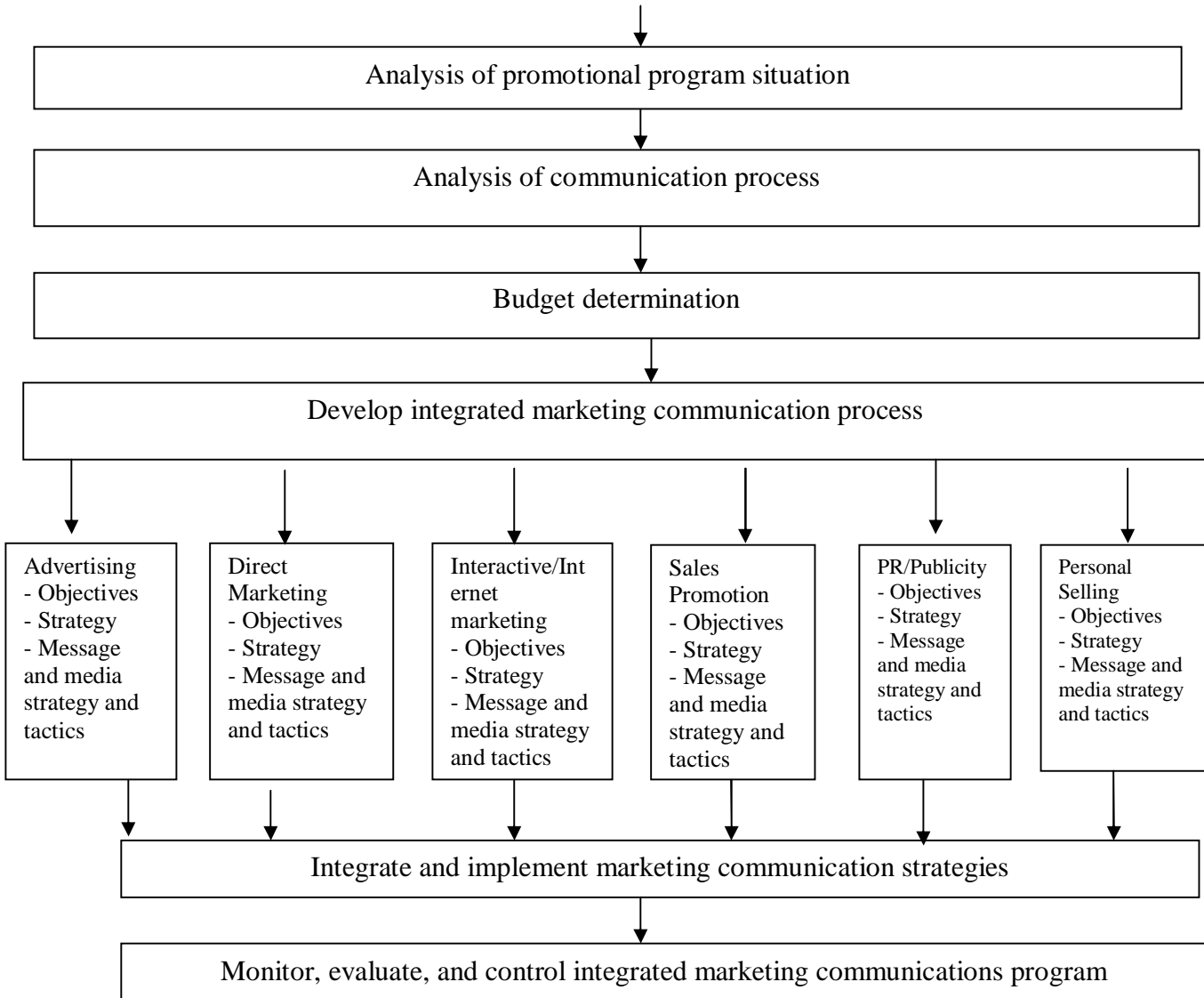
Purpose, Role, Functions, Types, Advertising Vs Marketing mix, Advertising appeal in various stages of PLC

Role of IMC in Marketing Process:

The move toward integrated marketing communications is one of the most significant marketing developments that occurred during the 1990s, and the shift toward this approach is continuing as we begin the new century. The IMC approach to marketing communications planning and strategy is being adopted by both large and small companies and has become popular among firms marketing consumer products and services as well as business-to-business marketers. There are a number of reasons why marketers are adopting the IMC approach. A fundamental reason is that they understand the value of strategically integrating the various communications functions rather than having them operate autonomously. By coordinating their marketing communications efforts, companies can avoid duplication, take advantage of synergy among promotional tools, and develop more efficient and effective marketing communications programs. Advocates of IMC argue that it is one of the easiest ways for a company to maximize the return on its investment in marketing and promotions.

Marketing Planning





Review of Marketing Plan

- Examine overall marketing plan and objectives
- Role of advertising and promotion
- Competitive analysis

- Assess environmental influences

Analysis of Promotional Program Situation

<p>Internal Analysis</p> <ul style="list-style-type: none"> - Promotional department organization - Firm's ability to implement promotional program - Agency evaluation and selection - Review of previous program results 	<p>External Analysis</p> <ul style="list-style-type: none"> - Consumer behaviour analysis - Market segmentation and target marketing - Market positioning
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Analysis of Communication Process

- Analyze receiver's response processes
- Analyze source, message, channel factors
- Establish communications goals and objectives

Budget Determination

- Set tentative marketing communications budget
- Allocate tentative budget

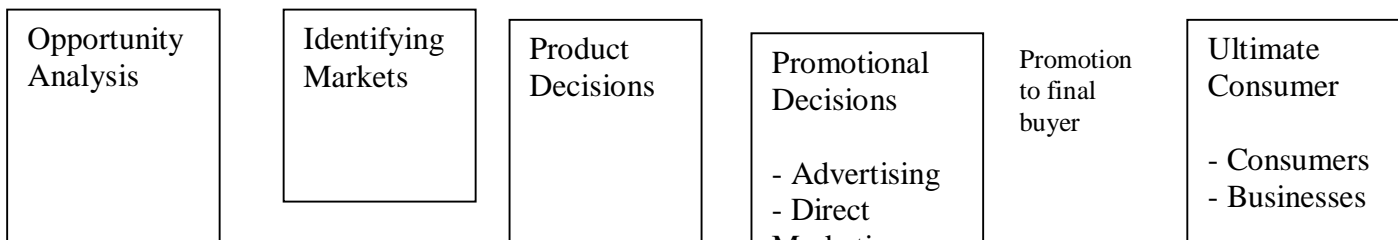
Integrate and Implement Marketing Communications Strategies

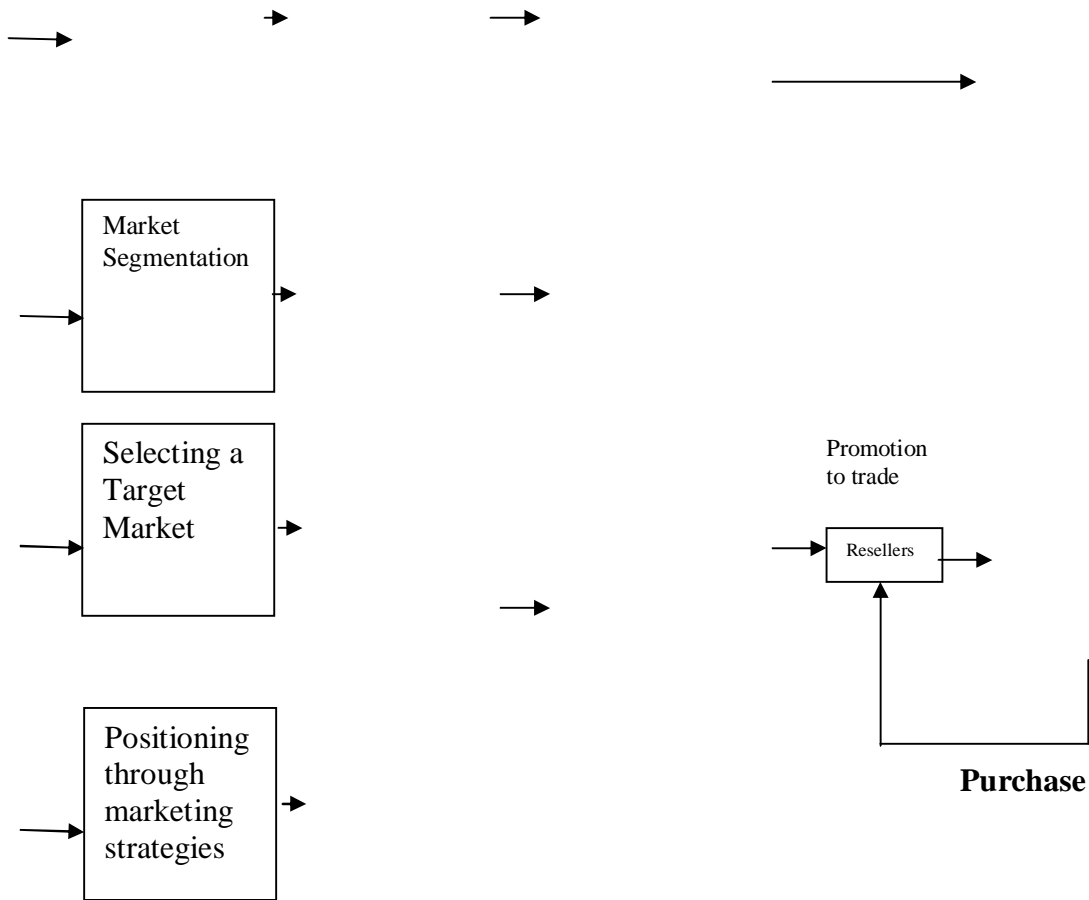
- Integrate promotional-mix strategies
- Create and produce ads
- Purchase media time, space etc
- Design and implement direct-marketing programs
- Design and distribute sales promotion materials
- Design and implement public relations/publicity programs
- Design and implement interactive/internet marketing programs

Monitor, Evaluate and Control Integrated Marketing Communications Program

- Evaluate promotional program results/effectiveness
- Take measures to control and adjust promotional strategies

Marketing & Promotions Process Model





Marketing Communications: In integrated marketing communications, the company will carefully coordinate the promotion elements to deliver a clear, consistent, and compelling message about the organization and its products.

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

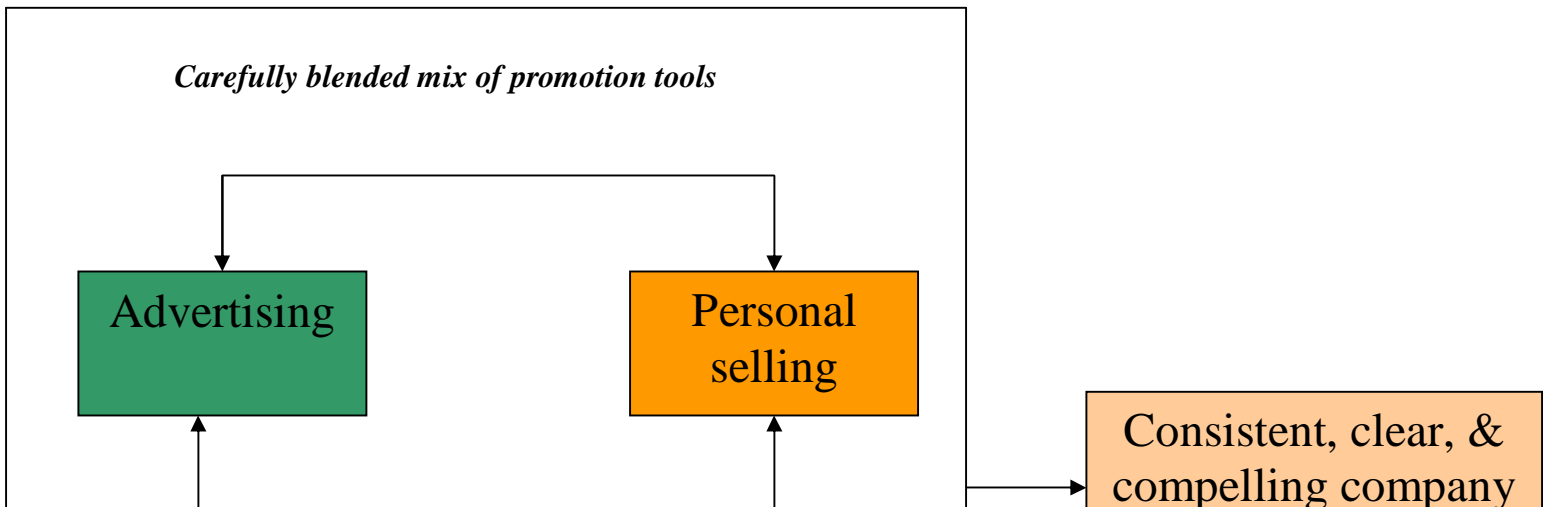


Fig 1: Integrated Marketing Communications

(B) Communication Objectives: Once the target audience has been defined the marketing communicator must decide what response is sought. In many cases the final response is purchase. But purchase is the result of a long process of consumer decision making.

The marketing communicator needs to know where the target audience now stands and to what stage it needs to be moved. The target audience may be in any of six buyer-readiness stages, the stages consumers normally pass through on their way to making a purchase.

These stages include awareness, knowledge, liking, preference, conviction, and purchase.

Awareness: - It is to create a familiarity about the product. To initially know what the product is, how it looks without much information about it.

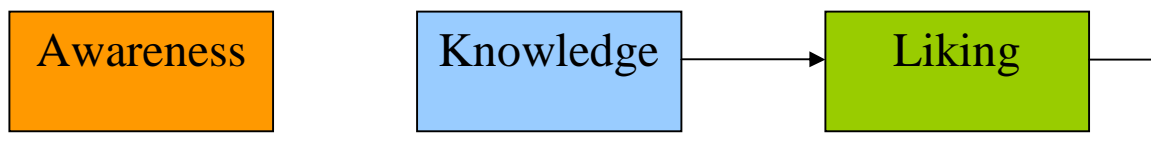
Knowledge: - By providing the detailed information about the product, the features, the price, and other required information which would help the consumer in purchasing the product.

Liking: - This is where they create favorable feeling about the product. To feel good about the product.

Preference: - In this the particular product is compared with other brands and it is rated by the preference in order to choose.

Conviction: - Convincing the customer that the product is best than any other of that kind in the market.

Purchase: - After convincing the customer, the communicator persuades to purchase the product with the details like price, quality, availability, and other.



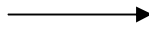
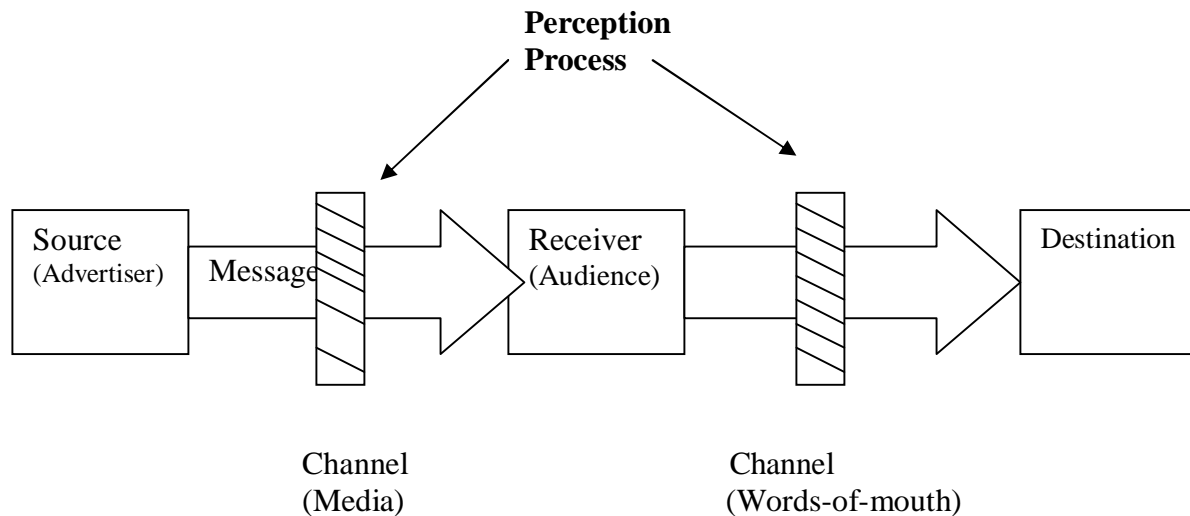


Fig 2: Buyer-readiness stages

© *Marketing Communication Process:*



Source: In either personal or non personal communication, the message’s impact on the target audience is also affected by how the audience views the communicator. Messages delivered by highly credible sources are more persuasive. Thus, many food companies promote to doctors, dentists, and the other health care providers to motivate these professionals to recommend their products to patients and marketers hire celebrity endorsers- well-known athletes, actors, and even cartoon character- to deliver their message.

Message:

(i) **Message content:** The communicator has to figure out an appeal or theme that will produce the desired response.

There are 3 types of appeals:

(ii) **Rational appeals**- relate to audience's self-interest. They show that the product will produce the desired benefits. Eg: Messages showing the product's quality, economy, value, or performance. Thus, in its ads, Mercedes offers automobiles that are "engineered like no other car in the world," stressing engineering design, performance, and safety.

Emotional appeals- attempt to stir up either negative or positive emotions that can motivate purchase. Communicator may use positive emotional appeals such as love, pride, joy.

Humor appeals- can capture attention, make people feel good, and give a brand personality.

(iii) **Message Structure**: The communicator must also decide how to handle three message structure issues.

- The first issue is whether to draw a conclusion or leave it to audience. Recent research suggests that in many cases, rather than drawing a conclusion, the ads are better off asking questions and letting buyers come to their own conclusions.
- The second issue is whether to present the strongest arguments first or last. Presenting them first gets strong attention but may lead to an anticlimactic ending.
- The third issue is whether to present a one-sided argument (mentioning only product's strengths) or a two sided argument (both product's strengths and its shortcomings).

(iv) **Message Format**: The marketing communicator also needs a strong format for the message. In a print ad, the communicator has to decide on the headline, copy, illustration, and color. To attract attention, advertisers can use novelty and contrast; eye-catching pictures and headlines; distinctive formats; message size and position; and color, shape, and movement. If the message is to be carried over a radio, the communicator has to choose words, sounds, and voices.

Channel: The communicator now must select channels of communication. There are two broad types of communication channels – Personal and Non personal.

(i) **Personal Communication Channels**: Channels through which two or more people communicate directly with each other, including face to face, person to audience, over the telephone, or through the mail.

Word-of-mouth influence: Personal communication about a product between target buyers and neighbors, friends, family members, and associates.

Buzz Marketing: Cultivating opinion leaders and getting them to spread information about a product or service to others in their communities.

(ii) **Non Personal Communication Channels**: Media that carry messages without personal contact or feedback, including major media, TV, Internet, events etc,

Receiver: The receiver in an advertising communication system is also called the target audience. Thus, the receiver can be described in terms of audience segmentation variables, lifestyle, benefits sought, and demographics and so on. Of particular interest might be the receiver's involvement in the product and the extent to which he or she is willing to search for and/or process information. It is the characteristics of the receiver- the demographic, psychological and social characteristics – that provide the basis for understanding communications, persuasion, and market processes.

Destination: The communication model does not stop at the receiver but allows for the possibility that the initial receiver might engage in word-of-mouth communication to the ultimate destination of the message. The receiver then becomes an interim source and the destination becomes another receiver.

(D) Advertising: Advertising is the most visible form of non-personal promotion and is designed to inform, persuade, or remind. Advertising is any paid form of non-personal presentation of ideas, products, or services by an identified sponsor. Product advertising places a message to promote a good or service, while institutional advertising promotes a concept, idea, or philosophy. Major decisions in advertising include objective setting, budgeting, message strategy, and media strategy. Advertising objective setting depends on the pattern of consumer behavior and information that is involved in the particular product category. Effective advertising must (1) extend from sound marketing strategy, (2) take the consumer's view, (3) be persuasive, (4) break through the competitive clutter, (5) never promise more than can be delivered, and (6) prevent the creative idea from overwhelming the strategy.

Advertising is used to reach large numbers of consumers who are geographically dispersed. Products can be dramatized through the use of color, sound, and visuals. It is effective at building awareness, knowledge and a long-term image for th

e product. On the other hand, advertising is impersonal, expensive, and not adaptable to individual consumers. It is difficult to measure the effectiveness of advertising campaigns.

Purpose: The following are the purposes/objectives of advertising:

- (i) **Generating awareness (informing):** The first task of any advertising is to make the audience aware of the availability of the product or service and to explain exactly what it is.
- (ii) **Creating favorable attitude (persuasion for attitude formation):** The advertising message should create a favorable attitude towards the brand, eventually leading the consumers to buy the brand or bring a change to their past purchasing pattern,
- (iii) **Managing customer loyalty (Reinforcement of the desired behaviour):** One of the key tasks of modern day marketing is to make the customers loyal and reinforce their purchase behavior. This is because competitors will always attempt to break the loyalty.

Needs & Benefits:

(i) **Benefits to producer:** Advertising is beneficial to producers in many ways. It helps in increasing the sales volume: increase in sales volume leads to a higher rate of production, which in turn leads to economies of scale resulting in a lower cost per unit. Further, in the absence of advertising, the company would be spending more money on other expensive means of promotions, such as personal selling and sales promotion. Advertising helps in easy introduction of new and modified products in the market. It helps to establish direct contact between manufacturers and customers. It helps in developing a network of intermediaries for distribution of company's output. When great advertising supports a good product, it helps in developing and building a good brand in the market.

(ii) **Benefits to the middlemen:** Advertising supports a network of institutions by channeling customer demands to different outlets. Middlemen, particularly wholesalers and retailers derive multiple benefits from advertising. It is easier for them to sell products because consumers are aware of the product and its quality through advertising. Wholesalers and retailers while dealing with competition share the brand image created through advertising and besides advertising enable wholesalers and retailers to acquire and disseminate product information.

(iii) **Benefits to customer:** Consumers are the biggest gainers of advertising. Every introduction of new products and services in the market affects the standard of living of consumers. Advertising stresses quality and very often prices. This forms an indirect guarantee to customers. Furthermore large-scale production assured by advertising enables the seller to reduce the production cost and sell the product at a lower price. Advertising help the customers know where and when the products are available. This reduced their shopping time. It produces an opportunity for customers to compare the merits and demerits of various substitute products at retail level before making a choice. Modern advertisements are highly informative. It is perhaps the only means through which consumers come to know about varied and new uses of products. Many times advertising is also found to be entertaining and customers enjoy advertising.

(iv) **Benefits to the community:** Advertising leads to large-scale production thus creating more employment opportunities. It assures employment opportunities to advertising professionals i.e., artists, visualizers and copywriters. Advertising starts a process of creating more wants and their satisfaction, resulting in a higher standard of living. Advertising inventions such as automobiles, radios, television and other household appliances has made more popular and universal. Newspapers would not have become affordable and popular if there had been no advertisements. It is quite possible that through it new entrants with better and newer products have a better chance of acceptance by the consumers. Advertising makes people aware about various social evils and motivates people not to display behavior which is detrimental to their standings in the society.

Types of advertising: Since advertising is one of the popular mediums of brand communication, it is used in many forms and for many purposes. It is possible to classify advertising into various forms as mentioned below:

- (i) **Brand advertising:** This is most popular form of advertising as all possible media including television is flooded with brand advertising. Brands like Surf

Excel, Pepsi, and coke in India are shown more frequently on Indian television. These kinds of advertisements are done to build brands and develop unique brand identity for the firm.

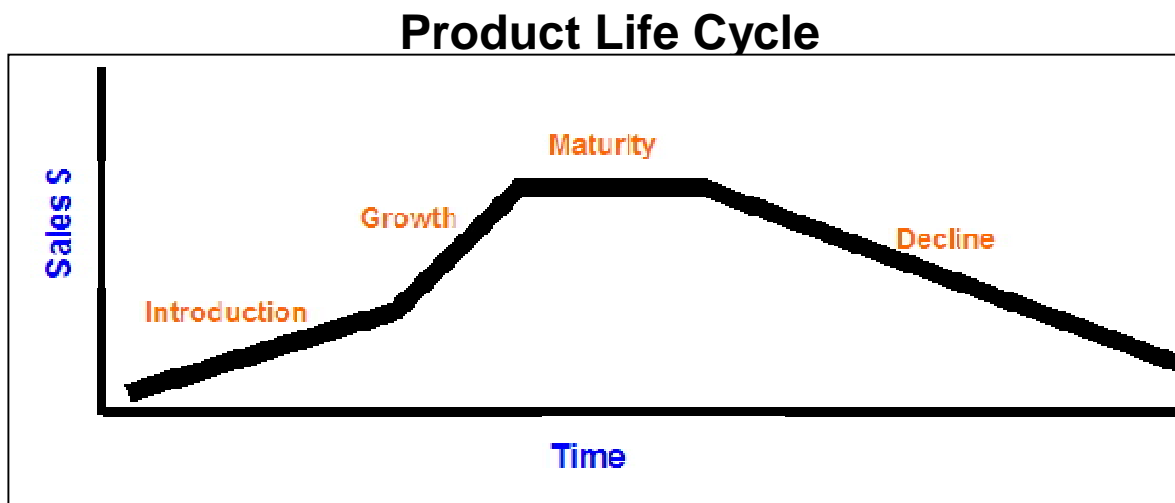
- (ii) **National advertising:** These advertisements are carried out in local and vernacular media to promote the product in a local region.
- (iii) **Retail advertising:** These advertisements are brought to promote retail outlets and dealer points.
- (iv) **Nation and destination advertising:** These advertisements are brought out to promote a nation as a tourism destination. These are also used for promoting states, cities and tourist attractions.
- (v) **Political advertising:** These are done for political parties, politicians and individual candidates during elections and referendums.
- (vi) **Social advertising:** These advertisements are brought out for a social cause like against AIDS, sexual exploitation, women trafficking, child labor and other critical issues in a society.
- (vii) **Directory advertising:** These are the advertisements done in directories and yellow pages and followed by people while collecting a telephone number or a home address. People normally refer to these directories to buy products and services.
- (viii) **Direct response advertising:** These advertisements are used in any medium, which tries to stimulate sales directly. The consumer can respond by mail, telephone or Internet.
- (ix) **Business-to-Business advertising:** These kinds of advertisements are carried out targeting business and organizational marketers. These messages are directed towards retailers, wholesalers and distributors. These advertisements are placed in professional journals and trade association publications.
- (x) **Institutional Advertising:** Institutions like colleges, universities, missionary of charities and large corporates bring out these advertisements. When these are brought out by large corporates we call them corporate advertising. The purpose of such advertising is to create a positive goodwill, which will ultimately contribute towards achieving the overall marketing and brand-building goal of the organization. Many companies use such advertisements to build positive image in the eyes of the consumers and general audience at large.
- (xi) **Public service advertising:** Government and government-sponsored institutions bring such advertisements for the benefit of general public. They communicate a message on behalf of some good cause. Advertising professionals create these advertisements for public relations department of large corporates, highlighting a social cause.

- (xii) **Interactive advertising:** These are typical internet based advertisement, which are delivered to individual consumers who have access to the WWW. Advertisers use web pages, banner ads, spots; pop ups and email programmes to reach the target audience.
- (xiii) **Outdoor advertising:** These are the forms of advertising in which the marketer uses out of the home media like wall paintings, hoardings, bulletins, kiosks and mobile vans for communicating with audience.
- (xiv) **Electronic advertising:** These forms of advertising use electronic media like television, radio, video and audiocassette, electronic display boards, CDROMs for promotion of products and services.
- (xv) **In Film advertising:** These are new forms of advertising in which brands are placed inside the film and actors are shown using these products during the movie for increasing its usage among the audience.
- (xvi) **Unconventional media:** These forms of advertising are of recent origin and use traditional art forms like jatraa, puppet dance and other local dance forms to communicate about products and services to the audience.

(E) Non-Commercial advertising: Advertising sponsored by or for a charitable institution, civic group, religious order, political organization, or some other nonprofit group to stimulate donations, persuade people to vote one way or another, or bring attention to social causes

Commercial Advertising: Advertising that involves commercial interests rather than advocating a social or political cause.

Advertising through various stages of PLC



Pre-Introduction: Light advertising, pre-introduction publicity

Introduction: Heavy use of advertising, public relations for awareness, sales promotion for trial

Growth: Advertising, public relations, branding and brand marketing, personal selling for distribution

Maturity: Advertising decreases, sales promotion, personal selling, reminder & persuasion

Decline: Advertising and public relations decrease, limited sales promotion, personal selling for distribution.

Module- 2

Role of advertising agency: Types of agencies – agency compensation –services offered by agencies – Criteria for selecting the agencies and evaluation - career in agencies.



Advertising AGENCIES

Adbur Pvt Ltd

Abdur Ltd, Kaushambi, Sahibabad, Ghaziabad-201 010.

Tel: 477 7901-7920, 477 8501-8520 Fax: 477 7935

E-mail: adbur@del3.vsnl.net.in

Capitalised billings: Rs 114.72 million

Television Billings: Rs 419.97 million

Senior Executive: Rakesh Endlaw, Chief Executive officer

Major Clients: Sanat Products (Bioslim slimming agent); Dabur Pharmaceuticals (Lona Low-sodium salt), Dabon International Ltd (Lebon-Cheese)

Akshara Advertising

302-303-310 Meghdoot, 94 Nehru Place, New Delhi - 110 019

Tel: (0091 11) 641 6253, 641 6258, 640 4264-66 Fax: (0091 11) 648 1655

Branch telephone numbers:

Hyderabad: (0091 40) 500 028

Chennai: (0091 44) 461 5265, 461 5870

Bangalore: (0091 80) 220 3616

Nagpur: (0091 712) 528 923

Jaipur: (0091 141) 612 670

E-mail: aksharaadv@eth.net, akshara-adv@yahoo.com

Capitalised billings: Rs 196.76 million

Senior Executive: S K Swami, Chief Executive

Major Clients: Rajasthan (University of Rajasthan); ONGC; MTNL.

Ambience D'arcy

Ambience Advertising pvt. Ltd, Neelam Centre, 'A' wing, S K Ahire Marg, Worli, Mumbai - 400 025

Tel: (0091 22) 496 2898, 494 4640, 492 3925, 494 8696 Fax: (0091 22) 493 7847, 493 4036

Branch telephone numbers:

Delhi: (0091 11) 646 9572

E-mail: akurien@ambiencearcy.com

Capitalised billings: Rs 1014.00 million

Television billings: Rs 474.00 million

Senior Executive: Ashok Kurien, Chairman & Managing Director

Major clients: Times of India Group (planet M/ Music store; Emami Group of companies (Himani sona chandi, Nirog dant power, tooth power);

Procter & Gamble(Whisper, vicks, healthcare); TVS Suzuki Ltd (Suzuki Shaolin, motorcycle), Philips India Ltd (Domestic appliances)

Chaitra Leo Burnett Pvt Ltd

9/11 NS Patkar Marg, AB Godrej Chowk, Mumbai - 400 036

Tel: (0091 22) 380 7070 Fax: (0091 22) 380 4542

Branch telephone numbers:

Bangalore: (0091 80) 527 2507-9, Fax: (0091 80) 527 2506

Calcutta : 280 1022

Delhi: (0091 11) 5069831-34 Fax: (0091 11) 506 5961

E-mail: clb@vsnl.com

Capitalised billings: Rs 1967.21 million

Television billings: Rs 904.82 million

Senior Executive: Arvind Sharma, Managing Director

Major Clients: ICICI; Bajaj Auto; Dabur India; BPL Ltd; Coca -cola(mazaa/beverage); Toyota (Qualis); Amtrex Hitachi(Air-conditioner)

Contract Advertising (India) Ltd

Vaswani Chambers, 264, Dr.A B Road, Worli Mumbai 400 025

Tel: (0091 22) 4306041, 4306042 Fax: (0091 22) 4303808/7890

Branch telephone numbers:

Bangalore: (0091 80) 221 4827, 221 9937

Calcutta: (0091 33) 2825824/5/6

Delhi: (0091 11) 561 8571/ 2

Chennai: (0091 44) 4616433/6501

E-mail: colvynharris@contractadvertising.com, cailho@giasbm01.vsnl.net.in

Capitalised billings: Rs 1786.88 million

Television billings: Rs 331.59 million

Senior Executive: Colvyn J Harris, President

Major Clients: Bajaj Ltd (spirit scooterettes); Indian Express (matrimonial); Cadbury India Ltd (picnic, milk treatChocobix); Dabur foods Ltd (real/fruit juice); MTNL (corporate)

Crayons Advertising and Marketing Pvt Ltd

B-23, Greater Kailash-I, New Delhi - 110 048

Tel: (0091 11) 621 2347 Fax: (0091 11) 647 4765

Branch telephone numbers:

Mumbai: (0091 22) 605 4884/3383, 604 5828

Chandigarh (0091 172) 710 532/33

Jaipur: (0091 171) 374 774, 373 290

E-mail: del@crayonad.com

URL: www.crayonad.com

Capitalised billings: Rs 286.20 million

Senior Executive: Kunal Lullani, Managing Director

Major Clients: Marshal (Mahindra & Mahindra/jeep); Jindal art glass (Jindal Dyechem/Stained glass)

Creative Advertising

143, M G Road, 2nd floor, Sasson Building, Kalaghoda, Mumbai - 400 001
Tel: (0091 22) 267 1763, 267 1991 Fax: (0091 22) 267 0860
Branch telephone numbers:
E-mail: cupl@vsnl.com , www.creativeunit.com
Capitalized billings: Rs 105.00 million
Television billings: Rs 49.00 million
Senior Executive: Vishwanath Iyer, Director
Major Clients: trendy systems (TSL/telemedia service)

Enterprise Nexus Communications Pvt. Ltd

367 Sane Guruji Marg, Agripada, Mumbai - 400 011
Tel: (0091 22) 300 1112 Fax: (0091 22) 300 1017
Branch telephone numbers:
Delhi: (0091 11) 652 6826
Bangalore: (0091 80) 529 4228
E-mail: manager@loweindia.com
Capitalised billings: Rs 1587.48 million
Television billings: Rs 404.00 million
Senior Executive: Mohammed Khan, Chairman
Major Clients: Nimbus (Nirvanazone/youth portal); Daewoo (Matiz, Nexia/cars); Emami (Herbal skin & hair care range)

Euro RSCG Advertising Pvt Ltd

Brady Glady's Plaza, Unit No 5,
1st floor, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013
Tel: (0091 22) 493 7188 Fax: (0091 22) 493 7183
Branch telephone numbers:
Bangalore: (0091 80) 529 4101
Calcutta: (0091 33) 464 7367
Delhi: (0091 11) 686 5319
Chennai: (0091 44) 499 1038
URL: www.euroscgindia.com
Capitalised billings: Rs. 1521.69 million
Television billings: Rs. 391.80 million
Senior Executive: Ishan Raina, Chairman-CEO
Major Clients: HDFC Securities (HDFCinvest.com/website); Pacific Online (portals); Rolta (roltanet.com/ISP); Weekender (weekender garments);
Torrent Pharma (Dilzem Surge);

Everest Integrated Communications Limited

Kitab Mahal, 192, Dr D N Road, Mumbai - 400 001
Tel: (0091 22) 207 1771-4 Fax: (0091 22) 207 4682
E-mail: everest@mumbai.eicl.net
URL: www.eicl.net
Capitalised billings: Rs. 707.00 million
Television billings: Rs. 297.15 million
Senior Executive: Niloufer Kapadia, Chairperson
Major Clients: Ajanta Pharma Ltd (Pinkoo Cough Syrup & Gripe Water/healthcare); Honda Motors; National Panasonic India Ltd (Washing Machines/Consumer goods)

Equus Advertising Co Ltd

Apeejay Business Centre, Apeejay House, 15 Park Street, Calcutta.
Tel: (0091 33) 217 1136 Fax: (009 33) 217 1137
Branch telephone numbers:
E-mail: equusads@excite.com
Capitalised billings: Rs. 240.32 million
Television billings: Rs. 34.23 million
Senior Executive: Suhel Seth, CEO
Major Clients: EL Net 3L (Computer Academy); Indian Oil Corporation (Eastern region, Servo and other products); Sita World Travels (Travel & Tourism); Coca-Cola India (Regional - soft drinks); Apollo Tyres (Amazer Tyre, corporate)

FCB-Ulka Advertising Ltd

Nirmal, 4th Floor, Nariman Point, Mumbai - 400 021
Tel: (0091 22) 202 6884, 285 2184, 283 6068 Fax: (0091 22) 287 5947,
283 6072
Branch telephone numbers:
Delhi: (0091 11) 577 2810
Hyderabad: (0091 40) 434 1606
Calcutta: (0091 33) 282 2525
Bangalore: (0091 80) 558 7467
Kochi: (0091 484) 380 323
Chennai: (0091 44) 859 1828
E-mail: centrepoin@fcbulka.com
Capitalised billings: Rs 5215 million
Television billings: N.A.
Senior Executive: Anil Kapoor, Managing Director & CEO
Major Clients: N.A.

Fountainhead Communications Pvt Ltd

Aarthi Chambers, 2nd Fl, 189 Mount Rd, Chennai - 600 006, India
Tel: (0091 44) 852 6430 Fax: (0091 44) 852 4215
E-mail: fhead@vsnl.com, www.fountainheadindia.com
Capitalised billings: Rs 326.20 million
Television billings: Rs 171.20 million
Senior Executives: B S Raj Narain, Director
Major Clients: CavinKare Ltd (Talcum power, face cream, branded food); Srinivas Cellcom (Aircell cellular services Telecom); Grundig India (Grundig TV)

Fortune Communications Ltd

Dr Sunderlal Bahl Path (Goa Street), Ballard Estate, Mumbai - 400 038
Tel: (0091 22) 262 0227/ 1251/ 2542 Fax: (0091 22) 262 0547
Branch telephone numbers:
Chennai: (0091 44) 828 1777, 823 2299
Capitalised billings: Rs 128.13 million
Television billings: Rs 0.18 million
Senior Executive: R M Basu, President & GM
Major Clients: Southern Railways-Chennai (Services); UTI-Mumbai (UTI Mutual Funds, Mutual Funds)

Graphisads Pvt Ltd

219, Hans Bhavan, 1, Bahadurshah Zafar Marg, New Delhi - 110 002
Tel: (0091 11) 331 8086/ 7112 Fax: (0091 11) 332 3958
E-mail: graphisads@graphisads.com
Capitalised billings: Rs 228.51 million
Television billings: Rs 10.53 million
Senior Executives: Mukesh Gupta, Managing Director
Major Clients: Birla Home Finance; HFCL (infotech); JMD Realtors Pvt Ltd. Allahabad Bank (banking); Delhi Financial Corporation (diversified);

Hindustan Thompson Associates

Lakshmi Bldg, Sir Pherozeshah Mehta Rd, PO Box 541, Mumbai - 400 001, India
Tel: (0091 22) 266 0190 Fax: (0091 22) 266 0186, 269 2518
Branch telephone numbers:
Calcutta: (0091 33) 247 8361
Delhi: (0091 11) 361 0081
Chennai: (0091 44) 827 1871
Bangalore: (0091 80) 227 3348
E-mail: mike.khanna@jt.com
Capitalised billings: Rs 10 777.05 million
Television billings: N.A.
Senior Executive: M K Khanna, Chief Executive
Major Clients: Apollo Hospital (Apollo Hospital & healthcare); DSP Merrill Lynch (Investment banking); Hero Honda(CBZ/automobiles); Satyam Infoway(Software); Indian Army; Indian Navy; News Television India Pvt Ltd(Star news/Media); Standard Chartered (Personal Banking & Cards); Ministry of Finance (VDIS); Ministry of Defence (Indian Army - recruitment); Pepsi Foods (7 UP, Mirinda, soft drinks); Star TV Network (Star Plus, Star Movies, Star News); Omega (watches); ESPN (Channel promo); 20th Century Fox (film releases); Godrej GE (washing machines); Madura Garments (Van Heusen, garments); Hero Motors (Hero Winner, automobile); Parle (Monaco, biscuit); Hughes Ispat (telecommunication)

Hakuhodo Percept

Percept House, 2, Sant Nagar, New Delhi- 110 065
Tel: (0091 11) 628 8870, 628 2523,621 1130 Fax: (0091 11) 628 8871
E-mail: hakuhododelhi@hakuhodopercept.com
Capitalised billings: Rs 183.36 million
Television billings:Rs 12.27 million
Senior Executive: Junki Imaki MD
Major Clients: Konica (Konica, Photographic films); Epson (printers)

IB&W

IB&W Communications Pvt Ltd
71 Gandhi Nagar, DS Marg, off Dr E Moses Rd, Worli, Mumbai - 400 018, India
Tel: (0091 22) 494 4087-89, 492 0291-94, 496 0029-32, 497 1401-04 Fax: (0091 22) 497 1398
Branch telephone numbers:
Delhi: (0091 11) 628 5414/15
Bangalore: (0091 80) 228 0756/57
Coimbatore: (0091 422) 493 342
Chandigarh: (0091 172) 782 591
E-mail: ibwbom@bom4.vsnl.net.in
Capitalised billings: Rs 1657.66 million
Television billings: Rs 162.73 million
Senior Executive: Mukesh Gupta, Chairman & Managing Director
Major Clients: Pantaloons Retail India (Fashion Retail chain); J K Cement (J K White/Cement); MTNL (telecommunication); ION Exchange (water Management System) ONGC; Airport Authority of India; Business India (Exhibitions); Living Media (Music Today - music); Concern India (NGO)

Interface Communications Limited

Haines Road Property, 81 Dr E Moses Road, Worli, Mumbai 400 018
Tel: (0091 22) 4963919 Fax:491 4538
E-mail: advantage@interface.com
Capitalised billings: Rs 375.30 million
Television billings: N.A.
Senior Executive: Niteen Bhagwat, Executive Director
Major Clients: N.A.

Interact Vision Advertising & Marketing Pvt Ltd

RZ-1, Bhavani Kunj, opp D-1 Market, Vasant Kunj, New Delhi - 110 070
Tel: (0091 11) 613 5134/5 Fax: 613 5136.
Branch telephone numbers:
E-mail: pr.purkayastha@mudra.com
Capitalised billing: Rs 262.83 million
Television billings: N.A.
Senior Executive: Prabir C Purkayastha, President
Major Clients: Kirloskar Airtech Ltd (air-conditioner); Bayer India (Dithane M-45 Potato); Reliance Telecom (only smart, Internet); Essar Cellphones (Speed prepaid card); Kirloskar Airtech (Kirloskar, air conditioner); Reliance Industries (Reliance readymade garments); Zandu Pharmaceuticals Works (Trishun Rub - cold rub)

Mudra Communications Ltd

Mudra House, Sheth CG Rd, Ellisbridge, Ahmedabad 380 006
Tel: (0091 79) 656 5659 Fax: (0091 79) 642 5058

Branch telephone numbers:

Ahmedabad: (0091 79) 646 1530/23
Bangalore: (0091 80) 5588692
Delhi: (0091 11) 616 5290/92
Mumbai: (0091 22) 496 4800
Chennai: (0091 44) 825 0932, 8273151
Calcutta: (0091 33) 474 9084/85
Hyderabad: (0091 40) 3314181, 3390494
Kochi: (0091 484) 365750/301

E-mail: r.arora@mudra.com

URL: www.mudra.com

Capitalised billings: Rs 5232.54 million

Television billings: N.A.

Senior Executive: AG Krishnamurthy, Chairman & Managing Director

Major Clients: Mahanagar Telephone Nigam Ltd (Corporate); Indian Express (News paper); Mid-Day (website); Global Trust bank (Banking); Indian Tourism Development Corporation (Hotels); Business Standard (Publications); Raj TV (TV Channel); Henkel Spic India (Detergents); Godrej Foods; Ahmedabad Electricity Co Ltd (corporate); LIC of India (Insurance - services); Honda Siel Power Products (gensets); Satyam Computer Services Ltd (Satyam - computer software); Satyam Infoway Ltd (Satyam - internet services); Compaq (Compaq - computers); Cadila Healthcare Ltd (EverYuth - healthcare); Blow Plast Ltd (VIP Skybags - luggage carrier); Dabur Ayurvedic Specialities Ltd (Nature Cure - Ayurvedic products); Henkel Spic India Ltd (Fa - soap); Hindustan Motors Ltd (Mitsubishi Lancer - automobile)

McCann-Erickson India Ltd

8, Balaji Estate, Guru Ravidas Marg, Kalkaji, New Delhi 110 019
Tel: (0091 11) 600 2600 Fax: (0091 11) 646 3875, 600 2647

Branch telephone numbers:

Bangalore: (0091 80) 221 9058, 227 0289
Calcutta: (0091 33) 246 1001-3, 244 7829
Chennai: (0091 44) 435 9228, 432 3481
Mumbai: (0091 22) 416 0470/72

E-mail: name_surname@mccann.com

Capitalised billings: Rs 3479.53 million

Television billings: N.A.

Senior Executive: Sorab Mistry, Chairman & CEO

Major Clients: Reckitt& Colman (Cherry Blossom/shoe polish); Usha Martin Telecom (telecom); Coca-Cola (Kinley soda water, Diet coke, beverages, Sprite - Soft drink); Nestle (sunrise/coffee); BPL (Gas tables); Motorola (Cellphones & Pagers); Khaitan (Fans); Nestle (Media buying); Stracon (Corporate); Goodyear India (Goodyear - tyre); Travel Corporation of India (tourism); Hong Kong & Shanghai Banking Corporation Ltd (HSBC - credit card, personal banking & corporate); MasterCard (credit cards)

MAA Bozell Communications Ltd

No. 6, MAA House, Service Rd, Domlur Layout, Bangalore - 560071
Tel: (0091 80) 556 8910, Fax: (0091 80) 554 2712

Branch telephone numbers:

Chennai: (0091 44) 499 1353/1466
Delhi: (0091 11) 691 4640/4795
Mumbai: (0091 22) 267 4609
Hyderabad: (0091 40) 776 8261/0674
Cochin: (0091 484) 354 614/09

E-mail: maabozell_bng@maabozell.co.in.internet

URL: maabozell.co.in

Capitalised billings: Rs 1753.80 million

Television billings: Rs 427.10 million

Senior Executive: Bunt Peerbhoy, Chairman

Major Clients: Tata International (garments); Volvo (Trucks); tata Tetley (tea); SmithKline Beecham (Zental/ Pharma); MTNL (MTNL - Telephone Services); K.Raheja Group of Companies (Club Cabana - leisure resort, Real Estate); Dr. Reddy's Laboratories (Velocit - Healthcare); Vizag Steel Plant (Vizag Steel - Steel); Escotel Ltd (Escotel - cellphones); Bausch & Lomb India Ltd (Optima - contact lenses & vision care, Ray-Ban - sunglasses, eyewear, prescription glasses)

Madison Advertising Pvt Ltd

3rd Floor, Zoroastrian Bldg, 16, Horniman Circle, Fort, Mumbai 400 023
Tel: (0091 22) 266 3997, 266 0425, 269 4167 Fax: (0091 22) 266 2776, 269 4168

Branch telephone numbers:

Sewri: (0091 22) 415 4467-70
Delhi: (0091 11) 338 1053/1146
Bangalore: (0091 80) 558 8785, 559 4782

E-mail: sam@madisonindia.com

Capitalised billings: Rs 658.62 million

Television billings: Rs 1406.80 million

Senior Executive: Sam Balsara, Chairman & Managing Director

Major Clients: Milton Plastic Ltd (Plastic/thermoware); Rasna Enterprises Ltd (Spread Maker/Jam); Camlin Ltd (Colours, stationery); Som Distilleries Ltd (Hunter Beer)

Marketing Consultants & Agencies Ltd

Mehra Complex, 42 Millers Road, Bangalore - 560 052
Tel: (0091 80) 2256287/88/4289 Fax: (0091 80) 225 2614

E-mail: mca@vsnl.com, mca@mantraonline.com

URL: www.allindia.com-mca

Capitalised billings: Rs 238.65 million

Television billings: Rs 1.40 million

Senior Executive: M. Rudradev, Managing Director

Major Clients: Dept. of Information Technology, Govt of India (Booklet and film); KS&DL (Mysore Sandal Soap, premium soap), KSIC (Karnataka Silks - sarees & dress materials); KSHDC (Cauvery - handicrafts)

National Advertising Agency

PT-62/12, Kalkaji Extension, Sansad Kung, New Delhi-110 019
Tel: (0091 11) 6445592, 6426353, 6419764 Fax: (0091 11) 6220415
Branch telephone numbers:
Kanpur:350278
Lucknow:217386
Bhubaneswar:435074
E-mail:naav@satyam.net.in
Capitalised billings: Rs 153.00 million
Television billings: Rs 40.00 million
Senior Executive:Gautam Sen, Partner
Major Clients: N.A

Ogilvy & Mather Ltd

Trade Centre, Third Floor, Senapati Bapat Marg, Lower Parel, Mumbai 400 013
Tel: (0091 22) 491 3877 Fax: (0091 22) 491 3838
Branch telephone numbers:
Delhi: (0091 11) 631 7384-91
Calcutta: (0091 33) 247 3406-7
Chennai: (0091 44) 852 0677/0887/0967
Bangalore: (0091 80) 558 4566/4816
OgilvyOne Worldwide-Bangalore: (0091 80) 5065046-48
E-mail: N.A
Capitalised billings: Rs 7425.78 million
Television billings: 1852.73 million
Senior Executive: Ranjan Kapur, Managing Director
Major Clients: IDBI Mutual Fund (Mutual fund); SBI Mutual Fund(Mutual Fund); TTK Textiles (Tantex/Textile); J K Tyres(Tyres); Pantaloon Fashion India Ltd(Garments); Levers, Cadbury, Louis Philippe (coporate); UTI (MIP'97/Financial); TVS Suzuki (coporate); Tata Telservices (coporate), Tata Communications Ltd (coporate); Hindustan Lever Ltd (Brooke Bond, Lipton - tea and health); Discovery Channel Inc (Discovery Channel - television channel); ITC Ltd (coporate); MIRC Electronics Ltd (Onida - television); The Chase Manhattan Bank (coporate); Birla 3M Ltd (Scotch Brite - cleaning aid); J M Morgan Stanley (J M Morgan Stanley - investment bank); Hero Honda Motors Ltd (bikes); United Television (television media); Castrol India Ltd (Castrol - lubricants); Hutchison Max Telecom Ltd (Max Touch - cellular operator); TELCO (Tata Safari, Sierra, Sumo - sports utility vehicle)

Percept Advertising Ltd

22 Raghuvanshi Mills Compound, 11/12, Senapati Bapat Marg, Mumbai 400 013
Tel: (0091 22) 491 8811 Fax: (0091 22) 491 1281
Branch telephone numbers:
Delhi: (0091 11) 621 4383/1130 Fax:(0091 22) 6217357
Baroda: (0091 265) 324 358 Fax:(0091 22) 324358
Pune: (0091 20) 628 432
Bangalore: (0091 80) 229 0270 Fax:(0091 22) 2244929
Lucknow: (0091 522) 323 126 Fax:(0091 22) 332228
E-mail: percept@perceptindia.com
Capitalised billings: Rs 1098.76 million
Television billings: Rs 127.01 million
Senior Executive: Harindra Singh, Managing Director
Major Clients: Coca-cola India Ltd (Coke/beverages); Sahara India Ltd(Amby valley, (Siaram Silk Mills (Oxemberg ready made garments); Bank Of Baroda (BOB card credit card); Godrej Boyce (Godrej office furniture); Mumbai Gold Club (Mumbai Gold Club - gold jewellery); Godrej & Boyce Mfg Co Ltd (Ultima Chairs - office furniture)

Publicis Zen Communications Pvt Ltd

Publicis-Zen House, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013
Tel: (0091 22) 493 8828, 4925031 Fax: (0091 22) 4930709
E-mail: zen@publicisindia.com
Capitalised billings: Rs 667.37 million
Television billings: Rs 342.70 million
Senior Executive: Bharat Dabholkar, Managing Director
Major Clients: Alliance CapitalLtd(Alliance mutual fund); United Breweries Ltd(Ice Beer, Beer); Siemens Ltd(Industrial products); Kirloskar Airtech Ltd(Kirloskar airconditioners); Unit Trust of India(Equity scheme/Mutual funds/G-sec); Tata Tea Ltd (Agni - tea); Hewlett Packard (HP - computers); Tata Chemicals (Tata Rakshak - detergent)

Quadrant Communications Ltd

13A, Karve Road, Kothrud, Pune 411 029
Tel: (0091 20) 333 917/623 Fax: (0091 20) 331 965
E-mail: quadpune@hotmail.com
Capitalised billings: Rs 486.50 million
Television billings: Rs 26.00 million
Senior Executive: Ms G.V.Kirloskar, President
Major Clients: Tata Honeywell Ltd(Security System); United Phosphorous Ltd(Pharmaceuticals); Bank of Muscat Ltd (banking service); Duraware India Ltd (Nirlep - kitchen appliance); Bajaj Auto India Ltd (Bajaj M80 - two wheeler); Akai India Ltd (Akai - television)

Rediffusion-DY&R

Young & Rubicam Ltd, 4th Floor, Sterling Centre, Dr A.B.Road, Worli, Mumbai 400018
Tel: (0091 22) 493 7308/13, 494 0206/5750 Fax: (0091 22) 493 6557
Branch telephone numbers:
Bangalore: (0091 80) 229 3067-69 Fax: 222 9297
Calcutta: (0091 33) 247 5432, 240 0328/1732 Fax: 247 5431
Delhi: (0091 11) 696 1513/ 3149, 6521940-8 Fax: 685 8109
Chennai: (0091 44) 855 4643, 855 4436 Fax: 855 4674
E-mail: marie-dyr_fernandes@yr.com
Capitalised billings: Rs 4431.69 million
Television billings: N.A.
Senior Executive: Arun Nanda, Chairman & Managing Director
Major Clients: Godfrey Philips (Four square/cigarette); Haldia Petrochemicals(Petrochemicals); Evian (Mineral Water)BPL (Colour television, Refrigerator, home appliances), Ericsson Mobile (Cellphones); SAIL (Corporate); CitiBank (Corporate); Cannon (printers, calculators); Bharti BT Ltd (Internet service); BPL Mobile Communications Ltd (prepaid cellular cards); Exide Industries Ltd (Exide - automotive batteries); SBI Funds Management Ltd (SBI - mutual funds)

Rashtriya Advertising Agency

Rashtriya tower, 38 Jhansi Road, Jhandewalan, New Delhi-110055.

Tel: (0091 11) 351 6326-29, 354 8182, 351 6801-3, 753 6032 Fax: (0091 11) 753 5072

Branch telephone numbers:

Mumbai: (0091 22) 204 5128, 282 4769, 281 4463

Lucknow: (0091) 201 046

E-mail: raag@nda.vsnl.net.in

Capitalised billings: Rs 111.83 million

Television billings: Rs 18.03 million

Senior Executive: Dinesh Gupta, President

Major Clients: Northern Railway; IRCON International Ltd(Govt); NHDC(Ministry of Textile); Power Finance Corporation; western railway; Reserve Bank of India; Airport Author of India; Akai(electronics); Videocon (electronics); Food Corporation of India

Saatchi & Saatchi Pvt Ltd

1st floor, Sitararam Mills Compound, 1st Floor, N.M.Joshi Marg, Mumbai - 400 011

Tel: (0091 22) 300 0301/3/4 Fax: (0091 22) 300 0302

Branch telephone numbers:

Bangalore: (0091 80) 509 1171-3/5

Chennai: (0091 44) 452 193

Calcutta: (0091 33) 242 5577/2595

Delhi: (0091 11) 6142180/6142159

E-mail: vsbby@bom4.vsnl.net.in

Capitalised billings Rs 937.54 million

Television billings: Rs 72.69 million

Senior Executive: V Shantakumar, Managing Director

Major Clients: Maruti udyog Ltd(Wagon R/ Automobile); Bharat Petroleum Corporation (Diesel Engine oil/automotive lubricants); HDFC Asset management company(Mutual Fund); Global Tele-system(Information Technology); BPL Ltd (Washing machines, Corporate); VISA (Card, Relationship marketing); Delta Airlines (Airlines); Proctor & Gamble (Old Spice -Mens Grooming); Hyundai Motor India (Hyundai Accent - automobile); Sony Entertainment Television (Sony TV - television channel)

Ushak Kaal Advertising Pvt Ltd

B-23, Geetanjali Enclave, New Delhi 110 017

Tel: (0091 11) 696 8113/5, 656 9968 Fax: (0091 11) 696 8114

Branch telephone numbers:

Bangalore: (0091 80) 528 8711

Mumbai: (0091 22) 496 3867, 496 3868

Chennai: (0091 33) 490 8725

Hyderabad: (0091 40) 776 0285

E-mail: ushakaal@del3.vsnl.net.in

Capitalised billings: Rs 372.58 million

Television billings: Rs 70.00 million

Senior Executive: Raj Hiremath, Managing Director

Major Clients: MTNL (Telecom); Summit Infotech Ltd (Software); ONGC(Oil); Wipro Ltd (Software); Adobe Systems (IT); India Trade Promotions (ITPO - Government); Wipro Bangalore (Wipro - software division); Fedders Lloyd (Lloyd-Cozy - Consumer Durables); Telecommunications Consultants Ltd (Consultant Services)

Urja Communications Pvt Ltd

Oberoi Garden Estates, B/3060,Chandivali, Mumbai - 400 072

Tel: (0091 22) 8595730 Fax: (0091 22) 8595740

Branch telephone numbers:

Bangalore: (0091 80) 299 0460/61

E-mail: info@urja.com, www.urja.com

Capitalised billings: Rs 141.61million

Television billings: N.A.

Senior Executive: Prakash Sharma , Director

Major Clients: Aptech Ltd(Online Varsity.com, BconnectB.com/portals); CRISIL (Crisil.com/equit research)

Lintas India Ltd

Express Towers, 15th Floor, Nariman Point, Mumbai - 400 021

Tel: (0091 22) 202 1577, Fax: (0091 22) 202 3135/6

Branch telephone numbers:

Delhi: (0091 11) 371 2465/ 2472 Fax: (0091 11) 3712853

Calcutta: (0091 33) 247 7771, 247 5970 Fax: (0091 33) 2403814

Bangalore: (0091 80) 559 2225, 559 6871 Fax (0091 80) 558 6679

Chennai: (0091 44) 852 2115 Fax: (0091 44) 5586697

E-mail: N.A. URL:www.aplindia.com

Capitalised billings: N.A.

Television billings: Rs 2930.00 million

Senior Executive: Prem Mehta, Vice President, Managing Director

Major Clients: ITC (Indian Kings cigarettes); Johnson & Johnson (Johnson's Kids soaps); Air France (Airways); BPL (BPL Excell alkaline batteries)

Nestle India Ltd (Polo, Bar One - Confectionary); Johnson & Johnson (Lotion, Cream - baby oil); AT&T (Cellular phone); United India Insurance

(Insurance), Bajaj Auto Ltd (Bravo, Legend - Scooter); BHEL (Corporate); Elf Gas (Elf - LPG distributor)

(A) **Advertising Agency:** An advertising agency or ad agency is a service business dedicated to creating, planning and handling advertising (and sometimes other forms of promotion) for its clients. An ad agency is independent from the client and provides an outside point of view to the effort of selling the client's products or services. An agency can also handle overall marketing and branding strategies and sales promotions for its clients. Typical ad agency clients include businesses and corporations, non-profit organizations and government agencies

(B) **Types of advertising agencies:** There are basically four types of ad agencies. They are:

1. *In-house agencies*
2. *Creative boutiques*
3. *Media buying agencies*
4. *Full service agencies*

(i) ***In-house agencies:*** Some companies, in an effort to reduce costs and maintain greater control over agency activities, have set up their own advertising agencies internally. An in-house agency is an ad agency set up, owned and operated by the advertiser. Many companies use in-house agencies exclusively; others combine in-house efforts with those of outside agencies.

A major reason for using in-house agency is to reduce advertising and promotional costs. Companies with very large advertising budgets pay a substantial amount to outside agencies in the form of media commissions. With an internal structure, these commissions go to the in-house ad agency. An in-house ad agency can also provide related work such as sales presentations and sales force material, package design, and public relations at a lower cost than the outside agencies.

Saving money is not the only reason companies use in-house ad agencies. Time savings, bad experience with outside agencies, and the increased knowledge and understanding of the market that come from working advertising and promotion for the product or service day by day are also reasons. Companies can also maintain a tighter control over the process and more easily coordinate promotions with the firm's overall marketing programmes.

Opponents of the in-house agencies say that they can give the advertiser neither the experience nor the objectivity of the outside agency and nor the range of services. They argue that the outside agencies have a more specialized staff and attract the best creative staff. Also flexibility is higher since if the company is not satisfied with the agency it can be dismissed, whereas changes in an in-house agency could be slower and more disruptive.

In-house agencies in India are:

1. Levers - Lintas (previously)
2. Videocon – Confidence
3. Reliance – Mudra (when Mudra started out)

(ii) ***Creative boutiques:*** Creative boutique is an agency that provides only creative services. These specialized companies have developed in response to some client's desires to use only the creative talent of an outside provider while maintaining the other functions internally.

The client may seek outside creative talent for two reasons:

- Because he wants an extra creative effort
- May be because its own employees of the in-house agency or the agency that he has appointed do not have sufficient skills in this regard.

The full-service agencies also sub-contract work creative boutiques when they are very busy or want to avoid adding full time employees to their pay roll. Creative boutiques are

usually found by members of the creative departments of full service agencies who leave the firm and take with them clients who want to retain their creative talents. These boutiques generally perform creative function on a fee basis.

Few creative boutiques in India:

1. RMG David
2. Vyas Gianetti Creatives
3. Chlorophyll

(iii) Media buying agencies: Media buying agencies are independent companies that specialize in the buying of media, particularly radio and television. The task of purchasing advertising media has grown more complex as specialized media proliferate, so media buying services have found a niche by specializing in the analysis and purchase of the advertising time and space. Agencies and clients generally develop their own media plans and then hire the buying services to execute them.

Some media buying agencies do help advertisers plan their media strategies. Because media buying agencies purchase such large amounts of time and space, they receive large discounts and can save the small agency's or client's money on media buying. Media buying agencies are paid a fee or commission for their work.

1. Mindshare
2. Initiative Media (LOWE)
3. Zenith Media (Bates, Saatchi & Saatchi)
4. Optimedia (Publicis)
5. Starcom (Leo Burnett)
6. Fulcrum (HTA)

(iv) Full – service agency: The function of an advertising agency is to see to it that its client's advertising leads to greater profits in the long run than could be achieved without the ad agency. Most such agencies are large in size and offer their clients a full range of services in the area of marketing, communications and promotions. These include planning, creating and producing the advertisement, media selection and research. Other services offered include strategic marketing planning, sales training, package design, sales promotion, event management, trade shows, publicity and public relations. The full service agency is composed of various departments; each is responsible to provide required inputs to perform various functions to serve the client.

© **Agency Compensation:**

Advertising agency remuneration has changed dramatically over the past decade, mainly due to advertisers' increasing dissatisfaction with commission-based or fixed fee-based compensation systems. Dissatisfaction has increased mainly due to the lack of direct connection between performance and payment, since the calculated payment is a fixed proportion of media purchase volume, or simply a fixed fee. Therefore, both advertisers and agencies sought to devise a new compensation method

(i) *The commission method:* Advertising agency remuneration has changed dramatically over the past few decades. Until recently, the widespread agency compensation method was the commission. This method, based on media expenditures (Fox, 1984), was developed in the 19th century as a standard in the days when advertising agencies were agents of media owners. The standard commission remained stable at 15% of total media expenditure for a long period, but the commission was divided into two parts when agencies and media functions separated (Adweek 1995). 13.5% commission on creative work and its accompanying services, and 1.5% on media purchases. Thus, for advertisers who purchase media independently, the commission to advertising agencies is 13.5%. This rate may be even lower, as a result of economic pressure and advertisers' need to reduce costs as much as possible.

While this method has been found to be effective for sales force compensation (mainly due to the strong link between the level of effort invested by the sales person and his or her level of performance), additional factors were found to impact performance, including environmental factors such as uncertainty. Furthermore, commissions based on performance measures such as dollar or unit sales volume or profitability of sales motivate the sales force to expand effort on the more profitable products or customers, at the expense of engagement in activities that are not directly linked to commissions but may be more effective for the advertiser. In contrast to agency theory, which defines a commission as part of a contract based on results (Eisenhardt 1989), commissions to advertising agencies are calculated on the basis of the range of media purchasing, and not according to the campaign's objective or the volume of the sales.

The commission method offers several advantages. The first clear advantage is its simplicity. Under this method, payments to advertising agencies are determined as a fixed rate of media costs and total campaign expenditures, parameters which approximate the amount of work invested by an agency in a given campaign. Second, the commission method reduces the advertisers' uncertainty concerning future costs and expenses. The advertiser enjoys all of the agency's services with no need for extra payment, since, once a media program is decided, both the advertiser and the agency are aware of the costs involved and of the expected future profits.

Over the years advertisers became increasingly mistrustful of and dissatisfied with the commission system due to the absence of a direct association between remuneration and performance. In addition, the large number of new media channels emerging over the years exacerbated advertisers' fears that agencies would be biased in favor of the interests of the media. Therefore, advertisers sought a method solidly based on results (Dagnoli 1990; Levin 1990; Calantone & Dury, 1979). Advertisers also became concerned by the development of numerous options offered by the media which allowed advertising agencies to devise advertising campaigns according to maximal amount of commission to be earned rather than maximal media effectiveness for the advertiser.

The commission method is problematic also from the agencies' point of view, particularly during periods of recession, when the advertising industry is among the first to suffer. Reductions in advertisers' media activities directly and immediately reduce agency income. Moreover, since advertising agencies provide numerous additional services that are included in the commission; the commission may not even cover the agency's costs.

(ii) The fixed fee salary method: In response to advertisers' dissatisfaction over the commission methods and the issue of trust between advertisers and their agencies, advertisers demanded to know exactly who was working on their account and how much time was invested; they required advertising advice that was independent of spending considerations. As a result, advertising agencies charged their clients on a cost+ basis. After calculating the costs of a given project, an hourly rate (or the rate for a different unit of time) was defined to cover costs and guarantee suitable profits.

The cost plus pricing system is more complex than the commission method, and usually combines payment per hours, a monthly retainer, a flat per project fee, or a combination of all of these (Lamons, 1994). Despite its complexity, it gradually replaced the commission as the dominant method for agency remuneration, mainly since it allows for better financial planning on the agency's part, as it requires estimates of project campaign costs before expenses are incurred. This method also promises to be equitable for advertisers who pay only for the services explicitly required. Using this method, agencies are able to advise their clients how to save on the media expenses without undermining the agencies' own economic interests.

However, from the advertiser's perspective, this method provides little incentive or reward for superior performance, due to the lack of any link between the value created and the remuneration paid. As for the agency, this remuneration method might cause losses in periods of economic growth in which agencies will be locked out of advertisers' increasing profits. In summary, it seems that the greatest problem with the fixed fee method is the disassociation between the compensation paid by the advertiser, and the agency's services (Ellis and Johnson, 1993). Therefore, advertisers sought to shift to an incentive-based method that effectively links advertising agency performance and remuneration.

Dissatisfaction with the cost plus method is not limited to the advertising industry. This problem occurs in pricing services products whose value can be estimated before purchase. In the insurance market, for example, according to the old and common method, insurance agents sell an "insurance consultation" but is compensated on the basis of the policy price. As a result, service offerings were not motivated by clients' best interests, and clients felt deceived by agents. Under the new system in the insurance market, agents sell insurance policies at prices that do not include a commission element and are paid for the consulting hours effectively invested (Elioz Rabin, Media Conference 2002, Israel).

Similarly, advertising agencies offer a range of services, including strategic and creative services, but are compensated on the basis of the total media expenditure, with no connection to the scope or quality of services rendered.

(iii) Payment by results-PBR: The expression "Payment by Results" is used to describe a service relationship in which some part of any associated remuneration is contingent on results or other performance assessments measured against pre-determined criteria. This method is especially suitable for services products, such as advertising services, which are characterized as products whose value cannot be estimated prior to purchase.

PBR advantages for the advertiser-agency relationship

The nature of seller-buyer relationship features certain elements of a “zero- sum game.” Where gains are not necessarily shared by both parties, the parties do not have the maximum incentive to share information and are not equally motivated to achieve maximum gains. The PBR compensation method developed in response to the disadvantages of the commission and the fixed fee methods. As Ellis and Johnson (1993) point out, the potential problems in these compensation methods stem from the fact that they are not directly based on the outcome of the advertising campaign. Thus, the PBR scheme is designed to create incentive for agencies to act according to advertisers' interests. Consequently, PBR creates a win-win situation for advertisers and advertising agencies, in that the more satisfied the advertiser is, the greater the compensation the agency receives. Many claims are made regarding PBR's additional benefits beyond the direct enhancement of marketplace performance. PBR may enhance a closer alignment of agency culture with client culture, and to motivate agencies to adopt a client-centered system and client-orientated culture (Lace and Thomas, 1999). The focus of both advertiser and agency on the clearly defined, measurable goals to be achieved assists agency management in assigning only the necessary resources and capabilities to the client's account. This improvement in productivity and efficiency should enable agency resources to be further improved. For the agency, PBR represents “insurance” that it will not undercharge the buyer (the advertiser). The advertiser is “insured” that it will not be overcharged, since the advertiser pays only for the agency quality.

PBR offers incentive to advertising agencies, without functioning as a means to force agencies to charge less. Finally, PBR allows agencies to see the general picture, and encourages them to take responsibility and consider their relationship with their advertiser as a partnership with common goals and objectives (Lace 2000). This method encourages cooperation, openness and honesty between the parties, and that by itself may sustain long term relations and cooperation. Discussions on the PBR method itself encourages genuinely open discussion about the advertiser-advertising agency relationship as a whole.

However, the PBR is not without antagonists from both sides. First, there are advertisers who believe that by adopting this method, agencies may still take low risks, thus failing to present “tempting” offers (Lace 2000). Ofer Bloch, former CEO of Tnuva's Milk Department, argues that PBR may have a negative impact on creativity and the agency's willingness for risk- taking, since there the agency shares some of the risk under this compensation method. On the other hand, advertising agencies will agree to put at a risk a wider share of the private capital, but will demand to have a higher level of control over the advertising process, a requirement that is a cause of great concern for the advertising (Lace ND Duncan,1998). Second, PBR requires endless hours of negotiation, and precise measurement and transcription of results remains a problematic issue, impeding efficient and simple implementation (Direct Response, 1994). Marsden and Richardson raise some additional problems which may arise from payment directly connected to objective level: loss in terms of the employer's motivation, damages to the institution management, tense and competitive working environment, and loss of trust and confidence among workers teams. Because of the nature of performance-based compensation methods, most would agree that trust is a prerequisite for PBR. The agency must trust the client to negotiate base levels of remuneration in good faith, and not set a low base after which unreasonable demands for work and resources will materialize. They must trust that the client evaluates performance objectively rather than on the basis of a subjective measure such as ‘creative

analysis.' Similarly, the client must trust the agency to deliver the resources promised at costs that are not artificially inflated.

(D) Effectiveness: Judging the effectiveness of advertising. How can the effectiveness of an advertisement be judged? How success can be measured

Stimulate an increase in sales

- Number of enquiries from advert
- Number of enquiries converted into sales

Remind customers of the existence of a product

- Test customer awareness both before and after the advertising campaign
- Number of enquiries

Inform customers

- Test customer awareness
- Number of requests for further information

Build a brand image

- Sales
- Test customer awareness of brand recognition and perceived values

Build customer loyalty and relationship

- Levels of repeat purchase
- Levels of customer retention

Change customer attitudes

Measure demographic profile of purchases

- Measure type of goods ordered by new purchasers
- Compare with previous data

(E) Evaluation: All relationships are dynamic, undergoing changes in understanding, communication and expectations. The client-agency relationship is particularly so given the number of variables and influences involved. In order to keep the relationship on track with both parties clear and committed to optimizing the partnership, clients and their agencies should undertake a regular evaluation of what's working, what's not and why. A formal, regular and ongoing evaluation process delivers client and agency similar but different benefits:

For the Client:

- Shared focus - the agency wants what the client wants
- Improving quality - that which is not measured can never be improved upon
- Day to day confidence - knowledge that what should be worked on is, and what should not is not
- Productive interactions - an elimination of the need to read between the lines

- Return on investment - knowing that you and your partner are doing everything possible - strategically, tactically and daily, to extract the greatest value from the investment

For the Agency:

- Absolute clarity - of expectations and performance quality
- Explicit priorities - strategic and operational
- Greater chance of success - an improved ability to deliver across all facets of the relationship
- Return on investment - knowing that the investment in the client has a greater chance of yielding positive results and lasting for many years
- Motivation - knowing where they stand, and what they need to work on is far more motivating than not. Clients will always get better work out of a motivated partner

(F) Services offered by Agencies: Advertising agencies produce logos, creating effective and attractive color schemes to draw the consumer's attention to their clients' ads. They also prepare slogans and brochures, and write descriptive copy for sales materials. They may produce public service announcements for charitable organizations and social programs as well, and issue press releases for new programs, events, and products. Advertising agencies use assorted forms of media to promote their clients' businesses or organizations, including magazine advertisements, newspaper ads, radio and TV commercials, websites, and even infomercials. Some also plan events, provide booths at conventions, and give away promotional items.

The way advertising agencies work is by getting to know their clients' product or service well and determining which demographic provides the best audience for promotion. If a company sells designer handbags, an ad agency would likely try to position the company's TV commercials during women's programming or on a channel geared toward women. The look and tone of an ad campaign is also dependent upon demographics. If the company's target audience is mature adults, design elements should be more traditional than if the target were a younger generation.

There are several associations that advertising agencies may belong to, such as the Ad Council, the American Advertising Federation, the International Association of Business Communicators, and the American Association of Advertising Agencies, or AAAA. When deciding between advertising agencies, it is a good idea to see if they are members of any associations and to check them out with the Better Business Bureau. Also helpful is asking an ad agency for examples of their work. You may find that they are responsible for well-recognized ad campaigns that have helped establish other companies. Such agencies may be expensive and you may have to wait some time to join their list of clients, but an agency that can make your product or service a household name is worth the wait and the cost.

(F) Criteria for selecting and evaluation of an Ad Agency

How to Choose a Marketing Agency (Ad Agency)

Selecting an advertising agency (aka a marketing agency or creative agency)—or, more to the point, the right agency—is a crucial decision for any company. Choosing wisely will lead to visible, positive results for your company. The wrong agency fit, conversely, will not only be a waste of money but also make your marketing life miserable. Too many companies take a haphazard approach to this critical decision; they may get lucky, or they may not. Based on years of experience on both the client and agency sides, here is a structured approach that should lead to the best decision.

Step 1: Develop a long list of agencies to evaluate. The best source in compiling this list is referrals from colleagues. Additional sources are the local Yellow Pages or Internet resources such as agencyfinder.com or [All Advertising Agencies](#). Start with at least six agencies to investigate further, but no more than 12.

Step 2: Conduct your initial research. Use the internet to check out the agencies on your initial list and eliminate any obvious poor fits. Some agencies focus on specific industry niches, while others have a broader focus but are clearly more business-to-business (b2b) or business-to-consumer (b2c) oriented. Most agencies won't work with two or more clients who are direct competitors, so if you see one of your closest competitors on an agency's client/reference list, drop them from consideration. Make sure each agency includes the services you need among their core competencies. The goal in this step is reduce your initial list down to five to ten agencies for further consideration.

Step 3: Develop your request for proposal (RFP). This step is actually somewhat controversial, as there are "experts" out there who will tell you not to use an RFP, but rather to utilize a request for information (RFI), which is largely more a semantical difference than a substantive one; the goal is to collect some specific information from each of the agencies on your list, whatever you want to call this. Other sources will tell you that agencies hate RFPs, when what they really mean is that agencies hate poorly-crafted RFPs; following the outline [How to Write an Ad Agency RFP](#) will help avoid this outcome.

In developing your RFP, remember that you are seeking to establish a business relationship with a marketing agency, so 1) respect their time, and 2) don't just ask questions, but also give the agency enough information about your industry, your company, and your specific needs to determine if there is a fit from their perspective.

Have all of the individuals on your internal selection team sign off on the RFP before sending it out; there is nothing more frustrating, for you or the agencies involved, than to go through the entire RFP process only to have to do it over – because a key individual on your end wasn't consulted, you didn't ask the right questions, you didn't have the objective(s) identified properly, or due to some other avoidable circumstance.

Step 4: Call each agency on your list. Introduce yourself and your company, and tell them you'd like to include them in your RFP process. This step serves three purposes: first, it allows any agency which doesn't want to respond to your RFP, for any reason, to opt out of the process right away. Second, it enables you to speak directly to an appropriate individual at the agency and begin establishing a rapport. Third, it assures that you will be sending your RFP to the right person at the agency. You should tell this person how many

agencies will be receiving the RFP. You don't have to volunteer the specific names of the other agencies you'll be contacting, but should provide this information if asked.

Step 5: Send out the RFPs to the agencies who have agreed to participate. Make yourself available to answer their (inevitable) questions, and let them know that you are available for this. If you have included any out-of-town agencies on your list, be aware that they may expect at least partial reimbursement for their travel expenses if you invite them to give a presentation; get agreement from your internal selection team (specifically those with expense approval authority) beforehand as to how you will handle this.

Step 6: Evaluate the RFP responses, eliminating those agencies which are less than an excellent fit for your needs, in order to get down to your short list of finalists (at least two, but certainly no more than five). In evaluating the responses, ask questions such as: are you comfortable with their experience, size and resources? With their approach to your challenge(s) and objective(s)? Are you confident that your account will be large enough to be important to them? Are you impressed by the quality and tone of their creative work?

And of course, call their references. Specifically, ask about their satisfaction with their agency relationship. Does the agency consistently meet specified timelines? Do they adhere to their quoted prices? Are they easy / pleasant to work with? What results have been achieved?

Step 7: Arrange for presentations from each of your finalist agencies. Ideally, unless you are able to eliminate an agency from consideration after the first presentation, you should schedule two presentations with each agency: one at your facility (to give their personnel some impression of your offices, people and work environment) and a second at their agency, including a tour.

At this step you and your evaluation team will have the opportunity to share with the agency representatives more information about your industry, your company, and your unique strengths, challenges and goals. Each agency has the opportunity to tell you more about their capabilities, approach and practices. While the facts are certainly important, the most critical criterion at this point is chemistry: are you comfortable with the agency's team, and are they people you look forward to working with and entrusting with your company's promotional activities?

Step 8: Finally, after reviewing the RFP responses and meeting with your finalist agencies, it's time to make your final selection. Regardless of the titles involved, your internal selection team should agree to discuss the merits of the competing agencies as peers in a freewheeling discussion. In a perfect world, you would all agree on which agency was the clear winner; in the real world, compromise will likely be necessary on someone's part, and the final decision may not be yours. That's why the freewheeling discussion component is critical; if one individual (e.g. your CEO or CMO) ultimately makes the final decision, at least all of the facts and opinions of the team have been aired.

As the last step, you need to inform each of the finalist agencies of your decision. Because the rejections are tougher, I recommend getting these out of the way first. Call each agency and let them know of your decision and, in a positive manner, the reasoning behind it.

Follow up with an email thanking them for their participation in your process, praising their strengths, and again briefly stating your rationale for the final selection. Then, call the winning agency and give them the good news.

Evaluation of an Advertising Agency

The process of agency evaluation involves regular assessment of two aspects of performance area – financial and qualitative.

The financial assessment focuses on how the agency conducts its business to verify costs and expenses, the number of personnel hours charged to an account to an account and what payments are made to media and other outside service suppliers.

Qualitative assessment explores the agency's efforts devoted in planning, developing and implementing the client company's advertising campaign and an assessment of the achievements. For a qualitative assessment even the small things matter; such as a quick turnaround time, creativity because this is what the agency is in the business of, value add in terms of giving the client a creative edge by giving them a 'creative leap' etc. One can also evaluate agencies by their track record of losing clients or acquiring new clients and retaining them.

The parameters on which an ad agency's creative services dept is evaluated are as follows:

(The various parameters are ranked on a scale of 1-10 with 1 being the poorest and 10 being Excellent)

- Agency regularly produces fresh ideas and original approaches?
- Creative executions are consistently on strategy?
- Research is effectively used in strategic development and in pre-post testing of advertising
- Creative group is knowledgeable about the company's products, markets and strategies?
- Creative group is concerned with good and consistent advertising communications and develops campaigns, ads that exhibit this concern
- Creative group produces on time and submits for review in time to permit orderly revisions
- Creative group performs well under pressure
- Agency presentations are well organized with sufficient examples of proposed executions
- Creative group participates in major campaign presentations
- Agency presents ideas and executions not requested but which they feel are good opportunities.
- Creative group takes constructive criticism and redirection
- Creative group effectively controls costs
- Overall evaluation of creative services

(H) Job Prospects & Career Opportunities with Advertising Agencies: In this modern day and age, the consumer is constantly surrounded by advertising of some sort or the other. Product manufacturers use this tool extensively to catch the attention of prospective

customers and push sales of their products. It is no wonder then that the Advertising Industry is constantly growing and creating jobs for highly talented people who can think out-of-the-box and come up with fresh, innovative ideas.

Advertising agencies are those independent entities that help Companies to touch base with their consumers and put their message across using the various tools of media like Print, Radio, Television, and the Internet. Both big and small Advertising Agencies look for creative and goal driven individuals to join their team at various levels. The goal of every agency remains the same - to create a remarkable ad campaign for their client, one that meets their overall marketing goals, fits within their budget and leaves an impact on the audiences for a long time to come, thus, pushing sales of products & services.

Advertising Agencies generally prefer those individuals who have a creative bend of mind, can think independently but work well in teams. If you are interested in pursuing a career in advertising, you must be highly goal driven and work well in time pressures. Since this industry is very competitive, you must be willing to give your best at all times to make a successful career.

Copywriter / Junior Copywriter: can also be called a wordsmith! Generally a person having the ability to create magic with innovative use of words. The Copywriter is responsible for transforming ideas into words, writing the body copy for advertisements etc.

Art Director: is an artist with strong visualization & drawing skills. This is the person who oversees the work of graphic artists. In some smaller agencies, the Art Director takes the complete responsibility of designing and converting ideas into awe-inspiring visuals within an ad - from ad layouts, to storyboarding and compilations.

Business / Client Servicing / Account Services - This department plays a major role in generating business and handling various accounts of Advertising Agencies.

Account Manager: The Client Servicing department forms the link between the client and the advertising agency. The Account Manager is the face of the ad agency and is responsible for clearing understanding the clients' needs and expectations. Once this is done, it is the Account Manager's job to communicate to his agency what the client needs from the agency. This makes the job of the Account Manager very crucial. The Account Manager must be a level headed person with strong communication skills and a pleasant personality.

Research & Media Planning Department - Careers within an Advertising Agency - This department is responsible for picking out the best combination of media tools for broadcasting the advertisements.

Media Planner: selects an optimum mix of media vehicles that will provide maximum visibility to the ads resulting in maximizing sales of the client's products. The media planner must have a thorough understanding of the client's products, target customers and their buying patterns along with knowledge of each media vehicle.

Researcher: The market research department / executives are given the responsibility of researching and studying consumer buying patterns and behavior. This individual must be

able to analyse data and information resulting from customer surveys and other analytical studies.

End of Module -2

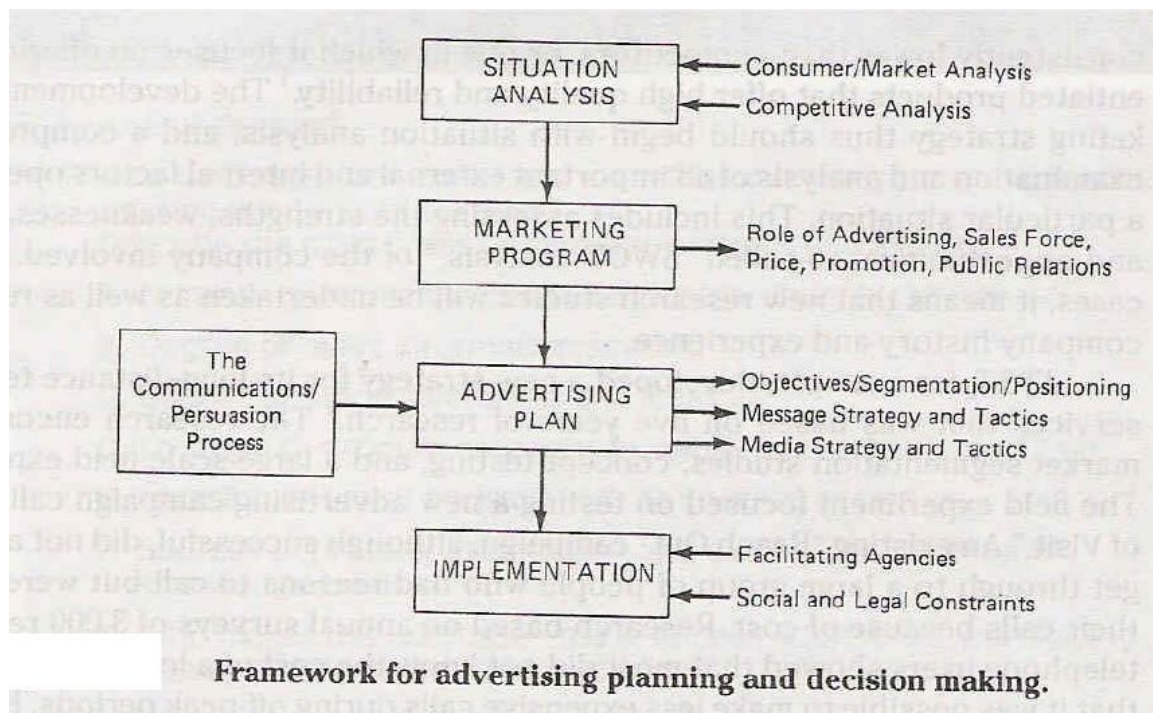
Module - 3

Advertising Planning: Setting goals – objectives – deciding on methods used for advertising budgets – DAGMAR approach.

(A) Advertising Planning: The major activities of advertising management are planning and decision making. In most instances, the advertising or brand manager will be involved in the development, implementation, and overall management of an advertising plan. The development of an advertising plan essentially requires the generation and specification of alternatives. The alternatives can be various levels of expenditure, different kinds of objectives or strategy possibilities, and numerous kinds of options associated with copy creation and media choices.

The essence of planning is thus to find out what the feasible alternatives are and reduce them to a set on which decisions can be made. Decision making involves choosing from among the alternatives. A complete advertising plan reflects the results of the planning and decision-making process and the decisions that have been made in a particular product-market situation.

- (i) Development of alternative advertising plans.
- (ii) Decision Making: Choosing from these alternatives.
- (iii) Implementation of chosen advertising plan.
- (iv) Management of the advertising plan.



If advertising management begins with advertising planning, the advertising plan itself is based on the marketing program of the organisation / product / brand.

What does the organisation / product / brand wish to do and in which market? Does it plan to introduce a new product in Tamil Nadu? Where in Tamil Nadu? In the city of Chennai or a number of similar/ smaller cities? What will be the introductory price? What will be the distribution pattern? Will the sales force make a special effort to sell door to door? Will they only place the product at retail outlets? Where? What kind of consumer is being targeted? What is the product we are selling? What need does it satisfy? What are the benefits of purchasing this product?

It is evident that these questions pertain to product, price and place. A solid marketing program built around current realities as revealed through a situation analysis would provide the answers that would be pre-requisite for advertising planning.

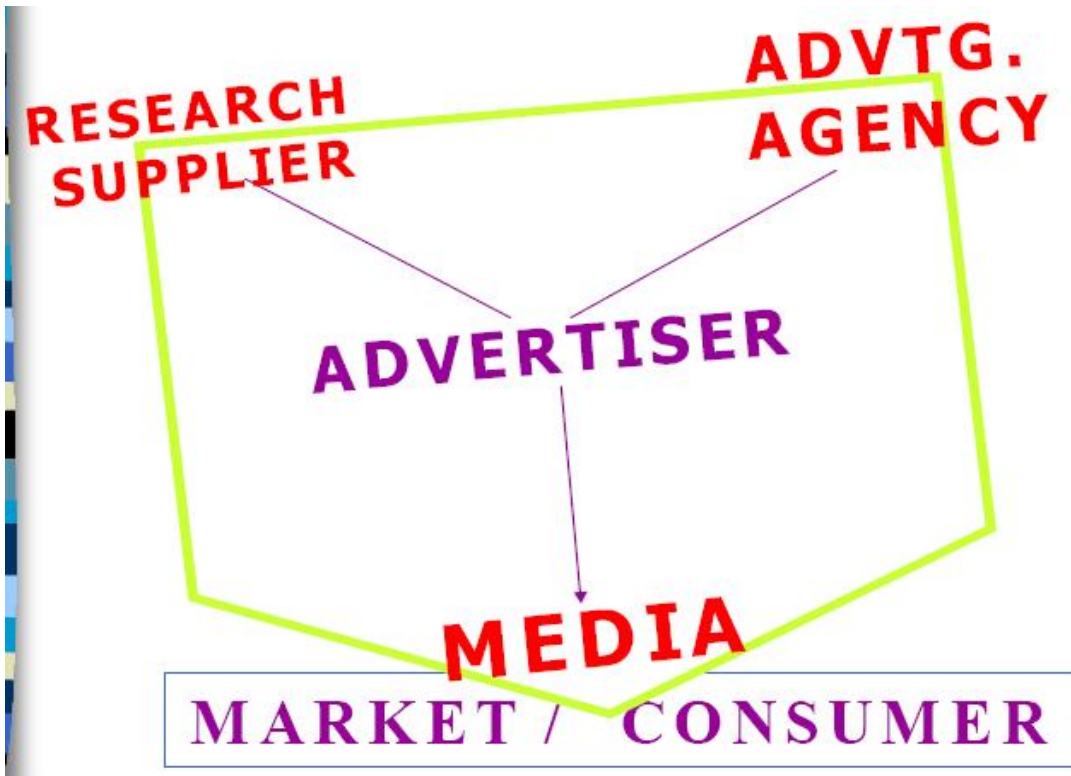
Questions regarding purchaser and influencer remind me of the Position Paper that I shared with students at the Masters level in the last semester. In a very elementary form it covers those issues that would bear upon the advertising / public relations / promotion and launch program.

Typically, situation analysis would mean both consumer analysis and competitor analysis. The more rigorous the analysis the more intense the marketing program is likely to be .A sample list of topics and questions that situation analysis aims to answer is shown on the next page .It is not an exhaustive list but it does cover such critical areas as nature and extent of demand for own and competitive product , possibility of segmenting the market and criteria thereof, environmental climate , stage of product life cycle , industry structure and competences of the organisation vis competition.

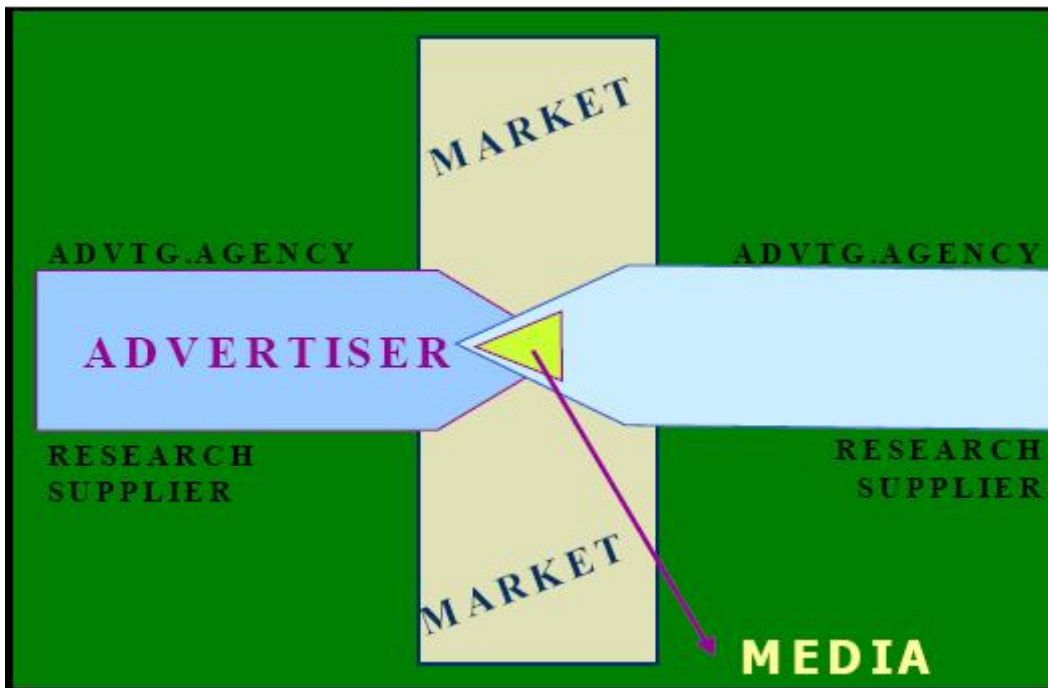
Advertising planning stands on three legs:

- (i) Objective setting and target market identification
- (ii) Message strategy & tactics
- (iii) Media strategy & tactics

Good advertising planning uses the strengths of all its facilitators and focuses them on the market thus:



In a competitive scenario the market forces are gathered in this fashion:



But in view of market segmentation, the above market mapping looks something like this

This apparently comfortable existence, with all three competitors carving out their own turf, is disturbed with the fact that media cannot be segmented in a similar way. Media overlap makes a mockery of market segmentation in advertising / communication terms. The figure on the next page shows the footprint of a single publication/media vehicle over three market segments. This obviously leads to message exposure to all audiences of all three competitors, forcing copy/ creative strategy to work just that much harder to win over its customers and make the sale!

(B) Setting Objectives: Objectives serve several functions in modern management. One function is to operate as communication and coordination devices. They provide a vehicle by which the client, the agency account executive, and the creative team communicate. They also serve to coordinate the efforts of such groups as copywriters, radio specialists, media buyers and research specialists.

A second function of objectives is to provide a criterion for decision making. If two alternative campaigns are generated, one must be selected.

A related function of an objective is to evaluate results. This function implies that there needs to be a measure such as market share or brand awareness associated with the objective. At the end of the campaign, that preselected measure is employed to evaluate the success of the campaign – such success is increasingly how advertising agencies are getting compensated.

(i) Sales as an objective: A convenient and enticing advertising objective involves a construct like immediate sales or market share. The measure is usually readily available to “evaluate” the results of a campaign. There are clearly some situations – mail-order advertising and some retail advertising, for example - when immediate sales are a good operational objective and others in which they can play a role in guiding the advertising campaign.

(ii) Towards operational objectives: If immediate sales do not form the basis of operational objectives in most situations, how does one proceed? The answer lies in part in three sets of questions. Addressing these questions in a careful, systematic way will often yield useful and effective objectives.

- Who is the target segment?
- What is ultimate behavior within that segment that advertising is attempting to precipitate, reinforce, change or influence?
- What is the process that will lead to the desired behavior and what role can advertising play in the process? Is it necessary to create awareness, communicate information about the brand, create an image or attitude, build long-term brand equity and associations, or associate feelings or a type of user personality with a brand?

(iii) New customers from other categories: Attract people from other segment, those not now using the product class. Pepsi might conclude that it is easier to get young coffee drinkers to switch from coffee to Pepsi for their morning drink, than it is to get Coke drinkers to switch to Pepsi.

(iv) Increasing share of requirements (SOR): Other customers may repeatedly switch among our brand and others. In many product categories, customers have more than one preferred brand, and they allocate their total category requirements over these few brands based, in part, on temporary price discounts, habits, and so on.

(v) Increasing brand loyalty, reducing attrition and price elasticity.

(vi) Increasing usage.

(vii) Behavioral or action objectives: An analysis of market dynamics can lead to behavioral measures that by themselves can provide the basis for operational objectives. If the advertising's target is new customers, the goal may be to get new customers to try a brand for the first time. The results would be measured by the number of new customers attracted. Such an estimate could be obtained from a consumer panel or by a count of cents-off coupon if that were a part of the advertising effort. The number of new triers, of course, is quite different from short-run sales. The quantity of sales in the short run represented by new customers is usually minuscule and will be swamped by the behavioral patterns of regular customers.

© **Advertising Budget:** Budgeting for advertising is great fun if you have the money for it. That's a joke, really. Irrespective of how much advertising money or how little you may have, you will always want a little more. When retailer John Wanamaker said he knew that half his advertising money was going to waste, but he did not know which half, he was being clever by half. And his statement has created more Ad Budgeting confusion and notoriety than any other I have grown up with.

Although, if you excuse him for a moment for sending brilliant advertising men and women down history on a red herring chase, you will hear the real worth of his remark – the sincere voice of caution and a genuine appeal to all those who manage advertising - on the client and the advertising agency side - to treat every paise put out to advertising with the devotion and commitment that it deserves.

You must give it the respect that bankers pay to your money when they take it from you in all confidentiality and with the promise to grow it for you (do excuse my allusion to the Swiss banking system ; I have great admiration for it and I have always treated the advertising money I have been imprest with greater regard than my own and perhaps erred more on the side of excessive caution and discretion , than the other way round.). You must invest it in advertising with the earnestness of a banker who loans your monies to entrepreneurs with the promise that it will return, more robust than when it was lent . You must do that even when you know half of every paise will go waste, you don't know where or which half! This is the first level of disciplined advt. budgeting. Then follow the other budgeting disciplines.

It is understood that advertising expenditure varies widely from industry to industry calculated as a percentage of sales. Construction companies and those selling ship building equipment are reported to spend the least (between 0.2 % to half a percent of sales), while the toys and cleaners / polishes industries put out 15% to 16% of their sales to advertising. This itself is a wide difference, but within each industry there are bound to be even greater disparities, some companies spending more and some brands spending less, depending

entirely on what phase of business / brand life they are in. Retailers typically spend about 25 of their sales on advertising but Wal-Mart does not advertise at all! Procter and Gamble and Colgate spends would well be in the region of 12-13 % of sales, while Unilever would be in single digit (about 8%) and Nestle perhaps at about 6%. But these are global expenditures and country wise spends can be more or less depending on the imperatives. However, it does suggest that at least some brands may be spending too much on advertising (whereas others may need to spend even more than they do now). When you combine this observation with the fact that for many brands, the advertising budget is the single largest discretionary expense, running into tens of millions of dollars, you should realize quickly that "fine-tuning" the advertising budget is an activity that is worth a fair amount of an advertising manager's time.

The theoretical underpinning of an advertising-budget decision is based on economic marginal analysis and is easily expressed. A firm should continue to add to the advertising budget for a specific brand or specific geographical market or specific advertising medium as long as the incremental expenditures there are exceeded by the marginal revenue they generate . Similarly, if companies advertising mature industrial products find that the sales potential (and actual sales revenue) per account are increasing, then the budgets for advertising and personal sales calls should go up, too.

On the other hand, if very high levels of competitive spending reduce the revenue impact of this company's promotional spending, what should you as the advertising manager do? Increase ad spends or let your budgets go down? A great deal will depend on whether you believe your advertising objectives are sales driven or driven by various other considerations distanced from sales . And just what is the co-relation between advertising spends and sales? Is it 1: 1 , 1: 1.5, 1: 2 or 1: 0. 5 or 1: 20? Such an analysis could theoretically be applied to the other components of the marketing mix as well, such as sales promotion, personal selling, distribution, and pricing. But the relationship between each of these and sales will be different, the ratios will be different.

It is important to set advt. budgets using careful analysis rather than industry rules of thumb heuristics or 'gut feel'. The average advertising elasticity - the expected %age change in volume sales when the amount spent on advertising rises 1% - is small, only about 0.22 % . This is only an average across industries and we do not know which industries, we do not know the sales volume to sale revenue ratios , we do not know the business environment , we have also not fed in the long term impact of advertising. i.e. impact of this year's advertising on future sales .

When all this is done a resulting optimal expenditure level could then be obtained for each component, allowing for identification of the optimal budgets for each kind of marketing spending. If the sum of these expenditures exceeds the available resources, the marketing budget for each would have to be scaled down. Each area would be constrained on the basis of the marginal revenue generated by the last rupee or dollar in its budget.

Another way of developing such a response function is simply to use managerial judgment, perhaps extracted with the assistance of a computer. Such techniques are sometimes labeled decision calculus techniques and are not detailed by me because of their infrequent use. You could more fully explore several frequently used decision rules used to set

advertising budgets and estimate the response function using experimentation, regression analysis, and optimal repetition frequency analyses.

It should be emphasized here that no method of determining an ad budget is ever perfect, because they are simply too many uncertainties involved in the measurement of advertising effects. Thus several different methods from the ones described below should be tried, and judgment will then have to be applied to come up with a figure that seems warranted from a payout, affordability, brand needs, and competitive standing point of view-all at once. The important thing is to make an effort to do it right.

There are several decision rules on which many firms draw in making budget decisions. The rules are basically justified by arguing that budgets based on them are unlikely to be far from the actual optimal budget if a marginal analysis could be performed. In many cases, the rules are used in combination, the net budget being a compromise among several of the rules.

One rule of thumb used in setting advertising budgets is the percentage of sales. Past sales or a forecast of future sales can be used as the base. A brand may have devoted 5% of its budget to advertising in the past. Thus, if the plan calls for doing Rs. 40 million worth of business next year, a Rs. 2 million advertising budget might be proposed. A similar decision could be based upon market share, or unit volume. For example, a brand could allocate Rs.1 million for every share point it holds, or Rs.2 for every case of the product it expects to sell.

The percentage-of-sales guide is the most common approach to setting advertising budgets. If a firm or brand has been successful over several years using the percentage-of-sales approach, it might be assumed that the decision rule yielded budgets reasonably close to the optimal, so there is little incentive to change to another approach in setting budgets. The rule does tend to make explicit the marketing mix decision, the allocation of the budget to the various elements of the marketing program. Furthermore, it provides comfort to a prudent financial executive who likes to know that her or his firm can afford the advertising. Finally, if competitors also use such a rule, it leads to a certain stability of advertising within the industry, which may be useful. If there is a ceiling on the size of the market, it is wise to avoid precipitating a war over advertising expenditures .

The major flaw in the method is that it does not rest on the premise that advertising can influence sales. In fact, sales or a sales estimate determine advertising expenditures. It can lead to excessive expenditures for large established brands and for over-the-hill brands that are basically servicing old loyal customers who will very likely continue to buy even if advertising support is withdrawn. It can, conversely, lead to inadequate budgets for promising healthy brands that could potentially become competitive with more advertising muscle.

The second flaw in this method is that it ignores brand profitability, by looking only at brand sales. A more logical rule would be to use a percentage not of sales, but of a brand's gross margin or contribution-to-overhead. This would imply that more profitable brands get more advertising support, compared to less profitable brands, even if their sales revenue figures are identical

The percentage-of-sales or percentage-of-margin approaches obviously need to be modified in dynamic situations such as the following:

1. When a brand is making a major repositioning move or reacting to one, a substantial increase in advertising might be necessary, an increase that may not be justified by the percentage-of-sales logic. For example, when Philip Morris purchased Miller beer in my second year in college and initiated a campaign to reposition it and increase its share, the advertising budget was dramatically increased. Similarly, when the effects of the Miller effort became evident, the other beer companies had to consider breaking out of their percentage-of-sales routine and react to the Miller move.

2. When a brand becomes established and dominant, it can usually start reducing the percentage of sales allocated to advertising. As brand-name awareness becomes very high and the brand's image becomes very set, it is not usually necessary to advertise as heavily. Conversely, if a smaller brand is struggling to become known and is concerned about advertising at the minimal threshold level, it will often have to spend money at an artificially high percentage-of-sales level.

3. When a brand is just being introduced. A new product, concept, or brand will have the special task of generating awareness and distribution from level zero. As a result, it is usually necessary to make heavy investments in advertising during the first year or two of the brand's life. At Colgate-Palmolive, the guide is to set the advertising expenditures on the total gross profit, which are the total sales less the product cost, as follows:

- Advertising in first year equals twice the gross profit.
- Advertising in second year equals half the gross profit.
- Advertising in third and succeeding years equals 30 percent of the gross profit.

Firms with limited resources may decide to spend all that they can reasonably allocate to advertising after other unavoidable expenditures have been allocated. This rule usually ensures that they are not advertising too heavily, that advertising monies are not being wasted. It thus does have some logic. Of course, if the value of more advertising could be demonstrated, extra money could usually be raised, so the limitation may be somewhat artificial.

Some larger firms also use this rule. They start with the sales forecast and budget all expenditures, including profit, except advertising. The advertising budget is what is left over. About all that can be said about such a rule, which is actually used in too many situations, is that it generates a financial paper that usually looks neat and attractive in an accounting sense. However, it rests on the assumption that sales are independent of the advertising expenditures. There is no realization that advertising may influence sales. The only reason advertising is included is that its absence would be difficult to justify!

Another common guide is to adjust the advertising budget so that it is comparable to those of competitors. The logic is that the collective minds of the firms in the industry will probably generate advertising budgets that are somewhat close to the optimal. Everyone

could not be too far from the optimal. Furthermore, any departure from the industry norms could precipitate a spending war.

The problem here is that there is no guarantee that a group of firms is spending at an optimal level. In so far as their spending habits are constant over time, and assuming that market conditions change over time, they are probably not spending at the optimal level. Even if they are, it is likely that the situations of individual firms are sufficiently unique so that the practices of their competitors should not be followed. In particular, a new small firm in the field might not receive the proportionate amount of impact for its advertising that a large established firm receives. The success of the larger firm may be due to many other factors in addition to advertising. Furthermore, the method does not consider such questions as differences in effectiveness of various campaigns or the efficiency of media placement. Following the competition might offer the satisfaction of knowing you are not taking a big competitive risk, and be politically safe within a company's managerial ranks, but might turn out to be a case of the blind following the blind. Academic "game theorists" have developed models of how different competitors might end up responding to each other over time.

A very commonly used variant of the competitive parity approach is to set a brand's share of total category advertising (measured over a period such as a year), called share of voice (SOV) close to its share of market (SOM). If every brand in the category did this, it would probably ensure that the industry market shares would co-relate with industry share of voice. More importantly, you would get a co-relation between your market share and your share of voice. If you, theoretically speaking, increased your SOV you should get an increase in SOM. In addition, your advertising effectiveness could be measured basis SOV and independent of SOM.

Briefly:

The affordable method—as the title says, this is to budget what you can afford. The method is inferior because it doesn't take into account what the marketer is trying to accomplish with the money allocated. In lean times, owners of small businesses might be tempted to say to themselves, "I can't afford to do ANY advertising this year" that may contribute to business failure.

The percentage of sales method—the marketer chooses a number, say, 5 percent of sales (expected or past-period) and decides that is going to be how much money should be spent. A criticism of the method is that in tough sales years, money for advertising and other promotions falls, when they should probably be raised. The logic of this choice is that it is easy to understand and easy to implement.

The competitive parity method—the marketer tries to emulate, on a proportional scale, the promotional spending of the competition. The main logic associated with this choice is that it somehow may reflect a collective wisdom in the industry. The negative on this method is that no two companies have the exact same resources, opportunities, resources, or objectives, so spending proportional amounts of money on promotional efforts make little sense.

The objective and task method—the marketer decides what she or he wants to accomplish and then works the budget out based on what it will cost to create and implement the communications needed to make that happen. The logic is obvious, and this is the best way of going about setting a promotional budget.

(D) DAGMAR Approach:

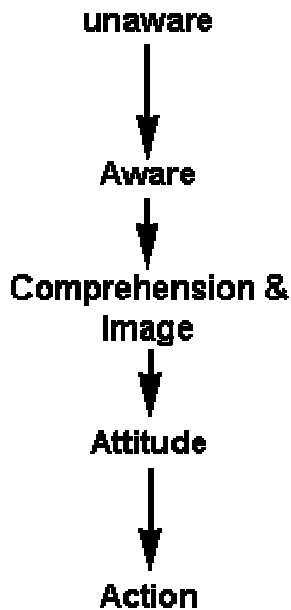
In 1961, Russell H. Colley wrote a book under the sponsorship of the Association of National Advertisers called *Defining Advertising Goals for Measured Advertising Results*. The book introduced what has become known as the DAGMAR approach to advertising planning and included a precise method for selecting and quantifying goals and for using those goals to measure performance. The performance measurement feature had great appeal to managers of the 1960s, who were frustrated by the available methods for controlling advertising efforts and impatient with embryonic methods of developing sales-response models.

The DAGMAR approach can be summarized in its succinct statement "defining an advertising goal." An advertising goal is a specific communication task, to be accomplished among a defined audience, in a given period of time. Note that a communication task is involved as opposed to a marketing task and that the goal is specific, involving an unambiguously defined task, among a defined audience, in a given time period.

DAGMAR Model

DAGMAR is **D**efining **A**dvertising **G**oals for **M**easured **A**dvertising **R**esults. It is basically an approach to advertising planning and a precise method for selecting and quantifying goals and for using those goals to measure performance.

An advertising objective involves a communication task, intended to create awareness, impart information, develop attitudes or induce action. In the DAGMAR approach, the communication task is based on a specific model of the communication process, as shown below.



Communication Process in DAGMAR Approach

The model suggests that before the acceptance of a product by an individual, there is a series of mental steps which the individual goes through. At some point of time, the individual will be unaware of the product or offer in the market. The initial communication task of the advertising activity is to increase consumer awareness of the product or offer.

The second step of the communication process is comprehension of the product or offer and involves the target audience learning something about the product or offer. What are its specific characteristics and appeals, including associated imagery and feelings? In what way does it differ from its competitors? Whom is it supposed to benefit?

The third step is the attitude (or conviction) step and intervenes between comprehension and final action. The action phase involves some overt move on the part of the buyer such as trying a brand for the first time, visiting a showroom, or requesting information.

The whole communication process is a bit more complex. And under different circumstances, it may differ slightly, but the basic concept revolves around what is mentioned in the paragraphs above. The DAGMAR approach emphasises the communication task of advertising. The second important concept of the approach is that

the advertising goal be specific. It should be a written, measurable task involving a starting point, a defined audience, and a fixed time period.

Now that the basic theory is told, how to apply in your specific situation?

We are mainly traders dealing with products from other reputed and not so reputed companies and sitting here, we cannot dictate the company's advertising strategy. So, we look forward to developing a model which can reasonably applied in our case.

Let's build your scenario and have the advertising brief:

You are a dealer or distributor and want to sell products of a reputed company. You don't have to worry about the image and perception of the brand. You are just worried that customers might not want to buy from you. And, instead, buy from a competing shop next to yours dealing with the same kinds of products. In such a case, what should be done? What should be your advertising objective? Should you have a advertising strategy? What would be the ingredients of such an advertising plan? What should be the budget?

Let's discuss some of the issues related to your promotion/advertising related activity. You must first distinguish between advertising from your marketing objectives. And DAGMAR is aimed at setting your advertising goals/ planning and not marketing goals.

A Measurable Objective

The DAGMAR approach sounds impractical once we talk of measurements, surveys, questionnaires and all that staff. After all, who'd go for a survey! But, as the approach emphasises the importance of objectives, we must have some form of measurement to indicate the effectiveness of the advertising/ promotional campaign.

So if you are thinking of a promotional campaign, **it must have an objective**. And an objective that is **measurable**.

For a yellow page advertisement, the measurement could be the number of phone calls received before and after the ad was published or the number of referrals through yellow pages. Many of our advertisers are pleasantly surprised by orders/ offers received through phone calls, which were later found to be through advertisements in yellow pages.

Now, the question is, if they did not advertise in the yellow pages, would they have received those orders/ offers? That's another matter, though.

Your measurable objective must be written, clear and unambiguous. Goals like 'Improve store image'/Increase awareness of our store' etc are too vague and do not lead to anywhere. A good starting point to work on the goal would be:

Increase awareness of our store by 10%

Notice the missing full stop? We still have to construct our campaign objective.

A Conceivable Benchmark

When we talk of measurement, its both current and future. We must, first, know where we stand now, and know in quantitative terms. The current position is your starting point which will help in establishing a goal and selecting a campaign to reach it. Getting more customer into your store might not be an optimal goal, if you already receive a large number of visitors. So, have an objective analysis of where you are and then start working on your objective.

If you know that already many customers are visiting your store, you may probably have some idea of their behaviour related to purchases. (If you don't, that's a pity). Now you know that your advertising can be aimed at converting your visitors to customers.

Let's reconstruct our goal now:

Increase awareness of our store from the current level of 20% to 30%

Well-Defined Target Audience

Perhaps, the first lesson you should learn in marketing is target audience. Not everyone is going to buy your product. Not everyone needs your product, its another matter that some needs are latent and needs to be aroused. So, identify your target audience, to whom you are going to aim your ad campaign. Most likely, this is going to be your user segment as well.

As an example, if you are selling premium car accessories, you should target customers who are stylish, sophisticated or own premium cars.

Working further on the advertising goal, we now have:

Increase awareness of our store from the current level of 20% to 30% among the owner of product X

Fixed time period

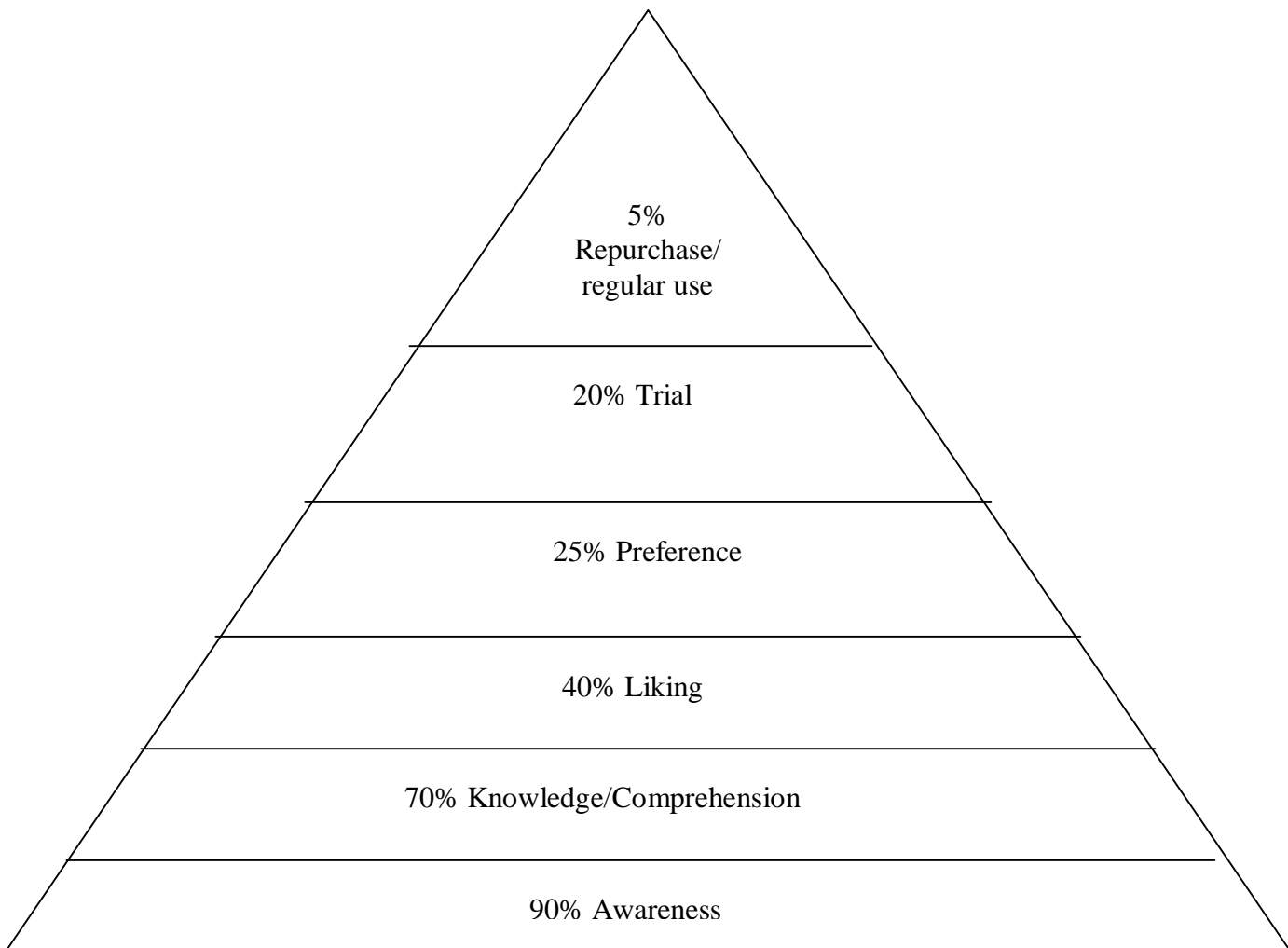
Your advertising campaign should not run for eternity, without having milestones to achieve over the future time frame. You should have a fixed time period, six months or a year, within which you should aim at attaining certain goals. There should also be some time allocated to test the campaign, make amendments, if required to the campaign. A time should be fixed upon the arrival of which the campaign can be evaluated. So, we finally have our advertising goal as follows:

Increase awareness of our store from the current level of 20% to 30% among the owner of product X before the launch of product Y which is expected within the next six months.

(E) Communications Effects Pyramid

Advertising and promotion perform communications tasks in the same way that a pyramid is built, by first accomplishing lower-level objectives such as awareness and knowledge or comprehension. Subsequent tasks involve moving consumers who are aware of or knowledge about the product or service to higher levels in the pyramid. The initial stages, at the base of the pyramid, are easier to accomplish than those toward the top, such as trial and repurchase or regular use. Thus, the percentage or prospective customers will decline as they move up the pyramid.

The communications pyramid can also be used to determine promotional objectives for an established brand. The promotional planner must determine where the target audience lies with respect to the various blocks in the pyramid. If awareness levels for a brand and knowledge of its features and benefits are low, the communications objective should be to increase them. If these blocks of the pyramid are already in place, but liking or preference is low, the advertising goal may be to change the target markets' image of the brand and move consumer through to purchase.



End of Module -3

Module -4

Media planning: Developing Media plan, Problems encountered, Media valuation- Print, Broadcast media, and Support media in advertising.

Media strategy: Creativity, Elements of creative strategies and its implementation, Importance of Headline and body copy.

(A) Introduction: Media planning is the series of decisions involved in delivering the promotional message to the prospective purchasers and/or users of the product or brand. Media planning is a process, which means a number of decisions are made, each of which may be altered or abandoned as the plan develops. The media plan is the guide for media selection. It requires development of specific media objectives and specific media strategies (plans of action) designed to attain these objectives.

The medium is the general category of available delivery systems, which includes broadcast media (like TV and Radio), print media (like newspapers and magazines), direct mail, outdoor advertising and other support media. Reach is a measure of the number of different audience members exposed at least once to a media vehicle in a given period of time. Coverage refers to the potential audience that might receive the message through a vehicle. Coverage refers to the potential audience; reach refers to the actual audience delivered. Finally, frequency refers to the number of times the receiver is exposed to the media vehicle in a specified period.

The Media Plan: The media plan determines the best way to get the advertiser's message to the market. In a basic sense, the goal of the media plan is to find that combination of media that enables the marketer to communicate the message in the most effective manner to the largest number of potential customers at the lowest cost.

(B) Problems in media planning:

(i) Insufficient information: While a great deal of information about markets and the media exist, media planners often require more than is available. Some data are just not measured, either because they cannot be or because measuring them would be too expensive. For example, continuous measures of radio listenership exist, but only periodic listenership studies are reported due to sample size and cost constraints.

The lack of information is even more of a problem for small advertisers, who may not be able to afford to purchase the information they require. As a result, their decisions are based on limited or out-of-date data that were provided by the media themselves, or no data at all.

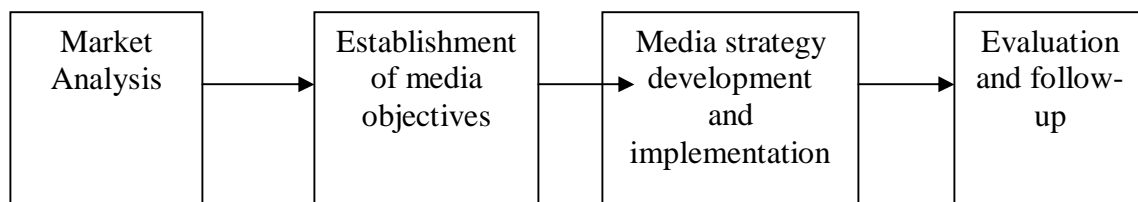
(ii) Inconsistent Terminologies: Problems arise because the cost bases used by different media often vary and the standards of measurement used to establish these costs are not always consistent. For example, print media may present cost data in terms of the cost to reach a thousand people (cost per thousand, or CPM), broadcast media use the cost per ratings point (CPRP), and outdoor media use the number of showings. Audience

information that is used as a basis for these costs has also been collected by different methods. Finally, terms that actually mean something different (such as reach and coverage) may be used synonymously, adding to the confusion.

(iii) Time pressures: It seems that advertisers are always in a hurry – sometimes because they need to be; other times because they think they need to be. Actions by a competitor – for example, the cutting of airfares by one carrier – require immediate response. But sometimes a false sense of urgency dictates time pressures. In either situation, media selection decisions may be made without proper planning and analyses of the markets and/or media.

(iv) Difficulty measuring effectiveness: Because it is so hard to measure the effectiveness of advertising and promotions in general, it is also difficult to determine the relative effectiveness of various media or media vehicles. While progress is being made in this regard, the media planner may have little more than an estimate of or a good guess at the impact of these alternatives.

© *Developing the Media Plan:*



(i) Market Analysis and Target Market Identification: The situational analysis stage of the overall promotional planning process involves a complete review of internal and external factors, competitive strategies, and the like. In the development of a media strategy, a market analysis is again performed, although this time the focus is on the media and delivering the message. The key questions at this stage are these: To whom shall we advertise (who is the target market?) What internal and external factors may influence the media plan? Where (geographically) and when should we focus our efforts.

To whom shall we advertise: While a number of target markets might be derived from the situation analysis, to decide which specific groups to go after, the media planner may work with the client, marketing department, and creative directors. A variety of factors can assist media planners in this decision. Some will require primary research, whereas others will be available from published (secondary) sources.

What Internal and External Factors are Operating: Media strategies are influenced by both internal and external factors operating at any given time. Internal factors may involve the size of the media budget, managerial and administrative capabilities, or the organization of the agency. External factors may include the economy (the rising cost of media), changes in technology (the availability of new media), competitive factors, and the like. While some of the information may require primary research, much information is available through secondary sources, including magazine, syndicated services, and even the daily newspapers.

Where to promote: The question of where to promote relates to geographic considerations. Companies often find that sales are stronger in one area of the country or the world than another and may allocate advertising expenditures according to the market potential of an area.

(ii) Establishing Media Objectives: Just as the situation analysis leads to establishment of marketing and communications objectives, the media situation analysis should lead to determination of specific media objectives. The media objectives are not ends in themselves. Rather, they are designed to lead to the attainment of communications and marketing objectives. Media objectives are the goals for the media program and should be limited to those that can be accomplished through media strategies. An example of media objectives is this: create awareness in the target market through the following:

- Use broadcast media to provide coverage of 80 percent of the target market over a six-month period.
- Reach 60 percent of the target audience at least three times over the same six-month period.
- Concentrate heaviest advertising in winter and spring, with lighter emphasis in summer and fall.

Having determined what is to be accomplished; media planners consider how to achieve these objectives. That is, they develop and implement media strategies, which evolve directly from the actions required to meet objectives and involve the criteria.

(iii) Developing and Implementing Media Strategies:

The Media Mix: A wide variety of media and media vehicles are available to advertisers. While it is possible that only one medium and/or vehicle might be employed, it is much more likely that a number of alternatives will be used. The objectives sought, the characteristics of the product or service, the size of the budget, and individual preferences are just some of the factors that determine what combination of media will be used.

Target Market Coverage: The media planner determines which target markets should receive the most media emphasis. Developing media strategies involves matching the most appropriate media to this market by asking, "Through which media and media vehicles can I best get my message to prospective buyers?" The market coverage may be

- Full market coverage
- Partial Market Coverage
- Coverage exceeding target market.

The goal of the media planner is to extend media coverage to as many of the members of the target audience as possible while minimizing the amount of waste coverage.

Scheduling: Obviously, companies would like to keep their advertising in front of consumers at all times as a constant reminder of the product and/or brand name. In reality, this is not possible for a variety of reasons (not the least of which is the budget). Nor is it necessary. The primary objective of scheduling is to time promotional efforts so that they

will coincide with the highest potential buying times. For some products these times are not easy to identify: for others they are very obvious. Three scheduling methods available to the media planner – continuity, fighting and pulsing:

Continuity refers to a continuous pattern of advertising, which may mean every day, every week, or every month. The key is that a regular (continuous) pattern is developed without gaps or non-advertising periods. Such strategies might be used for advertising for food products, laundry detergents, or other products consumed on an ongoing basis without regard for seasonality.

A second method, **fighting**, employs a less regular schedule, with intermittent periods of advertising and non-advertising. At some time periods there are heavier promotional expenditures, and at others there may be no advertising. Many banks, for example, spend no money on advertising in the summer but maintain advertising throughout the rest of the year.

Pulsing is actually a combination of the first two methods. In a pulsing strategy, continuity is maintained, but at certain times promotional efforts are stepped up. In the beer industry, advertising continues throughout the year but may increase at holiday periods such as diwali, dussehera etc.

Reach versus Frequency: Since advertisers have a variety of objectives and face budget constraints, they usually must trade off reach and frequency. They must decide whether to have the message be seen or heard by more people (reach) or by fewer people more often (frequency).

Creative aspects and mood: The context of the medium in which the ad is placed may also affect viewer's perceptions. A specific creative strategy may require certain media. Because TV provides both sight and sound, it may be more effective in generating emotions than other media; magazines may create different perceptions from newspapers. In developing a media strategy, marketers must consider both creativity and mood factors.

Flexibility: an effective media strategy requires a degree of flexibility. Because of the rapidly changing marketing environment, strategies may need to be modified. If the plan has not built in some flexibility, opportunities may be lost and/or the company may not be able to address the new threats.

Budget Considerations: One of the more important decisions in the development of media strategy is cost estimating: the value of any strategy can be determined by how well it delivers the message to the audience with the lowest cost and least waste. We have already explored a number of factors, such as reach, frequency, and availability that affect this decision.

Advertising and promotional costs can be categorized in two ways. The absolute cost of the medium or vehicle is the actual total cost required to place the message. For example, a full-page four-colour ad in Newsweek magazine costs about \$183,000. Relative cost refers to the relationship between the price paid for advertising time or space and the size of the audience delivered; it is used to compare media vehicles. Relative costs are important because the manager must try

to optimize audience delivery within budget constraints. Since a number of alternatives are available for delivering the message, the advertiser must evaluate the relative costs associated with these choices. The way media costs are provided and problems in comparing these costs across media often make such evaluations difficult.

To evaluate alternatives, advertisers must compare the relative costs of media as well as vehicles within these media. Unfortunately, the broadcast, print, and out-of-home media do not always provide the same cost breakdowns, nor necessarily do vehicles within the print media. Following are the cost bases used:

(a) Cost per thousand (CPM): For years the magazine industry has provided cost breakdowns on the basis of cost per thousand people reached. The formula for this computation is

$$CPM = \text{Cost of ad space (absolute cost)} / \text{Circulation} \times 1,000$$

(b) Cost per ratings point (CPRP): The broadcast media provide a different comparative cost figure, referred to as cost per ratings point or cost per point (CPP), based on the following formula:

$$CPRP = \text{Cost of commercial time} / \text{Program rating}$$

(c) Daily inch rate: for newspapers, cost effectiveness is based on the daily inch rate, which is the cost per column inch the paper. Like magazines, newspapers now use the cost-per-thousand formula discussed earlier to determine relative costs.

(iv) Evaluation and Follow-up: All plans require some evaluation to assess their performance. The media plan is no exception. Measures of effectiveness must consider two factors: (a) How well did these strategies achieve the media objectives? (b) How well did this media plan contribute to attaining the overall marketing and communications objectives? If the strategies were successful, they should be used in future plans. If not, their flaws should be analyzed.

© **Broadcast Media**

(i) Television: TV has numerous advantages over other media, including creativity and impact, coverage and cost effectiveness, captivity and attention, and selectivity and flexibility.

(a) Creativity and Impact: Perhaps the greatest advantage of TV is the opportunity it provides for presenting the advertising message. The interaction of sight and sound offers tremendous creative flexibility and makes possible dramatic, lifelike representations of products and services. TV commercials can be used to convey a mood or image for a brand as well as to develop emotional or entertaining appeals that help make a dull product appear interesting.

(b) Coverage and cost effectiveness: Television advertising makes it possible to reach large audiences. Nearly everyone, regardless of age, sex, income or educational level, watches at least some TV. Most people do so on a regular basis

© **Captivity and attention:** Television is basically intrusive in that commercials impose themselves on viewers as they watch their favorite programmes. Unless we make a special effort to avoid commercials, most of us are exposed to thousands of them each year. The increasing in viewing options and the penetration of VCRs, DVDs, Remote controls, and other automatic devices have made it easier for TV viewers to avoid commercial messages.

(d) Selectivity and Flexibility: Television has often been criticized for being a non selective medium, since it is difficult to reach a precisely defined market segment through the use of TV advertising. But some selectivity is possible due to variations in the composition of audiences as a result of program content, broadcast time, and geographic coverage.

Limitations of television:

(a) Costs: Despite the efficiency of TV in reaching large audiences, it is an expensive medium in which to advertise.

(b) Lack of selectivity: Some selectivity is available in television through variations in programmes and cable TV. But advertisers who are seeking a very specific, often small, target audience find the coverage of TV often extends beyond their market, reducing its cost effectiveness. Geographic selectivity can be a problem for local advertisers such as retailers, since a station bases its rates on the total market area it reaches.

© **Fleeting message:** TV commercials usually last only 30 seconds or less and leave nothing tangible for the viewer to examine or consider. Commercials have become shorter and shorter as the demand for a limited amount of broadcast time has intensified and advertisers try to get more impressions from their media budgets.

(d) Clutter: The problem of fleeting messages and shorter commercials are compounded by the fact that the advertiser's message is only one of many spots and other non-programming material seen during a commercial break, so it may have trouble being noticed. One of advertisers' greatest concerns with TV advertising is the potential decline in effectiveness because of such clutter.

(e) Limited viewer attention: When advertisers buy time on a TV program, they are not purchasing guaranteed exposure but rather the opportunity to communicate a message to large numbers of consumers. But there is increasing evidence that the size of the viewing audience shrinks during a commercial break. People leave the room to go to the bathroom or to get something to eat or drink, or they are distracted in some other way during commercials.

Getting consumers to pay attention to commercials has become an even greater challenge in recent years. The increased presence of VCRs and remote controls has led to the problems of zipping and zapping. Zipping occurs when customers fast-forward through

commercials as they play back a previously recorded program. Zapping refers to changing channels to avoid commercials.

(f) *Distrust and Negative Evaluation:* To many critics of advertising, TV commercials personify everything that is wrong with the industry. Critics often single out TV commercials because of their pervasiveness and the intrusive nature of the medium. Consumers are seen as defenseless against the barrage of TV ads, since they cannot control the transmission of the message and what appears on their screens. Viewers dislike TV advertising when they believe it is offensive, uninformative, or shown too frequently or when they do not like its content.

Buying television time:

A number of options are available to advertisers that choose to use TV as part of their media mix. They can purchase time in a variety of program formats that appeal to various types and sizes of audiences. They can purchase time on a national, regional, or local basis. Or they can sponsor an entire program, participate in the sponsorship or use spot announcements during or between programmes.

(a) *Network versus Spot:* A basic decisions for all advertisers is allocating their TV media budgets to network versus local or spot announcements. Most national advertisers use network schedules to provide national coverage and supplement this with regional or local spot purchases to reach markets where additional coverage is desired.

(b) *Network advertising:* A common way advertisers disseminate their messages is by purchasing airtime from a television network. A network assembles a series of affiliated local TV stations, or affiliates to which it supplies programming and services. These affiliates, most of which are independently owned, contractually agree to preempt time during specified hours for programming provided by the networks and to carry the national advertising within the program. The networks share the advertising revenue they receive during these time periods with the affiliates. The affiliates are also free to sell commercial time in non-network periods and during station breaks in the preempted periods to both national and local advertisers.

© ***Spot and Local advertising:*** Spot advertising refers to commercials shown on local TV stations, with time negotiated and purchased directly from the individual stations. All non-network advertising done by a national advertiser is known as national spot advertising; airtime sold to local firms such as retailers, restaurants, banks and auto dealers is known as local advertising.

Methods of Buying Time:

(a) *Sponsorship:* Under a sponsorship arrangement, an advertiser assumes responsibility for the production and usually the content of the program as well as the advertising that appears within it. In the early days of TV, most programmes were produced and sponsored by corporations and were identified by their name, for example, the Colgate comedy hour. Today most shows are produced by either the networks or independent production companies that sell them to a network.

(b) Participations: Most advertisers either cannot afford the costs of sponsorship or want greater flexibility than sole sponsorship permits. Nearly 90 percent of network advertising time is sold as participations, with several advertisers buying commercial time or spots on a particular program. An advertiser can participate in a certain program once or several times on a regular basis. Participating advertisers have no financial responsibility for production of the program; this is assumed by the network or individual station that sells and controls the commercial time.

© **Spot announcements:** These are bought from the local stations and generally appear during time periods adjacent to network programmes rather than within them.

Selecting time periods and programmes: Another consideration in buying TV time is selecting the right period and programmes for the advertiser's commercial messages. The cost of TV advertising time varies depending on the time of day and the particular program, since audience size varies as a function of these two factors. TV time periods are divided in to dayparts, which are specific segments of a broadcast day.

(ii) Cable Television: Perhaps the most significant development in the broadcast media has been the expansion of cable television. Cable networks and channels have a dual revenue stream; they are supported by both subscriber fees and ad revenue. Cable TV has experienced tremendous growth as an advertising medium because it has some important advantages. A primary one is selectivity. Cable subscribers tend to be younger, more affluent, and better educated than nonsubscribers and have greater purchasing power. Moreover, the specialized programming on the various cable networks reaches very specific target markets.

(iii) Radio:

Advantages of Radio:

(a) Cost and Efficiency: One of the main strengths of radio as an advertising medium is its low cost. Radio commercials are very inexpensive to produce. They require only a script of the commercial to be read by the radio announcer or a copy of a prerecorded message that can be broadcast by the station.

(b) Selectivity: Another major advantage of radio is the high degree of audience selectivity available through the various program formats and geographic coverage of the numerous stations. Radio lets companies focus their advertising on specialized audiences such as certain demographic and lifestyle groups.

© **Flexibility:** Radio is probably the most flexible of all the advertising media because it has a very short closing period, which means advertisers can change their message almost up to the time it goes on the air. Radio commercials can usually be produced and scheduled on very short notice. Radio advertisers can easily adjust their messages to local market conditions and marketing situations.

(d) Mental Imagery: A potential advantage of radio that is often overlooked is that it encourages listeners to use their imagination when processing a commercial message. While the creative options of radio are limited, many advertisers take advantage of the

absence of a visual element to let consumers create their own picture of what is happening in a radio message.

Radio may also reinforce television messages through a technique called image transfer, where the images of a TV commercial are implanted into a radio spot.

Limitations of Radio

(a) ***Creative limitations:*** A major drawback of radio as an advertising medium is the absence of a visual image. The radio advertiser cannot show the product, demonstrate it, or use any type of visual appeal or information.

(b) ***Fragmentation:*** Another problem with radio is the high level of audience fragmentation due to the large number of stations. The percentage of the market tuned to any particular station is usually very small. The top-rated radio station in many major metropolitan areas with a number of AM and FM stations may attract less than 10 percent of the total listening audience.

© ***Chaotic buying procedures:*** it should be readily apparent how chaotic the media planning and purchasing process can become for the advertiser that wants to use radio on a nationwide spot basis.

(d) ***Limited research data:*** Audience research data on radio are often limited, particularly compared with TV, magazines, or newspapers. Most radio stations are small operations and lack the revenue to support detailed studies of their audiences. And most users of radio are local companies that cannot support research on radio listenership in their markets.

(e) ***Limited listener attention:*** Another problem that plagues radio is that it is difficult to retain listener attention to commercials. Radio programming, particularly music, is often the background to some other activity and may not receive the listeners' full attention.

(f) ***Clutter:*** It is just as much a problem with radio as with other advertising media. Most radio stations carry an average of nearly 10 minutes of commercials every hour. During the popular morning and evening rush hours, the amount of commercial time may exceed 12 minutes. Also contributing to the clutter problem is the practice of some stations to offer "commercial-free" blocks of music to attract listeners.

Buying Radio Time

(a) ***Network Radio:*** Advertising time on radio can be purchased on a network basis using one of the national networks. Using networks minimizes the amount of negotiation and administrative work needed to get national or regional coverage, and the costs are lower than those for individual stations.

(b) ***Spot Radio:*** National advertisers can also use spot radio to purchase airtime on individual stations in various markets. The purchase of spot radio provides greater flexibility in selecting markets, individual stations, and airtime and adjusting the message for local market conditions.

© **Local Radio:** By far the heaviest users of radio are local advertisers; nearly 79 percent of radio advertising time is purchased from individual stations by local companies. Auto dealers, retailers, restaurants, and financial institutions are among the heaviest users of local radio advertising. But a number of radio advertisers are switching to local cable TV because the rates are comparable and there is the added advantage of TV's visual impact.

(D) **Print Media:** Magazine and newspapers have been advertising media for more than two centuries; for many years, they were the only major media available to advertisers. With the growth of the broadcast media, particularly television, reading habits declined. More consumers tuned to TV viewing not only as their primary source of entertainment but also for news and information. But despite the competition from the broadcast media, newspapers and magazines have remained important media vehicles to both consumers and advertisers.

Classifications of Magazines

- Consumer Magazine
- Farm Publication
- Business Publication

Advantages of Magazines:

(a) **Selectivity:** One of the main advantages of using magazines as an advertising medium is their selectivity, or ability to reach a specific target audience. Magazines are the most selective of all media except direct mail. Most magazines are published for special-interest groups.

(b) **Reproduction Quality:** One of the most valued attributes of magazine advertising is the reproduction quality of the ads. Magazines are generally printed on high-quality paper stock and use printing processes that provide excellent reproduction in black and white or color. Since magazines are a visual medium where illustrations are often a dominant part of an ad, this is a very important property.

© **Creative Flexibility:** In addition to their excellent reproduction capabilities, magazines also offer advertisers a great deal of flexibility in terms of the type, size, and placement of the advertising material. Some magazines offer a variety of special options that can enhance the creative appeal of the ad and increase attention and readership. Examples include gatefolds, bleed pages, inserts, and creative space buys.

(d) **Permanence:** Another distinctive advantage offered by magazines is their long life span. TV and radio are characterized by fleeting messages that have a very short life span; newspapers are generally discarded soon after being read.

(e) **Prestige:** Another positive feature of magazine advertising is the prestige the product or service may gain from advertising in publications with a favorable image. Companies whose products rely heavily on perceived quality, reputation, and/or image often buy space in prestigious publications with high-quality editorial content whose consumers have a high level of interest in the advertising pages.

(f) Consumer receptivity and involvement: With the exception of newspapers are more receptive to advertising in magazines than in any other magazines are generally purchased because the information they contain interests the reader, and ads provide additional information that may be of value in making a purchase decisions.

Disadvantages of Magazines:

(a) Cost: The costs of advertising in magazines vary according to the size of the audience they reach and their selectivity.

(b) Limited Reach and Frequency

© **Long Lead Time:** Most major publications have a 30 or 90 day lead time, which means space must be purchased and the ad must be prepared well in advance of the actual publication date.

(d) Clutter and competition: While the problem of advertising clutter is generally discussed in reference to the broadcast media, magazines also have this drawback.

Magazine Circulation and Readership

Two of the most important considerations in deciding whether to use a magazine in the advertising media plan are the size and characteristics of the audience it reaches. Media buyers evaluate magazines on the basis of their ability to deliver the advertiser's message to as many people as possible in the target audience. To do this, they must consider the circulation of the publication as well as its total readership and match these figures against the audience they are attempting to reach.

Circulation: Circulation figures represent the number of individuals who receive a publication through either subscription or store purchase. The number of copies distributed to these original subscribers or purchasers are known as primary circulation and is the basis for the magazine's rate structure. Circulation fluctuates from issue to issue, particularly for magazines that rely heavily on retail or newsstand sales.

Readership and total audience: Advertisers are often interested in the number of people a publication reaches as a result of secondary, or pass-along, readership. Pass-along readership can occur when the primary subscriber or purchaser gives a magazine to another person or when the publication is read in doctors' waiting rooms or beauty salons, on airplanes and so forth.

Advertisers generally attach greater value to the primary in-home reader than the pass-along reader or out-of-home reader, as the former generally spends more time with the publication, picks it up more often and receives greater satisfaction from it. Thus, this reader is more likely to be attentive and responsive to ads. However, value of pass-along readers should not be discounted. They can greatly expand a magazine's readership.

You can calculate the total audience, or readership, of a magazine by multiplying the readers per copy (the total number of primary and pass-along readers) by the circulation of

an average issue. For example, a magazine that has a circulation of 1 million and 3.5 readers per copy has a total audience of 3.5 million.

News Papers

Types of Newspapers:

- (i) Daily newspapers
- (ii) Weekly newspapers
- (iii) National newspapers
- (iv) Special Audience newspapers
- (v) Newspaper supplements.

Types of newspaper advertising:

(i) Display advertising: It is found throughout the newspaper and generally uses illustrations, headlines, white space, and other visual devices in addition to the copy text.

(ii) Classified advertising: It also provides newspapers with a substantial amount of revenue- employment, real estate, automobiles etc.

(iii) Special Ads and Inserts: Government and financial reports, changes in business and personal relationships.

Preprinted inserts are another type of advertising distributed through newspapers.

Advantages of Newspapers:

- (i) Extensive penetration
- (ii) Flexibility
- (iii) Geographic Selectivity
- (iv) Reader involvement and acceptance

Disadvantages of Newspapers:

- (i) Poor reproduction.
- (ii) Short life span
- (iii) Lack of selectivity.
- (iv) Clutter: Advertiser's message must compete with numerous other ads for consumers' attention and interest.

(E) Outdoor Advertising: Out-of-home advertising encompasses many advertising forms, including outdoor (billboards and signs), transit (both inside and outside the vehicle), skywriting and a variety of other media.

Advantages:

(i) Wide coverage of local markets: With proper placement, a broad base of exposure is possible in local markets, with both day and night presence.

(ii) **Frequency:** Because purchase cycles are typically for 30-day periods, consumers are usually exposed a number of times, resulting in high levels of frequency.

(iii) **Geographic flexibility:** Outdoor can be placed among highways, near stores, or on mobile billboards, almost anywhere that laws permit. Local, regional or even national markets may be covered.

(iv) **Creativity**

(v) **Ability to create awareness**

Limitations:

(i) **Waste Coverage:** While it is possible to reach very specific audiences, in many cases the purchase of outdoor results in a high degree of waste coverage. It is not likely that everyone driving past a billboard is part of the target market.

(ii) **Limited message capabilities:** Because of the speed with which most people pass by outdoor ads, exposure time is short, so messages are limited to a few words and/or an illustration. Lengthy appeals are not likely to be effective.

(iii) **Wear out:** Because of high frequency of exposures, outdoor may lead to a quick wear out. People are likely to get tired of seeing the same ad every day.

(iv) **Cost:** Because of the decreasing signage available and the higher cost associated with inflatable, outdoor advertising can be expensive in both an absolute and a relative sense.

(v) **Measurement problems:** One of the more difficult problems of outdoor advertising lies in the accuracy of measuring reach, frequency, and other effects.

(vi) **Image problems:** Outdoor advertising has suffered some image problems as well as some disregard among consumers.

Additional Out-of-Home Media

(i) **Aerial Advertising:** Airplanes pulling banners, skywriting (in letters as high as 1,200 feet) and blimps all constitute another form of outdoor advertising available to the marketer.

(ii) **Mobile Billboards:** Another outdoor medium is mobile billboards. Some companies paint Volkswagen Beetles with ads called Beetle boards, other paint trucks and vans.

(ii) **In-store Media**

(iii) **Transit Advertising:** Advertisements on buses, taxis, trains, elevators, trolleys, airplanes and subways.

GRP: GRP (short for Gross Rating Point) is the sum of ratings achieved by a specific media vehicle or schedule. It represents the percentage of the target audience reached by an advertisement. If the advertisement appears more than once, the GRP figure represents the sum of each individual GRP. In the case of a TV advertisement that is aired 5 times reaching 50% of the target audience, it would have 250 GRP = 5 x 50% -- ie, GRPs = frequency x % reach.

TRP: A Target Rating Point (TRP) is a measure of the purchased television rating points representing an estimate of the component of the target audience within the gross audience. Similar to GRP (short for Gross Rating Point) it is measured as the sum of ratings achieved by a specific media vehicle of the target audience reached by an advertisement. For example, if an advertisement appears more than once, reaching the entire gross audience, the TRP figure the sum of each individual GRP multiplied by the estimated target audience in the gross audience.

In the case of a TV advertisement that is aired 5 times reaching 50% of the gross audience with only 60% in the target audience, it would have 250 GRPs (= 5 x 50) -- ie, GRPs = reach x frequency - TRP in this case should be 60% out of 250 GRPs = 150 TRPs - this is the rating point in the target, 60% of the gross rating.

Creative Strategy

(i) **Advertising Appeals:** Hundreds of different appeals can be used for advertising messages. At the broadest level, these approaches are generally broken into two categories: informational/rational appeals and emotional appeals.

Information/Rational Appeals: Informational/rational appeals focus on the consumer's practical, functional, or utilitarian need for the product or service and emphasize features of a product or service and/or the benefits or reasons for owning or using a particular brand. The content of these messages emphasizes facts, learning, and the logic of persuasion. Rational-based appeals tend to be informative and advertisers using them generally attempt to convince consumers that their product or service has a particular attributes (s) or provides a specific benefit that satisfies their needs. Their objective is to persuade the target audience to buy the brand because it is the best available or does a better job of meeting consumers' needs.

- Ads that used a feature appeal focus on the dominant traits of the product or service.
- When a competitive advantage appeal is used, the advertiser makes either a direct or an indirect comparison to another brand (or brands) and usually claims superiority on one or more attributes.
- A favourable price appeal makes the price offer the dominant point of the message. Price appeal advertising is used most often by retailers to announce sales, special offers, or low everyday prices.
- News appeals are those in which some type of news or announcement about the product, service or company dominates the ad.
- Product/service popularity appeals stress the popularity of a product or service by pointing out the number of consumers who use the brand, the number who have

switched to it, the number of experts who recommend it, or its leadership position in the market.

Emotional Appeals: It relates to the customers' social and/or psychological needs for purchasing a product or service. Many consumers' motives for their purchase decisions are emotional, and their feelings about a brand can be more important than knowledge of its features or attributes. Many advertisers believe appeals to consumers' emotions work better at selling brands that do not differ markedly from competing brands, since rational differentiation of them is difficult.

Additional Types of Appeals: Not every ad fits neatly into the categories of rational or emotional appeals. For example, ads for some brands can be classified as reminder advertising, which has the objective of building brand awareness and/or keeping the brand name in front of consumers.

Advertisers introducing a new product often use teaser advertising, which is designed to build curiosity, interest, and/or excitement about a product or brand by talking about it but not actually showing it.

(ii) Advertising Execution: Once the specific advertising appeal that will be used as the basis for the advertising message has been determined, the creative specialist or team begins its execution. Creative execution is the way an advertising appeal is presented. While it is obviously important for an ad to have a meaningful appeal or message to communicate to the consumer, the manner in which the ad is executed is also important. An advertising message can be presented or executed in numerous ways:

- Straight sell or factual message
- Scientific/ technical evidence
- Demonstration
- Comparison
- Testimonial
- Slice of life
- Animation
- Personality symbol
- Fantasy
- Dramatization
- Humour
- Combinations

(iii) Copywriting: Copywriting, illustrating and layout are different activities associated with the creative stage of advertising development and are usually done by different people who specialize in one or the other. Copywriting in print is the activity of actually putting words to paper, particularly those contained in the main body of the text (the main arguments and appeals used), but also including attendant bylines and headlines. In broadcast, the copywriter is, in effect, a script writer who develops the scenario or script to be used in a radio or television medium: Writing a jingle or the lyrics for music, may also be involved. Illustrating is usually the work of an artist in the case of television. Layout

generally refers to the activity of bringing all the pieces together and, as will be seen, differs in the case of print and broadcast.

Tips for copywriting:

- Cash in on your personal experience
- Organize your experience
- Write from the heart
- Learn from the experience of others
- Talk with the manufacturer
- Study the product
- Review previous advertising for the product
- Study competitors' ads
- Study testimonials from customers
- Solve the prospect's problem
- Put your subconscious mind to work

General copy principles:

While there are no (and should never be any) "rules" for what makes for good copy, it is worthwhile to become familiar with some generally accepted principles. Regardless of the specific ad medium, copy is usually more effective if it is simple, containing only one or two key ideas; contains a benefit or idea unique to the brand being advertised; is extendible (can lead to several variations in a campaign); and flows naturally and smoothly from beginning to end.

One overriding rule for developing copy is to keep the format simple, uncluttered, and straightforward. Whether in print or in broadcast, the tendency for including too much information or for complicating the television commercial with too many scene changes, or scenes that are not well integrated, should be avoided. This principle of simplicity extends to the language used as well. Like cluttered format, complicated language is unlikely to induce people to spend the time to "figure it out." The message should always be true to the product. Claims should be substantiable, and the style should not be radically altered over the life cycle of the product.

(a) Creative tactics for Print Advertising: The basic components of a print ad are the headline, the body copy, the visual or illustrations, and the layout (the way they all fit together). The headline and body copy portions of the ad are the responsibility of the copywriters, artists, often working under the direction of an art director, are responsible for the visual presentation. Art directors also work with the copywriters to develop a layout, or arrangement of the various components of the ad: headlines, subheads, body copy, illustrations, captions, logos and the like.

Headlines: The headline is the words in the leading position of the ad – the words that will be read first or are positioned to draw the most attention. Headlines are usually set in larger type and are often set apart from the body copy or text portion of the ad to give them prominence. Most advertising people consider the headline the most important part of a print ad.

Subheads: While many ads have only one headline, it is also common to see print ads containing the main head and one or more secondary heads, or subheads. Subheads are usually smaller than the main headline but larger than the body copy. They may appear above or below the main headline or within the body copy.

Body Copy: The main text portion of a print ad is referred to as the body copy (or sometimes just copy). While the body copy is usually the heart of the advertising message, getting the target audience to read it is often difficult. The copywriter faced a dilemma: the body copy must be long enough to communicate the advertiser's message yet short enough to hold readers' interest.

Visual elements: The third major component of a print ad is the visual element. The visual portion of an ad must attract attention, communicate an idea or image, and work in a synergistic fashion with the headline and body copy to produce an effective message. In some print ads, the visual portion of the ad is essentially the message and thus must convey a strong and meaningful image.

Layout: While each individual component of a print ad is important, the key factor is how these elements are blended into a finished advertisement. A layout is the physical arrangement of the various parts of the ad, including the headline, subheads, body copy, illustrations, and any identifying marks. The layout shows where each part of the ad will be placed and gives guidelines to the people working on the ad.

(bi) Creative Tactics for Television: As consumers, we see so many TV commercials that it's easy to take for granted the time, effort, and money that go into making them. Creating and producing commercials that break through the clutter on TV and communicate effectively is a detailed, expensive process. On a cost-per-minute basis, commercials are the most expensive productions seen on television.

Video: The video elements of a commercial are what is seen on the TV screen. The visual portion generally dominates the commercial, so it must attract viewers' attention and communicate an idea, message and/or image. A number of visual elements may have to be coordinated to produce a successful ad. Decisions have to be made regarding the product, the presenter, action sequences, demonstrations and the like, as well as the settings, the talent or characters who will appear in the commercial, and such other factors as lighting, graphics, color and identifying symbols.

Audio: The audio portion of a commercial includes voices, music, and sound effects. Voices are used in different ways in commercials. Music is also an important part of many TV commercials and can play a variety of roles. Another important musical element in both TV and radio commercials is jingles.

© **Radio:** For radio ads, a key principle usually is to write copy that "creates a picture in the mind's eye" of the listener. The radio ad must pull the listener in from whatever is being done when the ad comes on, into an imagined situation, through use of the human voice, sound effects, humour, and music. Research shows that sound effects increase imagery activity and through that the evocation of feelings that are not verbally described

in the ad. Though it can occasionally be distracting, product-related imagery usually increases the ad's likability and the recall and recognition of ad claims.

It is usually also important in radio to mention the brand name and the key selling benefit early and often. Short words and short sentences are usually easier to understand on the radio. Obviously, radio ads can use various creative tools, and a typology of different kinds of radio ads has been developed.

(iii) Planning and Production of TV Commercials: One of the first decisions that has to be made in planning a TV commercial is the type of appeal and execution style that will be used. TV is well suited to both rational and emotional advertising appeals and combinations of the two. Various execution styles used with rational appeals, such as a straight sell or announcement, demonstration, testimonial, or comparison, work well on TV.

Advertisers recognize that they need to do more than talk about, demonstrate, or compare their products or services. Their commercials have to break through the clutter and grab viewers' attention; they must often appeal to emotional, as well as rational, buying motives. Television is essentially an entertainment medium, and many advertisers recognize that their commercials are most successful when they entertain as well as inform.

Planning the commercial: The various elements of a TV commercial are brought together in a script, a written version of a commercial that provides a detailed description of its video and audio content. The script shows the various audio components of the commercial – the copy to be spoken by voices, the music and sound effects. The video portion of the script provides the visual plan of the commercial – camera actions and angles, scenes, transitions, and other important descriptions. The script also shows how the video corresponds to the audio portion of the commercial.

Once the basic script has been conceived, the writer and art director get together to produce a storyboard, a series of drawings used to present the visual plan or layout of a proposed commercial. The storyboard contains still drawings of the video scenes and descriptions of the audio that accompanies each scene. Like layouts for print ads, storyboards provide those involved in the production and approval of the commercial with a good approximation of what the final commercial will look like. In some cases an animatic (a videotape of the storyboard along with the soundtrack) may be produced if a more finished form of the commercial is needed for client presentations or pretesting.

Production: Once the storyboard or animatic of the commercial is approved, it is ready to move to the production phase, which involves three stages:

- **Reproduction-** all the work and activities that occur before the actual shooting/recording of the commercial.
- **Production** – the period during which the commercial is filmed or videotaped and recorded.
- **Postproduction-** activities and work that occur after the commercial has been filmed and recorded.

Preproduction

- Selecting a director
- choosing a production company.
- bidding

Production

Postproduction

- Editing
- Processing
- Recording sound effects

(iv) Client Evaluation and Approval of Creative Work: While the creative specialists have much responsibility for determining the advertising appeal and execution style to be used in a campaign, the client must evaluate and approve the creative approach before any ads are produced. A number of people on the client side may be involved in evaluating the creative work of the agency, including the advertising or communications manager, product or brand managers, marketing directors or vice president, representatives from the legal department, and sometimes even the president or chief executive officer of the company or the board of directors.

Advertisers use numerous criteria to evaluate the creative approach suggested by the ad agency. In some instances, the client may want to have the rough layout or storyboard pretested to get quantitative information to assist in the evaluation. However, the evaluation process is usually more subjective; the advertising or brand manager relies on qualitative considerations. Basic criteria for evaluation creative approaches are discussed below:

- Is the creative approach consistent with the brand's marketing and advertising objective?
- Is the creative approach consistent with the creative strategy and objectives? Does it communicate what it is supposed to?
- Is the creative approach appropriate for the target audience?
- Does the creative approach communicate a clear and convincing message to the customer?
- Does the creative execution keep from overwhelming the message?

End of Module - IV

Module - V

Direct Marketing: Features, Functions, Growth, Advantages/Disadvantages, and Direct Marketing Strategies.

Promotion: Meaning, Importance, tools used, Conventional/unconventional, drawbacks, push pull strategies, Co-operative advertising, Integration with advertising and publicity

Public relation/ Publicity:- Meaning, Objectives, tools of public relations, Public relation strategies, Goals of publicity, Corporate Advertising – Role, Types, Limitations, PR Vs Publicity.

DIRECT MARKETING: PART-I

Introduction: As marketers continue to explore options for delivering their messages, the media landscape is itself changing. The addition of new options like the Internet and interactive media is one change that has occurred. Another is the variety of innovations taking place in regard to existing media and the companies using them. Earlier in this text we discussed the changing role of support media such as product placements and movie theater advertising. The examples in this chapter's lead-in demonstrate one of the changes occurring in the direct-marketing area, specifically in regard to infomercials. But it is important to realize that the infomercial is only one of the tools used by direct marketers.

While most companies continue to rely primarily on the other promotional mix elements to move their products and services through intermediaries, an increasing number are going directly to the consumer. These companies believe that while the traditional promotional mix tools such as advertising, sales promotion, and personal selling are effective in creating brand image, conveying information, and/or creating awareness, going direct with these same tools can generate an immediate behavioral response. Direct marketing is a valuable tool in the integrated communications program, though it seeks somewhat different objectives.

Defining Direct Marketing: Direct marketing is a system of marketing by which organizations communicate directly with target customers to generate a response or transaction. This response may take the form of an inquiry, a purchase, or even a vote.

First we must distinguish between direct marketing and direct-marketing media. Direct marketing is an aspect of total marketing—that is, it involves marketing research, segmentation, evaluation, and the like, just as our planning model in Chapter 1 did. Direct marketing uses a set of direct-response media, including direct mail, telemarketing, interactive TV, print, the Internet, and other media. These media are the tools by which direct marketers implement the communications process.

The Growth of Direct Marketing: Direct marketing has been around since the invention of the printing press in the 15th century. Ben Franklin was a very successful direct marketer in the early 1700s, and Warren Sears and Montgomery Ward (you may have heard of these guys) were using this medium in the 1880s.

The major impetus behind the growth of direct marketing may have been the development and expansion of the U.S. Postal Service, which made catalogs available to both urban and

rural dwellers. Catalogs revolutionized America's buying habits; consumers could now shop without ever leaving their homes.

But catalogs alone do not account for the rapid growth of direct marketing. A number of factors in American society have led to the increased attractiveness of this medium for both buyer and seller:

- **Consumer credit cards.**
- **Direct-marketing syndicates.** Companies specializing in list development, statement inserts, catalogs, and sweepstakes have opened many new opportunities to marketers. The number of these companies continues to expand, creating even more new users.
- **The changing structure of American society and the market.** One of the major factors contributing to the success of direct marketing is that so many Americans are now "money-rich and time-poor." The rapid increase in dual-income families has meant more income. At the same time, the increased popularity of physical fitness, do-it-yourself crafts and repairs, and home entertainment have reduced the time available for shopping and have increased the attractiveness of direct purchases
- **Technological advances.** The rapid technological advancement of the electronic media and of computers has made it easier for consumers to shop and for marketers to be successful in reaching the desired target markets..

Direct Marketing Media:

(i) **Direct mail:** It is the most heavily used direct marketing medium and the one most direct marketer learn first. Direct mail has been used to sell a wide variety of goods and services to consumers as well as businesses, and it continues to grow despite postage increases. Direct mail offers several advantages over other media, including selectivity, personalization, flexibility, and testability. It allows businesses to target individuals with known purchase histories or particular psychographic or demographic characteristics that match the marketer's customer profile. Direct mail can be targeted to a specific geographic area based on zip codes or other geographic factors. Personalization in direct mail means not only addressing the envelope to a person or family by name, but also perhaps including the recipient's name inside the envelope.

Direct mail packages come in all shapes and sizes, making it one of the most flexible of the direct marketing media. A standard direct mail package includes an envelope, a letter, a brochure, and a response device. The envelope's job is to motivate the recipient to open the package. Regardless of the volume of mail a person receives, the envelope must distinguish itself from other mail by its size, appearance, and any copy that might be written on it. The letter is a sales letter and provides the opportunity to directly address the interests and concerns of the recipient. The letter typically spells out the benefits of the offer in detail. While the letter tells the recipient about the benefits of the offer, the brochure illustrates them. Illustrated brochures are used to sell services as well as products. Finally, the package must include a response device, such as a business reply card, that the recipient can send back. Response rates are generally higher when the response device is

separate from, rather than part of, the brochure or letter. Toll-free numbers are often prominently displayed to allow the recipient to respond via telephone.

Direct mail is the most easily tested advertising medium. Every factor in successful direct marketing—the right offer, the right person, the right format, and the right timing—can be tested in direct mail. Computer technologies have made it easier to select a randomized name sample from any list, so that mailers can run a test mailing to determine the response from a list before "rolling out," or mailing, the entire list. Different packages containing different offers can also be tested. Other media allow some degree of testing, but direct mail is the most sophisticated. In relation to the other direct marketing media, direct mail is considered to offer the most cost-effective way of achieving the highest possible response. Telemarketing usually produces a higher response rate, but at a much higher cost per response.

(ii) Telemarketing: The second most common form of direct marketing is telemarketing, in which marketers contact consumers by phone. The unpopularity of cold call telemarketing (in which the consumer does not expect or invite the sales call) has led some US states and the US federal government to create "no-call lists" and legislation including heavy fines. This process may be outsourced to specialist call centres. Now Indian Govt has also introduced the concept of "no-call-lists".

The use of the telephone in direct marketing has grown dramatically over the past two decades. Expenditures now may equal, or even surpass, those of direct mail. Telephone-based direct marketing may be outbound and/or inbound. Inbound telemarketing is also known as teleservicing and usually involves taking orders and responding to inquiries. Outbound telemarketing for consumers may be used for one-step selling, lead generation, lead qualification or follow-up, and selling and servicing larger and more active customers. In business, telemarketing can be used to reach smaller accounts that do not warrant a personal sales call as well as to generate, qualify, and follow up leads.

Telemarketing has the advantages of being personal and interactive. It is an effective two-way communications medium that enables company representatives to listen to customers. Telephone salespeople typically work from a script, but the medium allows the flexibility of revising the script as needed. It also allows for up-and cross-selling. While customers are on the phone it is possible to increase the size of their orders by offering them additional choices—something that tends to lead to confusion in other direct marketing media.

Telemarketing also has its disadvantages. For example, it is more expensive than direct mail. It also lacks a permanent response device that the prospect can set aside or use later. It is not a visual medium—though the technology to make it one may soon be available. Finally, it is perceived as intrusive, generating consumer complaints that have led to legislative actions to regulate the telemarketing industry.

(iii) E-mail Marketing: Email Marketing may have passed telemarketing in frequency at this point, and is a third type of direct marketing. A major concern is spam. It is also known as viral marketing because of its wide reach.

(iv) Voice-Mail Marketing: Due to the ubiquity of email marketing, and the expense of direct mail and telemarketing, voicemail marketing presented a cost effective means by which to reach people with the warmth of a human voice.

Abuse of consumer marketing applications of voicemail marketing resulted in an abundance of "voice-spam", and prompted many jurisdictions to pass laws regulating consumer voicemail marketing.

More recently, businesses have utilized guided voicemail (a application where pre-recorded voicemails are guided by live callers) to accomplish personalized business-to-business marketing formerly reserved for telemarketing. Because guided voicemail is used to contact only businesses, it is exempt from Do Not Call regulations in place for other forms of voicemail marketing.

(v) Couponing: Couponing is used in print media to elicit a response from the reader. An example is a coupon which the reader cuts out and presents to a super-store check-out counter to avail of a discount. Coupons in newspapers and magazines cannot be considered direct marketing, since the marketer incurs the cost of supporting a third-party medium (the newspaper or magazine); direct marketing aims to circumvent that balance, paring the costs down to solely delivering their unsolicited sales message to the consumer, without supporting the newspaper that the consumer seeks and welcomes.

(vi) Direct Selling: Direct selling is the sale of products by face-to-face contact with the customer, either by having salespeople approach potential customers in person, through indirect means such as Tupperware parties.

(vii) Television and Other Direct-response marketing: Magazine: Direct response print ads in magazines must make a definite offer or request that asks the reader to do something. Typically, such ads require a reader to send in a coupon or reply card, or call a toll-free number. With well over 2,000 consumer magazines now being published, magazine ads allow direct marketers to reach audiences with identifiable interests. In addition to advertising heavily in special interest magazines, direct marketers utilize mass consumer magazines and take advantage of regional advertising space to target specific audiences.

Unlike general advertisers, who measure the effectiveness of their print ads in terms of reach and frequency, direct marketers measure the effectiveness of their print ads in terms of cost effectiveness—either cost-per-inquiry or cost-per-order. Magazine ads offer the advantages of good color reproduction, a relatively long ad life (especially compared to daily newspapers), and a lower cost. Creative costs for magazine ads are also usually lower than for direct mail. But direct marketers find magazines' long lead times, slower response, and scarcer space than direct mail to be disadvantages.

News Papers: While direct marketers advertise in magazines more than newspapers, newspapers have some distinct advantages. These include the variety of sections offered within a newspaper, shorter closing dates, an immediate response, and broad coverage of a large and diverse audience. Disadvantages include poor ad reproduction and the limited availability of color. Editorial content can also have more of an adverse effect on ad response than in magazines. In addition to advertising in the regular pages of a newspaper,

direct marketers also advertise in free-standing inserts (FSIs) that are usually distributed with the Sunday editions of newspapers.

Television: Direct marketing on television is increasing. Early examples of direct response advertisements on television that should be familiar to viewers include those for knives, garden tools, exercise equipment, records, and books, which ask viewers to call in and order a specific product. More recent developments in direct response television advertising include a return to a lengthier format, commonly known as the infomercial, where a product or other offer is explained in some detail over a time period extending to 30 minutes or more. Advocates of this format point out that the greater length gives the advertiser the opportunity to build a relationship with the viewer and overcome initial viewer skepticism, and at the same time present a convincing story spelling out product features and benefits in detail.

Not all direct response television involves asking for an order. Long-distance telephone companies and automobile manufacturers, among other advertisers, have included 800 telephone numbers with their television ads to get viewers to call and request more information about their product or service. Any television ad that includes an 800 number is asking for a response and qualifies as a direct response advertisement.

Thanks to the growing availability of interactive television, together with developments in the delivery of more cable channels that offer audiences with identifiable interests and demographics, direct response television promises to be a dynamic area in the future of direct marketing. Interactive digital television now includes direct response features that allow viewers to order a pizza, book a test drive for a new automobile, or order a new music CD without leaving their sofas. "It is the ultimate shopping trip for the couch potato," Rachel Miller wrote in Marketing.

"Instead of walking to the shops, logging onto a computer, or even picking up a phone, they can press a button on the remote they already have in their hands." In addition to the benefits for consumers, interactive TV also offers businesses the opportunity to collect a great deal of data about their potential customers. Some experts predict that this will usher in an era of targeted, highly personalized television advertising.

(viii) Kiosk Marketing: Some companies design "customer-order-placing machines" called kiosks (in contrast to vending machines, which dispense actual products) and placed them in stores, airports and other locations.

Direct-Marketing Objectives

The direct marketer usually seeks a direct response. The objectives of the program are normally behaviors—for example, test drives votes, contributions, and/or sales. A typical objective is defined through a set response, perhaps a 2 to 3 percent response rate.

Not all direct marketing seeks a behavioral response, however. Many organizations use direct marketing to build an image, maintain customer satisfaction, and inform and/or educate customers in an attempt to lead to future actions.

Developing a Database

As we have discussed throughout this text, market segmentation and targeting are critical components of any promotional program. Direct-marketing programs employ these principles even more than others, since the success of a direct-marketing program is in large part tied to the ability to do one-to-one marketing. To segment and target their markets, direct marketers use a database, a listing of customers and/or potential customers. Research by the U.S. Postal Service showed that 65 percent of the companies surveyed rely on their internal databases for marketing purposes. This database is a tool for database marketing—the use of specific information about individual customers and/or prospects to implement more effective and efficient marketing communications."

Advantages and Disadvantages of Direct Marketing

Many of the advantages of direct marketing have already been presented. A review of these and some additions follow:

1. Selective reach. Direct marketing lets the advertiser reach a large number of people and reduces or eliminates waste coverage. Intensive coverage may be obtained through broadcast advertising or through the mail. While not everyone drives on highways where there are billboards or pays attention to TV commercials, virtually everyone receives mail.

A good list allows for minimal waste, as only those consumers with the highest potential are targeted. For example, a political candidate can direct a message at a very select group of people (those living in a certain Zip code or members of the Sierra Club, say); a music club can target recent purchasers of CD players.

2. Segmentation capabilities. Marketers can purchase lists of recent product purchasers, car buyers, bank-card holders, and so on. These lists may allow segmentation on the basis of geographic area, occupation, demographics, and job title, to mention a few.

3. Frequency. Depending on the medium used, it may be possible to build frequency levels. The program vehicles used for direct-response TV advertising are usually the most inexpensive available, so the marketer can afford to purchase repeat times. Frequency may not be so easily accomplished through the mail, since consumers may be annoyed to receive the same mail repeatedly.

4. Flexibility. Direct marketing can take on a variety of creative forms. For example, the Discovery Network sent 17-inch TV sets to media buyers through the mail. The only message accompanying the TV sets was one on the cord that said "Plug me in" and another on a videotape that read "Play me." Upon doing so, the recipient was greeted with a seven-minute promotional video. Direct-mail pieces also allow for detailed copy that provides a great deal of information. The targeted mailing of videotapes containing product information has increased dramatically, as companies have found this a very effective way to provide potential buyers with product information.

5. Timing. While many media require long-range planning and have long closing dates, direct-response advertising can be much more timely. Direct mail, for example, can be put together very quickly and distributed to the target population. TV programs typically used for direct-response advertising are older, less sought programs that are likely to appear on the station's list of available spots. Another common strategy is to purchase available time at the last possible moment to get the best price.

6. Personalization. No other advertising medium can personalize the message as well as direct media. Parents with children at different age levels can be approached, with their child's name included in the appeal. Car owners are mailed letters congratulating them on their new purchase and offering accessories. Computer purchasers are sent software solicitations. Graduating college students receive very personalized information that recognizes their specific needs and offers solutions (such as credit cards).

7. Costs. While the CPM for direct mail may be very high on an absolute and a relative basis, its ability to specifically target the audience and eliminate waste coverage reduces the actual CPM. The ads used on TV are often among the lowest-priced available, and a video can be delivered for less than \$1 (including postage).

A second factor contributing to the cost effectiveness of direct-response advertising is the cost per customer purchasing. Because of the low cost of media, each sale generated is very inexpensive.

8. Measures of effectiveness. No other medium can measure the effectiveness of its advertising efforts as well as direct response. Feedback is often immediate and always accurate.

Disadvantages of direct marketing include the following:

1. Image factors. As we noted earlier, the mail segment of this industry is often referred to as junk mail. Many people believe unsolicited mail promotes junk products, and others dislike being solicited. Even some senders of direct mail, including Motorola, GM, and Air Products & Chemicals, say they throw out most of the junk mail they receive. This problem is particularly relevant given the increased volume of mail being sent. (One study estimates the typical American receives 14 pieces of junk mail per week.)³⁹ Another predicts that by 2007 consumers will receive over 3,900 junk e-mails per year.⁴⁰ In 2002 over 205.7 billion pieces of mail were sent in the United States alone.

Likewise, direct-response ads on TV are often low-budget ads for lower-priced products, which contribute to the image that something less than the best products are marketed in this way. (Some of this image is being overcome by the home shopping channels, which promote some very expensive products.) Telemarketing is found to be irritating to many consumers, as is "spam" or Internet junk mail. As you can see in Ethical Perspective 14-2, other factors have also created image problems for the direct-marketing industry.

2. Accuracy. One of the advantages cited for direct mail and telemarketing was targeting potential customers specifically. But the effectiveness of these methods depends on the accuracy of the lists used. People move, change occupations, and so on, and if the lists are not kept current, selectivity will decrease. Computerization has greatly improved the currency of lists and reduced the incidence of bad names; however, the ability to generate lists is becoming a problem.⁴²

3. Content support. In direct-response advertising, mood creation is limited to the surrounding program and/or editorial content. Direct mail and online services are likely to create a desirable mood.

4. Rising costs. As postal rates increase, direct-mail profits are immediately and directly impacted.

PROMOTION: PART- II

Sales promotion is short-term incentives to encourage the purchase or sale of a product. Targets of sales promotion include the trade (wholesalers and retailers), consumers, and an organization's own sales force. Trade promotion activities are designed to encourage companies, sales forces or other members of distribution channels to sell products more aggressively. Consumer-oriented sales promotions like coupons, rebates, samples, premiums, contests, sweepstakes, and specialty advertising, offer an extra incentive to make immediate purchases.

Sales promotions help boost short-term sales. Consumers can be urged to make stronger and quicker responses. They are effective at inducing trial. However, they may have short-lived effects and may hurt a firm's brand-building efforts in the long run if consumers get used to buying a product on sale and become unwilling to pay regular price for the product. Thus, successful sales promotions must promote customer relationship building in the sense that they support the brand image of the product.

The package is the most important component of the product as a communications device. It reinforces associations established in advertising, breaks through competitive clutter at the point of purchase, and justifies price and value to the consumer. Package cues include color, design, shape, brand name, physical materials, and product information labeling.

Point-of-purchase advertising displays and trade shows are sales promotions directed to the trade markets. The point of purchase (P-O-P) is an ideal time to communicate with consumers. Accordingly, anything that a consumer is exposed to at the point of purchase can perform an important communications functions. A variety of P-O-P materials -- signs, displays, and various in-store media -- are used to attract consumers' attention to particular products and brands, provide information, affect perceptions, and ultimately influence shopping behavior.

A significant trend in marketing communications has been toward greater use of sales promotion in comparison with advertising. This shift is part of the movement from pull-to push-oriented marketing, particularly in the case of consumer-packaged goods. Push implies a forward thrust of effort whereby a manufacturer directs personal selling, trade advertising and trade-oriented sales promotion to wholesalers and retailers. Pull suggests a backward tug from consumers to retailers as a result of advertising and sales-promotion efforts directed at the consumer. Underlying factors of the shift toward sales promotion include a balance-of-power transfer from manufacturers to retailers, increased brand parity and growing price sensitivity, reduced brand loyalty, splintering of the mass market and reduced media effectiveness, a growing short-term orientation, and favorable consumer responsiveness to sales promotions.

- **Consumer Promotion:**

- Free samples
- Bonded Offer (two for the price of one)
- Coupons
- Free gifts, contests.

- **Dealer or Trade Promotion:**

- Buyer allowance
- Display and advertising allowance
- Premiums

- **Sales Force Promotion:**

- Contest among the sales force
- Incentive bonus
- Sales meeting, salesman's conventions and conferences.

PR, PUBLICITY AND CORPORATE ADVERTISING: PART- III

Introduction: Regardless of which side you take in the advertising-public relations argument, one thing is clear — the role of public relations in the communications program has changed. While some people may disagree as to the importance and/or power of this program element, few, if any, would contend that it is business as usual.

Publicity, public relations, and corporate advertising all have promotional program elements that may be of great benefit to marketers. They are integral parts of the overall promotional effort that must be managed and coordinated with the other elements of the promotional mix. However, these three tools do not always have the specific objectives of product and service promotion, nor do they always involve the same methods you have become accustomed to as you have read this text. Typically, these activities are designed more to change attitudes toward an organization or issue than to promote specific

products or affect behaviors directly (though you will see that this role is changing in some organizations).

The Traditional Definition of PR: A variety of books define public relations, but perhaps the most comprehensive definition is that offered by the Public Relations News (the weekly newsletter of the industry):

The management function which evaluates public attitudes, identifies the policies and procedures of an organization with the public interest, and executes a program of action (and communication) to earn public understanding and acceptance.

Public relations are indeed a management function. The term management should be used in its broadest sense; it is not limited to business managements but extends to other types of organizations, including nonprofit institutions.

In this definition, public relations require a series of stages, including:

1. Determination and evaluation of public attitudes.
2. The identification of policies and procedures of an organization with a public interest.
3. The development and execution of a communications program designed to bring about public understanding and acceptance.

This process does not occur all at once. An effective public relations program continues over months or even years.

Finally, this definition reveals that public relations involves much more than activities designed to sell a product or service. The PR program may involve some of the promotional program elements previously discussed but use them in a different way. For example, press releases may be sent to announce new products or changes in the organization, special events may be organized to create goodwill in the community, and advertising may be used to state the firm's position on a controversial issue.

The New Role of PR

The way that companies and organizations use public relations might best be viewed as a continuum. On one end of the continuum is the use of PR from a traditional perspective. In these perspective public relations is viewed as a non-marketing function whose primary responsibility is to maintain mutually beneficial relationships between the organization and its publics. In this case, customers or potential customers are only part of numerous publics—employees, investors, neighbors, special-interest groups, and so on. Marketing and public relations are separate departments; if external agencies are being used, they are separate agencies. At the other end of the continuum, public relations are considered primarily a marketing communications function.

The new role of public relations envisions both strong marketing and strong PR departments. Rather than each department operating independently, the two work closely

together, blending their talents to provide the best overall image of the firm and its product or service offerings.

Writing in *Advertising Age*, William N. Curry notes that organizations must use caution in establishing this relationship because PR and marketing are not the same thing, and when one becomes dominant, the balance required to operate at maximum efficiency is lost.³ He says losing sight of the objectives and functions of public relations in an attempt to achieve marketing goals may be detrimental in the long run. Others take an even stronger view that if public relations and marketing distinctions continue to blur, the independence of the PR function will be lost and it will become much less effective.⁴ In fact, as noted by Cutlip, Center, and Broom, marketing and public relations are complementary functions, "with each making unique but complementary contributions to building and maintaining the many relationships essential for organizational survival and growth. To ignore one is to risk failure in the other."⁵ This position is consistent with our perception that public relations is an important part of the IMC process, contributing in its own way but also in a way consistent with marketing goals.

Integrating PR into the Promotional Mix

Given the broader responsibilities of public relations, the issue is how to integrate it into the promotional mix. Philip Kotler and William Mindak suggest a number of alternative organizational designs: Either marketing or public relations can be the dominant function; both can be equal but separate functions; or the two can perform the same roles.⁶ While each of these designs has its merits, in this text we consider public relations an IMC program element. This means that its broad role must include traditional responsibilities.

Whether public relations takes on a traditional role or a more marketing-oriented one, PR activities are still tied to specific communications objectives. Assessing public attitudes and creating a favorable corporate image are no less important than promoting products or services directly.

Marketing Public Relations (MPR) Functions

Thomas L. Harris has referred to public relations activities designed to support marketing objectives as marketing public relations_(MPR)-Junctions.⁷ Marketing objectives that may be aided by public relations activities include raising awareness, informing and educating, gaining understanding, building trust, giving consumers a reason to buy, and motivating consumer acceptance. MPR adds value to the integrated marketing program in a number of ways:

- **Building marketplace excitement before media advertising breaks.** The announcement of a new product, for example, is an opportunity for the marketer to obtain publicity and dramatize the product, thereby increasing the effectiveness of ads. When Volkswagen reintroduced the Beetle, a great deal of anticipation was created through public relations prior to the availability of the cars.

- **Advertising news where there is no product news.** Ads themselves can be the focus of publicity. There seems to be as much hype about the ads on the Super Bowl as there is for the game itself. The "Switch" campaign of Apple Computers has generated much publicity for the ads.
- **Introducing a product with little or no advertising.** This strategy has been implemented successfully by a number of companies, including Hewlett-Packard, Kinetix, Ty, and Crayola. Gillette uses PR as the lead medium in every new product launch.⁸
- **Providing a value-added customer service.** Butterball established a hotline where people can call in to receive personal advice on how to prepare their turkeys. The company handled 25,000 calls during one holiday season. Many companies provide such services on their Internet sites. Chicken of the Sea provides recipes to visitors of its site (which of course suggest using Chicken of the Sea tuna).
- **Building brand-to-customer bonds.** The Pillsbury Bake-Off has led to strong brand loyalty among Pillsbury customers, who compete by submitting baked goods. The winner now receives a \$1 million prize!
- **Influencing the influential**—that is, providing information to opinion leaders.
- **Defending products at risk and giving consumers a reason to buy.** By taking constructive actions to defend or promote a company's products, PR can actually give consumers a reason to buy. Energizer's national education campaign that urges consumers to change the batteries in their fire alarms when they reset their clocks in the fall has resulted in a strong corporate citizen image and increased sales of batteries.

Implementing the PR Program: Once the research has been conducted and target audiences identified, the public relations program must be developed and delivered to the receivers. A number of PR tools are available for this purpose, including s releases, press conferences, exclusives, interviews, and community involvement.

Press Release: One of the most important publics is the press. To be used by the, information must be factual, true, and of interest to the medium as well as to its audience. For example, financial institutions may issue ss releases to business trade media and to the editor of the business section of a d-interest newspaper. Information on the release of a new rock album is of more interest to radio disk jockeys than to TV newscasters;

Press Conferences: We are all familiar with press conferences held by political figures. While used less often by organizations and corporations, this form of delivery can be very effective. The topic must be of major interest to a specific group before it is likely to gain coverage. Usually major accomplishments (such as "the awarding of the next Super Bowl or Olympics location), major breakthroughs (such as medical cures), emergencies, or catastrophes warrant a national press conference. On a local level, community events, local developments, and the like may receive coverage. Companies often call press conferences when they have significant news to announce, such as the introduction of a

new product or advertising campaign. Sports teams use this tool to attract fan attention and interest when a new star is signed. TVS, a Malaysian broadcast system, held an international press conference to announce its introduction of an interactive TV service. Reebok held a press conference and issued a press release to announce it had signed rock star Shakira to an endorsement agreement. The Grammy Award-winning artist would be featured in Reebok's advertising campaign, and Reebok would sponsor her tour. Print ads, billboards, in-store displays, and consumer promotions were also included as part of the IMC package.

Exclusives Although most public relations efforts seek a variety of channels for distribution, an alternative strategy is to offer one particular medium exclusive rights to the story if that medium reaches a substantial number of people in the target audience. Offering an exclusive may enhance the likelihood of acceptance. As you watch television over the next few weeks, look for the various networks' and local stations' exclusives. Notice how the media actually use these exclusives to promote themselves.

Interviews: When you watch TV or read magazines, pay close attention to the personal interviews. Usually someone will raise specific questions, and a spokesperson provided by the firm will answer them. For example, when four people died from eating tainted hamburgers at Jack in the Box restaurants, the company's president gave personal interviews with the press to detail the corrective actions the company would take. Microsoft's president, Steve Ballmer, appeared in a number of personal interviews to present the company's position in a legal case brought against it by the U.S. government. Monica Lewinsky's first TV interview with Barbara Walters of ABC was a major coup for the network, as the ratings were among the highest ever recorded. (The interview just happened to take place during "sweeps"!)

Community Involvement: Many corporations enhance their public images through involvement in the local community. This involvement may take many forms, including membership in local organizations like the Kiwanis or Jaycees and contributions to or participation in community events. For example, after Hurricane Floyd created so much damage in the South, a number of companies came to the assistance of those experiencing losses. Retail Alliance provided \$1 million in interest-free loans to small businesses. Lowe's stores contributed \$5,000 and the Franciscus Company, a Virginia Beach condo developer, donated furnishings from professionally decorated model homes.¹⁸ In addition, a local trade association raised \$53,000 for victims in less than one week. A flood in Venezuela, which killed hundreds, brought aid from governments and businesses from around the world. Similar actions were taken after floods in the Midwest by Provident Bank, Parmalat USA (milk donations), and Wal-Mart, among others. The media also devoted free airtime to aid victims by coordinating activities, announcing programs and food drop-off points, and so on. After the September 11 terrorist attacks, corporations from all over the world donated time, money, and other types of assistance in a variety of forms to help victims. The subsequent war in Afghanistan resulted in countries' lending assistance by providing medical supplies, clothing, equipment, and food and shelter to people in that country.

The Internet: The Internet has become a means by which companies and organizations can disseminate public relations information. Just as in the print media, companies have used the Web to establish media relations and government, investor, and community relationships; deal with crises; and even conduct cause marketing. Companies have used their websites to address issues, as well as to provide information about products and services, archive press releases, link to other articles and sites, and provide lists of activities and events. In October 2002, poultry processor Pilgrim's Pride issued a nationwide recall of 27.4 million pounds of cooked sandwich meat — the largest meat recall in U.S. history — after warnings of possible contamination from listeria. While not linked directly to the illness, the company wanted to be sure that its products were not responsible. To assist in providing information to consumers, Pilgrim's Pride called a press conference, issued press releases, and provided information on its website (Exhibit 17-10). Other Internet tools, including e-mails and e-mail newsletters, have also been used effectively.

Publicity: It refers to the generation of news about a person, product, or service that appears in broadcast or print media. To many marketers, publicity and public relations are synonymous. In fact, publicity is really a subset of the public relations effort.

But there are several major differences. First, publicity is typically a short-term strategy, while public relations are a concerted program extending over a period of time. Second, public relations are designed to provide positive information about the firm and is usually controlled by the firm or its agent. Publicity, on the other hand, is not always positive and is not always under the control of, or paid for by, the organization. Both positive and negative publicity often originates from sources other than the firm.

In most organizations, publicity is controlled and disseminated by the public relations department. In this section, we discuss the role publicity plays in the promotional program and some of the ways marketers use and react to these communications.

The Power of Publicity

One of the factors that most sets off publicity from the other program elements is the sheer power this form of communication can generate. Unfortunately for marketers, this power is not always realized in the way they would like it to be. Publicity can make or break a product or even a company.

Earlier we discussed the substantial drop in Tylenol sales after extensive media coverage of the tampering with its products while on store shelves. The Johnson & Johnson marketing efforts (including a strong public relations emphasis) designed to aid recovery were a model in proficiency that will be studied by students of marketing (in both the classroom and the boardroom) for many years. By January 1983, almost 100 percent of the original brand share had been regained.

Why is publicity so much more powerful than advertising or sales promotion—or even other forms of public relations? First, publicity is highly credible. Unlike advertising and

sales promotions, publicity is not usually perceived as being sponsored by the company (in the negative instances, it never is). So consumers perceive this information as more objective and place more confidence in it. In fact, Consumer Reports, the medium responsible for one of the examples previously cited, recently ran an ad campaign designed to promote its credibility by noting it does not accept advertising and therefore can be objective in its evaluations.

Publicity information may be perceived as endorsed by the medium in which it appears. For example, publicity regarding a breakthrough in the durability of golf balls will go far to promote them if it is reported by Golf magazine. Car & Driver's award for car of the year reflects the magazine's perception of the quality of the auto selected.

Still another reason for publicity's power is its news value and the frequency of exposure it generates. When Krispy Kreme opened a store in Woodbury, Minnesota, anxious consumers camped out overnight waiting for the store to open. Every local television station covered the event—some with live reports from the scene.

Advantages and Disadvantages of Publicity

Publicity offers the advantages of credibility, news value, significant word-of-mouth communications, and a perception of being endorsed by the media. Beyond the potential impact of negative publicity, two major problems arise from the use of publicity: timing and accuracy.

Timing: Timing of the publicity is not always completely under the control of the marketer. Unless the press thinks the information has very high news value, the timing of the press release is entirely up to the media—if it gets released at all. Thus, the information may be released earlier than desired or too late to make an impact.

Accuracy: A major way to get publicity is the press release. Unfortunately, the information sometimes gets lost in translation—that is, it is not always reported the way the provider wishes it to be. As a result, inaccurate information, omissions, or other errors may result. Sometimes when you see a publicity piece that was written on the basis of a press release, you wonder if the two are even about the same topic.

Corporate Advertising: One of the more controversial forms of advertising is corporate advertising. Actually an extension of the public relations function, corporate advertising does not promote any one specific product or service. Rather, it is designed to promote the firm overall, by enhancing its image, assuming a position on a social issue or cause, or seeking direct involvement in something. Why is corporate advertising controversial? A number of reasons are offered:

1. Consumers are not interested in this form of advertising. A Gallup and Robinson study reported in Advertising Age found consumers were 35 percent less interested in corporate ads than in product-oriented advertising. This may be because consumers do

not understand the reasons behind such ads. Of course, much of this confusion results from ads that are not very good from a communications standpoint.

2. *It's a costly form of self-indulgence.* Firms have been accused of engaging in corporate image advertising only to satisfy the egos of top management. This argument stems from the fact that corporate ads are not easy to write. The message to be communicated is not as precise and specific as one designed to position a product, so the top managers often dictate the content of the ad, and the copy reflects their ideas and images of the corporation.

3. *The firm must be in trouble.* Some critics believe the only time firms engage in corporate advertising is when they are in trouble—either in a financial sense or in the public eye—and are advertising to attempt to remedy the problem. There are a number of forms of corporate advertising, each with its own objectives. These critics argue that these objectives have become important only because the firm has not been managed properly.

4. *Corporate advertising is a waste of money.* Given that the ads do not directly appeal to anyone, are not understood, and do not promote anything specific, critics say the monies could be better spent in other areas. Again, much of this argument has its foundation in the fact that corporate image ads are often intangible. They typically do not ask directly for a purchase; they do not ask for investors. Rather, they present a

Corporate advertising may be designed with two goals in mind: (1) creating a positive image for the firm and (2) communicating the organization's views on social, business, and environmental issues. More specific applications include:

- Boosting employee morale and smoothing labor relations.
- Helping newly deregulated industries ease consumer uncertainty and answer investor questions.
- Helping diversified companies establish an identity for the parent firm rather than relying solely on brand names.

As these objectives indicate, corporate advertising is targeted at both internal and external audiences and involves the promotion of the organization as well as its ideas.

Types of corporate advertising

Image Advertising: One form of corporate advertising is devoted to promoting the organization's overall image. Image advertising may accomplish a number of objectives, including creating goodwill both internally and externally, creating a position for the company, and generating resources, both human and financial. A number of methods are used:

1. *General image or positioning ads.* Ads are often designed to create an image of the firm in the public mind. The exhibit shows how Tyco is attempting to create an image of

itself as a market leader and health care expert, not a toy company. A number of companies have created new names—for example, Accenture, Verizon, and Allianz—in an attempt to create a new image.

2. Sponsorships. A firm often runs corporate image advertising on TV programs or specials. For example, the Hallmark or IBM specials and documentaries on network TV and Mobil and Gulf Oil program sponsorships on public TV are designed to promote the corporation as a good citizen. By associating itself with high-quality or educational programming, the firm hopes for a carryover effect that benefits its own image.

Other examples of sponsorships include those run by Outback Steak House (LUPUS), Providian Financial (children and youth), McDonald's (UNICEF), and GM (Make-A-Wish). Exhibit 17-17 shows Kitchen Aid's sponsorship of the fight against breast cancer. Visa considers sponsorships an important part of its integrated marketing communications. It has sponsored the Olympics, the U.S. decathlon team, U.S. basketball's dream team, the U.S. Gymnastics Federation, the U.S. Open Tennis Championships, and Major League Baseball's All-Star game. According to John Bennett, senior VP for international marketing communications, the sponsorships are designed to fulfill specific business objectives while providing support for the recipients.

4. Generating financial support. Some corporate advertising is designed to generate investments in the corporation. By creating a more favorable image, the firm makes itself attractive to potential stock purchasers and investors. More investments mean more working capital, more monies for Research and development, and so on. In this instance, corporate image advertising is almost attempting to make a sale; the product is the firm.

While there is no concrete evidence that corporate image advertising leads directly to increased investment, at least one study shows a correlation between the price of stock and the amount of corporate advertising done.³ Firms that spend more on corporate advertising also tend to have higher-priced stocks (though a direct relationship is very difficult to substantiate).

A positive corporate image cannot be created just from a few advertisements. Quality of products and services, innovation, sound financial practices, good corporate citizenship, and wise marketing are just a few of the factors that contribute to overall image. In addition, the type of product marketed and emotional appeal also contribute. The survey mentioned above demonstrated that profits and stock performances had little to do with reputation and that once a reputation is acquired, it has lasting power. A study conducted by Harris Interactive and the Reputation Institute showed that companies are ranked differently on key corporate attributes including emotional appeal, social responsibility, workplace environment, and vision and leadership

Advocacy advertising has been criticized by a number of sources (including consumer advocate Ralph Nader). But as you can see in Exhibit 17-20, this form of communication has been around for a long time. AT&T engaged in issues-oriented advertising way back in 1908 and has continued to employ this form of communication throughout the 20th century. Critics contend that companies with large advertising budgets purchase too much

ad space and time and that advocacy ads may be misleading, but the checks and balances of regular product advertising also operate in this area.

For example, an ad run by the seven regional Bell operating companies that addressed the threat of Japanese technologies in the telecommunications industry was perceived by some members of Congress (the group the ads were designed to influence) as Japan-bashing and

Cause-Related Advertising An increasingly popular method of image building is cause-related marketing, in which companies link with charities or nonprofit organizations as contributing sponsors. The company benefits from favorable publicity, while the charity receives much-needed funds. Spending on cause-related marketing has increased more than 300 percent since 1990, reaching \$828 million in 2002. Proponents of cause marketing say that association with a cause may differentiate one brand or store from another, increase consumer acceptance of price increases, generate favorable publicity, and even win over skeptical officials who may have an impact on the company.⁴² Cause-marketing relationships can take a variety of forms. Making outright donations to a nonprofit cause, having companies volunteer for the cause, donating materials or supplies, running public service announcements, or even providing event refreshments are some of the ways companies get involved. Exhibit 17-21 shows Doug Flutie's support for the Doug Flutie, Jr., Foundation's attempts to find a cure for autism.

Advantages and Disadvantages of Corporate Advertising

A number of reasons for the increased popularity of corporate advertising become evident when you examine the advantages of this form of communication:

1. It is an excellent vehicle for positioning the firm. Firms, like products, need to establish an image or position in the marketplace. Corporate image ads are one way to accomplish this objective. A well-positioned product is much more likely to achieve success than is one with a vague or no image. The same holds true of the firm. Stop and think for a moment about the image that comes to mind when you hear the name IBM, Apple, Johnson & Johnson, or Procter & Gamble.

2. It takes advantage of the benefits derived from public relations. As the PR efforts of firms have increased, the attention paid to these events by the media has lessened (not because they are of any less value, but because there are more events to cover). The net result is that when a company engages in a public relations effort, there is no guarantee it will receive press coverage and publicity. Corporate image advertising gets the message out, and though consumers may not perceive it as positively as information from an objective source, the fact remains that it can communicate what has been done.

3. It reaches a select target market. Corporate image advertising should not be targeted to the general public. It is often targeted to investors and managers of other firms rather than to the general public. It doesn't matter if the general public does not appreciate this form of communication, as long as the target market does. In this respect, this form of advertising may be accomplishing its objectives.

Some of the *disadvantages* of corporate advertising were alluded to earlier in the chapter. To these criticisms, we can add the following:

1. Questionable effectiveness. There is no strong evidence to support the belief that corporate advertising works. Many doubt the data cited earlier that demonstrated a correlation between stock prices and corporate image advertising. A study by Bozell & Jacobs Advertising of 16,000 ads concluded that corporate advertising contributed to only 4 percent of the variability in the company's stock price, compared with a 55 percent effect attributable to financial factors.⁴⁵ A second study also casts doubts on earlier studies that concluded that corporate advertising worked.⁴⁶

2. Constitutionality and/or ethics. Some critics contend that since larger firms have more money, they can control public opinion unfairly. This point was resolved in the courts in favor of the advertisers. Nevertheless, many consumers still see such advertising as unfair and immediately take a negative view of the sponsor.

A number of valid points have been offered for and against corporate advertising. Two things are certain: (1) No one knows who is right, and (2) the use of this communications form continues to increase.

Measuring the Effectiveness of Corporate Advertising

As you can tell from our discussion of the controversy surrounding corporate advertising, there need to be methods for evaluating whether or not such advertising is effective:

- **Attitude surveys.** One way to determine the effectiveness of corporate advertising is conducting attitude surveys to gain insights into both the public's and investors' reactions to ads. The Phase II study conducted by market research firm Yankelovich, Skelly & White is one of the best-known applications of this measurement method. The firm measured recall and attitudes toward corporate advertisers and found that corporate advertising is more efficient in building recall for a company name than is product advertising alone. Frequent corporate advertisers rated better on virtually all attitude measures than those with low corporate ad budgets.

- **Studies relating corporate advertising and stock prices.** The Bozell & Jacobs study is one of many that have examined the effect of various elements of corporate advertising (position in the magazine, source effects, etc.) on stock prices. These studies have yielded conflicting conclusions, indicating that while the model for such measures seems logical, methodological problems may account for at least some of the discrepancies.

- **Focus group research.** Focus groups have been used to find out what investors want to see in ads and how they react after the ads are developed. As with product-oriented advertising, this method has limitations, although it does allow for some effective measurements.

END OF MODULE- V
Module – 6

Monitoring, Evaluation and control: Measurement in advertising, various methods used for evaluation, Pre-testing, Post testing.

Introduction:

Measuring the effectiveness of the promotional program is a critical element in the promotional planning process. Research allows the marketing manager to evaluate the performance of specific program elements and provides input into the next period's situation analysis. It is necessary ingredient to a continuing planning process, yet it is often not carried out.

Reasons to measure effectiveness:

- Avoiding costly mistakes
- Evaluating alternative strategies
- Increasing the efficiency of advertising in general
- Determining if objectives are achieved.

Reasons not to measure effectiveness

- Cost
- Research problems
- Disagreement on what to test
- The objections of creative
- Time.

What to test

(i) Source factors:

An important question is whether the spokesperson being used is effective and how the target market will respond to him or her. For example, Britney spears had been an effective spokesperson for Pepsi, particularly with the teen market. The question was, will she be able to retain this relationship as she get older?

(ii) Message Variables

Both the message and the means by which it is communicated are bases for evaluation.

(iii) Media Strategies

Media decisions need to be evaluated. Research may be designed to determine which media class (for example broadcast versus print), sub-class (Newspaper versus

magazines) or specific vehicles (which newspapers or magazines) generate the most effective results.

(iv) Budgeting decisions

A number of studies have examined the effects of budget size on advertising effectiveness and the effects of various ad expenditures on sales. Many companies have also attempted to determine whether increasing their ad budget directly increases sales.

When to test

Virtually all test measures can be classified according to when they are conducted. Pretests are measures taken before the campaign is implemented; posttest occur after the ad or commercial has been in the field. A variety of pretests and posttests are available to the marketer, each with its own methodology designed to measure some aspect of the advertising program.

The testing process

Concept Testing: It is conducted very early in the campaign development process in order to explore the targeted consumer's response to a potential ad or campaign or have the consumer evaluate advertising alternatives.

One of the more commonly used methods for concept testing is focus groups, which usually consist of 8 to 10 people in the target market for the product. Companies have tested everything from product concepts to advertising concepts using focus groups.

Rough art, copy and commercial testing

Because of the high cost associated with the production of an ad or commercial (many network commercials cost hundreds of thousands of dollars to produce), advertisers are increasingly spending more monies testing a rendering of the final ad at early stages.

(i) Comprehension and reaction test: One key concern for the advertiser is whether the ad or commercial conveys the meaning intended. The second concern is the reaction the ad generates. Obviously, the advertiser does not want an ad that evokes a negative reaction or offends someone. Comprehension and reaction tests are designed to assess these responses (which makes you wonder why some ads are ever brought to the market place).

(ii) Consumer juries: It may be asked to rate a selection of layouts or copy versions presented in paste ups on separate sheets. The objectives sought and methods employed in consumer juries.

Pretesting of Finished ads

Pretesting finished ads is of the more commonly employed studies among marketing researchers and their agencies. At this stage, a finished advertisement or commercial is used; since it has not been presented to the market, changes can still be made.

Many researchers believe testing the ad in final form provides better information. Several test procedures are available for print and broadcast ads, including both laboratory and field methodologies.

Print methods include portfolio tests, analyses of readability, and dummy advertising vehicles. Broadcast tests include theater tests and on-air tests. Both print and broadcast may use physiological measures.

Pretesting finished print messages:

(i) ***Portfolio Tests:*** These are a laboratory methodology designed to expose a group of respondents to a portfolio consisting of both control and test ads. Respondents are then asked what information they recall from the ads. The assumption is that the ads that yield the highest recall are the most effective.

(ii) ***Readability Tests:*** The communications efficiency of the copy in a print ad can be tested without reader interviews. This test uses the Flesch formula, named after its developer, Rudolph Flesch, to assess readability of the copy by determining the average number of syllables per 100 words. Human interest appeal of the material, length of sentences, and familiarity with certain words are also considered and correlated with the educational background of target audiences. Test results are compared to previously established norms for various target audiences. The test suggests that copy is best comprehended when sentences are short, words are concrete and familiar and personal references are drawn.

(iii) ***Dummy advertising vehicles:*** In an improvement on the portfolio test, ads are placed in “dummy” magazines developed by an agency or research firm. The magazines contain regular editorial features of interest to the reader, as well as the test ads, and are distributed to a random sample of homes in predetermined geographic areas. Readers are told the magazine publisher is interested in evaluations of editorial content and asked to read the magazines as they normally would. Then they are interviewed on their reactions to both editorial content and ads. Recall, readership and interest-generating capabilities of the ad are assessed.

Pretesting finished broadcast ads

(i) ***Theater tests:*** In theater tests participants are invited by telephone, mall intercepts, and/or tickets in the mail to view pilots of proposed TV programmes. In some instances,

the show is actually being tested, but more commonly a standard program is used so audience responses can be compared with normative responses established by previous viewers. Sample sizes range from 250 to 600 participants.

(ii) On-air Tests: Some of the firms conducting theater tests also insert the commercials into actual TV programmes in certain test markets. Typically, the commercials are in finished form, although the testing of ads earlier in the developmental process is becoming more common. This is referred to as an on-air test and often includes single-source ad research.

(iii) Physiological measures: A less common method of pretesting finished commercials involves a laboratory setting in which physiological responses are measured. These measures indicate the receiver's involuntary response to the ad, theoretically eliminating biases associated with the voluntary measures reviewed to this point. Physiological measures used to test both print and broadcast ads include pupil dilation, galvanic skin response, eye tracking and brain waves:

Pupil dilation: Research in pupillometrics is designed to measure dilation and constriction of the pupils of the eyes in response to stimuli. Dilation is associated with action; constriction involves the body's conservation of energy.

Galvanic skin response: Also known as electrodermal response, GSR measures the skin's resistance or conductance to a small amount of current passed between two electrodes. Response to a stimulus activates sweat glands, which in turn increases the conductance of the electrical current. Thus GSR activity might reflect a reaction to advertising.

Eye tracking: A methodology that is more commonly employed is eye tracking, in which viewers are asked to view an ad while a sensor aims a beam of infrared light at the eye. The beam follows the movement of the eye and shows the demonstrates which elements of the ad are attracting attention, how long the viewer is focusing on them, and the sequence in which they are being viewed. Eye tracking can identify strengths and weaknesses in an ad.

Posttests of print ads

A variety of print posttests are available, including inquiry test, recognition tests, and recall tests:

(i) Inquiry tests: Used in both consumer and business-to-business market testing, inquiry tests are designed to measure advertising effectiveness on the basis of inquiries generated from ads appearing in various print media, often referred to as "bingo cards". The inquiry may take the form of the number of coupons returned; phone calls generated, or direct inquiries through reader cards.

(ii) **Recognition tests:** Perhaps the most common posttest of print ads is the recognition method. Method- samples are drawn from 20-30 urban areas reflecting the geographic circulation of the magazine. Personal interviewers screen readers for qualifications and determine exposure and readership. Samples include a minimum of 200 males and females, as well as specific audiences where required. Participants are asked to go through the magazines, looking at the ads, and provide specific responses.

(iii) **Recall Tests: Methods-** Test magazines are placed in participants' homes and respondents are asked to read the magazine that day. A telephone interview is conducted the second day to assess recall of ads, recall of copy points, and consumers' impressions of the ads. Sample size is 150 people.

Posttest of broadcast commercials:

(i) **Day after recall tests**

(ii) **Test marketing:**

Essentials of effective testing

- Establish communicate objectives
- Use a consumer response model
- Use both pretests and posttests.
- Use multiple measures
- Understand and implement proper research.

End of Module - 6

Module - 7

International Advertising: *Global environment in advertising, Decision areas in international advertising (04 Hours)*

Internet advertising: *Meaning, Components, Advantages and Limitations, Types of Internet advertising (03 Hours)*

Industrial advertising: *B 2 B Communication, Special issues in Industrial selling.*

Definition: International marketing is the performance of business activities designed to plan, price, promote, and direct the flow of a company's goods and services to consumers or users in more than one nation for a profit. The only difference between the definitions of domestic marketing and international marketing is that in the latter case marketing activities take place in more than one country.

Scope & Challenges: Marketing concepts processes and principles are universally applicable, and the marketer's task is the same whether doing business in India or in USA or in Japan is to make profit by promoting, pricing and distributing products for which there is a market. The challenges lie not with different concepts of marketing but with the environment within which marketing plans must be implemented.

Competition, legal restraints, government controls, weather, fickle consumers and any number of other uncontrollable elements can, and frequently do, affect the profitable outcome of good, sound marketing plans. Generally speaking, the marketer cannot control or influence these uncontrollable elements, but instead must adjust or adapt to them in a manner consistent with a successful outcome. What makes marketing interesting is the challenge of molding the controllable elements of marketing decisions (product, price, promotion, distribution, and research) within the framework of the uncontrollable elements of the market place (competition, politics, laws, consumer behaviour, levels of technology and so forth) in such a way that marketing objectives are achieved. Even within which the marketer must implement marketing plans can change dramatically from country to country or region to region. The difficulties created by different environments are the international marketer's primary concern.

Differences between domestic and international Marketing: *(i) countries are different, (ii) the range of problems are comparatively simpler in domestic marketing than those confronted by international marketing. (iii) Managers in an international business must find ways to work within the limits imposed by government's intervention in the international trade and investment system, and (iv) international transactions involve converting money into different currencies.*

The dynamic environment of international trade:

PEST analysis in international context.

Global Vs Localized Advertising

The discussion of differences in the marketing environments of various countries suggests that each market is different and requires a distinct marketing and advertising program. However, in recent years a great deal of attention has focused on the concept of global marketing, where a company uses a common marketing plan for all countries in which it operates, thus selling the product in essentially the same way everywhere in the world. Global advertising falls under the umbrella of global marketing as a way to implement this strategy by using the same basic advertising approach in all markets.

The debate over standardization versus localization of marketing and advertising programmes began years ago. But the idea of global marketing was popularized by Professor Theodore Levitt, who says the worldwide marketplace has become

homogenized and consumers' basic needs, wants and expectations transcend geographic, rational and cultural boundaries.

Advantages of global marketing and advertising:

- Economies of scale in production and distribution
- Lower marketing and advertising costs as a result of reductions in planning and control.
- Lower advertising production costs.
- Abilities to exploit good ideas on a worldwide basis and introduce products quickly into various world markets.
- A consistent international brand and/or company image.
- Simplification of coordination and control of marketing and promotional programmes.

Advocates of global marketing and advertising content that standardized products are possible in all countries if marketers emphasize quality, reliability, and low prices. They say people everywhere want to buy the same products and live the same way. Product standardization results in lower design and production costs as well as greater marketing efficiency, which translates into lower prices for consumers.

Problem with global advertising

Opponents of the standardized global approach argue that very few products lend themselves to global advertising. Differences in culture, market and economic developments; consumer needs and usage patterns, media availabilities; and legal restrictions make it extremely difficult to develop an effective universal approach to marketing and advertising. Advertising may be particularly difficult to standardize because of cultural differences in circumstances, language, traditions, values, beliefs, lifestyle, and music and so on. Moreover, some experts argue that cultures around the world are becoming more diverse, not less so. Thus advertising's job of informing and persuading consumers are moving them toward using a particular brand can be done only within a given culture.

Consumer usage patterns and perceptions of a product may vary from one country to another, so advertisers must adjust their marketing and advertising approaches to different problems they may face in different markets.

When is globalization appropriate?

- Brands or messages that can be adapted for a visual appeal, avoiding the problems of trying to translate words into dozens of languages.
- Brands that are promoted with image campaigns that play to universal appeals such as sex or wealth.
- High-tech products and new products coming to the world for the first time not steeped in the cultural heritage of the country.

- Products with nationalistic flavour if the country has a reputation in the field.
- Products that appeal to a market segment with universally similar tastes, interests, needs and values.

Internet Advertising

The first web advertisement was placed on the October 1994 Edition of the Hotwired Website. Web advertisement requires the participation of the Internet users. The Internet has enabled the consumers to interact directly with the advertisers and the advertisements. Web advertising is an attempt to disseminate information through Internet in order to effect a buyer seller transaction. Consists of a one liner. It requires the user to click on the advertisement for further information. This automatically takes him to the home page or Website of the advertiser, either for more information, or to try or purchase of the product. There are two very good reasons for embracing the inevitability of the growing amount of commercial advertising on the Web.

- Advertising conveys much needed information.
- Advertising generates significant revenue.

Advantages of Web Advertising

- Advertisements can reach a very large number of potential globally buyers.
- Web advertisements are accessed on demand for all the 24 hours a day, 365 days a year and costs are the same regardless of audience location.
- One-to-One direct marketing is possible.
- Web advertisements can be interactive and targeted to specific interest groups and individuals.
- Contents can be updated, supplemented or changed at any time at a minimum cost.
- Multimedia will create more attractive advertisements.
- They can efficiently use the convergence of text, audio, graphics and animation.
- They can introduce new products or alternatives to existing products.

Disadvantages

- There is no clear standard or language of measurement.
- Audience is only net sufferers, who are still lesser.
- Cost is high in many circumstances.

Industrial Advertising

Industrial Advertising: Industrial advertising on the other hand refers to those advertisements which are issued by the manufacturers/distributors to the buyers of industrial products. This category would include machinery and equipment, industrial intermediates, parts and components, etc. Because of the

unique characteristics of industrial buying decision process, the importance of industrial advertising is comparatively lower than that of consumer advertising.

Trade Advertising: Advertisements, which are directed by the manufacturers to the distribution channel members, such as wholesalers or retailers, are called trade advertising. The objective of such advertising is “to promote sales by motivating the distribution channel members to stock more or to attract new retail outlets.

Professional Advertising: There are certain products for which the consumers themselves are not responsible for the buying choice. The classic examples are pharmaceuticals where the decision is made by doctors while the consumers are the patient.

Almost similar situation exists “in the field of construction where architects, civil engineers and contractors are the decision-makers. Firms operating in such market segments, therefore, have to direct their advertising to these decision makers, who are professional people. Such advertising is called professional advertising.

End of Module-7 **Module- 8**

Event Management: *Introduction Purpose of organizing an Event, Key elements of Events, Concepts of promotion and pricing in events.*

Introduction

Event management is the application of the management practice of project management to the creation and development of festivals and events. Event Management involves studying the intricacies of the brand, identifying the target audience, devising the event concept, planning the logistics and coordinating the technical aspects before actually executing the modalities of the proposed event.

The recent growth of festivals and events as an industry around the world means that the management can no longer be ad hoc. Events and festivals, such as the Asian Games, have a large impact on their communities and, in some cases, the whole country.

The industry now includes events of all sizes from the Olympics down to a breakfast meeting for ten business people. Every industry, charity, society and group will hold events of some type/size in order to market themselves, build business relationships, raise money or celebrate.

Marketing Tool

Event management is considered one of the strategic marketing and communication tools by companies of all sizes. From product launches to press conferences, companies create promotional events to help them communicate with clients and potential clients. They might target their audience by using the news media, hoping to generate media coverage which will reach thousands or millions of people. They can also invite their audience to their events and reach them at the actual event.

Services of Event Management Company

Event management companies and organisations service a variety of areas including corporate events (product launches, press conferences, corporate meetings and conferences), marketing programs (road shows, grand opening events), and special corporate hospitality events like concerts, award ceremonies, film premieres, launch/release parties, fashion shows, commercial events, private (personal) events such as weddings and bar mitzvahs.

Clients hire event management companies to handle a specific scope of services for the given event, which at its maximum may include all creative, technical and logistical elements of the event. (Or just a subset of these, depending on the client's needs expertise and budget).

Event Manager

The Event Manager is the person who plans and executes the event. Event managers and their teams are often behind-the-scenes running the event. Event managers may also be involved in more than just the planning and execution of the event, but also brand building, marketing and communication strategy. The event manager is experts at the creative, technical and logistical elements that help an event succeed. This includes event design, audio-visual production, scriptwriting, logistics, budgeting, negotiation and, of course, client service. It is a multi-dimensional profession.

The Event Manager may become involved at the early initiation stages of the event. If the Event Manager has budget responsibilities at this early stage they may be termed an Event or Production Executive. The early stages include:

Site surveying, Client Service, Brief clarification, Budget drafting, Cash flow management, Supply chain identification, Procurement, Scheduling, Site design, Technical design, Health & Safety,

An Event Manager who becomes involved closer to the event will often have a more limited brief. The key disciplines closer to the event are:

Health & Safety including crowd management, Logistics, Rigging, Sound, Light, Video, Detailed scheduling, Security,"

Event Management as an Industry

Event Management is a multi-million dollar industry, growing rapidly, with mega shows and events hosted regularly. Surprisingly, there is no formalized research conducted to assess the growth of this industry. The industry includes fields such as the MICE (Meetings, Incentives, Conventions and Events), exhibitions, conferences and seminars as well as live music and sporting events.

The logistics side of the industry is paid less than the sales/sponsorship side, though some may say that these are two different industries.

Technology & Event Management

Software companies service event planners with a complete solution including Online Event Registration, Event Marketing Tool, Hotel Booking Tool, Travel Booking Tool, Budgeting Tool etc

Education

There are an increasing number of universities which offer Graduate Degree/Diploma in Event Management; especially in the UK where they have been quick to catch on to the new interest and many are now offering certificate, diploma, degree and masters degree coursework.

In addition to these academic courses, there are many associations and societies that provide courses on the various aspects of the industry. These courses though not official, are still useful additions to your resume.

Study includes organizational skills, technical knowledge, P.R., marketing, advertising, catering, logistics, decor, glamour identity, human relations, study of law and licenses, risk management, budgeting, study of allied industries like television, other media and several other areas.

Career opportunities are in the following Industries:

- Event Management
- Event Management Consultancy
- Hotel, travel and hospitality Industries
- Advertising Agencies
- Public Relations Firms
- Corporations
- News Media

Categories of Events

Events can be classified into four broad categories based on their purpose and objective:

- Leisure events e.g. leisure sport, music, recreation.

- Cultural events e.g. ceremonial, religious, art, heritage, and folklore.
- Personal events e.g. weddings, birthdays, anniversaries.
- Organizational events e.g. commercial, political, charitable, sales, product launch.

Event Marketing & Promotions

One of the most important aspects of event managements is promoting and marketing the event. And advertising as a tool cannot be underestimated in event marketing & event promotion. Almost every event, except for the private parties and events have keep aside a budget to cover advertising costs. And those involved in event marketing & event promotion need to first analyze what type of media would reach their target audience. And the choices include:

- Commercial Television
- Cable Television
- Radio
- Print
- Road shows

There are also other means of advertising that include hoardings and sky balloons, amongst others. Commercial television is being regarded as the most effective means of reaching out to the masses. And today with the television boom and the increasing number of channels, this is being proven as an effective means of promoting events. However, for advertising on television, a large sum of money needs to be kept aside. Ideally, the event organizer should tie up with sponsors that already have advertising slots.

In order to reach out to the local audience then cable television marketing is effective. Radio, another medium of broadcast mass media, is also proving to be effective, in the recent times, with the increasing number of FM channels.

A medium that has been tried and tested through the last century has been the print media. Apart from advertising events, companies also seek genuine write ups in the various publications. For this they host press conferences.

End of Module - 8