

# PROMOTIONAL MANAGEMENT

DIRECTORATE OF DISTANCE EDUCATION

MBA

Paper 4.1.2



**ALAGAPPA UNIVERSITY**

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E-28, Sector-8, Noida - 201301 (UP)

Phone: 0120-4078900 • Fax: 0120-4078999

Regd. Office: 576, Masjid Road, Jangpura, New Delhi 110 014

• Website: [www.vikaspublishing.com](http://www.vikaspublishing.com) • Email: [helpline@vikaspublishing.com](mailto:helpline@vikaspublishing.com)

**Work Order No. AU/DDE/D2/Printing/31/2013-14 Date: 14.03.2013 Copies: 1000**

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<p><b>Unit 1</b> <b>Overview of Promotion Management:</b> Need for Marketing Promotion of Products and Services- Establishing promotional objectives - Setting the promotional budget - Techniques used - Promotional decision Different Promo-tools - Promotional Mix for New Products and Existing Products- Organizing for Promotion</p>	<p><b>Unit 1:</b> Overview of Promotional Management (Pages 3-28)</p>
<p><b>Unit 2</b> <b>Advertising:</b> Importance, scope, benefits and criticisms - Advertising objectives - Advertising appropriation - Need, methods - Advertising agency - Functions, client - Agency relationships - Indian advertising agencies - Role of persuasion in advertising - Copy Development - Message strategy development and evaluation- Techniques used in producing advertisement for print, broadcast and media.</p>	<p><b>Unit 2:</b> Advertising (Pages 29-90)</p>
<p><b>Unit 3</b> <b>Media Management:</b> Media planning and selection - Media strategy - Media status in India - Media characteristics - Media research - Media Buying- Measuring advertising effectiveness-</p>	<p><b>Unit 3:</b> Media Management (Pages 91-153)</p>
<p><b>Unit 4</b> <b>Public Relations and Publicity (PR &amp;P):</b> Public relations - Role, types of publics, process - Tools of public relations - Publicity - Institutional advertising - Direct marketing - Importance, techniques used, relevance in Indian context - Event marketing- Role of PR&amp;P in Corporate Image Building.</p>	<p><b>Unit 4:</b> Public Relations and Publicity (PR&amp;P) (Pages 155-203)</p>
<p><b>Unit 5</b> <b>Sales Promotion and Personal Selling/Salesmanship:</b> Concept and Need for Sales promotion- Distinction between Sales Promotion and Advertisement- Sales promotion measures aimed at Consumer, Trade and Sales Force promotion- Personal selling or Salesmanship- Characteristics of Personal selling- Sales force management - Recruiting, Selecting, Training, Performance appraisal - Territory structuring - Trends in personal selling.</p>	<p><b>Unit 5:</b> Sales Promotion and Personal Selling/Salesmanship (Pages 205-264)</p>
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## INTRODUCTION

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### NOTES

Promotion is one of the market mix elements, and a term used frequently in marketing. Promotional mix is the specific mix of advertising, personal selling, sales promotion, and public relations that a firm uses to pursue its advertising and marketing objectives. A promotional plan has a wide range of objectives, such as sales increases, creation of brand equity, new product acceptance, competitive retaliations, positioning and creation of a corporate. However, three basic objectives of promotion are to increase demand, to present information to consumers and others, and to differentiate a product.

Most companies erroneously focus almost exclusively on advertising to convey their messages. But there are companies like Body Shop, which have been able to build strong brands and garner large market shares without any advertising. They have used other methods of communication like publicity, sponsorship, and word-of-mouth promotion to convey their brand ideas. The question is not whether a company should primarily rely on advertising or any other communication methods like sales promotion, publicity, sponsorship, etc. The real issue is how a company can use all possible or some communication methods holistically so that it is able to convey ideas and messages that register in the minds of customers and make an impression. Most of the time, a prudent mix of communication methods will leave a more lasting impression in the customers' minds than any one method alone. A marketer's challenge is to devise the appropriate communication mix that will serve his purpose. Therefore, it becomes important to understand other methods of marketing communication besides advertising.

This book, *Promotional Management*, follows the SIM or self-instructional mode format wherein each Unit begins with an Introduction to the topic of the unit, followed by an outline of the Unit Objectives. The text is presented in a simple yet structured manner embedded with Key Terms and 'Check Your Progress' questions to test the understanding of the students. A Summary and a set of Questions and Exercises are also provided at the end of each unit.

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# UNIT 1 OVERVIEW OF PROMOTIONAL MANAGEMENT

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### Structure

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## 1.0 INTRODUCTION

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In order to survive in a competitive market, it is important that a company makes its consumers aware of its products, ideas and services that the company is providing. Unless a company is able to reach the masses, it is impossible to establish your business in the market. Therefore, marketers need to promote their product or services in an organized way. They need to implement the right techniques and tools for a successful promotion.

Marketing promotion helps in providing important marketing information and persuading its consumers to buy or avail their products or services through persuasive measures. Marketers should be familiar with the important tools and techniques used. Marketers should have a clear understanding of promotional mix for both new products and existing products.

Here it would be relevant to mention that, generally, non-marketers assume that promotion and advertising are same. Though both form important elements of marketing strategy, they are different. Advertising is among the number of methods of promotion, marketers use in promoting their business. Similarly, sales promotion is just one of the elements of promotion mix.

## NOTES



**Promotion:** A marketing strategy that is used to achieve certain goals of an organization or a company

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## 1.1 UNIT OBJECTIVES

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After going through this unit, you will be able to:

- Understand need for marketing promotion of products and services
- Establish the key promotional objectives
- Identify the types of promotion
- Explain the importance and benefits of setting a promotional budget
- List the techniques used in setting a promotional budget
- Explain the concept of promotional decision
- Identify the different promotional tools
- Discuss promotional mix for new products and existing products
- Explain how to organize promotion
- List the objectives of marketing promotion organization
- Discuss the structure of a marketing promotion organization

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## 1.2 NEED FOR MARKETING PROMOTION OF PRODUCT AND SERVICES

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In general term, the word 'promotion' is used in the internal environment of a marketing company. The company does not use this term publicly or in a market environment. The term such as 'special offer' is more popular in public. 'Promotion' is one of the components of market mix and is often used in the field of marketing. The other components or elements are sales promotion, personal selling, advertising, direct marketing, and publicity. A promotional mix clarifies how much attention each of these elements should be given and how much fund should be granted to each of them. A promotional plan is supposed to achieve different types of goals, such as increase in sales, acceptance of new product, creation of brand equity, positioning, competitive retaliations, or creation of a corporate image. Basically, a promotion plan is launched to fulfill three main objectives. These objectives or goals are to keep the consumers and others informed, increase the demand of the product and prove the superiority of the product over others.

**Promotion** is a marketing strategy that is used to achieve certain goals of an organization or a company. Different approaches and methods can be used to reach out to the target audience. It is important that companies and organizations (whether for-profit or not-for-profit) engage themselves in some form of promotion in order to survive and remain in the limelight. Companies spend large amount of money in promoting their brands, services or products. Many of the multinational firms pay quite a huge sum to high-profile celebrities to serve as corporate spokespersons. This is an important business marketing strategy that helps enhance the reputation of the company. An owner of a one-person enterprise can also promote his business by passing out business cards.

It is essential that marketers analyse and understand the market well so that he could understand how promotion fits with other marketing elements, such as product,

distribution, pricing, target markets etc. If they fail to do so it is not possible to make promotion effective. Therefore, the marketers need to understand how the promotion strategy will affect the other areas of the company.

It is also essential that individual promotions work together, apart from coordinating general promotion decisions with other business marketing elements. Marketers need to develop a unified promotional strategy under the concept of Integrated Marketing Communication. The strategy should involve the coordination of a variety of different approaches and techniques of promotion. The marketer, who employs a number of promotional options to achieve key objectives for the product, should keep in mind that it is important to have a consistent message across all the promotional options. For example, salespersons will speak about the same benefits of a product as mentioned in other advertisements. Therefore, when customers are exposed to a number of marketer's promotional efforts they all have the same information about that particular product.

A product is promoted through various media and the method of promotion varies from media to media. For example, nowadays promoters are taking the help of Internet to promote their products. Besides, they are also banking upon special events, endorsements, and print media like newspapers and magazine to make consumers aware of their product. We often see that a particular company attracts the customers by giving heavy discounts, buy-one get-one free option or offering prizes for purchasing its product. This is nothing but a method of promotion. A company does all this to increase the sales of a particular product.

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### 1.3 ESTABLISHING PROMOTIONAL OBJECTIVES

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The main objective of market promotion is to bring about a change in the demand pattern of products and services. Basically, market promotion has three specific objectives. First, it is meant to provide important marketing information to the potential buyers. The second objective is to convince and influence the potential buyers through persuasive measures. Thirdly, it is meant to act as a powerful tool of competition. The specific objectives of marketing promotion are as follows:

In simple words, it can be said that the basic goal of a promotional plan is to make the people aware of a particular brand or services. The goals of a promotional plan are achieved through various marketing activities which include launching of promotional items, organizing sales events, showing advertisements through media, introducing membership schemes, issuing press releases, organizing media events, distributing free coupons, initiating community involvement programmes, selling products on-line and participating in trade shows.

The determination of promotional objectives involves the following:

#### 1. Establishment of corporate image in community

Supporting community businesses can prove to be very effective for a company's promotional plan. The term '**community**' means geographic location of a company, but sometime it also indicates a particular class of consumers or target markets. For example, a medicine manufacturer who sells medicine to eradicate cancer also takes

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**Community:** Geographic location of a company, but sometime it also indicates a particular class of consumers or target markets

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part in cancer awareness programme and fund-raising schemes. The purpose of a company gets fulfilled when it bags big and important contracts in the markets of its choice. The communities also achieve valuable resources and financial help from the company.

### **2. Creation of customer loyalty**

The other purpose behind promotional activities is to increase customers' loyalty for a particular product and make them interested in purchasing that product on a regular basis. A company designs various membership programs to achieve this objective. Apart from this, a business house gives facility of discount cards to its 'frequent purchasers' and offer them free gifts on the purchase of a particular brand to build a customer base for that product. Another step taken by a company in this regard is to receive feedbacks from the frequent users of a product and find out the reason of its frequent use.

### **3. Generation of brand awareness**

It is very important for a company to make itself and its brand popular in public by promoting its product and creating awareness among the people for the brand. A business house spends the maximum money on its promotional activities. To make its brand popular and a household name, a company can use various advertising media that include electronic media and print media, direct marketing that is door-to-door marketing and on-line selling. Another purpose of spending huge money on promotional activities is to bag additional market share or to enter into a particular market segment. Besides, making space for a new product by replacing the same product which is the leading brand in the market can be another objective behind intense promotional activities.

### **4. Announcement of changes**

New changes and innovations in a company play a pivotal role in promotional activities of a company. This is the reason that big corporate houses run a full-fledged communication department who is responsible for keeping the company update by extracting useful information from press releases and speeches delivered on management realignments, collecting other relevant information like closure of plant, shifting the location of a plant, new business allies, mergers and acquisitions, corporate awards, corporate giving programs and even results of consumer surveys and consumers' feedback. The purpose behind all these exercises is to keep the company's name in the limelight.

### **5. Capitalization on new market opportunities**

In today's marketing environment where everyday a new product is being launched, companies are leaving no stone unturned to popularize their products. They are using all available means to make their product a household name. They know that in this age of cut-throat competition, they cannot relax even for a while. These companies are exploiting the situation to its fullest and this was the reason that when the BP gulf oil spill occurred, a number of firms having the requisite technology or expertise offered their support. By doing this, these companies came into limelight and bagged big deals and increased their customer base. A full-fledged industry of green technology has

emerged to earn profits by providing cleaner and cheaper energy to consumers. A company can also go for various trade shows and promotional programmes, and provide useful information to its customers by uploading its annual report on its website or by organizing meetings with media persons.

## 6. Safe handling of negative press

The safest way to handle a negative press is to use the method that is hardly used by other organizations. Jeff Crilley, a former TV news anchor and author of the book, *Free Publicity* opined that a company spokesperson should just be honest. He further added that research has proved that the companies that go for honest and fair dealing earn huge profits. They have upper hand in public opinion polls and their credibility increases at a fast pace because they are perceived as an efficient handlers of sensitive and crucial situation.

### Advantages

- Market promotion activities generally stimulate the purchasing activities of consumers. They are an effective means of motivation for customers to purchase products and services.
- Market promotion devices get direct and immediate response as it is undertaken at the point of sale.
- Market promotion measures are quite flexible in nature. It can be utilized to boost sales at any stage; new product introduction stage, existing product improvement stage, old product sales improvement stage, and so on.
- Market promotion activities help the organization to increase sales in intense competitive situations.
- Market promotion necessarily supplements the personal selling and advertising activities undertaken by an organization.
- The manufacturer with the help of market promotion activities can easily achieve a rapid turnover of stocks.

### Limitations

- The success of marketing promotion activities largely depends on the nature of the prospective buyers and product characteristics. To be specific, all market promotional activities can hardly deliver the desired results. These measures when frequently used may even have an adverse impact on the volume of sales as well as company's image.
- Many promotional measures have limited and short-run impact on the consumers. The benefits of these activities for the marketers in most cases are limited and short lived. As soon as the promotional devices are withdrawn, the demand for such products and services automatically declines.
- Market promotion is a costly form of enhancing sales. It requires a heavy promotion budget. Therefore, it is not feasible for the small organizations having limited sales and promotional budget.

Market promotion activities become counterproductive when they are used to promote defective and poor quality goods and services.

## NOTES

## NOTES



**Affiliate sales:** Online sales done by others on your behalf. The sellers get commissions or a certain percentage of the sales price

### 1.3.1 Types of Market Promotion

The objective of market promotion exercises is to increase the visibility of the company and consequently its sales. It is advised that the contents of promotional materials should honestly reflect the image of the company. It should also be kept in mind that marketing is not just a one-time effort; rather, it is a regular and ongoing process. Implementation of a well-thought idea could be more effective than throwing up ads just because a company needs extra revenues.

The following are the important types of market promotion activities:

#### 1. Publicity

This is a powerful source of market promotion which a company uses for its promotional activities. It is done through offline and online news publications of a company. Important and newsworthy topics are covered in press releases and circulated through various print and electronic media, such as newspapers, magazines and online sources. While preparing material for press releases, you have to keep the readership of that newspaper in mind because ultimately a reader decides whether he is interested in the information given by you or not. The information given in a press release may become the source of a story for a reporter or a writer.

A company does not have to pay to a publication for the story space but it has to pay for advertising. The flipside is that a person does not have control over the contents of the story rather it is the sole discretion of the publication. The result of publicity can be negative also.

#### 2. Advertising

Advertising has become a potent and most popular source of promotion in today's highly competitive market. When you want to promote your product through print media, you have to buy space in a publication for it. In an advertisement, a person is free to choose the contents, size and frequency of its publication. Even the advertiser can select the favourite space for his advertisement. But the negative aspect of an advertisement is that sometimes readers fail to understand the message of an advertisement. They do not believe in the contents of advertisement as well.

#### 3. Affiliate sales

**Affiliate sales** are online sales done by others on your behalf. The sellers get commissions or a certain percentage of the sales price. In this type of selling the affiliate does not carry the product or receive direct compensation from the buyer. This sort of deal takes place directly between a company and the purchaser and it is the result of the efforts made by the affiliate. The affiliate provides direction of a seller's site to the prospective purchaser by using an affiliate link. This link includes a code that gives that affiliate the credit of the deal. Both physical and digital products such as e-courses, software and other electronic texts can be sold through this method.

#### 4. Online

The medium of publicity and advertising can be both online and offline. But some of the promotional activities can be done only online, using promotional websites, social

networking sites, blogs and forum discussions. Advertisement through online includes those methods which cannot be provided offline. For example, if you want to place an advertisement on websites you have to do it online. Similarly, text link ads, banner ads and cash per action ads are also online activities. So, both offline and online strategies should be adopted while finalizing a marketing promotion programme.

## 5. In-person selling

This method is oldest and most popular method of selling even in this e-world. It is a trusted and safest method of selling and purchasing. In-person selling is an effective means of selling for both consumer products and business-to-business products. An executive receives a sales call and comes to your doorstep to install your latest and sophisticated widgets. In the trade shows he demonstrates your products to interested and potential buyers. High-ticket items like jewellery and fancy electronic items usually need a personal touch to finalize the transaction.

### 1.3.2 Consumer Marketing Promotion Means

At the consumer level, marketing promotion activities take the following form:

- (i) Samples
- (ii) Coupons
- (iii) Premium or bonus offer
- (iv) Price-off promotion
- (v) Money return offer
- (vi) Contests:
- (vii) Sweepstakes
- (viii) Demonstration

### 1.3.3 Dealers' Marketing Promotion Means

Most of the manufacturers sell their goods through middlemen, who are also known as dealers. In fact, dealers act as a vital link between the producer and the ultimate consumer. Therefore, a number of market promotion devices are adopted by the manufacturer to motivate the dealers from time to time. Following are some of the important dealer's aid for promotion.

- (i) Buy-back allowance
- (ii) Buying allowance
- (iii) Free goods
- (iv) Merchandise allowance
- (v) Cooperative advertising
- (vi) Sales contests
- (vii) Free Foreign Tours

## NOTES



**Coupon:** A sort of certificate which is distributed along with the product



**Demonstration:** An important promotion device most frequently used by the sellers of products and services

## NOTES



**Promotional budget:** A specified amount of money required to put aside for the promotion of a product or a service of a company or organization

### Check Your Progress

1. What is promotion?
2. What is the main objective of market promotion?
3. List any two advantages of market promotion.
4. What do you understand by affiliate sales?

### 1.3.4 Sales Force Promotion

Like consumer and dealers marketing promotion, sales force promotion also attempts to increase the sales by boosting the performance of the sales force through various promotional schemes. The important tools of sales force promotion are bonus, sales force contests, sales meeting, salesmen conventions and conferences.

In short, all market promotion devices aim at increasing the sales volume of an organization. They stimulate and re-stimulate impulsive buying. They necessarily induce people to buy more and more. Not only this, they also motivate the dealers, wholesalers and retailers for promoting the sales. They also influence the marketers to sell more and more. However, market promotion measures have to be undertaken with a lot of care and caution as they involve heavy expenditure. Therefore, before a marketing promotion measure is adopted by the organization, the probable expenditure and benefits therefrom must be compared beforehand.

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## 1.4 SETTING THE PROMOTIONAL BUDGET

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**Promotional budget** is a specified amount of money required to put aside for the promotion of a product or a service of a company or organization. The promotional budgets help in forecasting the essential costs of a business. It is set according to a percentage of sales or profits of the product and helps maintain the intended growth rate.

### Techniques Used

There are five important techniques to establish a promotional budget.

#### 1. Per cent of sales method

The simplest method to determine the promotion budget is simply using a percentage of last year's sales or the projected sales for the next year. Being a simple technique, it is the most commonly used businesses, especially small businesses. When using this technique, a marketer takes a percentage of either past or anticipated sales and allocates that percentage of the overall budget to market promotion. A big problem with this technique is that using past sales for figuring the advertising budget is very conservative and that it can arrest the growth of the product to be promoted in the market. Further, it does not take into account any changes in the market or unexpected circumstances. Despite these shortcomings, however, many firms use this technique because it is simple and straightforward.

#### 2. Per cent of profit (return on investment) method

Under the per cent of profit method, promotion is tied to its return on investment (ROI). That is why this method is also called the ROI method. It considers promotion expenditure as an investment and not as routine revenue expenditure. All investments are done by the companies in expectation of some returns. Similarly, investments on market promotion are also expected to give some returns. The return that the company gets from promotion is generally spread over a period of time. In other words, promotion expenditure in one year generates sales for years and hence ROI flows in for many

years. The per cent of profit method takes into account the long-term effects of marketing promotion. It correlates sales and profits with promotional expenditure. It is based on very logical considerations. However, in practice, marketers find it very difficult to assess the returns from the marketing promotion activities. Due to its complexity, it is not used in real life.

### 3. Matching the competition method

As far as the budget for promotional activities is concerned, many organizations try to maintain their promotional spending comparable to the competitors' spending level. This method of promotional budgeting is referred to as the matching the competition method. It is based on the theory that if a business knows how much its competitors are spending to inform, persuade, and remind (the three general aims of advertising) the consumer of their products and services, then that business can, to remain competitive, either spend more, the same, or less on its own advertising. This method is designed to keep a brand in the minds of consumers. During a tough economic environment, such as recession, some companies try to spend as much as—if not more than—their competitors to get customers to buy from them. Other companies are forced to follow the course and consequently pursue more targeted promotions. A big disadvantage with this method is that it keeps the companies evenly paced with their competitors and prevents them from gaining on their competitors. Further, critics say that a business should not assume that its competitors have similar or even comparable objectives. It is imperative for businesses to be aware of their competitors' health and guiding philosophies. However it is not always advisable to follow a competitor's course.

### 4. Market share method

Like the competitive parity method, the market share method of budgeting is based on external market trends. With this method a business equates its market share with its promotional expenditures. A major problem with this method that companies that use market share numbers to decide its promotional budget are ultimately predicating their promotional activities on an arbitrary guideline that does not satisfactorily reveal future goals.

### 5. Objective or task-oriented method

The objective or task-oriented method is the most sophisticated method of promotional budgeting. In this method, marketing managers, first of all, determine what they want to achieve (objectives) with their communication. Next, they determine what activities—commercials, sales promotions, and so on—are essential to accomplish the objectives. In other words, marketers start with a list of all the promotional tactics that would advance their communications strategy. They then prioritize the items on the list. Finally, they conduct research to figure out how much the activities, or tasks, cost in order to develop a budget. The benefit to this method is that it lets promotion be the 'driving force' for your overall marketing program rather than the 'necessary expense' as some may view it.

## NOTES

### Check Your Progress

5. What are the drawbacks of the per cent of sales method of budgeting?
6. What is the matching the competition method of budgeting based on?

## NOTES

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## 1.5 PROMOTIONAL DECISIONS

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There might not be a clear demarcation between promotion and advertising for a non-marketer. Sales promotion and advertising are important elements of marketing but are not the same. When people who are unfamiliar with marketing hear someone talk about 'promotion' they assume that the person is talking about advertising. Marketers should know that though advertising is considered as one of the most sought-after methods of promotion, it is only one of the various methods a marketer uses in promoting their products and services.

Promotional activities are considered as the most glamorous part of marketing as promotion involves a lot of creative approaches. Creativity plays an important role in promotion decisions, but marketers must have a proper understanding of the concept of promotion and its benefits. They should also be familiar with the marketing communication processes.

An essential element in marketing mix decisions is effectively promoting or marketing products so that consumer awareness is cultivated. This involves comprehending the nature of the desired customers and using promotional tools that make connection with that customer base as successfully as possible. The company must be able to locate and contact a fair number of its customers directly, or at least a substantial portion of its most valuable customers. It is critical to know customers in as much detail as possible. The information should contain not only names and addressable characteristics but their habits, preferences, etc. Snapshot information is not enough. The company should be able to recognize the customer at every contact point, in every medium used, at every location and within every division of the company.

It is important to be both cost-efficient and effective when the company is interacting with its customers. Cost-efficiency improves by directing customer interaction towards more automated channels. Providing information on its website would be more economical than supporting a call centre. A company can increase the effectiveness of its customer interaction processes by providing relevant and timely messages to its customers. Its customer interaction processes should enable it to understand customers' nuanced needs, and serve them better. A company should remember its every interaction with a customer, and its every new interaction with him should take into account every other interaction that it has had with him, no matter whether the interaction took place on a website or with a salesperson. A new interaction should be in synchronized continuation with the one that was held earlier with the customer, which might have been a few moments ago, or a few years ago.

Based on the product and the type of consumer who is most likely to buy the product, the promotion effort may involve a mix of radio and television advertising, ads in print publications, and even the use of banner ads and promotional pages online. By assessing the chances of the desired customer demographics actually utilizing those types of media, it is possible to focus the promotion effort more efficiently and generate the most return for the investment in the effort.

## 1.5.1 Different Promotional Tools

The four key tools of promotion are sales promotion, advertising, public relation and direct marketing.

### 1. Sales promotion

**Sales promotion** refers to the selling activities connected with the promotion of sales but excludes personal selling, advertisement and publicity. Sales promotion is intended to stimulate consumer buying and dealer effectiveness. In simple words, sales promotion means promoting sales. It is a specialized function of marketing carried in a way so as to stimulate consumer buying and is essentially aimed at creation of demand. Nowadays sales promotion has become a necessity for all business organizations which supplement and coordinate personal selling and advertising.

### 2. Advertising

Advertising is a form of paid communication or promotion for a product, idea or service. The key purposes of advertising are to inform, persuade, remind or reinforce. It is not meant for companies only but government and charitable organizations too can avail this tool. However, the way advertising being used can differ from one organization to another. The concept, importance and scopes of advertising are dealt with in more detail in Unit 2.

### 3. Public relations (PR)

It is not possible for companies and organizations to have a constant interaction with their customers and different stakeholders. Therefore, they need someone between them in order to communicate. This servicing of relation is done by the public relation professionals or PR firms. The key functions of PR agencies include handling of press releases, supporting product publicity and creating corporate image, to name a few.

The important aspects of PR and its importance in marketing are discuss in more detail in Unit 4.

### 4. Salesmanship/personal selling

Personal selling involves face to face contact with a customer. There is direct interaction between the customer and the salesperson. During his interaction with the customer, the salesperson identifies the specific needs and problems of the customer, and tailors his sales presentation in the light of this knowledge. But the audience with the customer should be considered more important than merely an opportunity to make a sale. The salesman should consider it as an opportunity to develop personal equations with the buyer and cement his relationship with him. Quite a few buyers buy from a company primarily because they like the salesperson of the company. The salesman should use this opportunity to get a thorough knowledge of the requirements of the buyer and his prime motivations when he makes a purchase decision. The face-to-face interaction with a customer should also be used to establish the credentials of the company. The salesman has to convince the buyer by his demeanour and presentations that the salesperson's company is a safe bet. The interaction should reduce the risks that the buyer feels he is taking when he is buying a product.

## NOTES



**Sales promotion:** Selling activities connected with the promotion of sales but excludes personal selling, advertisement and publicity

### Check Your Progress

7. What are the four key tools of promotion?
8. What does personal selling involve?

This topic is dealt with in detail in Unit 5.

These four tools of marketing: advertisement, sales promotional, PR and direct marketing play a key role in helping companies achieve their marketing goals.

## NOTES

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### 1.6 PROMOTIONAL MIX FOR NEW PRODUCTS AND EXISTING PRODUCTS

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Promotion is an essential aspect of the market mix elements and the specification of five promotional mix or promotional plan. These five elements are advertising, personal selling, sales promotion, direct marketing and public relations. These aspects can be discussed as follows:

#### Aspects of Promotional Mix

- **Advertising:** Promotion of products, ideas, or services by a sponsor in the media. Examples: TV commercials, newspapers or magazines ads, brochures and catalogs, billboard posters, radio ads, banner ads etc.
- **Personal selling:** It involves persuading of consumers to buy a product or service through oral presentations. Examples: Sales meetings, sales presentations, telemarketing, and so on. It can also be done via telephone or by talking to the consumers in person.
- **Sales promotion:** The aim of sales promotion is to create demand for a particular product which can be using media and non-media marketing communication. Examples: Product samples, coupons, sweepstakes, exhibitions and trade shows.
- **Direct marketing:** Direct marketing is a type of advertising that helps the companies and organizations interact with their clients directly. Examples: SMS, email, interactive consumer websites, fliers, catalogues, online display ads, promotional letters etc.
- **Public relations:** Stimulation of supply for a service or product by planting news about the same in different forms of media. Examples: Articles or reports about the product in newspapers and magazines, charitable contributions, seminars and speeches.

A promotional mix enumerates how much attention is required to pay to each these elements, and it also helps in budgeting. Some of the objectives of promotional plan are: new product acceptance, sales increases, creation of brand equity and competitive retaliations, to name a few. However, the three fundamental objectives of promotion are:

- (i) To present information to consumers and other groups as well
- (ii) To increase demand
- (iii) To differentiate a product

Promoters can choose from a wide range of options available to promote a product in media. They can opt for internet advertisement and newspapers or magazines. They use many techniques to increase product sales. Some of which can be incentive like discounts, a contest and free items with the products.

## Developing and managing your promotional mix

For a successful promotional mix, it is essential to employ the right mix of promotional activities that suit your particular business and at the right time.

The common 10-step checklist that is used for developing and managing the promotional mix for new and existing products are as follows:

1. Your products or services should be ‘packaged’ together. You should not forget that image of your business depends on the way you promote the elements of the marketing mix, i.e products, prices and the places through which you sell.
2. Then, develop a profile of the target audience for the particular message you need to communicate.
3. You need to decide carefully on the message to use. You need to be sure about your purpose, i.e. to remind, inform or persuade. Study the benefits that you need to promote.
4. You need to decide what image of the product or service you expect your audience to retain.
5. Budgeting is required.
6. Be clear about how the message should be delivered. Study well and decide what aspects of the promotional mix to be used.
7. As a result of receiving your communication, what actions you want your audience to take. You need to take a decision beforehand.
8. You should keep in place a means of measuring and controlling the plan.
9. Decide on your promotional plan.
10. Compare what you have achieved with the original objectives.

### 1.6.1 Promotional Mix for New Products

When a company develops a new product, it is important to launch successful marketing campaigns to increase awareness about the product and drive people to purchase it. Without customers who buy the product, the company cannot earn a profit from it. There are a variety of different marketing strategies which need to be implemented to make the new product profitable. Effective marketing for the newly launched product or service is concerned with getting the products or services in front of the consumer where they will see it and be attracted to it. We should take the time to understand the way consumers use the product, for example, an analysis of the use of Internet by the consumers will enable a company to ensure how both men and women use the Internet and how that information can help in positioning its product or service and in return help it in increasing conversions. This may be helpful for the company in taking a decision regarding the online marketing of its product or services.

#### Start small not big

When a company has manufactured a new product or launched a new service, it should not think of generating sales and profits overnight. The company should realize

## NOTES

## NOTES

that it takes a lot of effort to market the product and offer quality services. Post sales marketing is also important, a fact which is often forgotten by companies. It should also be kept in mind, that when we are setting up something new, we should start on a small scale and then build it big. With a smaller set up, the risk is lower and there is a lower amount of capital invested. Losses of a bigger set up are more difficult to bear.

### **Customers and the target market**

Determining the target market for a new product is the most important marketing strategy that is required and needs to be carefully implemented. This is important because if we advertise to the wrong people, we will not succeed. For example, if a company creates a new toy, the target market is likely to be young boys and girls, and the parents who buy them for their kids. In case it is advertised in a place where mostly single men see the message, the target market is likely to be missed. The company can determine its target market by using surveys, industry trend reports or simply on the basis of their experience. The factors that influence target markets include sex, age, income level, location, education, marital status habits of children, etc.

The following points need to be clarified regarding customers as a part of a marketing strategy:

- (i) How many consumers are there?
- (ii) What sort of products are they buying?
- (iii) What practical problems are solved by the product?
- (iv) What emotional problems do they try to solve?
- (v) What is the size of the targeted markets?
- (vi) What is the price at which the product is being offered to the consumers?
- (vii) What does it take to get an order?
- (viii) How long does it take to convince the customer and get an order?
- (ix) How do customers exactly use competitive products?
- (x) What's the current level of satisfaction with existing competitors?

### **Consumer behaviour**

Consumer behaviour is another important factor in marketing a new product. Once the target market is determined, we need to decide what types of marketing campaigns are most effective and how they behave in terms of purchasing the product. For example, if the product or service offered by the company is such that it is usually purchased online instead of in a store, then we should focus more on online marketing. This is true in the case of booking of air/rail tickets. Companies that launch new software campaigns often focus more on online marketing because their target customer likely purchases and downloads software from a website rather than in a retail store. If the companies have launched similar products in the past, they must review as how consumers purchased those products, to get a general idea of how their existing customers have behaved in the past.

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### Analyse the competition

Before launching any campaign for their products, the companies need to analyze the strategies and policies pursued by competing companies and the problems faced by them. The success or failure of the strategy adopted by companies dealing with the similar products or services need to be evaluated. There is also the need to determine if there has been any strategy which has not yet been implemented by any competitors. If the product launched by the company is totally new and unique, then the company will have the advantage of being first to market. But in such a case, the company is likely to go through a trial and error process, as there is nothing like a previous campaign. The company should organize several small experiments to learn as to which campaign is the best, and then accordingly launch larger campaigns based on the successful smaller strategies.

The following points regarding competition need to be taken into consideration:

- (i) What are the competitors doing now?
- (ii) Where do competitors advertise, and how often?
- (iii) What is their sales pitch?
- (iv) How do competitors price their product?
- (v) What is their distribution strategy?
- (vi) How do the competitors position themselves?
- (vii) How do competitors react to threats?
- (viii) How do successful competitors differ from the lesser successful ones?
- (ix) What are their market shares?

There is a need to compare competitors with one's own organization in terms of SWOT, i.e., Strengths, Weaknesses, Opportunities and Threats.

### Pricing strategy

While deciding on the product price, the method to follow is to study the plan and methods competitors use. By doing this, we get complete knowledge of how to price our product, whether it's in line with the competitors' or how we can bring the prices in line with those of the competitors'. To be successful, the company should have a well-planned strategy, establish our policies and always check prices and operating costs to generate profits.

### Product positioning

As a part of their marketing strategy there is a need for the companies to differentiate their product and services in terms of quality, features and customer satisfaction. You must be familiar with the story of the glass of water which, optimists see as half full and pessimists see as half empty? A scientist, however, sees the question - Was the glass designed with too much capacity? What we see is, actually, a matter of perception. What the customer sees is, also, a matter of perception - his perception. There is a need to understand the customer's needs. Some sales systems will script sales closing techniques based on customer needs or wants. But at the same time we must also

## NOTES

agree with other sales systems which insist that customers only buy on an emotional level.

Have we bought everything we wanted? Have we bought everything we needed? Of course not. But, how did we feel when the car left you stranded on the highway? Then, we may be more receptive to the idea of buying a new car.

### Campaigns and promotion

A variety of different marketing campaigns can be started to get the new product into the hands of consumers. Advertisement in the print and electronic media is the most effective way to reach a lot of people. The company can optimize its website to be more search engine friendly so it attracts higher in online searches. Email marketing is a relatively low-cost marketing strategy that allows a company to convey a marketing message to a group of people. Other techniques include contests and games on social media sites that drive people to the company's product.

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## 1.7 ORGANIZING MARKETING PROMOTION

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It is a common knowledge that most of the companies resort to market promotion techniques, however, only some of them believe in a well-planned technique. Most of them rather view market promotion as a mere weapon that can be used anytime or when there is an emergency. But they should be aware of the fact that market promotion works well only when it meets certain basic requirements. The important conditions for success of market promotion can be discussed as follows:

The first condition is to specify the requirements of the company in resorting to promotion. The next step is to identify the required programme. The company needs to find out the programme which is suitable to the current need and situation.

Most of the time, market promotion programmes are conceived at the head office of the firm and implemented without involvement of the field sales people. But it is not a right way to develop the campaigns. It is a requirement that the markeers are briefed properly on the content of the programme. They have also to be given detailed information about the same and be explained about the roles they are expected to play at different stages of the campaign.

As already mentioned, advertising and sales promotion are the important tools of market promotion. Let us discuss how advertising and sales promotion agencies are organized.

### 1.7.1 Structure of Advertising Organization

Advertising agencies/organizations come in all shapes and sizes. Some are small boutique shops that have just a few people, while others are giants that employ thousands of people in offices all around the world. Irrespective of the size of the agency, there is a basic structure that most advertising agencies stick to

There are six major departments in any advertising agency. These may be divided into other sub-departments, or given various creative names. However, the skeleton

#### Check Your Progress

9. What are the various aspects of promotional mix?
10. What are the three fundamental objectives of promotion?

## NOTES

remains the same. These six departments are Account Service Department, Finance and Accounts Department, Media Buying Department, Account Planning Department, Production Department and Creative Department. Larger agencies, however, may also separately have Human Resources & Facilities Department, Research Department, Web development Department and Traffic Department.

Let us briefly discuss the features of six major departments of advertising agencies.

### **1. Account Services Department**

The account service department consists of account executives, account managers and account directors. This department is accountable for liaising with the agency's many clients. It works as the link between the many departments within the agency, and the clients who pay the bills.

### **2. Finance and Accounts Department**

Like other business enterprises, earning money is one of the important objectives of advertising agencies. Also, it is what their clients also want. The Finance and Accounts Department is the centre of all the money coming into and going out of the agency. The department is responsible for handling payment of salaries, benefits, vendor costs, travel, day-to-day business costs and everything else expected of doing business.

### **3. Media Buying Department**

The Media Buying Department's primary function is to procure the advertising time and/or space required for a successful advertising campaign. This includes TV and radio time, outdoor (billboards, posters, guerrilla), magazine and newspaper insertions, Internet banners and takeovers, and, well, anywhere else an ad can be placed for a fee. This usually involves close collaboration with the Creative Department.

### **4. Account Planning Department**

The Account Planning Department combines research with strategic thinking. It is a mix of researchers and account managers. It provides consumer insights, strategic direction, research, focus groups and assists helps keep advertising campaigns on target and on brand.

### **5. Production Department**

The Production Department converts an idea into reality. During the creative process, this department is consulted to talk about the feasibility of executing certain ideas. Once the ad is sold to the client, the creative and account teams start collaborating with production to get the campaign produced on budget.

### **6. Creative Department**

Creative Department is the engine of any advertising agency. It is the lifeblood of the business, because it is responsible for the product. The roles within the creative department are many and varied, and usually include copywriters, art directors, designers, production artists, Web designers, associate creative directors and creative

## NOTES



**Organizational:** An arrangement of activities involving a group of people

director(s). In many agencies, copywriters and art directors are paired up, and work as teams. They also bring in the talents of other designers and production artists as and when the job requires it.

### 1.7.2 Sales Promotion Organization

An **organizational** structure is simply an arrangement of activities involving a group of people. The goal of designing an organization is to divide and coordinate activities so that the group can accomplish its common objectives better by acting as a team than as individuals. The starting point in organizing a sales force is determining the goals or objectives to be accomplished, which are specified in the firm's overall marketing plan. The selling activities necessary to accomplish the firm's marketing objectives must then be divided and allocated to members of the sales force so that the objectives can be achieved with as little duplication of effort as possible. An organizational structure should serve the following purposes:

- Activities should be divided and arranged in such a way that the firm can benefit from specialization of labour.
- The organizational structure should provide for stability and continuity in the firm's selling efforts.
- The structure should provide for the coordination of the various activities assigned to different persons in the sales force.

Sales managers must be concerned about the organization as well as the integration of its efforts:

The firm's selling activities must be coordinated with those of other departments, such as production, product development, logistics, and finance.

Finally, if the firm divides its selling tasks among specialized units within the sales force, all those tasks must be integrated.

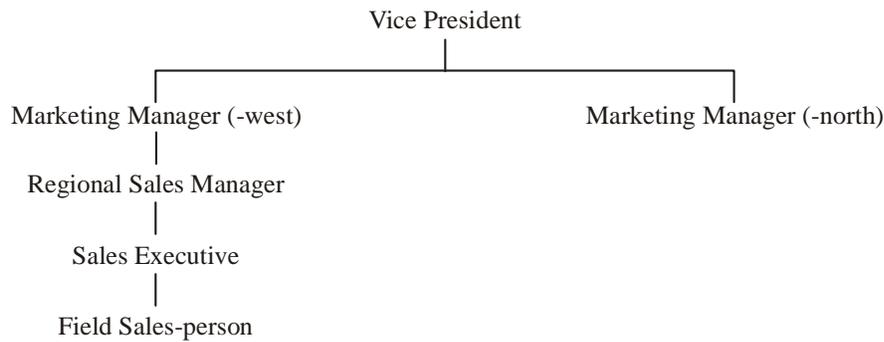
### Structure of a Sales Organization

In a sales organization authority flows from the top down to the field-level salesman, while reporting is upwards.

Organizations are set up for performing the following four activities:

- defining objectives
- listing of the activities to be performed
- deciding upon the staff to carry out these activities
- coordinating and controlling activities.

Sales is a line function. The sales manager commands authority over his subordinates. The subordinates are accountable to their immediate superiors. Thus there is a vertical line of command. The line sales organization is shown in Figure 1.1.



**Fig. 1.1** Structure of a Line and Staff Organization



**Fig. 1.2** Functioning of a Line and Staff Organization

## NOTES

### In line and staff organization

In line and staff organization, the line executive requires staff assistance. As shown in Figure 1.2, the training and promotion manager provide assistance to the sales manager thus performing staff functions. Line executives have the power to command while staff executives do not.

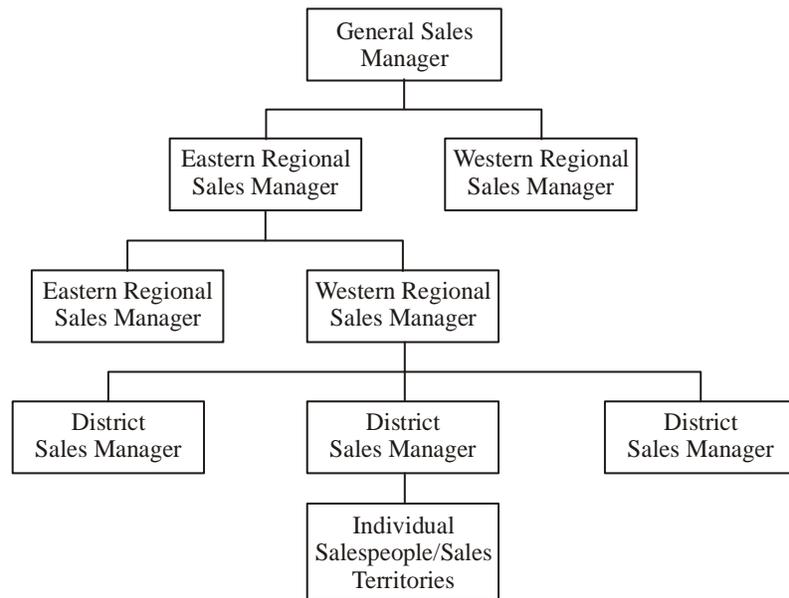
There are several common bases used for structuring the sales effort. When a company sales force is used, alternative approaches include:

- (i) geographical organization
- (ii) organization by type of product
- (iii) organization by type of customer
- (iv) organization by selling function
- (v) team-based organization
- (vi) hybrid sales organization.

### Geographical Organization

The most common method of organizing a company sales force is to assign individual salespersons to separate geographical territories. In this kind of organization, each salesperson is responsible for performing all the activities necessary to sell all the products in the company's line to all potential customers in the territory.

**NOTES**



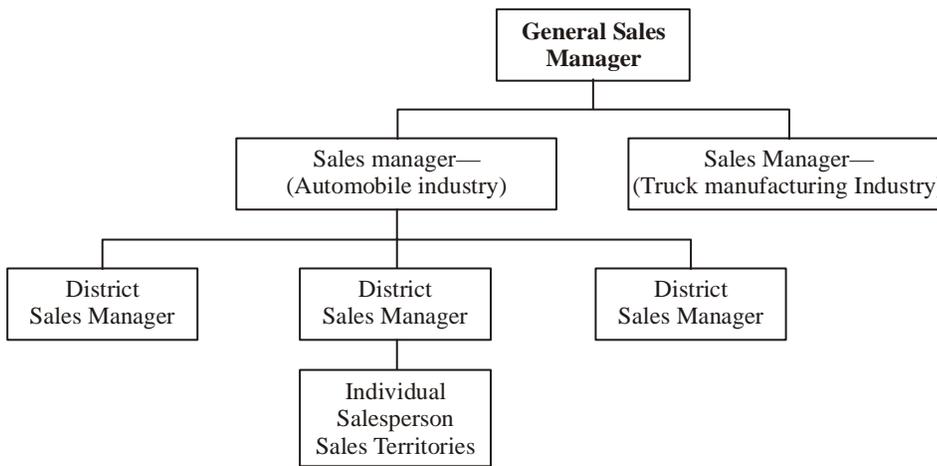
*Fig. 1.3 Geographic Sales Organization*

The geographical sales organization has several strengths. Most important, it tends to incur the lowest cost. Then, because there is only one salesperson in each territory and territories tend to be smaller than they are under other forms of organization, travel time and expenses are minimized. A geographical approach to sales organization also has its limitations, for its basic simplicity and low cost make it very popular among smaller firms, particularly those with limited, uncomplicated product lines. Also, while it unusual for larger organizations to rely exclusively on geographical organization, they do commonly use it in conjunction with other organizational forms. The structure of this type of organization can be seen in Figure 1.3.

**Product Organization**

Some companies have a separate sales force for each product or product category in their line, as shown in Figure 1.4. The 3M Company, for example, has more than 50 divisions manufacturing diverse equipments, and many of those divisions have their own separate sales force. The primary advantage of organizing the sales force by product is that individual salespersons can develop familiarity with the technical attributes, applications, and the most effective selling methods associated with a single product or related products. This can be very beneficial when the product is tailored to fit the specifications of different customers or when production and delivery schedules are critical in gaining and keeping a customer.

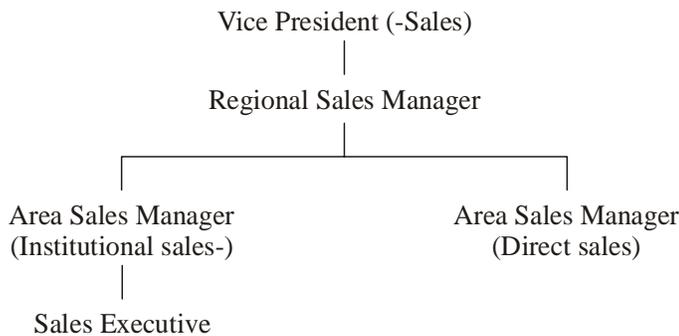
**NOTES**



**Fig. 1.4** Product Sales Organization

**Customer-Based Organization**

Organizing a sales force by customer type is an extension of the ‘marketing concept’ and a strategy of market segmentation. When salespeople specialize in calling on a particular type of customer, they gain a better understanding of such customers’ needs and requirements. They can also be trained to use different selling approaches for different markets and to implement specialized marketing and promotional programmes. A related advantage of customer specialization is that, as sales people become familiar with their customers’ specific businesses and needs, they tend to discover ideas for new products and marketing approaches that will appeal to those customers. This can be a definite advantage in rapidly changing, highly competitive markets.

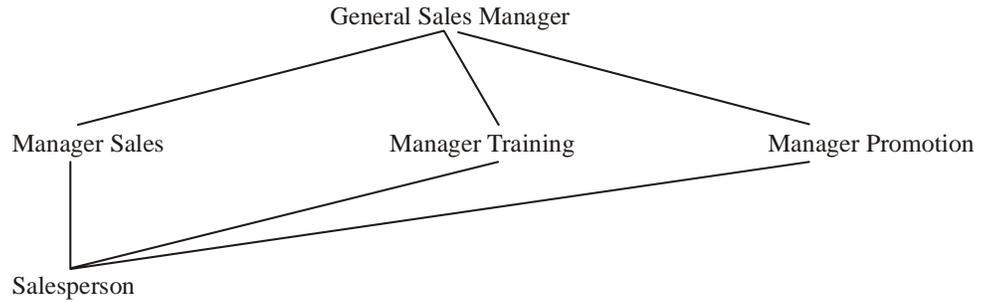


**Fig. 1.5** Structure of a Customer based Sales Organization

**Functional Sales Organization**

In this type of organization the different functional heads report to the General Sales Manager. The sales representatives are accountable to different functional heads for different parts of their work, as shown in Figure 1.6.

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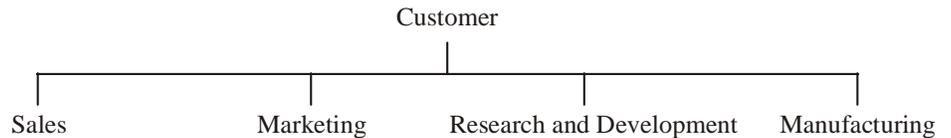


*Fig. 1.6 Functional Sales Organization*

**Team-Based Organization**

Many organizations are more responsive to their environment as they use team work as their main building block. Teams are made up of people from different functional units. These teams work together with the aim of retaining the customer.

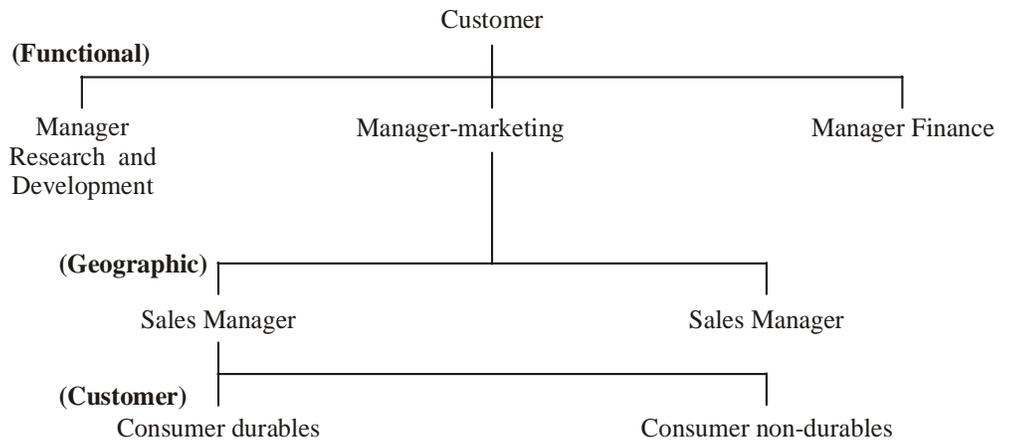
Under this organization structure, the customer is the focus of the organization. The structure of a team-based organization is shown in Figure 1.7.



*Fig. 1.7 Structure of a Team-based Organization*

**Hybrid Sales Organization**

When two or more organization types are combined, the organization structure is called Hybrid Sales organization. This structure uses a multiple sales force with different responsibilities, as depicted in Figure 1.8.



*Fig. 1.8 Structure of a Hybrid Sales Organization*

## NOTES

### Other Forms of Sales Organizations

Another form of functional specialization, however, is commonly and successfully used by many industrial product firms: ‘developmental salespeople’, who are responsible for assisting in the development and early sales of new products. Developmental specialists usually conduct market research, assist the firm’s research and development and engineering departments and sell new products as they are developed. These specialists are often part of a firm’s research and development department rather than the regular sales force.

One form of specialization of selling function that has gained great popularity in recent years is the use of internal telephone salespeople/tele salespersons and external field salespeople to accomplish separate selling objectives.

### Conclusion

The performance of any sales organization is dependent on the functioning of its salespersons. The salespersons have to work in a team, coordinating with one another and performing their duties responsibly. The structure of the sales organization assigns responsibility to each of the executives in the hierarchy to perform in order to create and retain customers.

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## 1.8 SUMMARY

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Some of the important concepts discussed in this unit are:

- It is important that companies and organizations (whether for-profit or not-for-profit) engage themselves in some form of promotion in order to survive and remain in the limelight.
- A product is promoted through various media and the method of promotion varies from media to media.
- The main objective of market promotion is to bring about a change in the demand pattern of products and services.
- Supporting community businesses can prove to be very effective for a company’s promotional plan.
- To make its brand popular and a household name, a company can use various advertising media that include electronic media and print media, direct marketing that is door-to-door marketing and on-line selling.
- Market promotion measures are quite flexible in nature. It can be utilized to boost sales at any stage; new product introduction stage, existing product improvement stage, old product sales improvement stage, and so on.
- The success of marketing promotion activities largely depends on the nature of the prospective buyers and product characteristics.
- Publicity is a powerful source of market promotion which a company uses for its promotional activities. It is done through offline and online news publications of a company.

### Check Your Progress

11. What are the major departments in an advertising agency?
12. Why are organizations set up?

## NOTES

- The simplest method to determine the promotion budget is simply using a percentage of last year's sales or the projected sales for the next year.
- Under the per cent of profit method, promotion is tied to its return on investment (ROI). That is why this method is also called the ROI method. It considers promotion expenditure as an investment and not as routine revenue expenditure.
- The matching the competition method budgeting is based on the theory that if a business knows how much its competitors are spending to inform, persuade, and remind (the three general aims of advertising) the consumer of their products and services, then that business can, to remain competitive, either spend more, the same, or less on its own advertising.
- An essential element in marketing mix decisions is effectively promoting or marketing products so that consumer awareness is cultivated. This involves comprehending the nature of the desired customers and using promotional tools that make connection with that customer base as successfully as possible.
- For a successful promotional mix, it is essential to employ the right mix of promotional activities that suit your particular business and at the right time.
- When a company develops a new product, it is important to launch successful marketing campaigns to increase awareness about the product and drive people to purchase it.
- There are six major departments in any advertising agency. These six departments are Account Service Department, Finance and Accounts Department, Media Buying Department, Account Planning Department, Production Department and Creative Department.

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### 1.9 ANSWERS TO 'CHECK YOUR PROGRESS'

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1. Promotion is a marketing strategy that is used to achieve certain goals of an organization or a company.
2. The main objective of market promotion is to bring about a change in the demand pattern of products and services.
3. Two advantages of market promotion are as follows:
  - Market promotion activities generally stimulate the purchasing activities of consumers. They are an effective means of motivation for customers to purchase products and services.
  - Market promotion devices get direct and immediate response as it is undertaken at the point of sale.
4. Affiliate sales are online sales done by others on your behalf. The sellers get commissions or a certain percentage of the sales price. In this type of selling the affiliate does not carry the product or receive direct compensation from the buyer.

## NOTES

5. A big problem with the per cent of sales method of budgeting is that using past sales for figuring the advertising budget is very conservative and that it can arrest the growth of the product to be promoted in the market. Further, it does not take into account any changes in the market or unexpected circumstances.
6. The matching the competition method of budgeting is based on the theory that if a business knows how much its competitors are spending to inform, persuade, and remind (the three general aims of advertising) the consumer of their products and services, then that business can, to remain competitive, either spend more, the same, or less on its own advertising.
7. The four key tools of promotion are sales promotion, advertising, public relation and direct marketing.
8. Personal selling involves face to face contact with a customer. There is direct interaction between the customer and the salesperson.
9. The various aspects of promotional mix are advertising, personal selling, sales promotion, direct marketing and public relations.
10. The three fundamental objectives of promotion are:
  - (i) To present information to consumers and other groups as well
  - (ii) To increase demand
  - (iii) To differentiate a product
11. There are six major departments in any advertising agency: Account Service Department, Finance and Accounts Department, Media Buying Department, Account Planning Department, Production Department and Creative Department.
12. Organizations are set up for performing the following four activities:
  - defining objectives
  - listing of the activities to be performed
  - deciding upon the staff to carry out these activities
  - coordinating and controlling activities

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## 1.10 QUESTIONS AND EXERCISES

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### Short-Answer Questions

1. What are the advantages of market promotion?
2. What are the five important techniques used in establishing a promotional budget?
3. Briefly discuss the concept of promotional decisions.
4. What are the limitations of market promotion?
5. What is the importance of marketing campaigns?

**NOTES**

**Long-Answer Questions**

1. Explain how market promotional objectives are established.
2. Discuss the features of various types of market promotion activities.
3. Analyse the pros and cons of different methods of determining promotional budget.
4. What are different marketing strategies required to develop promotional mix for new products?
5. Why is it important to analyze 'competition'? Explain.
6. Describe how advertising and sales promotion organizations are organized.

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# UNIT 2 ADVERTISING

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## Structure

- 2.0 Introduction
- 2.1 Unit Objectives
- 2.2 Advertising: Importance, Scope, Benefits and Criticism
  - 2.2.1 Benefits or Importance of Advertising; 2.2.2 Classification of Advertising;
  - 2.2.3 Functions of Advertising; 2.2.4 Forms of Advertising
  - 2.2.5 Criticisms of Advertising
- 2.3 Advertising Objectives
  - 2.3.1 Defining Advertising Objectives: The DAGMAR Approach
- 2.4 Advertising Appropriation and Budgeting: Need and Methods
  - 2.4.1 The Budgeting Process; 2.4.2 Methods of Advertisement Budgeting
  - 2.4.3 Advertising Budget Allocation
  - 2.4.4 Review and Analysis of the Marketing Environment
- 2.5 Techniques and Strategies used for Producing Advertisement for Print, Broadcast and Media
  - 2.5.1 Copywriting; 2.5.2 Alternative Creative Strategies for Producing Advertisement
  - 2.5.3 Advertising Appeal; 2.5.4 Endorsers and Message Appeals in Advertising
  - 2.5.5 Role of Humour Music and Gender Appeal in Advertising; 2.5.6 Copy Testing
  - 2.5.7 Techniques for Business Advertising
- 2.6 Advertising Agency and Client-Agency Relationships
- 2.7 Role of Persuasion in Advertising
  - 2.7.1 Persuasive Advertising
- 2.8 Indian Advertising Agencies
  - 2.8.1 India's Top Ten Advertisement Firms
- 2.9 Summary
- 2.10 Answers to 'Check Your Progress'
- 2.11 Questions and Exercises

## NOTES

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## 2.0 INTRODUCTION

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Advertising is the method of persuading a target audience to purchase a certain product or service. It requires a lot of creativity and understanding of the brand that is to be advertised. The key purpose of advertising is to bring a brand into limelight and attract consumers, thereby creating demand for a product. The advertisers need to display an array of benefits, values and qualities of the advertised product. It is important that the advertisement successfully convinces the consumers to purchase the particular brand.

Some of the prime purposes of advertising are to inform about the launching of a brand, encourage the consumers to buy the product and remind its audience that the product is still in the market. If a company fails to endorse its brand properly, there is a fear of losing its customers to other brands. This would reduce the sales the product. Products or brands can be endorsed via different media, such as television, radio and print media. For every medium, advertisers need to avail a different advertising approach. Therefore, it is important that the advertisers are fully aware of the advantages and disadvantages of each medium. Advertisers can use celebrities, non-celebrities, music, etc. to promote the sales of their products. Whatever the medium used for advertisement, the goal remains the same — to create demand and sell products. This unit discusses the importance, benefits, functions and objectives of advertisement.

**NOTES**

This unit will also introduce you to the relationship between an advertising agency and its clients. Marketers generally associate with different advertising agencies in order to work on different advertising campaigns based on the communication objectives of the company. There can be different types of advertising agencies that exist. Depending upon the extent to which the services are required, the marketer may select a particular type of advertising agency. An advertising agency plays a role in managing the account, creatively developing the campaign, extending research services, ensuring media planning and implementing a media strategy for a campaign. There can be different dynamics involved in the relationship of a client organization and an advertising agency which is dependent on several factors. The size of the client organization and the type of task for which an advertising agency has been appointed play the most important role in defining this relationship between a client and its agency.

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## 2.1 UNIT OBJECTIVES

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After going through this unit, you will be able to:

- Describe the fundamental features of advertising, such as its importance, scope and benefits
- List the objectives of advertising
- Discuss the various concepts relating to advertising appropriation and budgeting
- Explain the techniques and strategies used in producing advertisement for print and broadcast media
- Understand the role of endorsements, humours, music, gender appeal and persuasion in advertising
- Discuss the relationship between a client and an agency
- Identify India's leading advertising agencies

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## 2.2 ADVERTISING: IMPORTANCE, SCOPE, BENEFITS AND CRITICISM

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In this section, you will learn about the importance, scope, benefits and various other fundamental aspects of advertising.

### 2.2.1 Benefits or Importance of Advertising

The benefits or importance of advertising may be discussed under the following heads:

#### **In marketing mix**

**Advertising** is one of the promotional tools relied on in the marketing mix. Effective advertising depends on activities in other areas of marketing mix. For instance, allowing customers to sample a product can often win over a customer. Advertising communicates to a target audience the value of a product that a firm has to offer. Consumers look for value beyond the product that a firm has to offer. Consumers also look for value beyond the product in convenient locations, credit term warranties, guarantees, and delivery, because of consumer's search for value, market mix ingredients to emphasize and how to blend the element in just the right way to attract and serve customers. Firms' advertising effort must complement the overall marketing strategy being used by the firm.



**Advertising:** Advertising is one of the promotional tools relied on in the marketing mix. Effective advertising depends on activities in other areas of marketing mix

## In market segmentation

**Market segmentation** is the breaking down of a large, and heterogeneous market into sub markets or segments that are more homogeneous. Underlying fact is that consumers differ in their wants and that the wants of one person can differ under various circumstances. Advertising's role in the market segmentation process is to develop messages that appeal to the wants and desires of different segments and then to transmit those messages via appropriate media.

## In product differentiation

**Product differentiation** is the process of creating a perceived difference, in the mind of the consumer, between an organization's product and the competition's. Product differentiation is based on consumer perception. The perceived differences can be tangible, or they may be based on intangible, image or style factors. The critical issue is that consumers perceive a difference between brands. If consumers do not perceive a difference, then it does not matter whether 'real' differences exist or not. In the mind of consumer, there are no differences. If a firm's product is not perceived as distinctive and attractive by consumers, then consumers have no reason to choose the brand over one from competition or to pay higher prices for the better brand. Advertising helps create a difference, in the mind of the consumer, between an organization's brand and its competitor's brand. The advertisement may feature performance feature or it may create the differences with imagery. The advertiser has to develop a message that is distinctive and unmistakably linked to the organization's brand.

## Positioning

**Positioning** is the process of designing a product so that it can occupy a distinct and valued place in the target consumer's mind and then communicating this distinctiveness through advertising. Positioning is dependent upon perceived image. Consumers will create a perceptual space in their minds for all the brands they might consider. A perceptual space is how one brand is seen on any number of dimensions such as quality, taste, price or social display value, in relation to the same dimension in other brands.

Positioning comprises two decisions. One, a firm must decide on the external position for brand, i.e., the competitive niche the brand will pursue. Two, an internal position must be achieved with regard to other similar brands a firm markets.

With regards to external position decision, a firm must achieve a distinctive competitive position based on design features, pricing distributors, and promotion or advertising strategies. Some brands are positioned at the top of the product category like BMW, while some seek positions at low end of a category. Effective internal position is accomplished by either developing vastly different products within a product line or creating advertising messages that appeal to different consumer needs. Even when differences among brands are minor, distinctive positioning can be created through advertising.

## Role in revenue and profit generation

Advertising communicates descriptive and persuasive information to audience based on the values created in the marketing mix. Advertising's contribution alone cannot be

## NOTES



### **Market segmentation:**

Market segmentation is the breaking down of a large, and heterogeneous market into sub markets or segments that are more homogeneous



### **Product differentiation:**

Product differentiation is the process of creating a perceived difference, in the mind of the consumer, between an organization's product and the competition's



**Positioning:** Positioning is the process of designing a product so that it can occupy a distinct and valued place in the target consumer's mind and then communicating this distinctiveness through advertising

**NOTES**

held solely responsible for sales. Sales occur when brands have a well-conceived overall marketing mix. Advertising creates pricing flexibility by:

- Contributing to economies of scale by creating demand
- Creating brand loyalty
- Decreasing price sensitivity of consumers by conveying relevant differentiation

**Role in customer satisfaction**

Advertising links a brand's image and meaning to a consumer's social environment and to the larger culture and it can thus deliver a sense of personal connection for the consumer. Advertising communicates how a brand addresses certain needs and desires and hence attracts customers to products they will find useful and satisfying.

**2.2.2 Classification of Advertising**

There are different bases to classify advertisements.

**1. By purpose**

*Primary-demand versus Selective-demand advertising:* One function of advertising is primary-demand stimulation, i.e., advertiser seeks to create demand for a product category in general. The purpose is to educate potential buyers about the fundamental values of the type of product, rather than emphasising a specific brand within the product category. Consumers need to be convinced that a product category itself is valuable.

True power of advertising is to stimulate demand for a particular company's brand—selective demand stimulation. Purpose of advertising is to point out brand's unique benefits compared to the competitor's brand.

When a company introduces an innovative product that creates its own category, it usually starts with primary-demand advertising.

*Direct-action versus Indirect-action advertising:* Direct-action advertising seeks the receiver of the message to act immediately, e.g., call this toll-free number. This is used with products, consumers are already familiar with, does not require inspection at the time of purchase and are low cost. The advertiser can quickly find out whether the advertisement is working or not.

On the other hand, when the advertisement is used to build the audience's awareness of a product, it is called indirect-action advertising. This type of advertising works over a long haul to boost a product's image, explains product benefits, or shows where the product can be purchased from. Indirect-action advertising relies on imagery or a message theme that emphasizes on the benefits and satisfying characteristics of a brand. It does not try to stimulate immediate action from an audience. It attempts to develop recognition and approval of the brand over a period. It creates brand awareness, and reinforces the benefits of using a brand and developing a general liking for the brand. When consumers enter the purchase process, information from indirect-action comes into play. Most of the advertisements are of this type.

*Product versus Non-product advertising:* The purpose of product advertising is to sell the advertiser's goods or services. Non-product advertising is in the form of institutional advertising or corporate advertising. Corporate advertising is not designed to promote a specific brand but to establish a favourable attitude towards the company

as a whole. When shareholders see good corporate advertising, it instills confidence and establishes long-term commitment to the firm and stock. Institutional advertising may be used by retailers to get audience to shop at their store.

*Commercial versus Non-commercial advertising:* Most of the advertising around us is commercial advertising, availed by businesses that expect to make profits. Whereas, noncommercial advertising is generally availed by political or not-for-profit organizations to promote causes or candidates rather than engaging in profit-making. Even though non-commercial advertising sometimes ask for donations, the latter are utilized for charitable services rather than for profits.

## 2. By media

Advertising can also be classified according to the media used. Popular forms of media advertising include magazine, radio, television, outdoor (such as posters, hoardings), and transit (on buses, trains), etc. Because of its ability to reach large areas, television is one of the most powerful and popular advertising media, and is used extensively. But depending on the type of target audience, product category and intensity of competition, several alternative media such as outdoor advertising and radio are also becoming popular. Internet is also emerging as an important advertising medium.

## 3. By geographic area

Advertising can be confined to a single neighbourhood, or can be spread across the entire world. When a company crosses national borders to advertise in more than one country, it is called international advertising. Because of cultural differences, very few advertisements can be effective for all consumers worldwide. But global ads are used for brands like Pepsi, Sony, Levi's and firms that market their brands across the world. These companies attempt to develop and place advertisements with common themes in all markets around the world where the firm's brands are sold. Global advertising is possible only when brands and messages about those brands have a common appeal across diverse cultures. International advertising occurs when firms prepare and place different advertisements in different national markets. Each international market often requires unique advertisements due to product adaptations or message appeals favoured specifically for the markets. Very few firms have products with truly cross-cultural appeal and global recognition; so most firms pursue foreign markets with international advertising than global advertising.

When a company advertises in more than one region of a single country, it is using national advertising. Advertising in a specific region without covering the entire country is called regional advertising. Compared to regional advertising, the scope of local advertising is narrower. The best example of local advertising is retail advertising (advertising by local retail stores). The retail shopkeeper relies on local media to reach his customers. National advertisers share advertising expenses in a market with local dealers to achieve specific advertising objectives (called cooperative advertising).

## 4. By target audience

Whether it is in television or radio, advertising is aimed at a specific group of people called the target audience.

- **Consumer advertising:** Most of the advertising around us is aimed at the consumer, the individual, and families who buy goods and services for personal

## NOTES

## NOTES

gratification. This type of advertising can be targeted at the buyer of the product or the user or the influencer.

- **Business advertising:** It is aimed at companies that buy products for manufacturing finished products, or for the purpose of running their operations smoothly, or for the purpose of reselling them with or without adding value. The main purpose of buying these products is to use them further for making profits, instead of using them for personal gratification. Business-to-business advertising directs messages towards people who buy or use products in businesses. Most business advertising appears in business journals, trade magazines, direct-mailers sent to buyers or users in businesses, or in professional publications. Business advertising is of three types—Industrial advertising, Trade advertising and Professional advertising.
- **Industrial advertising:** It targets people who buy or use the materials and services needed for business purpose or to manufacture other products. Trade advertising targets intermediaries such as wholesalers or retailers that buy goods for resale to consumers. Most of the trade advertising is placed by manufacturers that want their goods or services distributed by the intermediary but some businesses advertise products to be used by intermediaries themselves. Professional advertising is directed towards licensed professional practitioners such as lawyers, doctors, accountants, engineers, and is used to persuade professionals to buy a particular product that may be useful in their work, or recommend it to their clients or patients.

### 2.2.3 Functions of Advertising

Massive investments in advertising suggest that many firms have faith in the effectiveness of advertising. Advertising performs critical communication functions.

- **Informing:** Advertising makes consumers aware of new products, informs them about specific brands and educates them about particular product features and its benefits. Advertising is an efficient form of communication and is capable of reaching mass audiences at relatively low cost per contract. It facilitates the introduction of new products and increases demand for existing products, by increasing top of mind awareness for established brands in mature product categories.
- **Persuading:** Effective advertising persuades customers to try advertised products.
- **Reminding:** Advertising keeps a company's brand fresh in the consumer's memory. When a consumer feels a need that is related to the advertised product, post advertising impact makes it possible for the advertiser's brand to come to the consumer's mind. Effective advertising increases consumer's interest in a mature brand and the likelihood of purchasing that brand. Advertising also influences brand switching by reminding consumers who have not recently purchased a brand that the brand is available and that it possesses favourable attributes.
- **Adding value:** There are three ways by which companies can add value to their offering: innovating, improving quality or altering consumer perceptions. These three value-added components are completely interdependent.

#### Check Your Progress

1. What is the key purpose of product advertising?
2. What is national advertising?
3. How many types of business advertising are there?

Advertising adds value to brands by influencing consumer's perception. Effective advertising causes brands to be viewed as more elegant, more stylish, more prestigious and perhaps superior to competitive offerings. Effective advertising can then lead to increased market share and greater profitability.

- **Assisting other company efforts:** Advertising is a member of the marketing communication team. Advertising sometimes scores goals by itself. At other times, the primary role of advertising is that of an assistant that facilitates other company efforts in the marketing communication process. Advertising may be used as a vehicle for delivering sales promotions and attracting attention to these sales promotion tools. Advertising assists sales people. Advertising pre-sells a company's products and provides salespersons with valuable introductions prior to their personal contact with prospective customers. Sales effort, time and costs are reduced because less time is required to inform prospects about product features and benefits. Advertising legitimizes or makes more credible the sales representative's claims. Consumers can identify product packages in the store and recognize the value of a product more easily after seeing it advertised on TV or in a magazine. Advertising augments effectiveness of price deals. Customers are more responsive to the retailer's price deals when retailers advertised that fact compared to a deal, which is not been advertised.

## NOTES

Advertising is an extremely important business function but the importance of advertising varies from country to country not only in terms of advertising expenditures but also in terms of consumer perceptions of advertising.

### 2.2.4 Forms of Advertising

Advertising can take a number of forms, including advocacy, comparative, cooperative, direct-mail, informational, institutional, outdoor, persuasive, product, reminder, point-of-purchase, and specialty advertising.

#### 1. Advocacy advertising

Advocacy advertising is normally considered as any advertisement, message, or public communication regarding economic, political, or social issues. The advertising campaign is designed to persuade public opinion regarding a specific issue which is important in the public arena. The ultimate goal of advocacy advertising usually relates to the passage of pending state or federal legislation. Almost all non-profit groups use some form of advocacy advertising to influence the public's attitude toward a particular issue.

#### 2. Comparative advertising

Comparative advertising compares one brand directly or indirectly with one or more competing brands. This advertising technique is very common and is used by nearly every major industry, including airlines and automobile manufacturers. One drawback of comparative advertising is that customers have become more skeptical about claims made by a company about its brand because accurate information has not always been provided, thus making the effectiveness of comparative advertising questionable. In addition, companies that engage in comparative advertising must be careful not to

## NOTES



**Cooperative advertising:**  
Cooperative advertising is a system that allows two parties to share advertising costs

misinform the public about a competitor's product. Incorrect or misleading information may trigger a lawsuit by the competitor or regulatory action by a government agency.

### 3. Cooperative advertising

**Cooperative advertising** is a system that allows two parties to share advertising costs. Manufacturers and distributors, because of their shared interest in selling the product, usually use this advertising technique. An example might be when a soft-drink manufacturer and a local grocery store split the cost of advertising the manufacturer's soft drinks; both the manufacturer and the store benefit from increased store traffic and its associated sales. Cooperative advertising is especially appealing to small storeowners who, on their own, cannot afford to advertise the product adequately.

### 4. Direct-mail advertising

Catalogues, flyers, letters, and postcards are just a few of the direct-mail advertising options. Direct-mail advertising has several advantages, including details of information, personalization, selectivity, and speed. But while direct mail has advantages, it carries an expensive per-head price, is dependent on the appropriateness of the mailing list, and is resented by some customers, who consider it junk mail.

### 5. Informational advertising

In informational advertising, which is used when a new product is being introduced, the emphasis is on promoting the product name, benefits, and possible uses. Car manufacturers used this strategy when sport utility vehicles (SUVs) were introduced.

### 6. Institutional advertising

Institutional advertising takes a much broader approach, concentrating on the benefits, concept, idea, or philosophy of a particular industry. Companies often use it to promote image-building activities, such as an environment friendly business practices or new community-based programmes that it sponsors. Institutional advertising is closely related to public relations, since both are interested in promoting a positive image of the company to the public.

### 7. Outdoor advertising

Billboards and messages painted on the side of buildings are common forms of outdoor advertising, which is often used when quick, and simple ideas are being promoted. Since repetition is the key to successful promotion, outdoor advertising is most effective when located along busy city streets and when the product being promoted can be purchased locally. Only about 1 per cent of advertising across the world is conducted in this manner.

### 8. Persuasive advertising

Persuasive advertising is used after a product has been introduced to customers. The primary goal for a company is to build selective demand for its product. For example, automobile manufacturers often produce special advertisements promoting the safety features of their vehicles. This type of advertisement could allow automobile manufactures to charge more for their products because of the perceived higher quality the safety features afford.

## 9. Product advertising

Product advertising pertains to non-personal selling of a specific product. An example is a regular television commercial promoting a soft drink. The primary purpose of the advertisement is to promote the specific soft drink, not the entire soft-drink line of a company.

## 10. Reminder advertising

Reminder advertising is used for products that have entered the mature stage of the product life cycle. The advertisements are simply designed to remind customers about the product and to maintain awareness. For example, detergent producers spend a considerable amount of money each year promoting their products to remind customers that their products are still available for sale.

## 11. In-store advertising (point-of-purchase advertising)

In-store advertising uses displays or other promotional items near the product that is being sold. The primary motivation is to attract customers to the display so that they purchase the product. Stores are more likely to use point-of-purchase displays if they have help from the manufacturer in setting them up or if the manufacturer provides easy instructions on how to use the displays. Thus, promotional items from manufacturers who provide the best instructions or help are more likely to be used by the retail stores.

## 12. Specialty advertising

**Specialty advertising** is a form of sales promotion, designed to increase public recognition of a company's name. A company can have its name put on a variety of items, such as caps, glassware, gym bags, jackets, key chains, and pens. The value of specialty advertising varies—depending on how long the items used in the effort last. Most companies are successful in achieving their goals for increasing public recognition and sales through these efforts.

### 2.2.5 Criticisms of Advertising

Advertising has become an indispensable function of the modern business world and integral part of the society. In spite of the fact that advertising is useful and provides certain valuable services, some people feel that it is a social waste. That is why it is often said that, 'I hate advertising but I like advertisements'. If it is misused, it can create havoc in the society. Those who criticise advertising, consider it as an unnecessary clever fraud involving exaggeration and overcharging. Thus, advertising, is not free from criticism. Following are some of the important ones :

1. **Expensive:** It is almost customary on the part of the manufacturers to spend huge sums on advertisements. Being a part of the expenses, the advertising costs are added to the overall cost of production. Ultimately, the consumers have to bear the burden of advertisements in the form of higher cost of products and services. In other words, advertising finally contributes to the increase in the price of products and services.

However, in reality much less is spent on advertising than most people think. This is so because modern advertising techniques make it possible to make

## NOTES



### Specialty advertising:

Specialty advertising is a form of sales promotion, designed to increase public recognition of a company's name

## NOTES

relatively loud noise with comparatively small spending. Besides, advertising creates and extends demand, thereby contributing to increased production, lowering the cost per unit. The more a producer manufactures, the lower is his cost per unit. This allows him to reduce prices.

2. **Multiplication of wants:** Advertising creates the desire to acquire products and services by constant persuasion. It creates new needs and demands in the minds of the consumers even if they do not need the same. As a result, people are motivated to spend more than their resources permit and at times are stimulated to make purchases which they hardly can afford. In other words, advertising creates demand for goods and services which are less important and non essential. Still, people are tempted to buy the same. Thus, it multiplies the needs of the consumers. However, the final decision to buy or not to buy always rests with the prospective buyers. Therefore advertising can not be totally blamed for persuasion and motivation.

3. **Wasteful expenditure:** Advertising is very often regarded as a waste. Advertising does not increase the demand of the products always. If it fails to increase the sales volume, it merely adds to the cost of the products. Moreover, by introducing new products and services, advertising is able to create new taste, fashion and habit for the consumers. Thus, it kills the utility of the products and services currently in use and thereby leads to their early discard by the consumers. Minor developments or improvements are advertised so tactfully that people are induced to buy new products and services by discarding the old ones. Such continuous rejection results in the wastage of valuable resources of an economy.

However, advertising alone can not be blamed for such waste. It aims at enhancing sales. Similarly, it is always assumed that buyers are somewhat rational in their buying decisions. It is always left to the buyer whether to buy or not. Therefore, the persuasion element of advertising alone cannot be blamed.

4. **Encourages monopoly:** Advertising may lead to the monopoly of a particular brand or trademark. Continuous advertising creates brand preference and brand image about a specific product or service in the minds of the consumers. It is, therefore, argued that big manufacturers who can afford to undertake continuous advertising can create brand monopolies and eliminate small producers from the market. At times, even quality products and services can hardly face competition from already established brands which have acquired their status due to heavy and continuous advertising over a period of time. It is equally true that brand monopoly does not last long. Rival manufacturers may use competitive advertising campaigns to challenge such brand monopoly. Thus, brand monopoly is always a temporary phenomenon.

5. **Undermines values:** Good advertising can sell anything. Thus, the manufacturers are able to dispose goods and services of little value to the consumers with the help of attractive advertisements. Instead of emphasising on the utility of products or services, advertisements highlight the appearance and design of the same which are of little value. Most often, facts are misrepresented or exaggerated by superlative descriptions and sometimes truths are suppressed so as to tempt

people to buy goods and services. Tall claims and false promises are made so as to induce people to buy worthless products and services. It may highlight only the positive aspects of products and services and thus be misleading. Advertisements often use testimonials and statements of popular personalities like film stars, sportspersons, business executives, etc. which are exaggerated. Many advertisements are vulgar, silly and stupid. Some advertisements also use indecent language and photographs to advertise their products and services. All these considerably erode the social and moral values in the society. At times, advertisement of harmful products and services like wine, cigarettes, pan masala, bidis, encourages the use of the same.

However, certain associations like the Advertising Agencies Association of India and the Indian Society of Advertising and the governmental agencies are constantly making efforts in laying down the code of conduct and social norms to avoid such bad effects of advertisements.

Despite all criticisms, advertising is indispensable for business organisations. It would not be right to say that money spent on advertisement is a waste. It is an essential part of modern day trade and commerce and as such cannot be dispensed with.

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## 2.3 ADVERTISING OBJECTIVES

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An advertising objective may be defined as the specific task of marketing that needs to be performed or a communication objective of a marketer that needs to be achieved. The different advertising objectives are achieved based on the target customers and the time period of a marketing communication. Marketing objectives are aimed at achieving awareness, extending information about the products and services, creating a comparison with competing products, inducing persuasion and reminding about the product or offering.

A marketer should have clearly set objectives in his mind while developing a marketing campaign. Broadly the advertising can have several objectives while marketing a product or a service. It is therefore important to clearly define a specific objective for a specific campaign. A campaign may be aimed to achieve the following objectives:

- Awareness generation with respect to the company, its products, services and other offerings.
- Communication of the benefits of the products and services.
- Ensuring that leads are generated for the sales force to act accordingly.
- Direct response campaigns to directly influence the customers.
- Convincing the customers to shift their preference from one brand to another.
- Participating in events and exhibitions to create visibility for products/services and for working towards image building.
- Informing the customers about the availability of the product after ensuring its availability.
- Building the trust of the customers in an organization through other image building exercises.

## NOTES

### Check Your Progress

4. What are the three key ways of adding value to a new product or service?
5. What is the role of advertising in the market segmentation process?
6. What do you understand by cooperative advertisement?

## NOTES

An advertisement should be capable of achieving at least one of the following objectives:

1. **Awareness generation:** This type of advertising is also known as awareness-oriented advertising. This aims at creating the initial awareness about a product, service, etc. in the minds of the target customers and also achieving some kind of reminding about the product.
2. **Image building:** This type of advertising is also termed as image-oriented advertising. This type of advertising aims at image building for a product, service or the organization.
3. **Education of the customers:** This type of advertising is also termed as education-oriented advertising. This aims at particularly educating the customers and building those needs which have largely remained unrecognized at the level of the customers.
4. **Generation of a response:** This type of advertising is also termed as response-oriented advertising. These are particularly aimed at invoking some kind of purchase behaviour from the target customers, which is to induce a targeted action from the customers.

The long term objective of any type of advertising for the company is to increase the sales revenue and hence the profits in the long run. However, in short term, the objectives of an organization may be to particularly use advertising as a means of support to the other promotional activities and to personal selling approaches used by an organization.

Therefore, advertising is never used in isolation by any company for promotion of its products. Rather it is always used combinantly with other forms of promotion. There can be different marketing objectives which a company may expect to achieve through its various advertising efforts. These include:

- Introduction of a new product, wherein the prime objective of advertising is awareness generation.
- To work on building the preference for a particular brand by the target customers and thus eliminating the chances or minimizing the chances of its substitution at different levels.
- To create a continuous recall of the brand through reminder advertising approach.
- To work on the retentive strategy and thus keep reminding the users to buy the product.
- To create a demand for the product through a pull strategy.
- To inform a particular scheme, discount, etc. on a product during a given promotion period.
- To inform about some changes in the marketing strategy of the company.
- To inform about the availability of the product.
- To provide logical reasons to the customers for buying a particular product.
- To motivate and support the sales team.
- To help the dealers in selling the products or services.
- To publicize about the association of the company with some societal causes and contributions to the community.
- To accomplish a selling job. For example, it may be done through mail order marketing.

### 2.3.1 Defining Advertising Objectives: The DAGMAR Approach

DAGMAR stands for ‘Defining Advertising Goals for Measured Advertising Results’. It maintains that all advertisements aiming at a sale must carry the potential customer through four stages:

**Russell Colley (1961)** developed a model for setting advertising objectives and measuring the results. This model was entitled ‘**Defining Advertising Goals for Measured Advertising Results- DAGMAR.**’

**DAGMAR model** suggests that the ultimate objective of advertising must carry a consumer through four levels of understanding: from *unawareness to awareness*—the consumer must first be aware of a brand or company Comprehension—he or she must have a comprehension of what the product is and its benefits; Conviction—he or she must arrive at the mental disposition or conviction to buy the brand; Action—finally, he or she actually buy that product.

Awareness Grid

		Involvement	
		High	Low
Awareness	HIGH	Sustain current levels of awareness	Refine awareness
	LOW	Build awareness quickly.	Create association of awareness of product with product class need

- Awareness
- Comprehension
- Conviction
- Action

Assume that the company has a product and the target customer is totally unaware of it. So in first stage the company will make him aware of the product.

The second stage is of comprehension. What is the product all about? What are its potential benefits and features? Where can the customer buy it from?

Next is the stage of conviction. This is a very important stage. The company needs to convince its prospective customer about the benefits of the product. Testimonials for the product are an excellent tool to achieve this. Visible proof or evidence about the product performance is another tool. The company needs to be truthful in its claims.

Once a customer is convinced with the benefits offered by a product or a service, the prospective customer generally enters into a particular action stage. This can be generally characterized by a customer asking for greater details about a product, she may send enquiries, or may ask for a trial pack from the company. All these activities show that the customer is willing to try the product.

A sale is definitely not an immediate process and involves several steps. It may involve a sequence of steps that may be owing to the sequential processing that goes in a customer’s mind. All these steps are extremely important for a sale to get accomplished.

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**Characteristics of DAGMAR approach**

A major contribution of DAGMAR was Colley's specification of what constitutes a good objective. Four requirements or characteristics of good objectives were noted

- **Concrete and measurable:** The communications task or objective should be a precise statement of what appeal or message the advertiser wants to communicate to the target audience. Furthermore the specification should include a description of the measurement procedure
- **Target audience:** A key tenet to DAGMAR is that the target audience be well defined. For example –if the goal was to increase awareness, it is essential to know the target audience precisely. The benchmark measure cannot be developed without a specification of the target segment
- **Benchmark and degree of change sought:** Another important part of setting objectives is having benchmark measures to determine where the target audience stands at the beginning of the campaign with respect to various communication response variables such as awareness, knowledge, attitudes, image, etc. The objectives should also specify how much change or movement is being sought such as increase in awareness levels, creation of favorable attitudes or number of consumers intending to purchase the brand, etc. a benchmark is also a prerequisite to the ultimate measurement of results, an essential part of any planning program and DAGMAR in particular.
- **Specified time period:** A final characteristic of good objectives is the specification of the time period during which the objective is to be accomplished, e.g. 6months, 1 year etc. With a time period specified a survey to generate a set of measures can be planned and anticipated.
- **Written goal:** Finally goals should be committed to paper. When the goals are clearly written, basic shortcomings and misunderstandings become exposed and it becomes easy to determine whether the goal contains the crucial aspects of the DAGMAR approach.

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## 2.4 ADVERTISING APPROPRIATION AND BUDGETING: NEED AND METHODS

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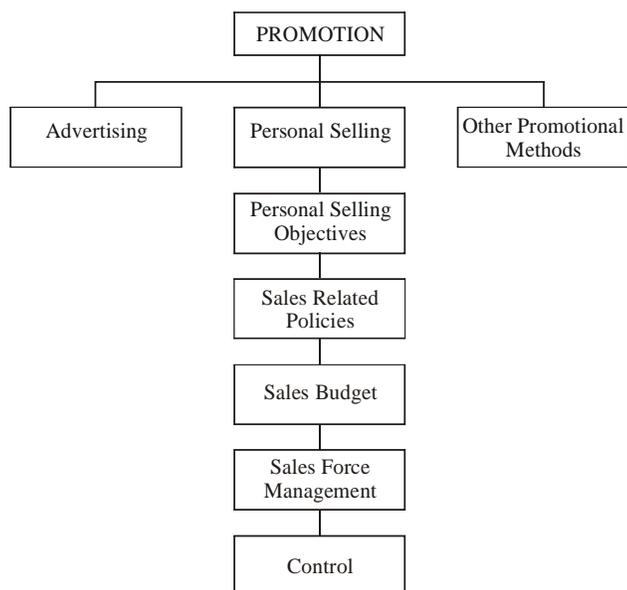


**Budget:** A budget is a financial plan and a tool of control

A **budget** is a financial plan and a tool of control. In a sales budget, resources are allocated to achieve the sales forecast. It states which product and how much of it each salesperson will sell. It also spells out what and how much will be sold to the different classes of customers. A budget is an estimate of sales, either in units or value and the selling expenses which is expected to be incurred while selling.

Once the budget is accepted in terms of estimated sales, expenses and profit figures, the actual results are measured and compared against the budgeted figures. It is an instrument of planning that shows how to spend money to achieve the targeted sales. A budget also anticipates a particular level of profit.

Budgeting is a short-term exercise that attempts to optimise business profits by accommodating customer-service activities and incurring expenses to acquire a new business. For instance, to increase the sales volume by ₹ 2 lakh, sales management may have to rope in new customers. The expense of appointing a new customers is also included in the budget.



**Fig. 2.1** Budget in Promotion Mix

A format of the promotion budget can be seen in Table 2.1.

**Table 2.1** Sales Budget (Quarterly)

<i>Budgeted</i>	<i>Actual</i>	<i>December</i>	<i>January</i>	<i>February</i>
Expenses				
Salaries				
Commissions				
Bonus				
Medical				
Retirement				
Travel				
Lodging				
Food (Boarding)				
Entertaining				
Office expenses				
Mail				
Telephone				
Miscellaneous				
Promotions				
Samples				
Catalogues				
Price lists				
Visuals				
Advertising				

**Source:** *Professional Sales Management* by Anderson, Hair and Bush (page 104).

### 2.4.1 The Budgeting Process

In many organizations, sales is the key variable for formulating the budgets of the other departments. Thus, raw materials and production are purchased and planned in accordance with the sales estimate, leading to the purchasing budget. Finance is arranged in accordance with the requirements of production and other departments. Human resources are deployed to realize the overall planning requirements. The starting point becomes the sales budget. It generates other budgets like the inventory budget, purchase

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budget, production budget and so on. The sales budget becomes a major input in the financial plan.

Planning can be top-down or bottom-up. In a top-down plan, the plan flows from the top, and is broken down into smaller units. In a bottom-up plan, the departments and units set their own goals, which are aggregated at the top. In sales budgeting, some organizations adopt a top-down approach in which the goals are set by the immediate higher level. Some organizations follow a bottom-up approach where each level in sales, right from the salesman puts forward sales and profit objectives. The bottom-up style is more participatory.

Each budget has quotas or standards, against which management has to measure performance. Evaluation and control are vital parts of the management process. As the opening scenario suggests, management needs feedback on the effectiveness of its plan and the quality of its execution to operate more effectively, otherwise it is easy to lose sight of the firm's objectives.

In order to achieve goals and objectives, sales managers plan by outlining the essential costs to be incurred.

The budget acts as an instrument of coordination. Selling is one of the functions of marketing and needs support from the elements of marketing mix. Budgets help in integrating all functions, like sales, finance, production and purchase.

A comparison between budgeted and actual cost results in the analysis of factors causing variations and enables the sales manager to spot problem areas or plan better for expected outcomes.

### 2.4.2 Methods of Advertisement Budgeting

There are various methods of advertisement budgeting, out of which some are as follows:

1. **Affordable method:** Many companies set the advertisement budget at what they think the company can afford. This method is adopted by firms dealing in capital industrial goods.
2. **Rule of thumb (percentage of sales) Method:** Most companies set their advertisement budget as a specified percentage of sales (either current or anticipated). Mass-selling goods and companies dominated by finance are major users of this method.
3. **Competitors' parity method:** This method is adopted by large-sized companies facing tough competition. The knowledge of competitors' activities and resource allocation is important if an organization wants to pursue this method.
4. **Objective and task method:** This method calls upon marketers to develop their budgets by identifying the objectives of advertisement function and then ascertaining the selling and related tasks to achieve the objectives.

### 2.4.3 Advertising Budget Allocation

If too little money is spent on advertising, sales volume will not be achieved, and profits will be lost. If too much money is spent, unnecessary expenses will reduce profits. Brand managers have to determine what spending level is 'too little' or how much is 'too much'. Budgeting is a difficult advertising decision because it is hard to

determine precisely how effective advertising has been or might be in the future. The sales-response function to advertising is influenced by a multitude of factors (such as quality of advertising, execution, intensity of competitive advertising efforts, and customer taste), thereby making it difficult to know what sales advertising will generate.

Advertising budgets are largely the result of organizational political process. Separate departments view the advertising budget differently. For the accounting department, it is an expense, while for the marketing team, it is the big push that makes the phone ring, and it is never big enough. For the top management, it is an investment, a speculation formulated to bring in the most revelry for the least amount of cash.

Advertising budget is positively influenced by the political power of the marketing department:

### ***Advertising budgeting in theory***

The best level of any investment is the level that maximizes profits. Continue to invest in advertising as long as the marginal revenue from that investment exceeds the marginal cost. Profits are maximized at the point where the marginal revenue is equal to marginal cost. Suppose a company is currently spending close to a million rupees advertising a particular brand and is considering the investment of another ₹ 2 million. Should the investment be made? Yes, only if additional advertising generates more than ₹ 2 million in additional revenue for the brand. Setting the advertising budget is a matter of answering series of 'if, then' questions. For instance, if ₹ X is invested in advertising, then what amount of revenue will be generated? To be able to use the rule of profit maximization for budget setting, the advertising decision-maker must have a clear idea of the advertising-sales response function for every brand for which a budgeting decision will be made. Because such knowledge is rarely available, profit maximization budget setting is an ideal that is non-operational in the real world of advertising decision-making.

### ***Budgeting considerations in practice***

The advertiser has to consider the objectives that advertising is designed to accomplish. The level of budget should follow from the specific objectives established for advertising; more ambitious advertising objectives require larger budgets. If advertising is intended to increase a brand's market share, then a larger budget is needed than would be required if the task were simply to maintain consumer awareness of the brand name.

Competitive advertising budget should be considered in setting advertisement budgets. In highly competitive markets, more must be invested in advertising in order to increase or at least maintain market position (for instance, Pepsi, Coke). In such situations, smaller volume producers are forced to spend disproportionately more to maintain a reasonable market-place presence, i.e., share of voice.

Amount of funds available should also be considered. Advertisement budget setting is determined in large part by decision marketer's perceptions of how much they can afford to spend on advertising. Since top management views advertising budgets with suspicion and considers it to be inflated, advertisement managers have to convince management that proposed budgets are affordable. This is not easy because hard data on advertising effectiveness are unavailable. Advertisement budget setters have tended to use simple decision rules (heuristics) for making budgeting decisions.

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**Budgeting methods**

Because of the difficulty of accurately predicting sales response to advertising, companies set budgets by using judgement, applying experience with analogous situations and using rules of thumb as guides. Although criticized because they do not provide a basis for advertising budget setting that is directly related to profitability of the advertised brand, these rule of thumb or heuristics are widely used.

- **Percentage of Sales Budgeting**

A company sets its advertising budget for a brand by establishing the budget as a fixed percentage of past or anticipated sales volume. A survey of top 100 consumer goods advertisers in the US found that 53 per cent employ the percentage of anticipated sales method and 20 per cent use the percentage of past sales method. This is expected since budget setting should correspond to what a company expects to do in the future rather than being based on what it accomplished in the past.

The percentage devoted variable is 18.1 per cent of sales for children's games, toys, and vehicles, 12.7 per cent for motion pictures and videotapes. Most industries average less than 5 per cent advertising to sales ratios. And advertising to sales ratio also varies considerably across firms within each industry.

But this method reverses the logical relationship between sales and advertising—advertising leads to sales and sales are a function of advertising. But in this method advertising is function of sales. Accordingly, when sales are anticipated to increase, the advertising budget also increases; when sales are expected to decline, the budget is reduced. This leads to erroneous budgeting decisions such as cutting the advertising budget when a brand's sales are expected to decline. Many firms reduce advertising budgets during recessionary periods. However, rather than decreasing the amount of advertising, it may be wiser to increase advertising to prevent sales erosion. When used blindly, percentage of sales method is an arbitrary and simplistic rule of thumb substituted for what needs to be a sound business judgement. In practice most sophisticated marketers do not use percentage of sales as the sale budgeting method. They employ the method as an initial pass, or first cut or determining the budget, and then alter the budget forecast depending on the objectives and tasks that need to be accomplished.

- **The objective and task method**

This is the most sensible and defensible advertising budgeting method. The advertisement decision marketers specify the role they expect advertising to play and then set the budgets accordingly. The role is identified in terms of a communication objective (increase brand awareness by 20 per cent), but could be stated in terms of sales-volume or market share expectation (increase market share by 5 per cent). Surveys show that 60 per cent of consumer goods companies, and 70 per cent of industrial goods companies use this budgeting method.

**Steps:**

- (i) The first step is to establish specific marketing objectives that need to be accomplished such as sales volume, market share. Marketing, not advertising objective of Volkswagen may be to increase sales by 5 per cent.

- (ii) Assess the communication function that must be performed to accomplish the overall marketing objective. Volkswagen must accomplish two communication functions to realize its marketing objective: It must increase consumer awareness of the brand and establish an image for Volkswagen as a company that offers honest, reliable cars.
- (iii) Determine advertising's role in the total communication mix in performing the functions established in previous stage.
- (iv) The fourth step is to set specific advertising goals in terms of the levels of measurable communication response that is needed to accomplish marketing goals or objectives. Volkswagen might establish goals such as: (1) Increasing awareness from present level of 45 per cent of target market to 75 per cent and (2) Expanding the percentage of survey respondents who rate Volkswagen product as high quality from 15 per cent to 40 per cent. Both these objectives are specific, quantitative and measurable.
- (v) Finally, the budget is established on the basis of estimates of expenditures needed to achieve the goals of advertising. Volkswagen invested \$100 million in an advertising campaign. The company came up with hard, clear, product-focused advertisements that give car buyers the kind of information they needed to make an intelligent choice.

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### • Other Budgeting heuristics

In order to match the competitors' method, the advertisement budget is set by following what competitors are doing.

In the affordability method, only the funds that remain after budgeting for everything else are spent on advertising. This method is followed by only the most unsophisticated and impoverished firms.

These two methods are used mostly by smaller firms that tend to follow industry leaders. However, affordability and competitive considerations influence the advertising budget decisions of all companies.

Most advertising budget setters combine a variety of methods rather than depending exclusively on any one heuristic. An advertiser may have a fixed percentage of sales figure in mind when starting the budgeting process, but subsequently adjust this figure in light of anticipated competitive activity, funds availability, etc. Companies often find it necessary to adjust their budgets during the course of a year in line with sales performance. Advertisers spend most heavily during periods when products are hot and cut spending when funds are short, but they should always maintain a decent advertisement budget even when sales show a downturn.

After a huge publicity or sponsorship campaign, the company can reduce the advertising budget for sometime. If a brand wants to introduce novel features, it should advertise its brand first to get credibility. Only if the brand is seen as credible will people start believing it.

### *Advertisement Budgeting and competitive interference*

Brands compete in a competitive context and advertisement budgets must be set with an eye to the action of competitors. This is important in view of the fact that a brand's

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advertising must compete for the consumer's recall with the advertisement from the competitive brands—a situation of potential competitive interference. If the company's brand will be the only one advertised in a particular product category, it probably could get away with a substantially smaller budget than what is necessitated when competitors are also aggressively advertising their brands. The mere fact of increasing advertising expenditures is not guaranteed to have substantial impact on augmenting a brand's sales volume.

Familiar brands are less susceptible to the interference or clutter from competitive advertising. Unfamiliar brands that compete in a world of advertising clutter are at a competitive disadvantage in conveying their point of uniqueness vis-à-vis established brands. Established brands' market shares tend to exceed their advertising share of voice. New brands need to avoid heavily-cluttered media and turn to alternatives to traditional advertising media such as infomercials or event marketing.

Overcoming competitive interference is not just a matter of spending more, but rather of spending wisely. The 'encoding variability hypotheses' contends that people's memories for information are enhanced when multiple pathways or connections are created between the objects to be remembered and the information about the object that is to be remembered. In case of advertising, the brand represents the object to be remembered, and the brand's attributes and benefits designate the object's information. Advertising can create multiple pathways and thus enhance memory of the advertised information by varying:

- (i) The advertisement message itself, and
- (ii) Advertising medium in which it is placed.

That is, altering how the advertisement is presented (message) and where the advertisement is placed (medium) should enhance memory for the advertised information and mitigate effects of competitive interference. This results because multiple pathways are created when the same brand is advertised with varied messages or in multiple media. When a brand is advertised in two media, there are two potential pathways established in memory where consumers can retrieve information about the brand. Increasing both number of message execution and number of media to convey these messages serves to increase the number of pathway communications. This also increases the probability that consumers will be able to retrieve key information about brand when they are in the market for the product category in which the brand competes.

#### **2.4.4 Review and Analysis of the Marketing Environment**

District sales managers prepare their district budget and submit it to the regional or divisional office where they are added to and included in the divisional/regional budget. In turn, these budgets are submitted to sales managers for the particular product or market groups. At the end of the chain of subordinate budgets, the top executives in the sales department scan and prepare a final sales budget for the company.

Resources have to be allocated to products, customers and territories. The budget should be realistic in order to maximize its favourable impact on the firm. An analysis of SLEPT factors is undertaken before setting the budget. SLEPT factors are social, legal, economic, political and technological factors that are present in the environment and help in scanning the environment.

#### **Check Your Progress**

7. State the full form of the term 'DAGMAR'.
8. State the sales budgeting method generally opted by big companies facing tough completion in the market.

Every budget proposal submitted to top management must remain in competition with proposals submitted by heads of other divisions.

Actual budget control features go into operation as soon as the approved budget has been distributed to all units of the firm. Each item in the budget serves as a quota or standard against which performance is measured.

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## 2.5 TECHNIQUES AND STRATEGIES USED FOR PRODUCING ADVERTISEMENT FOR PRINT, BROADCAST AND MEDIA

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It is simplistic to state that copywriters are responsible for the verbal elements in an advertisement, and art directors are responsible for the visual elements. But there is more to it as you will learn in the section.

### 2.5.1 Copywriting

Copywriting can be referred to as an act of writing text with the key purpose to sell and promote a product, idea, service or business. It is used as an instrument to persuade the target audience to purchase the advertised product.

Copywriters and art directors function as partners and are referred to as the creative team in advertising agencies. The creative team first comes up with the creative concept. The creative concept is the unique thought behind a campaign which is then turned into an advertisement. During this process, copywriters often suggest visuals and likewise whereas art directors work for creative headlines. Some advertisements have no headlines but visuals. Both copywriter and art director are equally involved in creating an advertisement.

Though talent and knowledge needed to excel in one area differ in many ways from those needed to excel in the other, one must recognize that not all copywriting is done by copywriters and not all art directing is done by art directors.

To understand copywriting, one needs to understand the people who are involved in creating an advertisement, such as the writers, product and audience researchers and even people who provide any kind who write the copy, does product research, audience research and provide other information that copywriters use to create an effective copy. General advertising is very simple and does not have any patronizing appeal or may not sound too appealing.

Why should any one look at your advertisement? The reader does not buy his magazine or tune into his radio and TV to see and hear what you have to say. What is the use of saying the right things if nobody is going to notice them? And nobody is going to notice them if they lack freshness, originality and imagination.

One should be completely honest about the claims made in an advertisement. It is always important to make only true claims about the products and the services because in case the customer realizes that the advertising message is false and the product does not fulfil the claims made by the advertisement, it may lead to resentment at the level of the targeted customers. One should always empathize with the customers while conceiving and developing an advertising message.

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The smartest advertising respects consumer intelligence. Let consumers bring something to the communication process instead of listing benefits. Imagination is the key. A good copywriter must always bring spirit and imagination to advertising.

Copywriting primarily involves creatively putting forward the values and benefits of a product vis-à-vis descriptions which are verbal or written in nature. It may be defined as a continuous search for creative ideas to put forward the intended message.

Effective copywriters are well informed and astute advertising decision makers, besides possessing creative talent. They need to comprehend and incorporate marketing strategies, consumer behaviour and advertising strategies in brief by powerful communication. The copy should not interfere but enhance the visual aspects of the message.

The copywriter should be provided extensive information about the particular objectives for a particular advertising effort. The client's marketing managers, account executives and creative directors in the advertising agency provide information to the copywriters. The foundational intricacies of the client firm's marketing strategy should be communicated to the copywriters. Without this information, the copywriter must rely on intuition about what sort of information is relevant and meaningful to the target audience.

The audience reactions and interpretations may be researched with the help of development copy research. This helps the copywriters at the early stage and thus may help them in creative and meaningful writing about the benefits and services of a product. Once the advertisement is released, it is also possible to take up an evaluative copy research by a marketer. Through evaluative copy research, it can be found out that whether the customers are accepting or rejecting a particular copy that was used as a part of the advertisement.

Before writing the copy of an advertisement, it is important to develop a creative plan which primarily discusses the key message elements. It is important to coordinate these messages during the preparation of the copy. These elements generally include the special creative needs of a product, claim that are required to be made for a product and the creative devices. Additionally, it will also give information on the media that is required to be used. A copywriter has to make a creative sense out of the maze of information that comes from the message development process. He has to create excitement around what can otherwise be dull product features.

A major task is to bring various creative tools, such as illustration, use of colour, use of sound, and action in conjunction with the copy. The copy must be coordinated with the media to be used. The following elements are considered when devising a creative plan:

- Product features.
- Conversion of these features into benefits for the user.
- Decision regarding the media that will be used for disseminating the information. Also, the length of the advertisement for which it will run through a given media vehicle.
- The tone and overall mood of the advertisement which has been suggested.
- The ways and means which are aimed at achieving this tone and mood of the advertisement.

- The planned production budget for developing the advertisement, though this consideration can be modified or disregarded entirely during the process of creating an advertisement. For example, sometimes a brilliant creative execution demands that TV, rather than print be the media vehicle of choice. Or a particular creative thought may suggest a completely different mood or tone than the one listed in the creative plan. A creative plan is a starting point not an end point for the creative team. The plan should evolve and grow as insights are gained.

Let us discuss the processes involved in copywriting for different media, such as print media, radio and television.

## 1. Copywriting for print advertising

The first consideration in print advertising is how to use the three separate components of print copy: the headline, the subhead and the body copy.

### (i) The headline

It is the leading sentence or sentences at the top of an advertisement that attract attention, communicate a key-selling point, or achieve brand identification. Many headlines fail to attract attention and it becomes a clutter in the consumer's life. Lifeless headlines fail to compel the reader to examine the other parts of the advertisement. A headline can either motivate a reader to move on to the rest of an advertisement, or lose the reader.

#### *Purposes of a headline*

- **Give news about the brand:** For instance, 25 of 40 major titles won with Titleist (brand of golf balls); Champion (sparkplugs) wins Mount Everest run.
- **Emphasize a brand claim:** '30 per cent more mileage on Firestone tires' highlights durability.
- **Give advice to the reader:** A headline can give the reader a recommendation that is followed by results provided in the body copy.
- **Select prospects:** Headlines are capable of involving the targeted audience by attracting their attention, e.g., 'Good news for arthritis sufferers'.
- **Stimulate reader curiosity:** Posing a riddle with headlines can serve to attract attention and stimulate readership. Curiosity can be stimulated with a clever play of words or a contradiction, e.g., 'Pluck a hair from your head'.
- **Set a tone or establish an emotion:** Language can be used to establish a mood that the advertiser wants to be associated with his product.
- **Identify the brand:** The brand name or label is used as headline either in conjunction with a word or two. The goal is to simply identify the brand and reinforce brand name recognition.

#### *Guidelines for writing headlines*

- Headline should be made as a component which can persuade the reader to a great extent. People read the headline as many as five times as compared to the body copy of an advertisement. What should you say, if this is your only opportunity to communicate? For instance, the headline 'New Power, New Comfort, New Technology, New Yorker' in a Chrysler advertisement communicates the major improvements in the product quickly and clearly.

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**The headline:** It is the leading sentence or sentences at the top of an advertisement that attract attention

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- One can appeal to the self-interest of the reader by putting forward the basic promise of benefits for a brand, e.g., ‘The temperature never drops below zero’, promises engine protection in freezing weather.
- One should try to extend maximum information through an advertisement, at the same time ensuring that it is not too confusing or cumbersome in nature.
- The word limit of the headlines should be kept between five to eight words. It has been found that if the headline is longer than eight words, generally the recall is much lesser in that case.
- Include the brand name in the headline.
- Entice the reader to read the body copy.
- Entice the reader to examine the visual in the advertisement. An intriguing headline can lead the reader to carefully examine the visual components of the advertisement.
- One should never incorporate a headline wherein the persuasion towards a product or service can be assured only when the user has gone through the body copy.
- One should try to use simple and easy to understand words as much as possible. This is important because understanding a message is extremely in order to ensure its interpretation, recall and recognition.

But the headline may violate one or even all of these basic premises and still be effective. It is unrealistic to try to fulfil the requirements of each guideline in every headline.

### **(ii) The subhead**

A subhead primarily comprises small sentences or only a few words. It is generally found to appear just after the headline and gives the information on a brand which is actually not the part of the headline itself. Most of the times, a headline has similar objectives as that of a headline. That is the subhead also generally expresses the unique selling propositions about a brand or the other important information about the brand. The print is larger than the body copy but smaller than the headline. The subhead may be lengthier than the headline and is used to communicate more complex selling points. The subhead should always be in close alignment with the headline and at the same time, it should enthrall the reader to go ahead and completely go through the body copy. It can stimulate a more complex reading of the entire advertisement including the visual. The longer the body copy, the more appropriate the use of subheads. But most creative directors try to minimize the use of subheads because they feel that if an advertisement’s visual and headline cannot communicate the benefits of the product quickly and clearly, the advertisement is not very good.

### **(iii) The body copy**

The body copy may be defined as the detailed information of an advertisement. The prime objective of the body copy is to give complete details about the brand, its features, attributes, benefits, availability, any special schemes, etc. The text in the body copy should be capable of reinforcing the headline and the subhead. It should be prepared in the manner that it is compatible with the headline as well as the visual. Further it should appear interesting to the reader. But the most elaborate body copy will be ineffective if it is ‘off strategy’. There are several techniques for preparing a body copy. The objective of the straight line copy approach is to clearly bring forward

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to the reader that how is he expected to benefit after using a product or a service. This is done in conjunction with a benefits message strategy. The dialogue method helps in delivering the intended message to the target customers by using a character who delivers that message in the advertisement. The testimonial method also uses the dialogue technique. However, in this case, the spokesperson for the brand creates only a one-sided dialogue approach to deliver the message to the audience. Dialogue can also depict two people in the advertisement having a conversation (called slice-of-life message). The narrative method simply displays a series of statements about a brand. A person may or may not be used in this approach to deliver the copy of the advertisement. It is difficult to make this technique lively, so the threat of writing a dull advertisement is present in this technique. In direct response copy, the copywriter tries to highlight the urgency of acting immediately. Hence the range of possibilities for direct response copy is limited. Many direct response advertisements rely on sales promotion devices. Any message objective can be employed within any particular copy technique. There are vast numbers of compatible combinations.

### ***Guidelines for writing a body copy***

- **Use present tense whenever possible:** Casting brand claims in the past or future reduces their credibility and timeliness, and may sound like hollow promises.
- **Use singular nouns and verbs:** An advertisement is normally read by one person at a time and that person is evaluating only one brand. Using plural nouns or verbs reduces the focus on brand attribute being talked about and makes the advertisement less personal.
- **Use active verbs:** ‘We build excitement’, suggests something is happening and happening now. It stimulates interest.
- **Use familiar words and phrases:** Creatively stylize what is familiar and comfortable to the reader so that interest and excitement result.
- **Vary the length of sentences and paragraphs:** It serves to increase interest and has a visual impact that can make an advertisement more inviting and readable.
- **Involve the reader:** The reader should feel that the copy has been specifically written for him.
- **Provide support for the unbelievable:** A brand may have features or functions that readers find hard to believe. It is necessary to document (through test results or testimonials) that the brand actually lives up to the claims made. If it is not done, the brand will lose credibility and relevance.
- **Avoid clichés and superlatives:** Clichés are rarely effective or attention grabbing. The brand using clichés is seen as old fashioned and stale. Superlatives (best, superior) should be avoided as these terms are worn out and the consumer may feel that the brand has little new or different to offer.

## **2. Copywriting for broadcast advertising (radio and television)**

Radio and TV are two media which have their own set of challenges for the copywriter. Audio and audio-video capabilities of radio and TV provide different opportunities for a copywriter. There are inherent limitations associated for the copywriter in case of broadcast media. In case of different press advertisements, the copywriter is capable of developing a long and more involving message which may not be possible while

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developing the copy for an advertisement to be released using the broadcast media. However, at times a longer copy is a must in order to explain the detailed and complex features of a product. This is because at times it is these features which can actually form the basis for differentiating a product from its competitors. Print media provides the time and space to communicate these details, complete with illustrations. The print advertisements can be read by the customer with his own comfort level and at his own rate. Whereas, radio and TV advertisements are not possible to refer back again and again. Thus, the copy of the advertisement may not be absorbed by the target audience in one go. Additionally, the visuals and sound that are attached with the radio and TV advertisements may distract the attention of the customers at times completely from the copy of the advertisement.

### (i) Drafting the copy for radio

Copywriting for radio advertising can be extremely creative as the advertisements are free of any kind of visuals or illustrations. Thus, the advertiser can focus at creation of a copy for an advertisement which is capable of creating images and illustrations in the minds of the target customers. Thus, the advertiser can motivate by creating different types of moods for the customer. But few radio listeners actively listen to radio programming and much less the advertising interruption. Radio, as a media is generally unobstructive while taking up different activities such as reading, driving, etc. If it was absent, the average person would miss it in many contexts, but the average person would be hard pressed to recall the radio advertisements aired during last evening.

Radio adds the dimension of sound to copywriting task, and sound (other than voice) can become the primary tool in creating copy. Radio can conjure images in the mind of the receiver that extends beyond the information actually being provided. Radio copywriting should strive to stimulate each receiver's imagination.

### Radio commercials

Advertising on radio must draw customers to listen, and then remember the brand and its promise.

The first thing a radio advertisement has to do is to get people to listen. Surprising the audience and arousing their curiosity are very important. Once people are listening, the advertisement should sound like talking to them. Listeners have to be involved and charmed. Make them laugh. Because radio is a high frequency medium, people quickly get tired of listening to the same advertisement. So, several advertisements should be made.

The following suggestions are useful:

- Identify the brand early in the advertisement.
- Identify the brand often in the advertisement.
- Promise the listener a benefit early in the advertisement.
- Repeat the benefit often.

### Radio advertising format

The format of radio advertising comprises the following:

- **Music:** Write a song or jingle to communicate in an attention grabbing and memorable fashion. Songs and jingles are written specifically to accommodate a unique brand copy. An existing tune may also be used and the copy is fit to its metre and rhythm. Tunes popular with certain target segments can be licensed

for use by advertisers. Songs and music attract listeners' attention and enhance recall. Songs can create the mood and image with which the product is associated. Modern scores can create a contemporary mood, while selecting music and lyrics create a different mood.

But the problem in the use of songs and jingles is that copywriters may not be trained lyricists or composers. A musical score or jingle may strike receivers as being amateurish and silly. Expert songwriters have to be used. It is to be ensured that the copy information dominates the musical accompaniments. The musical impact can overwhelm the selling and persuasion purpose of an advertisement. Another use of music is to open the advertisement with a musical score and have the music play in the background, while the copy is being read. Here, music is used to attract attention.

A controversy surrounding the use of music in radio advertising is that if the station format is rock, then rock music should be used in an advertisement which is aired on the station. The positive argument is that rock music appeals to the listener's taste, but the negative argument is that the same type of music buries the advertisement in the regular programme and reduces its impact. However, there is no clear answer.

- **Dialogue:** It is difficult to make a narrative copy grabbing for short periods of radio advertisements. Dialogue copy has no inherent attention-getting capabilities. Dialogue may result in a dull drone of two or more people having a conversation. To reduce boredom, many dialogues are written with humour.
- **Announcement:** The product information is read out by the announcer and it is in accordance with the message prepared by the copywriter.

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### Celebrity endorsements of a message

When a celebrity makes the announcement of the message, it is bound to increase the overall attention of the users and they are going to listen the copy of the advertisement more carefully. It may not be a testimonial, i.e., the celebrity is merely acting as an announcer and is however not endorsing the product by any means. Some celebrities have distinct voice qualities or may be experts at empathetic delivering of a copy. These qualities as well as recognition of a celebrity by the listener increases attention to the advertisement.

Celebrity endorsements should be planned thoughtfully. Celebrity values and personality must match with those of the brand. Moreover, the celebrity should not be overexposed.

Featuring a celebrity in an advertisement has its advantages. People look up and watch the advertisement of even an obscure brand when the familiar face of the celebrity pops up on the television screen. The advertisement and even the brand, sometimes is talked about. There is certainly an initial euphoria when a celebrity signs up for a brand and this is good for any brand, a well-known one or an absolutely fresh brand. But celebrities do not come cheap and even at exorbitant prices, they agree after lot of persuasion. Celebrities have immense potential to shape the brand's identity because of people's affiliation towards them and their inclination to believe in them.

However, in many cases, celebrities are wasted and that is a shame. Endorsements

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by celebrities have to be rethought and restrategized. First of all, the selection of the celebrity has to be done carefully. The first one who gives the consent should not be hired immediately. The values and personality of the celebrity have to match closely with the values and qualities that the promoter wants to bestow on the brand. The celebrity has to be attached with the brand for a long time since the persona of the celebrity has to be transferred to the brand. This is a subtle and creeping process and takes a long time. It is important that the celebrity is not associated with other brands that are projecting values and personalities that are very different from, or are in conflict with the brand in question. If this happens, the customers get confused about the personalities and values of both the brand and the celebrity and there is serious erosion in the worth of the brand and the celebrity. The celebrity should not become reckless in signing for brands. This has to be avoided. A responsible brand would help the celebrity decide on the portfolio of brands that he/she could endorse. The celebrity's appearance in an advertisement of one brand should remind viewers of the other brands with the same values and personalities in which the celebrity is featuring. Therefore, each time the celebrity appears on the screen, there is some reinforcement of the values and personalities of all the brands he/she is associated with. In fact, a group of similar brands should draw the celebrity in a contract limiting his association with all and sundry brands. Celebrity are potent marketing tool. Therefore, they cannot be allowed to go astray and destroy brand value all around them.

***Guidelines for writing a radio copy***

- Use common, familiar language.
- Use short words and sentences. Long sentences and elaborate verbal description make it difficult for the listener to follow the copy.
- Stimulate the imagination. Conjure up concrete and stimulating images.
- Repeat the name of the brand, as impression made by radio advertisement is fleeting.
- Stress the main selling points. Advertisement should revolve around the information that needs to be presented.
- Use sound and music with care. They should not overshadow the copy and its persuasive impact.
- Tailor the copy to time, place and specific audience. If an advertisement is specified for a particular geographic region, use colloquialisms unique to that region etc.

**(ii) Drafting copy for television**

Television as a media has many advantages over radio. This is because it not just adds sound to an advertisement but also action to the whole advertisement. There is more life attached to this type of advertisement and can lead to greater involvement from the customer's end. With these advantages, it is however important to change the concept of copywriting in case of TV advertisements. Copy for TV must be highly sensitive to the advertisement's visual aspects as envisioned and specified by the creative director.

While drafting the copy, the copywriter must remember that at times the visuals and sound effects can portray the meaning in a better and a louder way than a few selected phrases. Secondly, the copywriter also must keep the timing of the

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advertisement in mind. This is because he has to adjust the length of the copy according to the time for which the advertisement will run on the television. If the video portion were one continuous illustration it would be manageable, but modern TV advertisements are heavily edited, i.e., they use several different scenes and copywriting becomes very difficult. The copywriter has to fulfil all responsibilities of proper information inclusion and also carefully fit all the information within, between and around the visual display taking place. This coordination has to be precise and the copywriter, producer, and director of the advertisement have to work together to make sure that the copy supports and enhances the video element. The storyboard is helpful in achieving this coordination. A frame- by-frame sketch which matches the copy with the sequence of visuals that will be used in a TV advertisement is termed as a storyboard.

### *TV advertising format*

The format of TV advertising comprises the following:

- **Demonstration:** TV has the ability to demonstrate a product in action. The method is used by brands whose benefits result from some tangible function. The copy in demonstration is usually a straight line copy, but drama can also be introduced, e.g., Fiat braking system that saves a motorist from an accident. Demonstration with sight and sound let viewers appreciate the full range of features a brand has to offer.
- **Problem and solution:** A brand is introduced as a saviour in difficult situations. A consumer solves a problem with the advertised brand (e.g., dishwashing liquids, drain openers). A variation of this format is to promote a brand on the basis of problem prevention (e.g., maintenance items, insurance products).
- **Music and song:** Desired mood for the brand can be created by using music (e.g., Coke). The growth of image advertising has resulted in advertisements that show a product in action accompanied by music and only visual overlays of the copy. These advertisements restrict the amount of copy.
- **Spokesman:** When the delivery of the message is done by a spokesman such as an opinion leader, a celebrity or an expert, then the credibility of the message increases and it is then going to be supported by the visuals rather than the copy supporting the visuals. This is because copy is considered to be more important when compared to the visuals in this case.
- **Dialogue:** A dialogue that must be written or created by a copywriter must be believable in nature and must be able to keep the advertisement in a forward direction.
- **Vignette:** A sequence of advertisements which are related to each other may be used as a device in order to maintain continuous viewer interest. It gives advertising a recognizable look, which helps in achieving awareness and recognition.
- **Narrative:** It tells the story like vignettes, but the mood of advertisement is highly personal, emotional and involving. It focuses on storytelling and only indirectly tells about the benefits of the brand (e.g., advertisements by Kodak, McDonald's).

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**Guidelines for writing a TV copy**

- **Use the video:** Allow the video portion of the advertisement to enhance and embellish the audio portion. Take advantage of the visual presentation impact with the copy.
- **Support the video:** The copy should always be a reinforcement to what the customers are watching and should always provide an additional information with respect to what the customers are themselves viewing.
- **Coordinate the audio with the video:** Audio and video should not tell different stories or rely on different types of persuasion. Dual purposes of audio and video will confuse the audience.
- **Sell the product as well as entertain:** TV advertisements sometimes can be more entertaining than TV programmes. However, the copywriter should not get caught in the excitement of a good video presentation and forget that the main purpose is to deliver persuasive communication.
- **Be flexible:** Advertisements are produced to run as 15, 20, 30, 60 seconds shots. It is the job of the copywriter to ensure that the audio portion of an advertisement is as per the time length and is complete in all respects.
- **Use copy judiciously:** If an advertisement is too wordy, it can create information overload and interfere with the visual impact. Ensure that every word is a working word and should contribute to the impact of the message.
- **Reflect the brand personality and image:** Copy and visuals should be consistent with the personality and image the advertisers want to build or maintain for the brand.
- **Building of campaigns:** While developing the copy of an advertisement, one must assess the potential of the copy being drafted in order to ensure the sustainability of the idea. The copywrite needs to understand if the basic idea/appeal in the advertisement be developed into multiple versions that form a campaign.
- **Slogans:** A slogan is most of the times used as a tool of reminder advertising by increasing the memory of the customers. It may aim at building the image, identity or personality of a brand. The phrase is repeated in the firm's advertising and other public communication. Slogans are used as headlines or subheads in print advertisements, or as tagline at the conclusion of radio or TV advertisement. They appear directly below the brand or company's name. A slogan can thus become a very important part of the overall brand image and personality. For example, (BMW — The ultimate driving machine). If the slogan is consistently and carefully developed over time, it can act as a short identification for the brand and provide information about its benefits. Slogans also provide continuity across different media and between advertisement campaigns (Nike – Just do it). Slogans bring about thematic integrated marketing communication for a firm.

**Making television advertising more effective**

Advertising on television can be improved by focusing on making the consumers remember the advertised brand and its distinctive offering, rather than focus only on creative appeals.

- **Brand name:** A very large percentage of customers remember an advertisement but forget the name of the advertised brand. Worse, they attribute the commercial to a competing brand. The advertiser has to take care to emphasize the name of the brand in the advertisement. The brand name should appear within the first ten seconds of the advertisement and should be repeated as often as possible. It is possible to do that without irritating the viewer. The brand name can be mentioned more frequently in an advertisement by devising creative ways of doing it. A popular device is to play games with the brand name like spelling it with accompanying music or playing a jingle with the brand name featuring in it prominently.
- **Package:** Advertisements which generally show the packages of the product at the end of advertisements are more capable of changing the brand preferences than the ones which do not.
- **Appetizing food:** In advertisements for food, the more appetizing the product looks the more it sells. It has been found that food in motion looks very appetizing.
- **Close-ups:** When the product is the hero of the advertisement, a close-up view of the product is a good idea. The closer a look the viewers have of an ice cream, the more they desire it.
- **Emphatic opening:** If an advertisement grabs attention in the first frame with a visual surprise, it has a better chance of holding the attention of the viewer. People screen out a lot of advertisements because they have dull openings. The advertiser knows that the up-coming visuals are great but the viewers do not. They have already switched channels or moved out of the room after seeing the first frame.
- **Jingles:** There may be advertisements involving jingles. Jingles are a way to present a sales pitch in the form of a song. However, these may not be able to impact the changes in preferences to a large extent. An advertiser should never use a jingle without trying it on people who have not read the script. If they cannot understand the words, the advertisement should not be aired. Playing background music is not harmful but can be distracting.
- **Voice-over:** It is difficult to hold the audience if voice-over is used. It is better to have the actors talk on camera.
- **Supers:** A promise may be set in written and it should be superimposed over the video for greater reinforcement and impact, while the soundtrack speaks the words. The words in the super should exactly be the same as the spoken words. Any divergence will confuse the viewer.
- **Avoid visual banality:** The viewer will pay attention if he sees something that he has never seen before. Customers see thousands of advertisements every year but they will remember only a few of those with unique visual impacts.
- **Scenes:** Not many advertisers have the talent to use many scenes without confusing the people. The advertisements which are composed of a lot of short scenes generally have a lower capability to alter brand preferences.
- **Mnemonics:** A visual device can be repeated over a long time. It increases the brand identification and reminds people of the brand's promise.

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- **Product in use:** It is useful to show the product being used and, if possible, the end result of using it. An advertisement of diapers should show how the diaper keeps the baby dry.
- **Miscomprehension:** Most advertisements are not understood by a large number of viewers. The advertisement should state its message very clearly.

### Common mistakes in copywriting

- **Vagueness:** Avoid generalizations and imprecise words (e.g., 'Car is stylish' versus 'It has sleek aerodynamic lines').
- **Wordiness:** A copy has to fit in a limited time frame as receivers might get bored easily.
- **Triteness:** Avoid clichés and worn-out superlatives.
- **Creativity for creativity sake:** A copy that is very funny but fails to register the main setting theme is useless. Creativity should attract and hold attention. The copy should communicate the selling message and the copywriter should not be carried away with a clever idea.

### The copy approval process

During the approval process, the proposed copy is read by the client and the agency people who are ill-prepared to judge the quality of a copy. The challenge is to keep the creative potency of the copy intact (as David Ogilvy's famous remark, 'Committees can criticize advertisements, but they can't write them.').

First, the copywriter submits a draft copy to either the senior writer, or the creative director, or both. The redrafted copy is shown to the account management team within the agency. Legal grounds are evaluated. After the account management team has made recommendations, the copy along with the proposed visuals is presented to the client managers who feel compelled to make recommendations to change the copy. These recommendations may realign the copy in accordance with important marketing strategy objectives or it may be amateurish and problematic.

Finally, the copy should always be submitted to the senior executives of the client company for final approval, but top executives are sometimes not interested in evaluating advertising plans and middle managers do the job. But in some firms top management is involved.

The copywriter should be allowed to exercise his creative expertise with the advertiser's guidance but not overbearing interference. Copywriters provide energy and originality to what otherwise might be a mundane marketing strategy. To override their creative effort violates their reasons for being.

### Creative styles

Advertisements are generally considered to be effective if they are capable of breaking through the immense clutter of the competitor space. It is always possible to differentiate effective advertising in comparison to other general advertisements. This is because it is not just noticeable but creates a great amount of impact in terms of the recall and recognition that it generates at the level of the target customers. Ads of Onida, Sprite appear creative because they offer solid reasons for wanting to watch them and they make their points in an entertaining and creative fashion.

There are three views on what is creativity:

- It is the sensitivity to human nature and the ability to communicate it. The best creativity comes from what people think and feel.
- It is a new combination of familiar elements that forces involvement and memory.
- Creativity is more than just being different. Anybody can play weird. What is hard is to be simple. Making the simple ideas complicated is common, but making the complicated ones awesomely simple is what we called creativity.

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Thus creative advertising must make a lasting impact on consumers. This means getting past the clutter from other ads, activating attention and giving consumers something to remember about the advertised product. Advertising must make an impression. Ads should be empathetic (understands what people are thinking and feeling), involving and memorable and awesomely simple.

### Preparing the creative brief

People who write advertising copies, called creative writers or copywriters, must summon their full creative talents to develop effective advertising. Creative writers complain that marketing research reports and other such directives constrain their opportunities for full creative expression, but advertising is a business to sell products. Research has shown that a copywriter's advertising copy is based on their implicit theories of how advertising works on consumers, but they do not have the luxury to create for the mere sake of engaging in a creative pursuit. Their ultimate purpose is to write advertising copy that affects consumers' expectation, attitudes and eventually purchasing behaviour.

The work of copywriters should be directed by a framework, known as creative brief, which is a document designed to inspire copywriters to channel their creative efforts towards a solution that will serve the interests of the client. The following guidelines are given to the account executive (the person who manages the advertising for the client) in constructing a creative brief:

1. *What is the background to this job?* This is an explanation to why the ad agency is being approached by the client to perform a certain advertising job, such as launching a new brand, gaining back lost sales from a competitor or introducing the new version of an established product. Competitive environment should also be analysed.
2. *What is the strategy?* This strategy statement gives the creative team an understanding of how the creative work must fit into the overall strategy of the brand. The strategy statement may indicate that a new brand is to be launched during September during a football match. Copywriters are required to work within this context, though they still have the freedom to be creative.
3. *What is our task on this job?* Creative writers are told exactly what they are being asked to produce—say, a series of TV commercials, along with supporting magazine inserts.
4. *What is the corporate or brand positioning?* The creative writers are reminded that their creative work must reflect the brand's positioning. If a

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- brand of automobiles is positioned as the most fuel-efficient alternative, then the advertising must creatively express this fact.
5. *What are the client's objectives for this job?* The creative team can design appropriate ads to achieve that objective.
  6. *Whom are we talking to?* With the knowledge of demographic, geo-demographic or psychographic characteristics of the intended customer, creative writers have a specific target at which to direct their efforts.
  7. *What do the target customers currently think/feel about our product?* The creative team should create research-based advertising that speaks to the target customer in terms of his or her perceptions (thoughts and feelings) about the brand rather than relying on the supposition of the client or the ad agency.
  8. *What do we want them to think/feel about our product? Is there a current perception that needs to be changed?* A large number of consumers consider the brand to be overpaid, how can we change that perception and convince them that the brand actually has a good value due to its superior quality.
  9. *What do we want them to do?* The creative team must focus on a specific consumer action. The advertisement might be designed to get prospects to respond for further information, or to purchase the brand within, say, thirty days.
  10. *What is the single-minded proposition?* This proposition directs the creative idea. It should be the most differentiating and motivating message about the brand that can be delivered to the target market. It should focus on brand benefits rather than product features.
  11. *Why should our audience believe in this proposition?* Credibility and believability are the keys to get the audience going, and accept the key proposition about product feature/benefits.
  12. *How should we be speaking to them?* This deals with the crucial feelings or thoughts that the ad should evoke in its intended audience. For instance, the ad might be intended to emotionally move the audience to make them feel deserving of a better lifestyle or get them to feel anxious about the currently unsafe course of behaviour.

In a nutshell, the creative brief is a document prepared by an ad agency's executive on a particular account and is intended to inspire advertising copywriters and to channelise their creative efforts. It should reflect full understanding of the client's advertising needs. It also necessitates the acquisition of marketing research evidence that informs the agency about competitive environment and about consumers' current perception of the to-be-advertised brand and its competitors.

### 2.5.2 Alternative Creative Strategies for Producing Advertisement

Various creative strategies are adopted for producing advertisement.

#### 1. Generic strategy

An advertiser employs a generic strategy when making a claim that could be made by any company that markets a brand in that product category. The advertiser makes no attempt to differentiate his brand from the competitive offerings or to claim superiority.

This strategy is most suitable for a company that dominates a product category. The firm making a generic claim will enjoy a large share of any primary-demand stimulated by advertising.

## 2. Pre-emptive strategy

An advertiser makes a generic type of claim but does so with an assertion of superiority. This is done in categories when there is not much functional difference among competing brands. It is a clever strategy when a meaningful superiority claim is made as it effectively precludes competitors from saying the same thing. An excellent instance of this is Fevicol that always extols the virtue of its ability to bind anything.

## 3. Unique selling proposition (USP) strategy

The advertiser makes a superiority claim based on a unique product attribute that represents a meaningful distinctive consumer benefit. The main feature of USP strategy is identifying an important difference that makes a brand unique and then developing an advertising claim that competitors either cannot make or have not chosen to make. The translation of the unique product feature into relevant consumer benefit provides the USP. The USP strategy is the best strategy for companies whose products possess relatively lasting competitive advantages, such as makers of technically complex products, or providers of sophisticated services. The 'Gillette Sensor Razor' used a USP when claiming that it is 'the only razor that senses and adjusts to the individual needs of your face'.

The **USP strategy** is an optimum creative technique. It gives the consumer a clearly differentiated reason for selecting the advertiser's brand over competitive offerings. But this is not used more often because brands in most product categories are homogeneous. They have no unique physical advantages to advertise, and are used for advertising strategies that favour the more symbolic and psychological end of the strategy continuum.

## 4. Brand image strategy

Whereas the USP strategy is based on promoting physical and functional differences between the advertiser's product and competitive offerings, the brand image strategy primarily aims at achieving the objective of achieving the differentiation through psychological means rather than physical means. The image of the brand can be built by an advertiser by associating the brand with symbols, logos or visuals.

**Logo:** A uniquely designed brand identity creates a recognizable 'signature' that creates recognition among consumers. This unique signature is referred to as brand's logo.

A logo is an important piece of branding strategy. It is usually a graphical symbol that provides instant brand recognition to a brand's customers. It can also be the brand name or corporate initials presented in a unique typographical layout. Brand recognition means that the logo speaks for the company every time it makes contact with prospective buyers. The symbol's association with the brand has to be built up over a period of time so that the design comes to achieve instant brand recall.

While creating a brand signature, it is important that it should be singular and unique. The objective of a company's logo is to portray the values and goals that the company stands for. Ideally, the exact style and proportions of the logo should be

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**USP strategy:** An optimum creative technique. It gives the consumer a clearly differentiated reason for selecting the advertiser's brand over competitive offerings



**Logo:** A uniquely designed brand identity creates a recognizable 'signature' that creates recognition among consumers

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maintained on all products and packages that the company brings out in the market, regardless of their form, shape and size. Even a slight change in the brand logo dissolves the brand recognition associated with it and weakens the franchise of the product.

In associating a brand with an image, advertisers draw meaning from the culturally-constituted world and transfer that meaning to the brand. In effect, the properties of the culturally-constituted world that are well known to consumers come to reside in the unknown properties of the advertised brand. The development of an image through advertising amounts to giving a brand a distinct identity or personality. This is especially important for brands that compete in product categories where there is relatively little physical differentiation and all brands are relatively homogenous (beer, soft drinks, cigarettes, jeans). Thus Pepsi is the soft drink for ‘the new generation’; Levi’s 501 jeans are for ‘the hip-hop people’; and Evian natural spring water is for people who ‘live a healthy life’.

Brand image advertising is also based on transformations. Transformational advertising refers to association of the customers to some specific benefits or may offer psychological differentiation of the brand in front of the customers. However, this only happens when the customers are sufficiently exposed to a particular brand.

It will be difficult for the marketer to associate his customers to these unique set of benefits without the customers having viewed the product advertisements. Such advertising is transforming by virtue of relating brand usage with a particular experience that is different from using any similar brand. By virtue of advertising, the brand is experientially associated with its ads and the people or events in ads. Transformational ads contain two characteristics:

- They make the experience of using the brand richer, warmer, more exciting or more enjoyable than would be the case, based solely on an objective description of the brand.
- They connect the experience of using the brand so tightly with the experience of the ad that consumers cannot remember the brand without recalling the advertising experience.

### 5. Positioning strategy

Successful advertising must implant in the consumer’s mind a clear meaning of what the product is and how is it compared to competitive offerings. Effective positioning requires that a company be fully aware of its competitors and exploit competitive weakness. A brand is positioned in the consumer’s mind relative to competition. To be successful today, a company must be competitor-oriented. It must look for the weak points in the positioning of the competitor’s brand and then launch marketing attacks against those weak points.

There is a claim that many marketers and advertisers when operating under the assumption that marketing is a battle of products. Claims have been made that there are actually no best products. What is most important is the consumer perceptions about the quality of different brands. It is the perceptions that are much more important than the actual quality of the products. This may be overstated, but the important point is that how good (or how prestigious, dependable etc.) a brand is, depends more on what people think than an objective reality. And what people think is largely a function of effective advertising that builds a strong brand image.

#### Check Your Progress

9. What comprises a creative team in an advertising agency?
10. What is the importance of songs/jingles in radio advertising?
11. What do you understand by the logo of a brand?

Positioning strategy is not mutually exclusive of other strategies and advertising positions of brands in a consumer's minds in comparison to competitive brands. This positioning can be implemented using USP brand image or other creative approaches.

## 6. Resonance strategy

**Resonance** refers to the noise resounding off an object. An ad resonates (patterns) the audience's life experience. This strategy involves the portrayal of the real life circumstances or stages with which the customers of a given marketing segment can relate with. The marketer tries to position the use of his products, services and offerings at the level of the target customers in a given set of situation or circumstances where the product benefits can be most important for the customer. Thus the careful study of the lifestyle patterns of a customer class becomes extremely important for the marketer while formulating this strategy. It attempts to match patterns in the ad with the target audience's stored experiences.

## 7. Emotional strategy

Emotional appeals can be extremely successful while strategizing for a product as most products are bought by the customers based on their emotional appeals. Therefore, use of emotions can be extremely successful in any advertising strategy. One can use varied set of positive and negative emotions including those such as nostalgia, compassion, excitement, joy, guilt, fear, disgust, etc.

Emotional ads work especially well for products that are naturally associated with emotions (food, jewellery, cosmetics, fashion apparel, soft drinks, long-distance telephony), but it can be used when advertising any product.

These strategies are not mutually exclusive. There is some unavoidable overlap and it is possible that an advertiser may consciously or unconsciously use two or more strategies simultaneously. An advertiser can position a brand against a competitor's brand using emotional, image or USP strategies.

Some experts believe that advertising is most effective when it reflects both end of the creative advertising continuum, i.e., by addressing both rational product benefits and symbolic/psychological benefits.

### 2.5.3 Advertising Appeal

The techniques used to make advertisements more appealing are as follows:

#### 1. Corporate image and issue advertising

The types of advertising discussed so far focuses on a product or a specific brand and attempts ultimately to persuade consumers to purchase the advertised brand. Corporate advertising focuses not on specific products or brands but on the company's overall image or on economic/social issues relevant to the corporation's interests.

#### 2. Corporate image advertising

Corporate image advertising aims at building the overall image of a company and is especially important at the level of the general public and the other key stakeholders such as shareholders, employees, consumers, investors, suppliers, etc. This is important because a favourable image built for an organization helps in easing out overall operations of a company. This type of advertising treats the company as a product, carefully positioning and clearly differentiating it from other similar companies and

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**Resonance:** Resonance refers to the noise resounding off an object

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basically ‘selling’ this product to selected audiences. Corporate image advertising is not concerned with a social problem unless it has a preferred solution. It seeks no action on the part of the audience beyond a favourable attitude and passive approval conducive to successful operations in the marketing plan.

It attempts to increase the firm’s name recognition, establishing goodwill for the company and its products, or identify itself with some meaningful and socially acceptable activity. But it is directed at more than merely trying to make consumers feel good about a company. Companies are using the image of their firms to enhance sales and financial performance. Corporate advertising that does not contribute to sales and profits cannot be justified in today’s climate of accountability.

### **3. Corporate issue (advocacy) advertising**

A company may participate in communicating or acting about a social issue which could be important for the public with keen interest in positive image building. It does so in a manner that supports the company’s position and best interests while explicitly or implicitly challenging the opponent’s position and denying the accuracy of their focus. There is this controversy—executives are divided on whether this form of advertising is an effective allocation of corporate funds.

#### **2.5.4 Endorsers and Message Appeals in Advertising**

Celebrities are chosen primarily from the entertainment industry or the athletics field, and are the mainstay of advertising. Consumers readily identify with these stars, regard them as heroes and heroines for their accomplishments, personalities and physical appeal. Companies have used celebrities in advertising because of their famous attributes— beauty, courage, talent, athleticism, grace, power and gender appeal—as they represent the attractions desired for the brand they endorse. The repeated association of a brand with a celebrity may ultimately lead consumers to think that the brand possesses the same attractive qualities as the celebrity. Consumers may like a brand merely because they like the celebrity who endorses it. They are, after all, worth the millions of dollars advertising agencies pay for their services. But there is a downside to using celebrity endorsers. What happens to the brand image if a celebrity is convicted of a crime or his image is blemished in some way during the campaign (many cricketers or film stars)? Therefore, many ad agencies are reluctant to use celebrity endorsers. An alternative is to use the endorsements of celebrities who are no longer alive. Dead celebrities are well known and respected by consumers in the target audience to whom they appeal and their use in advertising is free of risk as they cannot engage in behaviours that will tarnish their reputations and resonate adversely to the brands they endorse.

#### **Role of endorsers in advertising**

##### ***Celebrity endorsers***

TV stars, film stars, athletes and cricketers are widely used in magazine ads and TV commercials to endorse products. A celebrity is someone who is well known to the public because of the accomplishments made by him/her in a popular field and in the areas which are other than the participated market of the product. Around one-fourth of all commercials use celebrity endorsers. Advertisers pay huge amounts to those celebrities who are liked and respected by the target audience and it is hoped that they will favourably influence consumers’ attitudes and behaviours towards the endorsed

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product. Mostly such investments are justified. Research has shown that stock prices often rise when companies announce celebrity endorsement contracts. Research has also shown that consumers' attitude and perception alter and become more favourable when celebrities endorse products. But celebrity endorsers are not effective for all brands and in every situation. Celebrity endorsement is especially effective when consumer motivation to process message argument is low.

### Importance of match-up

There has to be a meaningful relationship or match up between the celebrity, the audience and the product. How are celebrities selected to endorse a product? The Q or quotient ratings of personalities are determined. Then 1500 public figures are evaluated by mailing questionnaires to representative panels of individuals. They are asked two questions for each person: i) Have you heard of this person? ii) If so, do you rate him or her poor, fair, good, very good or one of your favourites? The Q-rating is determined by the percentage of panel members who respond that a particular performer is 'one of my favourites', and then dividing that number by the percentage who indicate that they have heard of the person. This rating reveals the proportion of a group familiar with a person and who regard that person as one of their favourites. But there is more to selecting a celebrity to endorse a brand. The major considerations are:

- **Celebrity credibility:** A celebrity's trustworthiness and expertise is the primary reason for selecting a celebrity. People who are trustworthy and perceived as knowledgeable on a particular issue, such as a brand's effectiveness, are best able to convince others. For instance, Michael Jordan has a public persona of trust and as an athlete he should know about the markets of a sports drink. An actress may have an expertise on products regarding slimming and weight loss.
- **Celebrity audience match-up:** NBA superstars who endorse basketball shoes match up well with the teenage audience who aspire to block shots, interrupt passes and attempt twenty-five foot jump shots.
- **Celebrity/product match-up:** Celebrity image, values and decorum must be compatible with the image desired for the advertised brand. Andre Agassi is ideal for the common rebel camera because he has a reputation of being somewhat rebellious.
- **Celebrity attractiveness:** Attractiveness includes likeability, physique and occupation. But attractiveness is subordinate in importance to credibility and match-up with the audience and the brand.
- **Miscellaneous considerations:** How much will it cost to acquire a celebrity's services? How much is the likelihood that the celebrity will get into trouble after an endorsement is established? How difficult is he/she to work with? How many other brands the celebrity is endorsing? If the celebrity is endorsing too many products, his perceived likeability may suffer.

### Typical person endorser

Several ads show regular people, i.e., non-celebrities using or endorsing products. Testimonial advertising is widespread. Physicians are shown dressed in lab coats to promote one capsule over other brands. Many ads that portray typical person users include multiple people rather than a single individual. The act of portraying more than

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one person increases the likelihood that an ad will generate message elaboration. Greater elaboration increases the chance that strong message arguments will favourably influence attitudes.

### Endorser attributes

Research has demonstrated that two basic attributes contribute to an endorser's effectiveness.

#### *Attractiveness*

**The process of identification:** Attractiveness does not mean simply physical attractiveness (though it is important), but intellectual skills, personality, lifestyle characteristics, athletic prowess and so on. The concept of attractiveness consists of three related ideas—similarity, familiarity and liking. An endorser is attractive to receivers if they share a sense of similarity or familiarity with him or if they simply like the endorser regardless of whether the two are similar in any respect. Gabriela Sabatini, in addition to her physical beauty is attractive to tennis fans who are similar to her (they also play or enjoy tennis), are familiar with her, and like her (due to her generally pleasant demeanour and fiery competitive spirit).

Similarly, a match-up between the spokesperson and the audience is especially important when the product or service is one where the audience members are heterogeneous in terms of their taste and attribute preference. People differ greatly in terms of what they like in restaurants, plays, films and a spokesperson perceived to be similar to the audience, has greater influence on attitudes and choices. But when preferences among the audience members are homogeneous (plumbing, dry-cleaning, auto repair), the match-up between the similarity of the spokesperson and the audience is not that important. It is the spokesperson's experience or expertise with the product that appears to have the greatest influence.

Persuasion occurs via the identification process. When receivers perceive a source to be attractive they identify with the endorser and are likely to adopt the attitude, behaviour, interest or preferences of the service.

Research has shown that physically-attractive endorsers produce more favourable evaluations of ads and advertised products. But attractive endorsers are more effective only when the endorser's image is compatible with the nature of the endorsed product. An attractive personality such as Hrithik Roshan will be more effective for endorsing an attractive product such as a luxury car but will have no edge when endorsing an unrelated product.

#### *Credibility*

**The process of internalization:** **Credibility** is the tendency to believe or trust someone. When an endorser is credible, internalization occurs and the receiver accepts the endorser's position on an issue as his own. An internalized attitude tends to be maintained even if the source (ad or endorser) of the message is forgotten or if the source switches to a different position.

The two important properties of endorser credibility are expertise and trustworthiness. Expertise refers to the knowledge, experience or skills possessed by an endorser as they relate to the communication topic. Athletes are considered to be experts when it comes to endorsement of sports-related products. Expertise is perceived rather than an absolute phenomenon. Whether an endorser is indeed an



**Credibility:** Credibility is the tendency to believe or trust someone

expert or not is unimportant. All that matters is how he is perceived by the target audience. An endorser perceived by an audience as an expert on a given subject is more persuasive in changing the opinions of audience pertaining to his area of expertise than an endorser who is not perceived as possessing the same characteristics. This explains the extensive use of athletes to endorse sports-related products.

**Trustworthiness** refers to honesty, integrity and believability of a source. Expertise and trustworthiness are not mutually exclusive. An endorser's trustworthiness depends primarily on the audience's perception of his or her endorsement motivations. If the audience believes that an endorser is motivated purely by self-interest, he will be less persuasive than someone the audience perceives as having nothing to gain by endorsing the project or as being completely objective. Research with ethnic minorities reveals that when a spokesperson matches the audience's ethnicity, trustworthiness is enhanced which promotes more favourable attitudes towards the advertised brand. Advertisers capitalize on the value of trustworthiness by selecting endorsers who are widely regarded as honest (e.g., Sachin Tendulkar). They simply appear to be individuals who can be trusted. Advertisers also use the overheard-conversation technique to enhance trustworthiness. A TV ad might show a middle-aged person overhearing one man explaining to another why his brand of pain reliever is the best in the market. The commercial attempts to place the members of the audience in the position of the person overhearing the conversation.

Hidden-camera spokesperson (one who is presumably extolling the virtues of a product without being aware of it) does not come across as having ulterior motives and is more trustworthy. In general, endorsers must establish that they are not attempting to manipulate the audience and that they are objective in their presentations. By doing so, they establish themselves as trustworthy and credible.

### **The use of fear appeal**

Marketing communicators employ a variety of techniques to stimulate consumers' information processing motivation, opportunity or ability. Advertisers, in their attempt to motivate customers to process information and to take action, invoke fear appeals by identifying either i) the negative consequences of not using the advertised product, or ii) the negative consequences of engaging in unsafe behaviour (drinking and driving).

#### *Logic of using fear appeal*

The underlying logic of using fear appeals is that fear will stimulate audience involvement with the message, and promote acceptance of the message arguments. The appeals may take the form of social disapproval or physical danger. For instance, advertisements of products such as mouthwashes, deodorants, toothpastes use fear appeals by emphasizing on the social disapproval we may suffer when our breath is not fresh, our underarms are not dry or our teeth are not cavity free. Smoke detectors, portable phones and driving under the influence of alcohol and other drugs are products and themes that advertisers use to influence fear of physical danger or impending problems. Health care ads (J&J cholesterol test product) are frequent users of fear appeals and advertising agencies justify the use of such appeals with the logic, such as 'sometimes you have to scare people— it save their lives'.

### **Appropriate intensity**

There is no ethical issue of whether fear should be used at all, but how intense the fear presentation should be. Should an advertiser employ a slight amount of threat to get

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### **Trustworthiness:**

Trustworthiness refers to honesty, integrity and believability of a source

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the consumer's attention or should a heavy dose of fear appeal be used, so that consumers can't possibly miss the point the advertiser wishes to make? But neither extremely strong nor very weak fear appeals are maximally effective. Moderate levels of fear appeal are the best. If an appeal is too weak, it just does not attract the audience enough. If it is too strong, it may lead people to avoid the message or ignore the message recommendations. This is called an inverted explanation. An alternate theory called degree of relevance explanation holds that optimum level of fear depends on how much relevance a topic has for the audience—the greater the relevance, the lower the optimal level of fear.

In case of people exhibiting high involvement, the fear of motivating them is much lesser when compared to the people who are either involved to a lesser extent or are uninvolved, where this fear of motivating them can be greater. The tyre company Michelin uses small dose of fear about child safety as parents are very concerned about their children's safety. But strong fear appeals will have to be used to prevent young people from smoking and drinking as they consider themselves almost invulnerable.

### **2.5.5 Role of Humour Music and Gender Appeal in Advertising**

Humour, music and gender appeal play is significant role in advertising.

#### **Role of humour in advertising – humour appeal**

Advertisers use humour to gain attention, guide consumer in comprehending the product claims, influence attitudes, enhance recall ability of advertised claims and create customer action. The use of humour is extensive. Humour is especially useful/effective in getting people to attend to ads and for creating brand awareness.

Research leads to the following tentative conclusions:

- Humour is an effective method to attract attention to ads.
- Humour enhances the liking of both the brand and the advertisement.
- Humour does not necessarily harm comprehensions.
- Humour does not offer an advantage over non-humour at increasing persuasion.
- Humour does not enhance source credibility.
- Nature of product affects the appropriateness of using humour. Humour is more successful with established ones products rather than new. It is also more appropriate for products that are more feeling-oriented or experiential and those that are not very involving.

When used correctly and in the right circumstances, humour is an extremely effective advertising technique.

Men have higher attention scores for humorous ads than women. Different ethnic races and genders have differential inclination to be influenced by humour appeals in advertising. Humorous ads are more effective than non-humorous ones only when consumers' evaluations of the advertised brand are already positive. When prior evaluations of the advertised brand are negative, humorous ads are less effective than non-humorous ads (in interpersonal relations, when you like someone, you are more likely to consider his attempt at humour to be funny than if you do not like that person).

In short, humour if used cautiously can be very effective:

- The effects of humour can differ due to the difference in the characteristics of the audience. What strikes some people as humorous may not be at all funny to others.
- The definition of what is funny in one country or region is not necessarily the same in another place.
- A humorous message may be so distracting to an audience that receivers ignore the message content. Advertisers should carefully research their intended market segments before venturing into humorous advertising.

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### **Role of music in advertising**

Music has been an important component of advertising since the beginning of recorded sound. Jingles, background music, popular tunes and classical arrangements are used to attract attention, convey selling points, set an emotional tone and influence the listener's mood.

Music in an ad attracts attention, puts consumers in a positive mood, makes them more receptive to message arguments and even communicates meaning about advertised products.

Music represents the unconditioned stimulus which influences experimental subjects, like a pen, which represents conditioned stimulus (CS). Unconditioned stimulus (US), evoke feelings or thoughts in people. A CS is emotionally or cognitively neutral prior to the onset of conditioning experiments. Classical conditioning is achieved when the pairing of US and CS results in a transfer of feeling from the US (music in this case) to the CS (pen). People who like the accompanying music in the ad will also like the pen. In another study, sales increased when slow music was used as it slowed the pace at which customers moved through a retail store, and increased their total expenditure since they had a longer time to purchase more. Similarly in a restaurant, customers remained seated for a longer time and spent larger amounts on alcoholic beverages when slow music was played rather than fast music.

Though it is known that music influence moods and buyer preferences, more study needs to be done.

### **Use of gender appeal in advertising**

Gender appeal in advertising is used frequently and sometimes explicitly. Gender in advertising takes two forms—nudity and suggestiveness. It is uncertain which form is more effective. Gender has several potential roles in advertising. First, gender material in advertising acts to lure attention initially while also retaining that attention for a longer period of time, often by featuring attractive models in pleasant surroundings. The second role played is to ensure that the recall for the message points is greater. However, any gender-related content or symbols will be able to add to the overall recall value of the advertisement only in case it has some relation with the product category and is in alignment with the execution of the advertisement. Gender appeals produce better recall, when the execution of the ad has an appropriate relationship with the advertised product. Gender appeal is a key attribute for all factory products like perfumes and deodorant, but use of gender in ads for industrial equipments would be inappropriate, and would result in diminished recall of copy

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**Subliminal:** Subliminal refers to the presentation of stimuli at a rate or level that is below the conscious threshold of awareness

points. The third role is to evoke emotional responses, such as feeling of arousal or even lust. A persuasive impact can be expected from these reactions. However, at times, they can also result in negative feelings in case they induce feelings related to discomfort, uneasiness and embarrassment.

Whether gender content elicits positive or negative reaction depends on the appropriateness or relevance of the gender content to the advertised subject matter. An experiment was conducted taking two products—body oil and ratchet wrench. Two ads were prepared using models—the seductive-version and the nude-model version. Seductive and body oil combination was perceived most favourably by all respondents whereas the nude model-body oil combination was perceived as least appealing. Female regarded nude model-ratchet set as the least appealing.

Several contents stand little chance of being effective unless it is directly relevant to an ad's primary selling point. When used appropriately, however, gender content is capable of eliciting attention, enhancing recall and creating a favourable association with the advertised product. The downside of gender appeals in advertising is that the use of explicit gender illustrations in ads may interfere with the consumers' processing of message arguments and reduce message comprehension. Many people can get embarrassed and even offended by some of the advertisements which are purely based on gender context and portray females as gender objects. Thus, symbolism related to gender should be very cautiously used in any advertisement. Additionally, it can be matter of objection at the level of regulatory bodies as well.

### Subliminal message and symbolic embeds

**Subliminal** refers to the presentation of stimuli at a rate or level that is below the conscious threshold of awareness. But stimuli that cannot be perceived by the conscious senses may be perceived subconsciously. A large number of people believe that subliminal method is used by the advertisers but they deny the charge. For example, at five seconds intervals during a film, subliminal message saying 'Drink Coca-Cola and eat popcorn' appeared on the screen for a mere 1/3000th of a second. Although the naked eye could not possibly have seen the message, it was claimed that the sales of Coca-Cola and popcorn increased by 58 per cent and 18 per cent respectively. However, this research is scientifically meaningless.

There are three distinct forms of subliminal stimulation. The first form presents visual stimuli at a very rapid rate by means of a device called tachistoscope (say at 1/3000 of a second). The second form uses an accelerated speech in auditory message. The third form involves the embedding of hidden symbols (such as gender images or words) in print ads. For example, the subliminal ad of Edge shaving cream featured a picture of a lathered-up man with a look of near ecstasy on his face with a prominent shot of the Edge gel can grasped by his fingertips. Below his lips was a picture of a nude woman on her back with knees raised, a portrayal of an attractive surfboard surfing through a water tunnel. Can it work? The consumer consciously or subconsciously has to process the embedded symbol (the nude figure). Then as a result of processing the cue, the consumer would have to develop a greater desire for Edge than he had before seeing the ad and the desire should be converted into purchasing.

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Embedding is not effective. The images would have to be concealed to preclude detection by consumers. Many consumers would resent such tricky methods. Precluding detection by consumers means that embedding is a weak technique in comparison to more vivid advertising presentations because most consumers cannot be influenced. Even if consumers did attend to and encode gender embeds, this would not influence their choice behaviour. Standard advertising information itself has a difficult time influencing consumers and there is no theoretical reason to expect that subliminal information is more effective. In a nutshell, more intense stimuli have a greater influence on people's behaviour than weaker ones. Subliminal stimuli are so weak that the recipient is not just unaware of the stimulus, but is also oblivious to the fact that he is being stimulated. The potential effects of subliminal stimuli are easily nullified by other ongoing stimulations in the same sensory channel or by the attention being focused on another modality.

### 2.5.6 Copy Testing

Copy testing is done before launching the advertisement. When an ad has been prepared, it can be tested to ascertain whether it is likely to produce the results that are being anticipated. Table 2.2 shows the various functions of copy testing.

*Table 2.2 Functions of Copy Testing*

Ensuring persuasion	Is the message persuasive enough to enthruse target customers to buy a product or a service?
Communication objective	Does it clearly communicate and is it in alignment with the overall communication objectives of the brand?
Creation of brand recall	Is it going to create sufficient recall at the level of the target customers so as to influence them at the time of purchase?
Involvement levels of the customer	Does it effectively involve the customer by making use of some real-life situations or emotional appeal?
Credibility and trustworthiness	Will the targeted customers trust the message which talks about the different benefits of the products? Is it believable enough?
Clarity in the message	Is the message clear enough for the target customers to understand, comprehend and interpret it?
Tone of the message	What is the general tone of the message? Can it offend a set of people from the target customer group?
Capability to stimulate	Is the message stimulating enough to induce a positive purchase behaviour?

### Principles of layout

Making of an effective advertisement (the one that enhances sales) requires a lot of research about the product that is going to be advertised, the competitor's offerings

and the target customer. A 'big idea' (one that sells more product for several years) is always the outcome of a lot of research. The research translates into the advertisement that lives with the product and its customers.

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### 2.5.7 Techniques for Business Advertising

It is much cheaper to reach a business customer through advertising than through a salesman's visit, a letter or a phone call. But even a very effective advertisement is not likely to close a sale. Follow-up action is necessary. But advertising pre-sells the product and when a salesman visits a business customer, the latter is positively predisposed towards the salesman's product if he has liked what he has seen in the advertisement. Advertisements also generate enquiries from business customers. Advertising of business products is also important because there are many people in the buyer's organization who influence the buying decision and the salesman cannot know all of them and their respective interests in the purchase. Advertisement reaches these people, and moreover, people who set specification for the product that the company proposes to buy refer to advertisements to know what is being offered in the market.

The techniques that work in business-to-business advertising include promising the customer a benefit, news, testimonials, and useful information.

The advertiser's promise should be important to the customers. The advertiser has to conduct research to find out the customers' choice criteria. It is always tempting for an advertiser to portray its strengths in its ads but this idea never works unless, by sheer coincidence, the advertiser's strengths and the customer's concerns match. If customers are looking for timeliness of supplies from the seller, the advertisement should promise timeliness of supplies against all odds that the advertiser might face. It is also important to make the promise specific. Instead of mouthing generalities, the ad should promise the amount of money that the buyer can save, the increase in productivity that he can affect, and other very specific performances that the buyer can achieve if he bought the advertised product. The advertiser should always remember that he is talking to specialists who know what they want from the products they propose to buy. Such specialists are often put off by the advertiser's attempts to sidetrack from the main issues in their ads.

Testimonials from experts in reputed companies are useful in influencing business customers.

Demonstration is useful when the advertised product is compared with the competitor's product. It is always helpful to design a simple demonstration that the customers can perform themselves. Customers can then validate the claims that the advertiser is making in the ad.

Information that appears in the form of news appears credible to business buyers. A company selling products to business houses should get news about itself, prominently featured in technical journals.

Readers scan advertisements in technical journals looking for new solutions to their problems. It has also been found that an advertisement is more effective than an article in the same journal. Therefore, advertising in technical journals can be helpful in generating enquiries.

The layout of business ads should be simple. Flamboyant designs, irrelevant photographs and uncharacteristic headlines should be avoided. The ad should look more like an editorial—serious and to the point. Most business products look boring but that is what their customers want to see. It is always advisable to feature the product in the ad, rather than try to titillate the readers in business-to-business advertising.

Most of the readers read the headlines than the body copy. The headline should catch the readers' fancy. The headline should promise a benefit, or deliver news, or offer a service, or tell an important story, or recognize a problem, or quote a satisfied customer. Few readers read the body copy but those who take the trouble to read it, are the ones who are genuinely interested in the product. What is said in the body copy will determine the success of the ad. Since more can be written about a business product, the advertiser should write a long copy. A long copy attracts more readers than a short copy.

Captions should always appear under all photographs. More people read the captions than the body copy. The captions should be used to sell and should be treated as mini-advertisements, i.e., efforts should be made to make them informative and act as sales pitch.

Four-colour ads of business products attract more readers than black and white ads.

Television should be used as a medium by business-to-business advertisers. The audiences of many sports and news programmes are business executives and it makes sense to advertise business products during such programmes. Such ads should be longer than the normal ads for consumer products, as more information has to be provided to business customers. An advertiser can sacrifice frequency to deliver a thorough and detailed sales pitch. Even inexpensive television commercials for industrial products can be very effective if they come directly to the point and offer something of genuine interest.

Advertising can be used to differentiate between seemingly commodity and industrial products. Such products can differentiate themselves either by low cost or by having a reputation for quality or service. Advertising can spread the news of the company's price advantage or its reputation for quality or service.

Enquiries that an advertisement generates come from customers who are genuinely interested in the product and a substantial number of them end up buying the product. Toll-free numbers should always be put in advertisements to make the enquiry easy and fast. A large number of readers of trade journals use these numbers. The body copy should always close with the company's offer, its address and phone number.

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## 2.6 ADVERTISING AGENCY AND CLIENT-AGENCY RELATIONSHIPS

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Advertising requires specialist skills and advertising agencies are specialists that create effective advertisements and ensure planning for development of a campaign. In this unit, you will learn about the need of an ad agency for clients and their mutual relationship, the structure and services provided by agencies and their modes of payment.

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### Check Your Progress

12. How does celebrity endorsement help in selling a brand?
13. What are the key characteristics required by an endorser to make the advertisement effective?

The Indian advertising business is scaling new heights and it is growing at a fast pace. In this unit, you will also learn about the prospects of the advertising industry in India.

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### Role of Advertising Agencies

- **Account management:** In case of an advertising agency, the task of handling a particular client lies with the account manager or account executive. All major decisions related to a client are handled by this account manager itself on behalf of the advertising agency. Thus, the account manager is the key point of contact between the client and the advertising agency. The prime responsibilities are locating the key clients and also negotiating with them while extended services to the clients. Once the agency has got a contract from a client, it is the account manager who works closely with the client with respect to all steps in creation and development of an advertising strategy. The advertising agency may appoint a single account manager in case of most important and large clients and in this case an account manager may be concentrating on the responsibilities of handling the product line of only a single client. This is because the advertising agency needs to pay greater amount of concentration on the single client because of the importance of the client and the amount of business it can contribute. However, in case of small accounts, the account manager may handle several small accounts simultaneously. However, it is important to understand that the same accounts that are being handled should be non-competing with each other.
- **Creative team:** The most important role of the account managers is to manage the overall advertising campaign for a client. Thus the account manager is primarily involved in delegating the different tasks involved in an advertising campaign to the creative team of the advertising agency. The drafts prepared at different stages are discussed with the client. However, at no given point of time the creative team directly interacts with the client but it is the account manager who handles all the coordination between the agency and the client. However the idea generation, designing of concept and creation of the campaign is actually handled by the creative team of the agency.
- **Research:** The research agencies may be appointed by a professional or a full-service advertising agency. These research agencies are given the objectives of assessing the market situation. The research companies may also be useful from the angle that they may be of help in understanding the competitors of a client and also the market requirements. Not just this, they also play an important role when the company decides to launch an advertising campaign in the market. Before the campaign is launched, it is actually tested in the marketplace to assess its impact at the level of focused target customer group. Different advertising campaigns may be assessed in this respect. The research firm or agency may also play a significant role once the advertising campaign has already been implemented in the target market. At this stage, it will be used to assess the effectiveness of the advertising campaign and whether it has been able to meet the advertising objectives or not.

- **Media planning:** After an advertisement campaign has been planned, it is also important to ensure its appropriate placement using the most suitable advertising media. For ensuring this, one has to understand the requirements, strengths, limitations, cost structures, etc of the different advertising media. It is also important to understand the different aspects involved in the types of designs for the advertisements that the media agencies accept, their time schedules, etc. All these aspects are actually studied by a media planner who after studying the different factors ensures the right media selection through creation of an appropriate strategy. The media planner has the prime objective of looking for the best media options which fits the most for an advertising campaign.

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### Ad Agency Organization

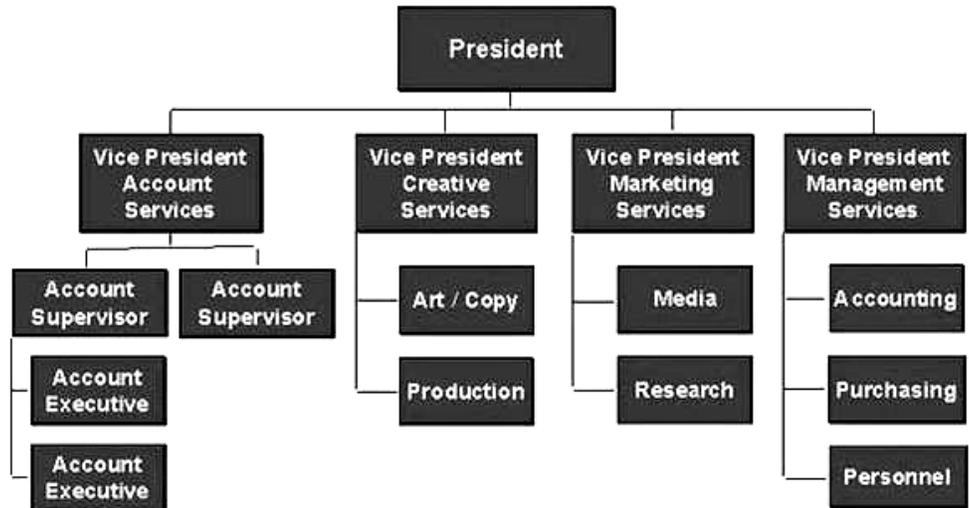
A full-service ad agency performs the following basic functions for its clients:

- **Creative services:** Copywriters, production people and creative directors are responsible for developing advertising copy and campaigns. The creative services team has to develop campaigns for its clients that are aimed at specific target markets, that are designed to achieve specific objectives and that accomplish these objectives within the budget constraint.
- **Media services:** Media services select the best advertising media for reaching the client's target market, achieving ad objectives and meeting the budget. Media planners develop overall media strategy, i.e., where to advertise, how often, when etc. Media buying requires regular research of media costs and availability (space or time).
- **Research services:** Research specialists study their client's customers and their buying habits, purchase references and responsiveness to advertising concepts and finished ads. Focus group studies, mall intercepts, ethnographic studies by trained anthropologists and acquisition of syndicated research data are some of the activities performed by the researcher.
- **Account management:** This is the mechanism to link the agency with the client. Account managers act as liaisons so that the client does not need to directly interact with several service departments and specialists. The account management department includes management supervisors and account executives. The account executives are involved in tactical decision making and day-to-day contact with brand managers and other client personnel. The account executives see that their client's interest, concerns and preferences have a voice in the advertising agency and that the work is being accomplished on schedule. The account executives report to the management supervisors who are more involved in getting new business for the agency and working with clients at a more strategic level.

Full service ad-agencies provide all types of services in advertising and also non advertising field. The agencies provide everything that client does not have to approach anyone else. There are very few agencies of this kind. A typical ad-agency might have an organization structure as given below.

## Agency Department System

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### Agency–Client Relationship

There can be different factors that lead to troubles in the client agency relationship. These are:

- Regular changes in the agency personnel who are working for the client.
- The agency's attitude while providing assistance to the client.
- Client organizations' effectiveness in itself while dealing with the advertising agency with respect to the advertising campaign.
- The mutual consensus between both the client organization and the advertising agency in terms of understanding the role of the advertising agency in developing the campaign.

Most of the times, it has been found that the advertisers and the advertising agencies agree on the various attributes that are involved. The troubles normally arise because of the lack of compatibility between the advertising agency and the client organization because of which generally the various problems arise. Most of the bigger companies generally look forward to work with the agencies that are almost of the same size as the client. It is not the work from an agency that is a problem for different issues between the agency and the client but it is the performance appraisal of the agency that happens in an unsystematic manner which can actually lead to different problems.

Most of the times, while working operationally with the client organizations, the agencies are generally in touch with the top management and the senior marketers in the company. This is generally done to ensure one point contact between the client company and the advertising agency. However, there may be several managers involved who are an active part of the campaign development process in the client organization. The advertising agency may not be able to reach out to these stakeholders in the company for political reasons. This is because the channels of the communication with respect to campaigns which can have bigger stakes involved are generally narrowed due to political reasons. As a result, only the senior management and the top marketers actually reserve the right to have an opinion about the marketing campaign. As a result,

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several other management personnel who are not actively the part of the marketing team may fall in the scope of evaluation of the overall work done by the agency. These personnel are normally from the functional areas who are actually not capable of extending the right feedback for the agency as they were themselves not directly involved in the campaign development process.

Since 1980, most of the companies have undergone restructuring with more of a flat structure where different department heads play an important role. Even while evaluating different agencies, the people heading different departments may be involved in evaluating the advertising agencies on different parameters. For example, the finance controller of a company may be actively involved in evaluating the payment functions of an agency. Additionally, most companies are these days following a trend of appointing internal committees comprising different members of the management, most of the times representatives of the different functional departments. These committees generally evaluate the performance of the advertising agency from time to time. These committees or groups generally reserve the right to appraise an agency positively or negatively. At times, they can also take decisions related to terminate an agency altogether which may not be justified and majority of the members of this committee may not be actually directly working with the agency during the campaign development process.

Three prime areas are important with respect to client and agency relationship particularly from the client's perspective. These include:

- Identification of the tasks
- Media decisions
- The complete process of development of a campaign

The different tasks of the advertising agency may be classified as follows:

- A fresh advertising task, wherein a novel approach has to be used.
- An adapted or modified task, wherein the task or approach is familiar for the agency, however it needs to be modified or customized according to some of the communication objectives.
- Direct repetition that is same advertising has to be used repetitively.

Client agency relationship largely depends upon the type of the tasks offered by the client organization to the advertising agency. Thus, if the tasks offered are absolutely fresh and new such as a new product launch, the chances of the client being closer to the advertising agency are on the higher side. This is because the stakes involved are quite high and therefore, the client would like to be personally involved with the agency at each and every stage of the campaigns being planned to support the launch of a product. The clients at no given point in time will completely trust the agencies and would like to monitor each and every development during the planning process. The client will also like to give suggestions at every stage in order to ensure that the campaign can be completely customized.

Most of the times, the agencies are offered to take up modified or adapted tasks wherein the advertising agencies generally try to modify the already familiar campaigns with the target customers by modifying them to a certain extent by adding some kind of innovation to the older or familiar campaigns. In these types of the tasks, the role of the client is to extend the initial brief to the agency and later the client again

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plays a role when the agency comes back with the options for the campaign. In such types of tasks, the client completely controls the direction of the campaign, and manages the relationship with the agency. The agency has a greater role to play in the new and modified type of tasks and therefore may appear to be a stronger partner in the overall campaign development. However, in the third type of the task that is the direct repetition of the advertising, the involved risk for the client is minimal. This is because no creative or newer tasks may be involved.

In order to work at building long term relationship with a client organization, it is important for the agency to ensure that a close bond is developed with the key decision makers at the client's organization. In this respect, the account director may appear to play an extremely important role. An account director is actually the face of the agency at the client organization. Generally, agencies may be capable of developing a stronger bond with the smaller organizations when compared to the bigger companies. The agencies generally focus at liaising with a smaller group of senior managers or decision makers at an organization. However, at larger organizations, a lot of top management personnel may be combinely involved in taking the decision related to continuing or terminating an agency. Further, since more and more companies are becoming decentralized in their structure with a greater focus on total quality management, it is becoming more and more difficult for the agencies to liaison with the key decision makers.

The different personnel at client company positioned in different roles may have direct or indirect influence on the client agency relationship. Agency personnel are capable of identifying the personnel who are actually the key decision makers at the client organization and most of the times; these are the top management personnel or the senior marketers. Most of them are often from either the marketing or public relations teams. At times, these personnel land up interfering to a great extent in the campaign development process and as a result this is generally not appreciated and encouraged by the agency personnel. However, at times, some of the key marketing personnel and PR people though may appear to be more important to the advertising agencies but actually, there can be wider number of people or cross-functional committees may be involved in the actual decision making related to retaining or terminating an agency. These committee members could be financial controllers, scientific heads, legal team members, production managers, etc.

The criteria which are used by these management committee members may be much more subjective and theoretical in nature as they are not involved in the campaign development process directly. The decisions are more political in nature than actually taking operational aspects into consideration about which actually the marketing personnel are more well informed. However, the access of the information is available to the decision makers is available through the senior marketers, PR personnel, sales team personnel, etc. This information can be either positively or negatively influenced.

The overall organizational policies and processes have also got an important role to play as these processes can regulate the overall marketing strategy of a company. The client relationship with an advertising agency can be also impacted by the organizational processes. For example, in an organization approvals may be required at multiple levels if the organization hierarchy is like that. Additionally, the payment structure which will be facilitated in an organization also depends on the various

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organizational processes. All these aspects can have a significant impact on the relationship between the client organization and the appointed agency. Therefore, in most client-agency relationships, which are focused at developing different campaigns, it is important to promote a top-bottom approach than a bottom-top approach. This is important because it will avoid the need for multiple approvals, indecisiveness at different levels and the dilution of creativity of a marketing campaign. Additionally, this is important because in such a scenario, the agency which has a greater expertise in the field of developing and conceptualizing a campaign will also have a greater power in order to use its opinion in front of the small yet powerful group of senior managers in the client organization. In a bottom-top approach, greater power will be in the hands of the client organization.

**Agency Payment System**

Advertising agencies have three sources of compensation:

- In the earlier times, it was the different media owners who actually used to pay to the advertising agencies. This is because the advertising agencies were originally set by the media owners and they used to pay commission to the advertising agencies for selling advertising space to different client organizations. There was a practice followed by the media owners wherein they gave 15 percent discount on the list price to the different advertising agencies in order to help them sell the advertising space. Large advertisers (companies) had the power to demand some of that 15 per cent in the form of a rebate.

Commissions from media (TV, magazine) for ads aired or printed on behalf of the agency's clients provided the primary revenue. Historically, advertising agencies have been charging a standard 15 per cent of the gross amount of billing. For instance, XYZ ad agency buys ₹ 2,00,000 of space in a magazine for its client ABC. XYZ pays ₹ 1,70,000 to the magazine, but bills ABC for the full ₹ 2,00,000 and retains ₹ 30,000 (15 per cent) commission. This 15 per cent commission is regarded as a fair amount of compensation for its creative expertise, media buying insight and ancillary function performed for the client. But some advertisers view that 15 per cent is high and various studies have revealed that only 14 per cent of advertisers still pay 15 per cent commission. Almost 45 per cent of the advertisers pay lower commission, i.e., the agency's fees is less than 15 per cent.

- The second method of payment is by way of fees. In order that an advertising agency does not exhibit any bias while choosing a media agency, the bigger clients always support the system of giving professional fees to the agencies rather than indulging in giving the commission to the agencies towards media that pay commission. This involves hourly fees for specific services rendered for clients. For instance, a focus group study performed on behalf of the client would be charged on hourly basis.

At times, the method of payment that may be used may also be result oriented. That is the client organization may assess the results of an advertising campaign through market research and then base the payments accordingly after assessing that whether different communication objectives have been met or not. Payments may be made after assessing different parameters such as whether the campaign

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has led to any increase in the sales or not, whether it has impacted the awareness levels in a positive way for the brand or not, whether it helped in improving the overall brand image, etc. Another factor that may be assessed includes that whether any savings have been generated through the planning of this campaign or not.

Such labour-based fee system is also being used increasingly. Agencies can fully monitor their time and bill clients an hourly fee based on this time commitment. This involves price negotiations between advertisers and agencies such that the actual rate of compensation is based on mutual agreement concerning the worth of the services rendered by the ad agency. Almost 35 per cent of advertisers use this method. Around 7 per cent use incentive-based system in which agencies are compensated based on the extent to which a client's advertising objectives are accomplished. Exceeding these objectives results in an incentive payment to the agency, whereas a failure to meet the objectives necessitates a penalty.

- Markups on the cost of outside purchases are a third form of compensation. Outside purchases include an agency's acquisition of photographic and broadcast production services on behalf of its clients. For instance, XYZ ad agency had a TV commercial production company produce a commercial for its client ABC and paid ₹ 3,00,000. XYZ would typically charge ABC 9 per cent markup. The matter of agency compensation boils down to an issue of what is fair and workable.

Corporate world is turning away from billings-based commissions in large numbers, and many now routinely look at a wide range of new formulas that can be custom-tailored for a client's needs. The commission model is not sustainable when you think about the level of analytics and investment that needs to be made to deliver what clients want. The commission formula tends to encourage costly media buys and has been criticized for overlooking important emerging mediums such as the Internet.

The new methods of agency payments may include anything from straight hourly fees for labor to performance incentive fees to fixed retainers, or a variety of combinations mixing project basis (the cost to complete a project) or a retainer of an agreed upon monthly amount with an agreed upon number of hours worked per month. Most companies also place their own ads to save the commission of the agency placing the ads. Now in the USA at least 20% to 75% of each media-buying contract is earned through pay-for-performance, and the remainder typically goes to cover costs. Driving the changes are two key factors: belt-tightening clients who began cutting commissions more than a decade ago, and vast changes in how ad agencies reach consumers that go way beyond network TV advertising.

Together it amounts to a sea change in how agencies are paid, which is underscored by the fact that giants like Young & Rubicam and DDB Needham Worldwide, a unit of Omnicom Group, now oppose the structure that once made Madison Avenue very profitable.

Agency and client views are divergent concerning the fairness and workability of various compensation systems. Agencies prefer 15 per cent media commission with additional fees for extra services rendered, whereas advertisers now prefer media commission system (but less than 15 per cent) with maximum and minimum percentage adjustments for additional services rendered or excluded.

## Client–Agency Relationship (CAR)

A client-agency relationship is a dynamic decision-making process in which the participants identify, evaluate, and choose appropriate communication strategies and alternatives. It is a continuous evaluation process, in which both the agency and the client learn about each other's strengths, weaknesses, and preferences and accordingly cater to each other's needs.

A client-agency relationship may be characterized by three features: creativity, service and relationship dynamics. The foremost determinant to a successful client-agency relationship is for the company to choose the right agency that meets its requirements. Some companies opt for agencies that promise to bring in a fresher approach to the company's products. On the other hand, some companies prefer the agencies to work within a given framework and not deviate too much from the traditional brand image of the company.

Agencies on the other hand also need to work on few key areas to maintain a successful working relationship with the client companies. Some of these areas are as follows:

1. Disparate takes in the sphere of creativity give rise to friction between the client and the agency. A common ground in terms of shared values must be identified in order to progress any further. The agency must respect the client's vision of its product while the company must show consideration for agency's creative freedom.
2. A successful relationship requires a complete absorption, on the agency's part, with the client's product and culture.
3. The agency must constantly look for signs for dissatisfaction and disenchantment in the client and immediately work on them.
4. A constant informal contact between the client and the agency must be maintained. This ensures a regular brief on the development of the project and avoids any unnecessary breaks and gaps in the communication channel. An independent agency-client counsellor may be installed for this purpose.
5. Reviews must be undertaken by the agency at regular intervals so as to assess and incorporate the client's responses and inputs, if any.
6. In case of change of guard at key posts in either the client company or the agency, the focus must be to develop new personal alliances. In this case, the agency should take the initiative to anticipate the client's natural inclination to look for another agency and forestall it by displaying additional enthusiasm and engagement with the project.
7. An independent committee must be formed by the agency to audit its performance in particular projects.
8. The issue of compensation must not be allowed to raise frictions between the client and the agency. The source and the rate of payment must be mutually agreed upon.

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## 2.7 ROLE OF PERSUASION IN ADVERTISING

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The key purposes of advertising are to sell a particular product, organization, services or ideas. Advertisers are required to develop interesting techniques and methods that will help encourage the audience or the people to buy their products. Therefore, persuasion plays an important role when it comes to advertising. According to authors Hybels and Weaver II, 'persuasion is the process that occurs when a communicator (sender) influences the values, beliefs, attitudes, or behaviours of another person (receiver).' They also wrote that it was not easy to avoid persuasive messages and persuasion brings about a change. However, in order to comprehend persuasion, it is important to fully understand influence and motivation. According to the Wikipedia, Influence can be defined as a term that refers to the ability to indirectly control or influence other's actions. Change occurs when influence takes place, thus influence is related to change. Hybels and Weaver II wrote 'influence implies a degree of control over the thinking, emotions, and actions of others'. It is also mentioned in their book that social influence is what occurs when a person's values, beliefs, attitudes, or behaviours are altered because of the behaviour of another person.

The insidious power of subliminal advertising is evident in many of the advertisements. The type of advertising is based on two basic techniques: messages can be flashed during commercials, which are not consciously seen but still have strong impacts on our mind; and using the 'testimonial', celebrities who acclaim a particular brand or product. The consequence of subliminal advertising is that if a popular person claims that a particular product is good and guarantees great results, consumers are tempted to use the product. Sometimes, consumers are carried away and buy the product without analyzing its impacts which can be dangerous for the consumers.

In order to create advertisements which can interest the target audience, advertisers need to study and understand the consumers' needs and requirements well. It is shown in many of the studies that our mind can only be persuaded to do things we have heard about. Our mind discards what is believed to be unnecessary and 'immoral' for us. According to writer D. Kitsons, the stages of a buyer's mind can be put together as 'attention, interest, desire, confidence, decision, action and satisfaction'; therefore the customer is, first of all, interested about the product (first filter), then there will be a desire for the product (second filter) and finally he/she will purchase it.

Once the advertisers have found out the consumers' drives, ambitions and fears, they use these elements to persuade the consumers in a smart way. The images in advertising also play a key in persuading the target audience. Sometimes, customers choose to purchase a particular brand not only because they really want the product but because they are tempted by the message associated with the brand. Wilson Bryan Key, expert in psychology and communication theory, has studied a number of cases of subliminal advertisements, and some of the advertisements he has recognized are: a battered skull in a Bacardi drink or images of death and gender in ice cubes in drinks' advertisements.

After the studies, he has estimated that such advertisements can be dangerous because they are done to be perceived in less than a second. Advertisers are aware of

the fact that our primary sensory input is visual perception as we have over 130 million receptors in less than one square inch of optic nerves in our retina. Therefore the images, words or colours are structured in such a manner that our unconscious mind would have them captured by the time we have moved to other page of the magazine or the advertisement is over.

Even after a period of time, the images or the messages that you saw before will be stored in your brain and you will not be even aware of it. This shows that we have two kinds of memory: the conscious memory, that is what we remember, and the subconscious memory, that is what we have recorded in our mind but we are not aware of. The latter works only when stimulated by something (a colour, a sound or smell) which is associated with a certain thing and will help recall about it. Therefore, advertisers use subliminal techniques to stimulate subconscious memory and perception, thus manipulating the minds of consumers. Subliminal means ‘below threshold’, something which is meant to be remained as a part of the subconscious mind. Therefore, subliminal perception is what someone sees or hears without realizing it. Thus, the piece of information is stored in our brain, in general connected with gender and violence taboos, but our conscious mind is not aware of it.

In many cases, advertisers use different types of subliminal techniques depending on the medium through which the messages are passed. For instance, in print advertisements techniques like ‘embedding’ or ‘double entendre’ are used. In the first technique, images or words (an idea of ‘GENDER’ is the most popular one) are hidden in the form of another. A perfect example can be: the female torso that is shown in the diet Coke can. On the other hand, the second one is a technique which plays with the possible meanings of the words or the images, which usually tend to have gender connotations.

Though majority of the people believes that such kind of hidden persuasion is not dangerous, there is possibility that it can control and manipulate our lives. Sometimes, our lifestyle too gets influenced by standards imposed by such advertisements, whether we like it or not. Therefore, this kind of advertising is an unethical and a harmful.

### 2.7.1 Persuasive Advertising

**Persuasive advertising** is an important component of the advertising strategy which seeks to allure consumers into purchasing a particular brand or services, often by appealing to their emotions and general sensibilities. This type of advertising is different from that of the informative advertising, whose key role is to provide information about the nature and basic functions of the product. In persuasive advertising, it is assumed that the consumer is already familiar with the product, and seeks to convince them that the product is better than the rest and set it apart from the competition.

An effective approach to persuasive advertising is to focus on specific qualities of the product. Other products could also have the same qualities or benefits that the advertised product have, but the idea is to display them in way that consumers are convinced that only it can have those benefits. For example, advertising for a given shampoo may have a list of the ingredients that are especially good for dry hair, leaving the hair shiny and manageable. Even though other products are enriched with similar ingredients, the advertised shampoo gains a reputation for being ideal for people who have dry and brittle hair. Thus, it attracts a specific sector of consumers.

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Another approach could be to convey the perception that using the advertised product will make an individual become more successful in his or her life. An example could be an advertisement of a mouthwash. The advertised brand may use media advertising to convey the message that the product will keep our breath fresh for a longer period of time, which will help enhance the confidence of the user. This technique can be seen in a number of advertisements endorsing perfumes and colognes, where the advertising makes consumers believe that the product make them look more attractive and socially successful.

Here, it can be noted that persuasive advertising does not really state that if the consumer uses the advertised product, the effect illustrated in the advertising will be visible for sure. But, the idea is to convey the perception that there is a possibility that the consumer might experience benefits which are portrayed in the television commercial or the print advertisement. In fact, some advertising may even include a disclaimer stating the situation displayed in the advertising is just an example, and not the only possible outcome. This approach can be often seen in advertising for legal firms. Here, the disclaimer notes that the advertising does not imply that the firm's services are necessarily superior to those provided by other firms.

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## **2.8 INDIAN ADVERTISING AGENCIES**

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The **Indian advertising industry** has come a long way and is talking business today. Earlier a small-scale business, it has transformed itself into a full-fledged industry. Today, it has emerged as one of the major industries and tertiary sectors. It has proved its mettle in every way — be it the creative aspect, the capital employed or the number of people involved. In a short span of time, Indian advertising industry has carved a niche for itself and has been acknowledged worldwide.

Indian advertising industry with an estimated value of ₹ 13,200 crore has made heads turned with some of the amazing pieces of work that it has accomplished in the recent past. The creative minds of the Indian advertising industry have till now accomplished some of the mind-boggling works that can be termed as masterpieces in the world of advertising.

Advertising agencies too have come far. They have evolved themselves from being small and medium sized industries to well-known brands in the business. Some of the most popular agencies of the country are Mudra, Ogilvy and Mathew (O&M), Mccann Ericsonn, Rediffussion and Leo Burnett.

With Indian economy is growing fast and the market is on a continuous trail of expansion. Today, Indian advertising industry has every reason to smile as businesses are looking up to advertising as a tool to cash in on business opportunities. Such growth has lead to a boom in the advertising industry as well.

The Indian advertising today is bombarded with a number of projects —both national and international ones. This is because of the fact that the industry offers an array of functions to its clients such as client servicing, media planning, media buying, creative conceptualization, pre and post campaign analysis, market research, marketing, branding, and public relation services, to name a few.

With such fast growth, the Indian advertising industry is expected to witness a major boom in the near future. The market experts have even predicted that the industry will form a major contribution to the GDP in years to come. The Indian advertising industry is all set to achieve success and win accolades from the world.

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### 2.8.1 India's Top Ten Advertisement Firms

Let's have a quick sneak peek at the top ten advertising firms of India:

1. **Ogilvy & Mather (O&M):** Established in 1948, advertising firm Ogilvy & Mather (O&M) is an international advertising, public relations and marketing agency. Based in New York, (O&M) operates in 125 countries across the world. Its Indian operation centre, the Ogilvy Advertising, which is in Mumbai has carved a niche for itself and produced a number of popular TV commercials. It is the creative team behind country's some of the most successful and popular brands such as Cadbury, Asian Paints, Hutch (Vodafone), and Fevicol. The network offers services to a number of Fortune Global 500 companies across the globe. The Ogilvy Advertising is India's top one advertising agency.
2. **Mudra Communication:** Mudra Communication was set up in 1980 in Mumbai. An important aspect of the Mudra team is that it focuses mainly on its consumers and their needs and experiences. The Mudra Communication has four agency networks and has promoted famous brands like Philips, Reliance NetConnect, Neutrogena, HBO, Mary Kay and Big Bazaar. It has been successful in creating a lasting impression in consumers' the hearts and minds.
3. **J. Walter Thompson (JWT):** JWT, one of the most eminent marketing communications brands, is headquartered in New York and has offices in more than 90 countries. Set up in 1864, JWT is known for its creativity and innovation. Some of the achievements of JWT are Cadbury, Bayer, Ford, Nestle, Nokia and Unilever. In 2008, JWT was conferred the 'Grand Prix Award' at the Cannes Lions International Advertising Festival for the 'Lead India' campaign.
4. **Rediffusion DY & R:** Established in 1973, it is based in Mumbai. It mainly focuses on integrated PR services and media relations.
5. **Ulka Advertising Ltd:** Founded in 1961, the FCB Ulka Advertising Ltd. has continued to be among India's top five advertising agencies. An important characteristic of the company is that it has always focused in creating advertisements that are noticeable, and more relevant to the buyer, not the seller. Some of FCB Ulka's eminent advertisements are Santoor, Sunfeast, Tata Indicom, Zee Cinema, Whirlpool and Amul, to nam a few.
6. **McCann Erickson India Ltd:** It is the creator of the famous tagline 'Thanda Matlab Coca Cola'. Born out of a successful merger in 1930, McCann Erickson has its offices in India, Australia, Southeast Asia, Latin America and Europe. The Indian team of the agency has done really well in the field of advertising. Another popular brand line developed by the agency is 'For everything else, there's MasterCard'.
7. **RK Swamy BBDO Advertising Ltd:** It is committed to developing marketing solutions for its clients. Its goal is to offer cost-effective, intelligent and creative solutions. Today, the agency has able to achieve a double-digit growth in the

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past few years. R K Swamy BBDO is an integral part of the R K Swamy Hansa Group, which boasts of over 1000 employees and operations across the country and the USA as well.

8. **Leo Burnett India Pvt. Ltd:** It is one of the most creative agencies of India. It has offered consumers with powerful brand experiences using some of the most popular ads like McDonald's, Complian, Heinz, Bajaj and HDFC, among others. India's Leo Burnett has won a number of awards at the Cannes festival.
9. **Grey Worldwide (I) Pvt. Ltd:** It is based in Mumbai. The agency specializes in providing effective marketing and advertising solutions. Its offices are in Delhi, Bangalore, Kolkata and Ahmedabad. The Grey Worldwide India Pvt. Ltd. is an integral part of the Grey Global Group. Some of the popular clients of the Grey India are Hero Honda, Maruti Suzuki, Nestle, Indian Oil, Ambuja Cement, UTV, P&G and Godrej, among others.
10. **Contract Advertising India Ltd:** Founded in 1986, the **Contract Advertising India Ltd.** has delivered satisfying results to its clientele. Some of its well-known clients are Tata Indicom, Religare, Asian Paints, Domino's Pizza, SpiceJet, Samonsite and American Tourister. Contract Advertising India Ltd. is known for its one-of-a-kind specialty divisions — DesignSutra, iContract and Core Consulting — that provide complete advertising solutions.

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## 2.9 SUMMARY

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Some of the important concepts discussed in this unit are:

- Advertising plays an important role in creating demand for a particular product or service.
- The key functions of advertising are to inform, persuade and remind customers about a brand.
- There are different forms of advertising, such as advocacy advertising, comparative advertising, cooperative advertising, direct-mail advertising, institutional advertising, outdoor advertising, persuasive advertising, product advertising, reminding advertising, in-store advertising and specialty advertising.
- The objectives of advertising are to generate awareness, educate customers and generate a response.
- Budgeting plays an important role in advertising. It gives an idea about which product is to be promoted and how much of it is expected to sell. It is the most important element of sales.
- Advertisers need to use different techniques of advertising for print and broadcast media (radio and television).
- A copy for print advertising has three main components — the headline, the subhead line and the body copy. The copywriter and the art director need to have a creative touch to make the advertisement effective.
- Audio and audio-video capabilities of radios and televisions have an edge over print media.

### Check Your Progress

14. According to Hybels and Weaver II, what is persuasion in advertisement?
15. What are D. Kitsons' observations regarding the stages of the mind of a buyer?
16. Which advertising agency created the famous Fevicol ads?

- In radio advertising, music plays a prime role: Advertisers can use song or jingle to grab the attention of the audience.
- One of the advantages of TV advertisement is that it has the ability to demonstrate a product in action.
- For TV commercials, celebrity endorsers can really help persuade the target audience. Consumers already identify themselves with the celebrities and get tempted to purchase the products being endorsed.
- The main advantages of employing an advertising agency are that it has thorough knowledge of the latest trends in advertising; it has the power to negotiate with the media and can coordinate advertising and marketing efforts.
- With an estimated value of ₹ 13,200 crore, Indian advertising has transformed itself into a full-fledged industry.

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### 2.10 ANSWERS TO ‘CHECK YOUR PROGRESS’

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1. The key purpose of product advertising is to sell an advertiser's goods or services.
2. National advertising means advertising in more than one region of a single country.
3. There are three types of business advertising: industrial advertising, trade advertising and professional advertising.
4. The three key ways of adding value to a new product or service are innovating, improving quality of the product and altering consumer perceptions.
5. The role of advertising in the market segmentation process is to develop messages which appeal a smaller segment of a bigger and heterogeneous market, and transmit them via appropriate media.
6. Cooperative advertisement is the type of advertisement in which the manufacturer and the distributor of a product split the advertising cost as both the parties will be benefited when product sale goes up.
7. The term DAGMAR is expanded as Defining Advertising Goals for Measured Advertising Results.
8. Big companies facing tough completion in the market generally use the Competitors' Parity Method of sales budgeting.
9. A creative team in an advertising agency comprises copywriters and art directors.
10. Songs/jingles can create mood and image with which the product is associated. Thus, they attract listeners' attention and help enhance recall.
11. A uniquely designed 'signature' which represents a particular brand is referred to as the brand's logo.
12. As consumers are already familiar with the celebrity endorsing a brand, the advertisement easily grabs their attention. This further helps in increasing the sales of the brand.
13. An endorser needs to have attractiveness and credibility to make the advertisement effective.

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14. According to Hybels and Weaver II, persuasion is the process that occurs when a communicator (sender) influences the values, beliefs, attitudes, or behaviours of another person (receiver).
15. D. Kitsons' observations regarding the stages of the mind of a buyer are 'attention, interest, desire, confidence, decision, action and satisfaction'.
16. Ogilvy & Mather created the famous Fevicol ads.

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## **2.11 QUESTIONS AND EXERCISES**

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### **Short-Answer Questions**

1. What are the different forms of advertising?
2. What are the benefits of advertising?
3. Distinguish between direct-action and indirect-action advertising.
4. What do you understand by international advertising?
5. What is the importance of budgeting in advertising?
6. What is the role of humour in advertising?
7. State the concept of emotional strategy in advertising with the help of an example.
8. State the different functions performed by an advertising agency for its clients.
9. What are the different options that a client organization has while organizing for a campaign?

### **Long-Answer Questions**

1. What are the drawbacks of using celebrities in advertisements? What is the right manner to choose a celebrity?
2. What is the difference between corporate image advertising and corporate Issue advertising? Explain with the help of suitable examples.
3. Explain how attractiveness and credibility help make an endorser effective.
4. Discuss the advantages and disadvantages for producing advertisement for print and broadcast media.
5. Explain the role of 'persuasion' in advertising. Why is the use of 'subliminal strategies' considered unethical?
6. Describe the different facets of the client–agency relationship.

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# UNIT 3 MEDIA MANAGEMENT

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## Structure

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  - 3.2.2 Newspapers
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  - 3.2.4 Radio
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- 3.8 Questions and Exercises

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### 3.0 INTRODUCTION

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In this unit, you will learn about media management in the promotion of products in the market. The success of any market promotion measure depends to a great extent on the management of media chosen for the purpose. Time has taken such a turn today that we find an overwhelming variety of products in the market. This has made it difficult to choose one which best suits our needs. Competition among brands has become so intense that a right judgement on the part of consumers is quite complex. What we need to know is the process which takes place behind the extensive marketing of these products. We also need to understand how the advertisers strive to make it more enticing for us. With the advent of numerous sources of media, such as TV, newspapers, magazines, radio, billboards, brochures and the Internet, advertisers have a number of media available to promote and advertise their products. It is necessary to keep updating and advertising even for the big and established brand names, since upcoming brands might outshine them and take away their customer share by frequent and expansive advertising. In today's time, customers opt for a product that they continuously and frequently see advertised.

**NOTES**

It is very important that a product be advertised and marketed in a manner that can be easily recalled by a consumer. It is here that media planning and strategy plays a key role. Advertisers take help of market research and market evaluation techniques to identify their target customers and build a marketing strategy according to it. While advertising, one more essential aspect that needs to be taken into account is the marketing cost for a product. Since TV is the most expensive advertising medium, the media buyers have to be very careful while using this medium, making it a profitable venture and ensuring maximum return on the investment made by the advertiser by successfully promoting the product. Therefore, you have to study the product efficacies and devise appropriate techniques and strategies to successfully advertise and promote your products to their full potential to get maximum returns. It is important to measure advertising effectiveness as it helps understand the extent to which a specific campaign has met the objectives of a company. This is usually gauged by measuring the effect of advertisements on sales, brand awareness, brand preference, etc. This unit covers the latest techniques of measuring advertising effectiveness.

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### **3.1 UNIT OBJECTIVES**

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After going through this unit, you should be able to:

- Describe the various aspects of planning and evaluating different advertising media
- Specify media objectives
- Understand how to develop strategies for developing a media mix, creating a media schedule, selecting a media vehicle and assessing the effectiveness of a media plan
- Devise an effective positioning strategy
- Know the importance of media sponsorship
- Identify the characteristics and importance of media buying
- Measure the effectiveness of advertising
- Evaluate the various Attitude models
- Use different scales to measure the attitude of target customers

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### **3.2 MEDIA PLANNING**

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Media are general communication methods that carry advertising messages, i.e., TV, magazines, newspapers, billboards, buses and so on. Vehicles are specific broadcast programmes or print choices in which ads are placed. Magazines, such as *Femina*, *India Today* and *Newsweek* are the vehicles in which magazine ads are placed. Similarly, TV is a specific medium and CNBC-TV18 is the vehicle for carrying TV ads.

#### **Media Evaluation**

Virtually any environment in which messages can be printed, sung, blared or announced in any other fashion is a potential advertising medium. Traditional advertising mediums are TV, radio, newspaper, magazines and out-of-home advertising on billboards.

Most of the advertising expenditure occurs in traditional media, with TV and newspaper running neck to neck for dominance.

Each medium and each vehicle has a set of unique characteristics and virtues. The brand managers or the media decision makers always aim at choosing the media vehicles which are in alignment with their communication objectives, and will be the most optimal choice in reaching out to a target audience (a specific group of people within the target market at which a product or the marketing message of a product is aimed at) and deliver the targeted message to them. If the objective is to demonstrate the product features, TV is the best medium followed by magazines, newspapers, radio and out-of-home advertising. TV is powerful in terms of its entertainment and excitement value and its ability to have an impact on the viewer. Magazines are strong in terms of elegance, beauty, prestige and tradition. Newspapers offer worthiness and low prices; radio allows the listener's imagination to play a part, while out-of-home advertising is especially appropriate for package identification.

Looking at each medium's strengths and limitations, one might erroneously conclude that one medium is superior to another, simply because more advantages and fewer limitations are listed. The overall value or worth of an advertising medium depends on the advertiser's specific needs in a particular situation and the overall budget available for advertising a brand. The value or worth of a medium depends upon the circumstances confronting a brand at a particular time—its advertising objective, target audience towards whom this objective is aimed, the available budget and competitive challenge. An analogy would be to answer the question, 'which type of a restaurant is the best?'. The best medium or a combination of media is determined not by counting advantages and limitations, but by examining the advertised brand's needs and resources.

### 3.2.1 Television

TV is uniquely personal and demonstrative, but it is expensive and is subject to competitive clutter. Characteristics of the audience, the cost of advertising, etc. may vary for different times during a day and subsequently for different days of the week. The appropriateness of the different programmes may also vary accordingly. These times of the day are called the day parts and there are three of them:

- **Prime time:** The period between 8 p.m. and 11 p.m. The best and the most expensive programmes are scheduled during this period. Audiences are largest during prime time and networks charge the highest rate.
- **Day time:** The period that begins with the early morning news shows and extends to 4 p.m. Adults may particularly watch TV during the early morning hours where they are generally focused on watching the news channels followed by children focusing on the TV, watching special programmes that have been designed for the group. Afternoon programmes, with its special emphasis on soap operas and talk shows, appeal primarily to people working at home.
- **Fringe time:** The period preceding and following the prime time. With afternoon starts the early fringe time which is typically focused on the interests of the children. However, it again becomes adult oriented as one approaches closer to the prime time.

**NOTES****Network television advertising**

Companies that market products nationally use network TV to reach the potential customers throughout the country. The advertiser, working through an ad agency, purchases the desired time slots from one or more of the major networks. The cost of such advertising depends on the time of the day when an ad is aired, and the popularity of the TV programme during which the ad is placed. Network TV advertising, although expensive in terms of per unit cost, is a cost-efficient means to reach the mass audience.

Network advertising is inefficient (and infeasible) if the national advertiser chooses to concentrate efforts only on select markets. Some brands though marketed nationally, are directed primarily at the consumers in certain geographic locales. It would be wasteful to invest in network advertising which would reach many areas where the target audiences are not located.

**Spot TV advertising**

This type of advertising is placed only in select markets. Spot advertising is particularly desirable when a company rolls out a new brand, market by market, before it achieves national distribution, when a marketer needs to concentrate on particular markets due to poor performance in these markets or aggressive competitive efforts, or when a company's product distribution is limited to one or a few geographical regions. Spot advertising is useful even for those advertisers who use network advertising but need to supplement the national coverage with greater amounts of advertising in select markets that have high brand potential. Greater use of spot advertising is expected in the future, as consumer packaged goods are using more regionalized marketing and more sophisticated geo-demographic segmentation practice.

**Local TV advertising**

Local advertisers are turning to TV in greater numbers because of the 'cost per thousand' (CPM) advantages of TV and the advantage of product demonstration. Local advertising is inexpensive during fringe times.

**Cable advertising**

Advertisers are able to reach the more finely targeted audiences through cable advertising than when using network or spot advertising. The combination of high network rates and declining audiences has made cable attractive. Cable subscribers are more economically up scale and younger than the population as a whole. The heaviest viewer of network TV tends to be more economically downscale. Upscale characters of cable viewers have a great appeal to many national advertisers.

**TV advertising: Strengths and limitations***Strengths*

- With the help of advertising through television as a medium, you can achieve the objectives of actual demonstration of the product functioning. It can reach the consumers simultaneously through auditory and visual senses. The viewers can see and hear a product being used, identify with the product's users and imagine themselves using the product.

- TV advertisements have the capability of attracting and involving an audience at the time when he does not want to watch an advertisement at all. Thus, TV advertisements have an unmatched intrusion value. It is much easier to avoid a magazine or a newspaper ad by merely flipping the page. It is easier to sit through a TV ad rather than attempting to avoid it either physically or mentally. But TV remotes have made it easier for viewers to avoid TV ads by zipping.
- TV has the ability to provide entertainment and generate excitement. The advertiser's products can be brought to life or made to appear even larger than life. Products advertised on TV can be presented dramatically and made to appear more exciting and less mundane than perhaps they actually are.
- TV has the unique ability to reach the consumers one on one, like an interaction between a spokesperson and the consumer taking place on a personal level.
- TV is able to use humour as an effective advertising strategy.
- TV advertising is very useful in supporting the sales team of a company and at the level of different trade partners as well. Salespeople find it easier to sell to the traders when a major ad campaign is planned. The trader has the added incentive to increase merchandise support (special display space) for a brand that is advertised on TV.
- The greatest relative advantage of TV advertising is its ability to achieve impact. Impact activates a special kind of awareness in the consumer that enlivens his mind to receive a sales message.

## NOTES

### *Limitations*

- Rapidly escalating advertising cost is the primary disadvantage of TV advertising. The cost of network TV advertising has more than tripled over the past two decades.
- Recreational alternatives have diminished the number of people viewing network TV. Programme rating, i.e., the percentage of households tuned on to a particular programme is falling.
- Advertisers cannot expect to attract large homogenous audience when advertising on any particular programme due to the great amount of programme selection now available to TV viewers.
- Much of the viewers' time is spent on switching from channel to channel. Zapping occurs when viewers switch to another channel when commercials are aired. One study suggests that ads that are zapped are actively processed prior to being zapped, and may have a greater effect on brand purchase behaviour than ads that are not zapped. Zipping takes place when ads that have been recorded with a VCR along with the programme material are fast forwarded when the viewer watches the pre-recorded material.
- Clutter refers to the growing amount of non-programme promotional announcements for stations and programmes. Clutter has been created by the network's increased use of promotional announcements to simulate audience viewing of heavily promoted programmes and by advertisers' increased use of shorter ads. Sixty seconds' ads once were prevalent, but today the duration of the vast majority of the commercials is only thirty or fifteen seconds. Clutter

creates negative impression among the consumers about advertising in general, turns viewers away from the TV set and reduces brand name recall.

### 3.2.2 Newspapers

## NOTES

Newspapers have historically been the leading advertising medium, but recently TV surpassed newspaper as the medium that receives the greatest amount of advertising expenditures. Newspaper advertising receipts are derived from local retail advertising, classified ads and national ads.

#### Buying newspaper space

Earlier an advertiser could not prepare a single ad to fit every newspaper as newspapers' page size and column space varied. But now the advertising industry has adopted a standardized system known as the standardized advertising unit (SAU) system. Now advertisers can purchase any one of fifty-six standard ad sizes. Advertisers prepare ads and purchase space in terms of column width and depth in inches. Space rates can be compared from newspaper to newspaper and adjusted for circulation differences.

But the advertiser must observe the characteristics of the audience, newspaper image, and other factors rather than considering only the cost. The choice of an ad's position must also be considered when buying newspaper space. Space rates only apply to ads placed ROP (run of press), which means that the ad will appear in any location on any page, at the discretion of newspapers. Premium charges may be levied if an advertiser has a preferred space positioning, such as at the top of the page in the financial section. Premium charges are negotiated between the advertiser and the newspaper.

#### Newspaper advertising: Strengths and limitations

##### *Strengths*

- Newspapers are most suitable for more informative kind of advertising. This is because the target audience is in the right frame of mind to go through detailed information. Therefore, advertising of new products and new store openings can be successfully achieved through newspapers.
- There is mass media coverage. The coverage of advertising through newspapers is not restricted to a particular group of target audience in most cases. It is more extensive in its coverage.
- Newspaper readers are more economically upscale than the TV viewers. Special interest newspapers also reach a large number of potential consumers.
- A very important strength of advertising through newspapers is that the copy of the advertisement can be matched to meet the interests of the regional target audience and particular interests of different target groups. It can even be achieved by giving the content in different languages. Retailers of wedding accessories advertise in the bridal section, whereas sporting goods stores advertise in the sports section.
- Detailed product information and extensive editorial passages are used to an extent unparalleled by another medium.
- Since there is a short time between developing an advertisement and running the advertisement, the content of the advertisement can be linked to latest

developments in the market or news about other events, etc. Advertisers can develop the copy or make copy changes quickly and take advantage of the dynamic marketplace developments.

### Limitations

- Clutter is a problem in all major media. A reader is confronted with the large number of ads, all of which compete for the reader's limited time and only a subset of which receives the reader's attention. Newspaper is not a highly selective medium. Newspapers are able to reach across large sections of people but are unable to reach specific groups of consumers effectively, though special purpose newspapers like campus newspaper are able to reach specific customers.
- Occasional users of newspaper space (such as national advertisers who infrequently advertise in newspaper) pay higher rates than heavy users (such as local advertisers) and have difficulty in securing no-ROP (specific) positions. Newspaper price lists charge higher rates for national than local advertisers.
- Newspapers generally offer mediocre reproduction quality. When compared to the TV and magazine advertisements, newspaper advertisements may not be able to add value to the perceptions for a product in terms of its quality and overall appeal.
- Buying difficulty is a particularly acute problem in the case of a national advertiser who wishes to secure newspaper space in a variety of different markets. Each newspaper must be contacted individually and the rates charged to the national advertisers are higher than those charged to the local advertisers.
- The composition of the newspaper readers is changing. Readership has progressively declined over the past two decades. The most faithful newspaper readers are individuals aged forty-five and older, but the larger and attractive group of consumers aged thirty to forty-four are reading daily newspaper less frequently than ever before.

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### 3.2.3 Magazines

Magazines were once considered a mass medium, but today there are hundreds of special-interest magazines, each appealing to the audience that manifest specific interests and lifestyles (automotive, sports, women, fashion, beauty and grooming). In addition to consumer magazines, there are hundreds of forms of magazines or business publications. Advertisers have numerous options when selecting magazines to promote their products.

#### Buying magazine space

It is important to select the magazine that reaches the type of people who constitute the advertiser's target market. But because the advertiser can choose from several alternative vehicles to satisfy the target market objective, cost consideration plays an important part. Each magazine's media kit provides information about the composition of the magazine's readership in terms of demographic and lifestyle profiles to the ad agencies and the prospective advertisers. The media kits also provide the pertinent cost information in the form of a rate card, which includes the advertising rates for

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different page sizes (full page, 2/3 page) and black and white, two-colour or four-colour ads. Cumulative discounts may be available based on the number of pages advertised during twelve consecutive months. The rate card also provides additional information like regional advertising rates, closing dates & mechanical requirements. The CPM (cost per thousand) is used by advertisers to compare different magazine buys. The CPM information for each magazine is available from the syndicate magazine services. The CPM figures can be obtained for not just the overall readers of a particular magazine but also different sub-groups. For example, Femina is read by women (the overall group of readers) and the different subgroups would be:

- Women aged between 19 to 40 years
- Women from upper middle class and other high income groups, etc.

Thus, it is easier to find out the definite reach of a magazine than to just calculate a gross CPM for the magazine. CPM is useful data but many other factors must be taken into account in making a magazine vehicle selection decision.

### Magazine advertising: Strengths and limitations

#### Strengths

- Some magazines reach very large audiences (e.g., the *Reader's Digest*).
- Magazines have the ability to pinpoint specific audiences (selectivity). If a potential market exists for a product, most likely there will be at least one magazine that reaches that market selectively enabling an advertiser to achieve effective rather than wasted exposure. This translates into more efficient advertising and lower cost per thousand customers.
- Magazines have a long life. They are used for reference and kept at home, barber shops, beauty salons and doctor's chambers for weeks. Magazine subscribers often pass along their copies to other readers, further extending a magazine's life.
- In terms of qualitative consideration, Magazines add a lot beauty, esteem, distinction, grace and quality to a product advertisement. These features are a result of high level of reproduction quality and from the surrounding editorial content that often gets transferred to the advertising product.
- Magazines can provide detailed product information and convey this information with a sense of authority. This is because the editorial content of the magazines contain articles that represent insight, exercise credibility, and the ads carried in these magazines convey a similar sense of authority or correctness.
- Magazine has the creative ability to get the consumers involved in ads or to attract the reader's interest, thus motivating them to pay attention to the advertised brand. This ability is due to self-selection and reader-controlled nature of the magazines in comparison to more intrusive media, such as radio and TV. Magazines let the reader make up their own pictures and sound. Magazines make them think.
- Magazine advertisers sometimes go to dramatic lengths to enhance reader involvement. For example, Revlon uniquely advertised on the fashion magazine pages by offering its customers eye shadow samples. Canadian Mist Whisky and Absolute Vodka used ads with microchips to play songs when the page

opened. Rolls Royce included a perfume strip in one of its ads that imitated the smell of the leather interior of its car.

### *Limitations*

- Unlike TV and radio which infringe on the attention of the viewer/listener, magazine advertising is not intrusive. The target customers can easily control their exposure to an advertisement featured in a magazine.
- Lead time is longer in newspaper and in this broadcast medium, it is relatively easy to change an ad copy on a fairly short notice and in specific markets. The closing dates for magazines are much longer as these media vehicles require the advertisements to be in hand six to eight weeks in advance.
- Clutter is a problem. The target audience may not actually pay due attention to the different advertisements placed in the magazines, simply because they do not want to interrupt their reading. Thus, they may skip the different advertisements.
- Magazine advertising provides fewer geographic options and some of the magazine circulation would be wasted for advertisers whose target market resides only in a limited or particular area.
- A magazine may differ largely in its circulation pattern. The readership is always better in urban areas than in the rural areas because of better literacy rates in urban areas, so advertisers who are interested in reaching young males would not reach non-metropolitan readers. This will necessitate placing ads in one or more additional magazines. Radio & TV provide more uniform coverage.

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### **3.2.4 Radio**

Radio is a nearly ubiquitous medium. Radio has always been a favourite of the local advertisers but now the regional and national advertisers also appreciate radio's advantage as an advertising medium. People are listening to more radio now than anytime in recent decades.

#### **Buying radio time**

The cost of buying radio time is reasonable. The radio station's format should be compatible with the advertiser's brand image and his creative message strategy. Another consideration is the choice of the geographic areas to cover. The national advertiser buys time from a station whose audience coverage matches the advertiser's geographical area of interest. Another consideration is the choice of the day, i.e., day of the week, time of a day, and the rates vary according to these criteria.

#### **Radio advertising: Strengths and limitations**

##### *Strengths*

- When selecting the media for focused segments or selected segments, radio can be considered just next to magazines. This is because with radio advertising, the advertiser has the flexibility to choose from the different radio stations and the variety of programmes that are available in order to closely match it with their own set of target customers and the communication strategies. The radio can be used to pinpoint ads to specific groups of consumers — teens, sports

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enthusiasts, and news fanatics. The radio networks are made of hundreds of stations with different formats, audiences, signal strengths, coverage, etc.

- A very important strength of radio is that it can lead to increased involvement of the target customers as it them at a very intimate and personal level. The radio announcers sometimes are extremely personable and convincing. Their message comes across as if they were personally speaking to each audience member.
- The radio is a 'universe of private world' and 'a communication between two friends'. People select radio stations in almost the same way as they select personal friends. People listen to those radio stations with which they closely identify. Radio advertising is likely to be receptive when the customer's mental frame is most conducive to persuasive influence. Radio advertising, then, is a personal and intimate form of friendly persuasion.
- When compared to the other mass media, the CPM advertising is cheaper when it comes to targeting a specific audience.
- Another advantage with radio advertising is that the changes in the copy can be made very fast and information related to the latest market developments and other newsworthy items can also be accommodated. This can be ensured because there are short lead times and lower production costs. A sudden weather change may suggest an opportunity to advertise weather-related products. A radio spot can be prepared quickly to accommodate the needs of the situation. Advertisers can react very quickly. They can change the copy according to what they have in stock or to a specific situation or holiday.
- The radio has the ability to transfer images from television advertising. A memorable TV ad campaign that has been aired frequently effects in consumers a mental association between the sight and the sound elements in the commercial. The image that has been created in the mind of the customer can be then transferred to a radio advertisement. The advertisement can then employ the sound of TV or some alternate form of the same. The radio commercial thus evokes in listeners a mental picture of the TV ad, and the advertiser effectively gains the advantage of TV advertising at the lower cost of radio.
- Radio advertising can also gain out of getting influenced by the reputation of some of the known personalities or celebrities, when it advertises shows hosted by these personalities or when they act as the brand's spokesperson.

### *Limitations*

- Radio advertising suffers from the disadvantage of confusion that may be created by advertising of several competitive brands; these may also suffer from the disadvantage of interference, noise, etc. from the outside world. Also, people have a tendency to change channels in order to avoid advertisements on radio.
- It is unable to employ visualizations. Many companies use radio advertising to complement their advertising on other media rather than completely relying on radio as a sole medium. This reduces the radio's task from the one creating visual images to the one reactivating images that have already been created via TV or magazines.

- There is a high degree of audience fractionalization. One of the major advantages offered by radio advertising is selectivity. However, it is difficult to reach a large and varied audience with one specific advertisement on a given channel itself. This is because every radio channel and programme attracts a different set of target audience who may have their own set of interests, etc.
- There is a difficulty in buying radio time particularly for national advertisers who wish to place spots in different markets throughout the country. Since a lot of radio channels are operational, the buying of this media is highly complexed by different rate structures. These may involve a mix of fixed and variable discount rates.

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### 3.2.5 Support Media

Support media or special purpose media are ads on the walls of restrooms, on T-shirts, on buses and bus stops, on shopping carts in stores, on store floors, on race cars and boats, on apparel of players, on signs that trail behind small airplanes and products appearing in movies and TV programmes. These special purpose media are minor in relation to traditional advertising media.

#### 1. Out-of-home advertising

Billboards are one of the examples of out-of-home advertising. It also encompasses advertising on bus shelters, giant inflatables, various forms of transit advertising (ads on buses, trucks), skywriting and T-shirts emblazoned with brand logos. The one commonality among these is that they are seen by consumers outside their homes in contrast to TV, magazines, newspapers, which are received at home. Outdoor advertising is supplementary rather than primary advertising medium.

#### *Billboard advertising*

Name recognition is the primary activity of billboard advertisements. They are of two types:

- **Posters** are silk-screened or lithographed and then brought and pasted as sheets on the billboard. Companies generally sell billboard space on a monthly basis.
- **Painted bulletins** are hand painted directly on the billboard by assistants hired by the billboard owner. These bulletins are generally repainted every several months to provide a fresh look.

Advertisers purchase these large bulletins for a one, two or three-year period with the objective of achieving a consistent and relatively permanent presence in heavily travelled locations.

#### **Buying out-of-home advertising**

Outdoor advertising is purchased through companies that own billboards called plants. Plants are located in major markets throughout the nation. Agents facilitate the purchasing of outdoor space at locations throughout the country. Gross rating point (GRP) represents the percentage and frequency of an audience being reached by an advertising vehicle. One outdoor GRP means reaching 1 per cent of population in a particular market and signal time. Advertising space is sold in terms of GRP.

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**Infomercials:** Infomercials are full-length commercial segments in television that last for thirty minutes and combine both product news and entertainment

## Out-of-home advertising: Strengths and limitations

### Strengths

- The reach of advertising is very broad and has the capability to attain high frequency levels. It is capable of encouraging attention from all segments of the population. When these type of advertising efforts are made in heavy traffic areas, it can particularly ensure high exposure rates.
- The advertisers generally indulge in out-of-home advertising to particularly supplement their efforts with other media. This can be done in selected regions where combination of advertising efforts need to be aimed using different media options.
- It can also be described as one of the least costly media of advertising when it comes to evaluating the reach of a media on a cost per thousand basis.
- Since a bigger picture of life can be presented to the target audience with the help of this type of advertising, the marketer needs to be particularly careful about the choice of the product and the package size to be highlighted where he intends to use that larger presentations of product.
- It provides an opportunity to reach the consumers as a last reminder before purchasing. This explains why frequently purchased products and services (cigarettes, soft drinks, beer, restaurants, etc.) are the heaviest users of outdoor advertising. The advertisers hope to have their brands seen just prior to the consumer's brand choice.

### Limitations

- It can affect general group of consumers (inner city residents) but is not able to highlight particular market segments (professionals).
- Short exposure, which is why outdoor messages that have to be read are less effective than predominantly visual ones.
- It is difficult to measure the outdoor advertising audience.

### Infomercials

**Infomercials** are full-length commercial segments in television that last for thirty minutes and combine both product news and entertainment. A successful infomercial uniquely blends both entertainment and selling. Earlier, infomercials were restricted primarily to unknown companies selling skin care, balding treatment, exercise equipment and various feel-good products. But the growing, respectability of this form of advertising has encouraged well-known consumer goods, companies to promote their brands via infomercials. Advertisers have found infomercials to be an effective promotional tool for slow-moving merchandise and it is here to stay.

### 3.2.6 Interactive Advertising Media

Interactive media has the ability to provide consumers with virtually full control over the commercial information they choose to receive or avoid.

**NOTES****The concept of interactive media**

The traditional, advertising may not be able to invoke the same kind of interest in the target customers, mind as is ensured by the interactive advertising. This is because they normally engage a customer in a passive manner rather than ensuring his active involvement. That is, the customer though getting exposed to this type of advertisement, has no control over the extent of information that will be retained. This is not the case in interactive advertising, as there the customer has complete control over the amount of information that he wishes to retain from a given advertisement. The time limit to which he would like to expose himself to a given advertisement will be completely dependent on his own self. At a sub-vocal level, the customer can also be involved in entering into a conversation with the advertisement message. He can also request for additional information simply by fulfilling some requirements. The user and source of commercial information are both involved, rather than mere transmission and reception.

Audio-video CD presentations of new products can be mailed to prospective customers with the prospects encouraged to call for additional information or to invite a personal sales visit.

**3.2.7 Alternative Advertising Media**

Virtually any space is a potential medium for a marketer's ads. Following are some alternative or unconventional media options:

**Yellow Pages advertising**

There are thousands of yellow pages directories which are distributed to millions of consumers. There are at least 4000 headings for the listing of different products and services (surgeons, restaurants, bridal shops, etc.). Local businesses comprise majority of the yellow pages ads but national advertisers are also frequent users of yellow pages. Users of yellow pages tend to be younger, are employed in professional, technical, sales and clerical positions, have high household incomes and are better educated than the mass population.

Yellow Pages:

- Saves time from hopping around for information
- Helps in finding information quickly
- Aids in learning about products and services

This is a valuable advertising medium.

**Video advertising**

Video advertising involves capturing the key visual and audio information about a brand and distributing this information to business and final consumers. Business consumers are less likely to throw away a video CD compared to a brochure and are more persuasive. Video advertising is potentially more entertaining than prime time advertising, and is thus more effective in gaining attention and influencing the remembrance of an ad.

**Check Your Progress**

1. Which is the most expensive yet effective 'day part' for TV advertising?
2. What is Spot TV advertising?
3. \_\_\_\_\_ are thirty minutes commercial segments in television and combine product news and entertainment.

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**Product placement in movies**

Associations are created when a brand is placed in an attractive movie setting and used by a respected actor. Such advertising preferably serves to enhance brand awareness if nothing else. Product placements may enhance brand attitudes.

**Potpourri of alternative media**

Imagination and good taste are the only limits to the choice of an advertising medium. Creative advertisers find many ways to reach the consumers using alternative media that either substitute or complement more conventional advertising media. But effective communication requires that all points of contact with the customers speak with a single voice. Multiple media are of no avail if their messages are inconsistent or possibly even in conflict.

**Internet**

The Internet is a huge worldwide network of interconnected computers that permits the electronic transfer of information. Marketers are actively using the Internet as a medium for not just promoting their brands, services and other offerings but are also using it as a selling interface. The Net user goes to the web in search of specific information or merely in the pursuit of news or entertainment. The user uses various links to dig deeper and deeper for additional information or entertainment. Websites are effective only to the extent that they are able to attract and hold the surfer's attention. The Internet serves as an electronic shopping mall where shoppers locate suppliers, place orders, have charges placed against their credit cards and receive shipments of products by expedited mail service. Lack of consumer confidence and the potential for misuse of credit cards are the only impediments to the Internet serving as a major form of transacting commercial exchanges.

The Net is a media for the consumers both to interact with the marketer and to transact commercial exchanges. Surfers devote their attention to those websites that offer informational or entertainment value. They look to buy, but do not like aggressive selling. Marketers have to make their messages acceptable and enjoyable while simultaneously conveying the information about brand virtues without being perceived as hucksters.

**Measuring Internet effectiveness:** Research companies have evolved techniques to measure the frequency with which websites are visited, the length of the visitations and the path by which servers arrive at a particular site. The information is valuable to marketers in gauging the effectiveness of their Internet advertising and in determining how to improve their efforts.

**3.2.8 Media Planning, Media Selection and Scheduling**

Media strategy is the most complicated of all marketing communication decisions. As already discussed earlier, a variety of decisions must be made when choosing the media; which general media categories to use (TV, radio), the specific geographical locations and deciding how to distribute the budget over time and across geographic locations.

**NOTES**

Media planning refers to planning the optimal usage of advertising space and time. This is done to ensure the achievement of the overall communication objectives. Media planning is the coordination of the marketing strategy, the advertising strategy and the media strategy. The marketing strategy, i.e., target market identification and marketing mix selection, provides the impetus and direction for the choice of good advertising and media strategies. The advertising objectives, budget, message and media strategies extend from the overall marketing strategy.

There are four interrelated activities while developing the media strategy:

- Selection of the target customers
- Defining the media objectives
- Selection of media vehicles and categories
- Negotiating and buying the chosen media

**Selecting the target audience**

The target audience must be clearly pinpointed. Failure to precisely define the audience results in wasted exposures, i.e., some non-purchase candidates are exposed to ads while some prime candidates are missed out. Four major features are used in segmenting the target audience for media strategy purposes:

- (i) Geographic
- (ii) Demographic
- (iii) Product usage (heavy, medium, light product users)
- (iv) Lifestyle psychographics and product usage information provides the most meaningful basis for segmenting. The geographic, demographic and psychographic (carefree) considerations are combined for the purpose of target audience definition.

**Specifying media objectives**

Five objectives are fundamental to media planning—reach, frequency, weight, continuity and cost. The relevant questions for media planners are:

- (i) In a specified period, what is the extent of the target audience who must be exposed to the advertising message; or in other words, what will be the reach of the advertising message?
- (ii) What should be the frequency of the advertisement message at the level of a given target audience?
- (iii) What should be the total weight of the advertising; that is, how much total advertising is required to achieve the stated reach and frequency objectives?
- (iv) What should be the approach to ensure appropriate allocation of advertising budget over a period of time?
- (v) How should one plan in a manner that the total cost involved in achieving the above objectives is minimal?

**Reach**

Reach is the number of target customers who receive the advertiser's message at least once during a four-week time period.



**Reach:** Reach is the number of target customers who receive the advertiser's message at least once during a four-week time period

**NOTES**



**Frequency:** The number of times, on an average, during which the members of the target audience is exposed to (see, read, hear) the advertiser’s message within a time period of four weeks is referred to as the average frequency

- The reach can be better and can be achieved at the level of greater number of people when a media company uses a number of media rather than a single media for advertising purposes.
- The reach of an advertising campaign is definitely influenced by the number and the type of media vehicles selected to support a campaign. For example, giving a newspaper advertisement in different newspapers, which are locally acceptable in different regions, by customizing the copy of different advertisements in regional languages.
- The reach of an advertising campaign can also be influenced by using different mediums during different times of the day, e.g., radio advertising during drive time and TV advertising during prime time would reach more potential sports utility vehicle purchasers than advertising exclusively during day time.

**Frequency**

The number of times, on an average, during which the members of the target audience is exposed to (see, read, hear) the advertiser’s message within a time period of four weeks is referred to as the average frequency.

A is exposed to the advertisement twice (week 2 and 3), C is never exposed, F is exposed only once (week 3) and so on. For each week, only 5 out of 10 are exposed to the advertisement. This means that:

- A single vehicle rarely reaches the full target audience.
- Exposure to an advertising vehicle does not guarantee that consumers will see the advertisement.

Target Market Members/Week	A	B	C	D	E	F	G	H	I	J	Total Exposure
1		×		×	×		×		×		5
2	×	×			×		×		×		5
3	×	×		×		×		×		×	5
4		×		×			×			×	5
Total Exposure	2	4	0	3	2	1	3	1	2	2	

Frequency Distribution	Percentage	Cumulative %	Audience Members
0	10	100%	C
1	20	90%	F, H
2	40	70%	A, E, I, J
3	20	30%	D, G
4	10	10%	B

90 per cent of the audience has been exposed to one or more advertisements. 90 per cent represents the reach for this advertising effort. Reach is expressed as simply 90 (dropping the %).

Frequency is the average of the frequency distribution. 20 per cent is reached one time, 40 per cent are reached two times and 20 per cent reached three times.

$$\frac{1 \times 20 + 2 \times 40 + 3 \times 20 + 4 \times 10}{90} = \frac{200}{90} = 2.2$$

Thus, during the four week advertising, ninety per cent of the total ten members of the given set of target customers are exposed to an average 2.2 times.

### Weight

Advertising weight refers to the extent of advertising that one must take up in order to achieve the reach and frequency objectives of a advertising campaign. The total gross weight that an advertising schedule is capable of delivering is referred to as Gross Rating Point (GRP). GRP is primarily indicative of the gross or total coverage.

GRP represents the arithmetic product of reach multiplied by frequency.

$$\text{GRP} = \text{Reach} \times \text{frequency} = 90 \times 2.2$$

### Determining GRP in practice

In frequency distribution, reach and frequency figures are unknown at the time when the media schedule is determined and the media planners need to find (by some other way) how many GRP will result from a particular schedule.

The rating is the proportion of the target audience presumed to be exposed to a single occurrence of an advertising vehicle in which the advertiser's brand is advertised. Say, 20 million is the target audience and 1.8 million read magazine X which carries the advertisement.

Here, the rating is  $1.8/20 = 0.09$  or 9 (dropping the percentage). Add the ratings of magazines X, Y, Z in which the advertisement appears to get the GRP value.

### The concept of effective rating points

The alternative media schedules are compared in terms of the number of GRP generated by each. But a greater number of GRP does not necessarily indicate superiority. Consider two alternative media plans X and Z, both of which require the same budget. Plan X generates 90 per cent reach and an average frequency of 2, yielding 180 GRP. Plan Z provides for 166 GRP from a reach of 52 per cent and a frequency of 3.2. Plan X is superior in terms of total GRP and reach but plan Z has a higher frequency level. If a brand requires a greater number of exposures to be effective, then plan Z may be superior even though it yields fewer GRP. Critics say that GRP rests on the dubious assumption that every exposure is of equal value and that the 50th exposure is the same as the 10th or the 1st.

Advertisers have turned away from the exclusive usage of the raw advertising weight (GRP) towards a concept of media effectiveness.

An advertising campaign is said to achieve an appropriate reach if it ensures that an optimal average of exposures have been achieved at the level of the target customers, that is, they are neither too many nor too less. In such a case, an advertising schedule may be called as effective. But what is too few or too many? There is no clear answer to this question. It depends on the advertised brand's competitive position, audience loyalty to the brand, message creativity and the objectives the advertisement is attempting to accomplish in a particular situation. High level of weekly exposure to a brand's advertising may be unproductive to loyal customers because of a levelling

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off of advertising effectiveness. Brands with higher market share and greater customer loyalty require fewer advertising exposures. Creative and distinctive brand advertising requires fewer exposures. The higher the hierarchy-of-effects of the advertising, attempting to move the consumer, the greater the number of exposures needed, e.g., more exposures are needed to convince the consumers to buy than merely make them aware.

### How many exposures are needed?

The minimum and the maximum number of effective exposures can be determined only by conducting sophisticated research, which is time-consuming and expensive. The advertisers have substituted the rules of thumb for research in determining exposure effectiveness.

Three exposure hypotheses address the main number of exposures needed for advertising to be effective. Herbert E. Krugman argued that a consumer's initial exposure to a brand's advertising, initiates a response of 'What is it?'. The second exposure triggers a response of 'What of it?'. The third exposure and those thereafter are merely reminders of the information that the consumer already has learned from the first two exposures. But Krugman's hypothesis had in mind three exposures to an advertising message and not three exposures to an advertising vehicle. The difference is that the vehicle exposure or an opportunity to see an advertisement (OTS) is not tantamount to advertising exposure. A reader of a magazine issue will be exposed to some advertisements in that issue but she will not be exposed to all or even most of them. Likewise a viewer of a TV programme will likely miss some of the advertisements placed during a programme. Hence, the number of consumers who are actively exposed to any particular advertising message carried in a vehicle is less than the number of people who are exposed to the vehicle that carries the message.

There is no specific number of minimum exposures—whether 3+, 5+ or n+, is correct for all advertising situations. What is effective for one product/brand may not necessarily be so for another. There is no magic number.

### An alternative approach: The effective index procedure

The objective is to select the media schedule that generates the most exposure value per GRP. It entails the following steps:

- (i) Estimate the exposure value (column B) of each level of vehicle or OTS (opportunity to see an advertisement) that a schedule would produce. One exposure adds the greatest amount of value (.5), a second OTS contributes 0.13 units of value (overall .63), a third exposure contributes 0.09 of value (total 0.72). The value functions reflect the decreasing marginal utility with each additional OTS. On an OTS of 10, the maximum value of 10 is achieved and hence OTS in excess of, say 10, offers no additional value because each additional exposure contributes a decreasing value.
- (ii) Estimate the exposure distribution of the various media schedules (2). Schedule I will reach 85 per cent of the target, i.e., 15 per cent of the target are exposed 0 times (OTS = 0 = 15 per cent). From column 'C' it is seen that 11.1 per cent of the target is estimated to be exposed once, 12.5 per cent is exposed twice, 13.2 per cent is exposed thrice and so on. Column 'D' of exposure value is

obtained by multiplying the exposure value 'B' of a particular number of exposures with the corresponding percentage of target at that number of exposures (C). Hence at OTS of one exposure, the exposure value is  $.5 \times 11.1 = 5.55$ , at an OTS of two exposures, the exposure value is  $.63 \times 12.5 = 7.87$ , and so on.

- (iii) The total exposure value is obtained by summing the individual exposure value ( $5.55+7.87+9.5\dots10.5$ ) = 66.481. Similar calculations are made for schedule II.

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A	Schedule -I			Schedule - II	
	B	C	D	E	F
OTS	Exposure Value	% of Target	Value (BXC)	% of Target	Value
0	0	15	1	8	0
1	.5	11.1	5.55	21	10.5
2	.63	12.5	7.87	17.6	11.08
3	.72	13.2	9.50	13.6	9.79
4	.79	11.0	8.69	10.9	8.61
5	.85	8.4	7.14	8.6	7.31
6	.90	6.3	5.67	6.6	5.94
7	.94	5.0	4.70	5.2	4.8
8	.97	3.9	3.783	3.9	3.783
9	.99	3.1	3.069	3.0	2.970
10+	1.0	10.5	10.5	1.6	1.600
			66.481		

- (iv)  $GRP = (1 \times 11) + (2 \times 12.5) + (3 \times 13.2) \dots + (10 \times 10.5) = 398.6$ .

Index of exposure efficiency = Exposure value/GRP =  $66.481/398.6 = 0.167$  for schedule I whereas it is .199 for schedule II.

A higher index value represents greater exposure efficiency and the second media schedule is more efficient because it accomplishes an equivalent exposure value (66.482 versus 66.481), but with fewer GRPs and hence is less expensive. Also whereas schedule I reaches a high percentage of the target audience ten or more times (i.e., OTS = 10+ = 10.5), schedule II focuses more on reaching the audience at least one time (OTS = 1 = 21%), rather than wasting expenditures on reaching the audience 10 or more times.

The above approach has not yet been widely adopted by the advertisers.

### Effective reach in advertising practice

The most widely accepted view is that less than three exposures during a four-week media schedule is considered ineffective, while more than ten exposures during this period is considered excessive.

The use of effective reach rather than GRP as the basis for the media planner leads to using multiple media rather than depending exclusively on TV, which is often the strategy when using GRP criterion.

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Prime time TV is especially effective in terms of generating high level of reach (1+ exposures), but may be deficient in terms of achieving effective reach (i.e., 3+ exposures). Thus, using effective reach as the decision criterion involves giving up some prime time TV reach to obtain greater frequency (at same cost) from other media.

Reach, frequency, effective reach, GRP, ERP are precise figures but using them blindly may be wrong. The initial decision makers never rely on numbers to make a decision, as for them, the number should be used solely as additional inputs into a decision that ultimately involves insight, wisdom and judgment.

### Continuity

Continuing primarily indicates the timing of advertising. That is how an advertisement is scheduled or allocated during the complete period of the advertising campaign. The issue is: Should the media budget be distributed uniformly through out the period of the advertising campaign? Should it be spent in a concentrated period to achieve the highest impact? Should some other schedule between the two extremes be used? The determination of what is best depends on the specific product/market situation. A uniform advertising schedule suffers from too little advertising weight at any one time. A heavy concentrated schedule suffers from excessive exposure during the advertising period and complete absence of advertising at all other times.

The advertisers have three alternatives:

- **Continuous schedule:** In this type of schedule, the focus is to ensure relatively equal investment throughout the campaign. Such an advertising allocation makes sense only if the product is consumed in essential equal quantities throughout the year.
- **Pulsing:** Some advertising is used during every period of the campaign but the amount of advertising varies considerably from period to period.
- **Flighting:** In this type of schedule, the advertiser decides to vary the investment pattern across different months. For example, in some months, the amount that may be spent is on the higher side, while in some months, it may also be zero.

### The shelf space model of advertising

Flighted or pulsed advertising schedules are necessitated by the tremendous increase in media cost. Few advertisers can afford to advertise heavily throughout the year. They are forced to select periods when advertising stands the greatest chance of accomplishing the communication and sales objectives.

The shelf space model or theory of effective weekly planning refutes the above argument. Erwin Ephron says that sales would be zero if the consumer finds empty shelves upon entering a shop. The same is true for advertising in flighted advertising schedules. He says that the first exposure to advertising has a greater effect on sales than the additional exposures (discounting the effective reach of 3+ criteria). He says that advertisers should advise schedules geared to optimize the weekly reach rather than the effective reach or the frequency. The arguments are as follows:

- The three exposure hypothesis tells that advertising must teach consumers about brands and therefore requires multiple exposure. The shelf space

model assumes that the role of advertising is not to teach but influence consumer's brand selection. Unless it is a new brand, new use, or a new benefit, not much learning is involved. The purpose of advertising is to remind, reinforce or evoke earlier messages rather than teach the consumers about the product benefits or its use.

- Since advertising just influences brand selection, it must reach consumers when they are ready to buy a brand. Assure a brand presence at the time when consumers make a purchase decision.
- Advertising messages are most effective when they are closer to the customers at the time of purchase, and a single advertising exposure is effective if it reaches the consumers at the time when they are making brand selection decisions.
- The cost effectiveness of a single exposure is three times greater than the value of subsequent exposures.
- Rather than concentrating on the advertising budget to purchase multiple exposures only at select times, the planners should allocate the budget to reach more consumers quite frequently.
- If there were no budget constraints, the ideal approach would be to achieve a weekly reach of 100 (i.e., reach 100 per cent of the target audience one or more times). Since most advertisers do not have such a budget, the next best approach is to reach as high percentage of the target audience as possible for as many weeks. This can be done through:
  - (a) 15 seconds/30 seconds advertisement
  - (b) Spreading the budget among cheaper media rather than exclusively in TV advertising
  - (c) Buying cheaper TV programmes rather than exclusive prime time network programmes. These strategies free up advertising dollars which can be used to reach a high percentage of the target audience continuously rather than sporadically.

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### Cost

To achieve a continuous rather than a sporadic presence is appealing but no single approach is effective for all brands. Though the first exposure is most popular, each brand has a different situation. The leader has different frequency needs than a competitor with less market share. Every brand does not have the same needs for the frequency cost consideration.

Media planners attempt to allocate the advertising budget in a cost-efficient manner subject to satisfying other consideration/objectives.

Cost per thousand (CPM) is the cost of reaching a thousand people. Thus, this may actually be defined as a measure that indicates the cost incurred to reach out to every thousand members of the target audience.

(CPM-TM); where CPM = Cost of advertisement/number of contacts or number of total (target market) TM contacts expressed in thousands; and

$$\text{CPM-TM} > \text{CPM}$$

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For example, an advertiser promoted his brand on programme X with a rating of 24.5. This means that 24.5 per cent of approximately 97 million US households or 23,765,000 households were tuned in to X. A thirty-second advertisement costs \$4,00,000 on this programme.  $CPM = 400,000/23765 = \$16.83$ . But if the target audience consists of women aged 18 to 49 which constitutes 35% of the total audience or 8,317,750, then  $CPM-TM = 40,000/831775 = \$48.09$ .

CPM and CPM-TM are useful for comparing the different advertising schedules. But these are measures of efficiency and not effectiveness. A media schedule may be extremely efficient but ineffective because it either i) reaches the wrong audience, or ii) is inappropriate for the product category advertised.

CPM measures lack comparability across different media. The various media perform different roles and are therefore priced differently. A lower CPM for radio does not mean that buying a radio is better than buying a more expensive (CPM wise) TV schedule.

It is possible to misuse the CPM statistics. This is because every time vehicles with a particular medium may not be compared on the same basis. The CPM for daytime TV advertising schedule is less than prime time schedule but the comparison is wrong. The proper comparison would be between two daytime schedules or between two prime time schedules. Similarly it would be inappropriate to compare the CPM for a black and white magazine advertisement against a four-colour magazine advertisement unless these two advertisements are considered equal in terms of their ability to present the brand effectively.

**Trade-offs**

Given a fixed advertising budget, the media planner cannot simultaneously optimize the reach, the frequency and the continuity objectives. Trade-offs must be made. Optimizing one objective requires sacrifice of other objectives. If you want to reach more people, you cannot reach them as often as you like with a fixed advertising budget. If you want to reach them more often, you cannot reach as many. Similarly, an advertiser cannot simultaneously increase the advertising continuity and the reach or the frequency.

Each media planner must decide what is best, given the particular circumstances surrounding the advertising decision facing his brand. Achieving effective frequency (3+ exposures) is important when the brands are new, or when the established brands have new benefits or uses. In these circumstances, the task of advertising is to teach consumers, and a part of teaching is repetition. The more complex the message, the greater is the need for repetition to effectively convey the message. For established brands that are well known, the advertising task is of reminding consumers about the brand. The advertising budget in this situation should be allocated to achieve the maximum level of reach.

**Check Your Progress**

4. What are the two drawbacks of the Internet serving as a major form of transacting commercial exchanges?
5. What is the definition of 'reach'?
6. What is the objective of the effective index procedure?

**3.3 MEDIA STRATEGY**

Before going ahead with the process of coming out with different media strategies, a media planner should concentrate on developing a creative media plan. This should be based on the media objectives that have been set by the planner.

### 3.3.1 Strategies for Developing a Media Plan

A media plan should have the following sections with important key elements included in it:

- **The communication goals of the overall media campaign:** This section should completely describe all the goals that are being taken into consideration for media planning.
- **Target audience:** This section should define the target audience for a particular campaign and therefore all the information should be collected with respect to the statistics by demographics, psychographic profile, etc. That is all relevant information related to the target buyers and should be included as a part of this section.
- **Media outlets:** This section should include information on the different media outlets that will be considered for inclusion in the media plan.
- **Media strategy:** This section should discuss the strategy that should be considered in order to go ahead with the process of media planning.
- **Budget and calendar:** This should include the overall budget of media planning and the complete schedule of the activities.

Example of a calendar that can form a part of the media plan is as under:

Date	Activity	Status/Comments
October 10	Finalization of media plan	
October 20	Finalization of the media list	
November 15	Finalization of the media materials	
November 30	Distribution of alerts to media vehicles	
December 15	First News Release	
December 20	First Advertisement Release in.....	
December 25	Second Advertisement Release in.....	
January 2	Begin pitching after ensuring availability of stocks	
January 15	Advertisements at regular intervals supported by personal selling programmes	

Media planning actually works as a lens through which the marketer can focus on the marketing objectives once again:

- Reviewal of the marketing objectives of the company
- Reviewing the options available with the company
- Evaluation of the options that the company has against what they expect to achieve
- Setting the budgets along with the senior management of the company (both minimum and maximum amounts that the company will have available to spend)

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- Evaluation of different scenarios which can provide the company ideas related to what can be achieved within the budget constraints
- Summarization of the plan that has been devised

The prime guidelines for an ideal media strategy:

- The media strategy should be different and more innovative than the media strategies adopted by different competitors.
- The media planner should be creative. This also depends upon the total investment made by the marketer. A creative media strategy is capable of bringing extraordinary results for a marketer rather than any ordinary marketing strategy.
- A media strategy should always be initiated with the quantitative proof of different choices of media available and thus choosing the best media option, however, at the latest stage it should be more qualitative in nature.

Each media strategy contains five basic elements. These include:

<b>WHO</b>	Defining the target audience
<b>WHERE</b>	Assessing geographic spending
<b>WHEN</b>	Scheduling of the advertising campaign
<b>WHAT</b>	Creative considerations to be made
<b>HOW MUCH</b>	Media weight/delivery

Three important media strategies have to be developed by the media planners. These include:

- Selection of geography where a media plan has to be launched.
- The timing of the campaign
- Categories of media that can be used. This is also known as media mix.

All these decisions however, have to be taken keeping in mind the overall budget of media planning. It is extremely important for a media planner to therefore allocate the budgets appropriately by designing an optimal strategy.

**Decisions related to media mix**

The important decisions that need to be taken are those related to finalizing the media mix. It is very important for the advertiser to decide on the media that he would be using for advertising purposes. This should be done keeping in mind not just the overall media objectives but also the different characteristics of important media vehicles and the overall budget constraints.

When planning for the media mix, a good media planner should consider options from a complete spectrum of media options that are available and not just the traditional media options. That is, all opportunities through which a planned and unplanned brand contact with the customers can be achieved, should be explored by a media planner. The various options including participation in conferences, exhibitions, indulging in sponsorships, online advertising, direct marketing activities, etc., should be considered. The most important decisions that need to be taken are those related to the scale and

situations of media, in order to ensure that no opportunity is left out wherever a brand contact can be achieved.

It is very important to decide upon the approach of a media, that is, whether one should follow a media dispersion approach or a media concentration approach. These two approaches may be explained as follows:

- **The media concentration approach:** This type of approach generally involves the usage of fewer media on which a person concentrates. In this case, the per media expenditure is on the higher side. This type of approach is generally used when the media planner believes that a media space may particularly be used by the competitor and therefore, the customer may be exposed to a number of brands and this may result in the ultimate failure of the overall media objectives.
- **The media dispersion approach:** This involves the usage of multiple media, thus, this type of a strategy may use a combination of media such as television, newspapers, internet, magazines, radio, etc. This type of strategy will be used when media planners are of the opinion that a single media may not be appropriate enough to reach the entire target audience, therefore, multiple media may be required to serve the overall media objectives.

### Decisions related to media category

It is important to select the right media categories in either of the above discussed strategies. This is because different media categories suit different media objectives.

Three types of media categories have been classified. These include:

- Mass media
- Direct response media
- Point-of-purchase media

The selection of the media category should be done closely in alignment with the overall media objectives. For example, if the objective is to create broad awareness about a brand, that is, reaching out to largest possible consumers is extremely important, then a media planner will be more inclined to choose mass media as the category. Examples of mass media include TV, radio, newspaper, magazine, etc.

However, if the objective of the media planner is to develop relationship with the target customers or to ensure the sale of the product through direct response, then the category to be used is direct response media. Examples include the internet, mobile phone, etc. For example, several online advertisements directly connect the customer with purchasing a product or in order to get into a process of application, etc., which develops a relationship between the customer and the marketer.

Yet another type of the media category is the point-of-purchase media category. The examples include free samples of the product, bonus offers and schemes, money-offs, coupons, etc.

Each of these media categories has a different role to play from the perspective of the overall media objectives. This is because each of these media categories plays an important role in ensuring brand awareness, brand recall or enthusing a purchase behaviour.

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The different strengths and limitations of different media categories may also go on to impact the overall decisions that will be made by a media planner. It is for the media planners to assess carefully which media categories can have the greatest impact on their media plans. Additionally, the cost involved in each media category is another important and very crucial criterion, since a media planner has to operate with the cost constraints.

### Decisions related to geographic allocations

It is also important for the media planners to allocate the advertising by different geographies. The three approaches that may be followed by a company for the allocation of advertising by geography include:

- **National approach:** This involves advertising in a similar manner in all the markets or geographies.
- **Spot approach:** This means advertising in only selected markets or geographies.
- **Combined approach:** This combines the concept of national and spot approach. That is, the advertising is done in all markets or geographies, however, in selected geographies additional expenditure is incurred for the advertising.

The choice of the media planner out of these three approaches would largely depend upon the sales structure of the organization. For example, if the product of a company sells in all the markets, then the national approach may be chosen, etc.

While studying the geographic allocation of advertising, two aspects that are extremely important to be considered while deciphering a media strategy include:

*Brand Development Index (BDI):* may be defined as the percentage of brand sales in a market divided by the total population. The result obtained is then multiplied by 100.

*Category Development Index (CDI):* may be defined as the percentage of the product category sales divided by the total population. The result obtained is then multiplied by 100.

### Decisions related to media schedule

After taking decisions related to the media mix and the geographic allocation of advertising, it is now important for an advertising agency to understand and decide upon the timing of advertising. There are three methods from which media planners can choose while taking decisions related to media schedule. These include:

- **Continuity scheduling:** This approach spreads the media schedule uniformly across all months. This type of advertising generally requires a higher budget and therefore may not be suitable for small sized companies.
- **Flight scheduling:** This approach involves alternating advertising across months. Thus in some months, heavy advertising may be planned, while in others lighter advertising may be planned.
- **Pulse scheduling:** This approach generally combines both continuity and flight scheduling approaches. That is in some months, continuous heavy advertising is done depending upon the seasonal pulses of the brand, whereas in some months very light advertising may be done.

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Each of the above approaches of media scheduling has its strengths as well as weakness for advertising. However, it depends upon the campaign in question and therefore the media planner should take the decisions accordingly. Generally, three factors are important for a media planner while taking decisions related to media scheduling. These are consumer's product purchase cycle, seasonality of a product and the interval that a consumer ensures between his decision making and the consumption of the product. In case of the new product launches, the media planner generally takes the decision of relying on heavy months in greater percentage of period. This is because the prime objective of the advertiser in case of a new product launch is that of awareness-oriented and educational advertising.

The media scheduling can also be based upon the following approaches:

- Seasonal timing
- Holiday timing
- Days-of-the-week timing
- Hours-of-the-day timing
- The other factors include frequency objectives, budget and publication frequency

### **3.3.2 Strategies for Media Selection**

Primarily two types of media have been identified. These include traditional and alternative media. A brief description of these types of media is given below:

#### **Traditional Media**

- *Broadcast Media:* Examples include TV, cable, radio, etc.
- *Print Media:* Examples include newspapers, magazines, etc.
- *Outdoor Media:* Examples include billboards, signboards, buses, posters on roadsides, etc.

#### **Alternative Media**

- Direct Response Campaigns
- Sponsorships
- Non-profit tie-ins
- Participation in conferences
- Internet, Web
- E-commerce, etc

#### ***Decisions related to media tactics***

The primary task of the media planners is developing the media strategy in accordance with the media objectives. Decisions related to media tactics are generally handled by the media buyers. In order to take care of the designed media strategies, media buyers now select the media vehicles in order to implement the media strategies.

Originally, the media department was divided into two departments:

- Media planning
- Media buying

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In the earlier years, media buying has largely consisted of administration oriented functions. The functions of scheduling, booking and administration related with media plan were primarily taken care of by media buyers.

Several developments with the media agencies are becoming more and more independent, and media planners are now considered as caretakers of the media strategy and are also responsible for its formulation. They are primarily responsible for defining media objectives. With this changing role of media planners with time, the media buyers are also becoming an integral part of the whole process and are considered responsible for actual campaign delivery.

A media buyer may have a direct impact on the actual content of the media plan due to his active involvement in the following:

- Negotiation of the rate
- Monitoring of the budget and rate
- Campaign monitoring
- Scheduling

These factors have given rise to a new concept implementation planning.

There are two prime factors impacting the selection of media vehicles by the media buyers. These are:

- **Reach considerations:** It is important to make sure that the media vehicle that is being selected ensures to achieve the desired reach objectives. The objectives which involve targets of high levels of reach to be achieved will always lead to the selection of greater number of different sets of select vehicles. Multiple vehicles can help in the selection of higher reach levels. By analyzing the audience composition mix of different media vehicles, one can aim at creating an optimal mix of different media vehicles.
- **Frequency considerations:** In comparison to reach, high levels of frequency can definitely be achieved using lower number of media vehicles. The level of duplication within the small set of media vehicles can be increased to impact frequency levels in a positive manner. Media planners tend to select broadcast media when the communication goal is to achieve higher frequency levels.

### Characteristics of different media vehicles

Media buyers will always evaluate in terms of qualitative as well as quantitative terms in order to achieve the desired reach and frequency levels. The characteristics which can be measured numerically are termed as Quantitative characteristics. The examples of these characteristics include vehicle ratings, audience duplication with other vehicles, the coverage achieved geographically, costs involved, etc. Media cost can be calculated using two methods:

- **CPP:** also known as cost per rating point. This is type of method is generally used for the broadcast media vehicles. In order to derive the cost by this method, generally the cost of a 30-second commercial by the ratings of the vehicle in which the advertisement is placed is calculated.
- **CPM:** also known as cost per thousand impressions. CPM is calculated using the gross impressions that are received by an advertisement and the cost incurred.

#### Check Your Progress

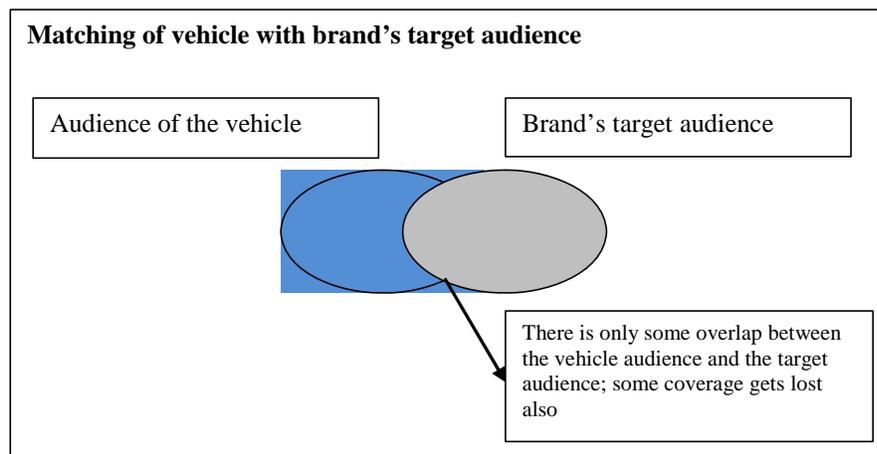
7. Name the types of traditional media.
8. What are the three types of media categories for media planning?
9. Define CPM.

CPM is generally used for newspapers, press advertisements, magazines, etc. However it can be used for several other types of media.

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### Process of selecting media vehicles

Media buyers use different tool in order to select different types of media. They give due consideration to the qualitative (which are related to reach and frequency considerations) and the quantitative characteristics of different media vehicles and then ultimately go ahead with making the selection of the different media vehicles.



*Fig. 3.1*

Therefore, the media planner needs to be extremely careful while selecting a media vehicle in order to ensure there is a maximum match between the target audience of the media vehicle and that of the brand so that there is minimum wastage of the coverage.

The different vehicle effects are as follows:

- Editorial environment: For example, one of the magazines may provide a better environment which has a greater compatibility with respect to the product requirements. This is because of its editorial content.
- Product and image fit: For example, a magazine may have a high prestige value.
- Technical capabilities: this includes the audio, visual, advertisement reproduction quality, colour options, production flexibilities and options available, etc.
- Competitive use of the given vehicle (level of competitive message clutter)
- The clutter of message
- Likelihood of commercial exposure: this can largely depend upon the interest of the audience and their involvement.
- Factors related to the copy of the advertisement: this includes the appeal used in a particular advertisement, the message complexity, the size and colour of the advertisement.

The selection of a media vehicle is extremely important with respect to the exposure it provides. Therefore, one must carefully take these decisions.

Three main factors are primarily important while taking the exposure decisions with respect to media planning:

(a) *Marketing factors*

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Less exposure	More exposure
<ul style="list-style-type: none"> <li>• Established brand</li> <li>• Dominant market share</li> <li>• High brand loyalty</li> <li>• Purchase cycle – Long</li> <li>• Usage cycle – Long</li> <li>• High involvement product</li> <li>• Purchase decision - Emotional</li> </ul>	<ul style="list-style-type: none"> <li>• New brand</li> <li>• Low market share</li> <li>• Low brand loyalty levels</li> <li>• Purchase cycle – Short</li> <li>• Usage cycle – Short</li> <li>• Slow learning curve</li> <li>• Low involvement product</li> <li>• Purchase decision–Rational</li> </ul>

(b) *Creative factors*

Less exposure	More exposure
<ul style="list-style-type: none"> <li>• Simple message</li> <li>• Consistent attitudes</li> <li>• Unique selling preposition</li> <li>• Ongoing campaign</li> <li>• One time implementation</li> <li>• Slow wear out</li> <li>• Large unit</li> <li>• Long commercial</li> </ul>	<ul style="list-style-type: none"> <li>• Complex message</li> <li>• Changing attitudes</li> <li>• ‘Me too’ message</li> <li>• New campaign</li> <li>• Several executions</li> <li>• Fast wear out</li> <li>• Small unit</li> <li>• Short commercial</li> </ul>

(c) *Media factors*

Less exposure	More exposure
<ul style="list-style-type: none"> <li>• Low clutter</li> <li>• Sympathetic environment</li> <li>• Captive audience</li> <li>• Ongoing campaign</li> <li>• Mixed media schedule</li> <li>• Promotional support</li> </ul>	<ul style="list-style-type: none"> <li>• High clutter</li> <li>• Non sympathetic environment</li> <li>• Uninvolved audience</li> <li>• Short burst</li> <li>• Single medium</li> <li>• No promotion</li> </ul>

Thus, it is important to realize that every media strategy document should include the discussion on the following:

- Marketing environment around the brand
- Target market in which the brand participates
- Budget of the campaign
- Regionality or geographic considerations
- Timing / Seasonality of the brand sales
- Communication objectives of the brand including exposure objectives
- Overall strategy
- Conclusion

### 3.3.3 Strategies for Assessing the Effectiveness of the Media Plan

Most of the marketers link their advertisements to the returns that can be achieved through their advertisements, and since media budgeting accounts for 80 per cent and more of the total advertising budget, it becomes extremely important for the marketer to assess the effectiveness of a media plan.

Therefore, often the measures for assessing the effectiveness of media plans are being developed and they are in fact being made part of a media plan. The definite measure is the sales of the product. However, the other aspects such as increase in brand recall, changes in the intention to buy a product and awareness shifts created for a product are also being considered extremely important for a media planner while deciding upon the measures to be finalized for assessing the effectiveness of a media plan.

Today, multiple indicators are being used in order to measure the results of a campaign. This is because of the hierarchical nature of the media effects.

The different measures and indicators that are being considered to evaluate a given media plan include:

- Actual implementation of all the stages of media planning, that is, the scheduled media placements, etc.
- The ratings that the different commercials have received or whether the desired reach and frequency levels are in coherence with the overall planned communication goals.
- Exposure to a particular media vehicle is one of the direct measures of assessment.
- Brand awareness created by a campaign or a media plan.
- Comprehension of the intended message at the level of the target audience.
- The level of conviction that has resulted - is it expected to lead to any changes in brand preferences or awareness shifts, etc.
- The results are also measured in terms of action- has the campaign led to an increased purchase from the target customers and thus has it contributed to increased sales for the product.

It has been researched that the measured results of brand awareness, comprehension, conviction and action are often the result of exercises such as creative communication, execution through advertising and media planning efforts.

The marketer can ensure the assessment of the media plan using the services of independent market research firms as they are expected to bring forward completely unbiased findings in front of the company. The different types of assessment methods include:

- Surveys
- Market research agencies
- Feedback devices
- Retail or sales audits
- Tracking (used particularly for online advertising)

**NOTES****Media blocking chart**

Following are the characteristics of a media blocking chart:

- It summarizes the different media strategy aspects and media tactics
- It is generally formatted in accordance with a calendar included in the media plan. This is usually done on a monthly basis.
- This chart includes all implementation details with great focus on the execution of all activities as per the plan.

**Monitoring the media plan**

Once the media planner is through with the media plan, its continuous monitoring is equally important as its creation.

One must ensure that the following four aspects are continuously scrutinized:

- Budget vs. expenses
- Performance of the brand
- Environment around the brand
- The brand awareness, recall and recognition, etc.

Media planning may be described as an ongoing process and is constantly challenging in nature. It should be extremely dynamic in order to meet the dynamic market situations.

**3.3.4 Media Status in India**

Indian media comprises of various Indian mediums of communication such as TV, newspapers, magazines, radio, cinema and the internet. Most of the Indian media are regulated by large conglomerates who earn profits through advertising, sale of copyright material and subscriptions. The Indian film industry is one of the largest in the world, second only to the American Film Federation. Indian media also consists of over 70,000 newspapers, making it the largest newspaper market in the world selling 100 million copies in a day. It also has 690 satellite channels (including more than 80 news channels)

The Indian media was established during the late 18th century with print media in 1780 and radio broadcasting in 1927. The first screening of Auguste and Louis Lumière moving pictures was done in Bombay (July 1895). Apart from the brief period when Prime Minister Indira Gandhi had declared a period of emergency (1975-1977), Indian cinema has been constant and unperturbed by any political retribution, making it a free and independent entity.

In 2011-12, India was ranked 131st out of 179 countries by the French NGO, 'Reporters Without Borders', who compile and publish an annual ranking of the countries worldwide of their press freedom records. India's 131st rank was quite a setback from the previous year.

**Status of print media**

The technology of printing was brought to India by the Portuguese missionaries. The Portuguese installed the very first printing press in Goa in 1557. Their purpose was to publish and circulate the Evangelical literature thus spreading Christianity in India. In

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1684, the East India Company set up a printing press in Bombay, in 1772 in Madras and in 1779 in Calcutta. However, there were hardly any attempts for publishing newspapers by the company because many of its officials were corrupt. They were involved in private trade and thus had accumulated huge amounts of money. They never wanted to disclose their malpractices and wealth accumulated by private trading in India and especially in Britain. An officer, William Bolts, attempted for the very first time in Calcutta in 1776 to publish a newspaper. Some records mention this date as 1768. But in return he was ordered to leave Bengal and finally India by the colonial officers.

For the next twelve years no one dared to think of publishing newspapers. It was only on 29 January 1780 in Calcutta when James Augustus Hickey published the first newspaper of colonial India in English. The paper was named as *Bengal gazette* or *Calcutta General Advertiser* and it was claimed to be impartial. It proclaimed itself under the masthead, as 'a weekly political and commercial paper open to all parties but influence by none'. Hickey straightforwardly criticized the government officials and attacked the then Governor General Warren Hastings.

The most significant development in journalism in post-independence India was the inclusion of freedom of press in the constitution of the country. It is an indirect insertion in Article 19(1)(a) which gives the freedom of expression to the people of India. The large-scale expansion of the press in India is a direct consequence of this right to freedom. Presently there are 69,223 publications registered with the Registrar of Newspapers. The number given here includes newspapers and various other periodicals.

Another important development was the categorization of newspapers into national and regional categories. During the independence movement almost all newspapers appeared to be national in character because they were pursuing the single nationalist mission of independence. However, the massive growth of newspapers in the post-independence India and the reorganization of the nation by the way of making states on the basis of linguistic identities on the one hand and the establishment of federal structure widening the gap between the centre and states led to this categorization. The newspapers were also divided into three major categories of big, medium and small depending upon the capital investment and circulation.

The major media houses started a number of magazines for various target groups during this period. Magazines like *Dharmayug*, *Dinaman*, *Sarika*, *Parag*, *Femina* and *Filmfare* of Bennett, Coleman & Co. Ltd., and the *Illustrated Weekly*, *Saptahik Hindustan*, *Nandan* and *Kadambini* of the Hindustan Times group were very popular during this period. *The Sunday* and the *Ravivar* weeklies of Anand Bazar Patrika group and the *Caravan*, *Sarita*, *Mukta* and other magazines of Delhi Press also had a wide readership.

The regional newspapers have also been as strong as the national press. *Aaj*, *Dainik Jagaran*, *Amar Ujala* in Uttar Pradesh; *Searchlight* and *Prabhat Khabar* in Bihar; *Rajasthan Patrika* in Rajasthan; *Nayi Duniya*, *Nav Prabhat*, *Dainik Bhaskar*, *Nav Bharat*, *Hitavad* and *M.P. Chronicle* in Madhya Pradesh have enjoyed a wide reach and circulation. Similarly, *Eenadu* in Andhra Pradesh; *Matrubhumi* and *Malayala Manorama* in Kerala; and *Tina Bhumi* and *Dinakaran* in Tamil Nadu are the major newspapers having considerable impact.

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The expansion of the terrestrial network of the government-owned television network Doordarshan and the introduction of colour technology in the post-Independence period has made television the most popular media. In fact, looking at its popularity, various media houses started producing video magazines. One must remember that the video coverage produced by 'Living Media India Limited' of the anti-Mandal agitation made a lot of stir among the people.

The cable and satellite channels mushroomed all over the country. During the gulf war, pictures shown extensively on CNN were seen by the people in India with the help of the newly emerging cable service providers. This was also the beginning of viewing of various international channels and a process of globalization started.

The new economic thinking and the subsequent beginning of globalization brought many changes in various countries. In India, the impact of globalization was felt in the beginning of the 1990s when the then government of P.V. Narashimha Rao started the process of liberalization by doing away with the bureaucratic and complicated license regime and privatization by disinvesting in major government-owned industries and doing away with the monopolies. This was the time when the information and telecommunication technologies witnessed major innovations and developments.

The sale of newspapers in India increased by 11.22 percent in 2007 and by that time, India, China and Japan were publishing 62 of the world's bestselling newspaper dailies. India, in 2007, was the second largest market for newspapers in the world by consuming 99 million copies.

### **Status of radio broadcasting**

Radio is a useful and powerful instrument for mass communication. In developing countries like India, radio is an important mass media. As more than 30 per cent of the people are illiterate, radio caters the information and entertainment needs of the people as they cannot read the newspapers. Further, for disseminating the development messages, radio is the most effective medium.

Today the radio has become interactive and has started live broadcast too where people can participate by sharing their views on topics that are discussed. Almost all services of All India Radio offer live participation of audiences. The FM radio stations are much ahead in this regard. People can inform the FM station about various happenings and events they witness while the programme is on air. For instance, the events like road accident, traffic jams, sudden fall in temperature or rains in a particular area, storms, etc. Thus, people could associate themselves more with radio. They found themselves participating in the programme which was certainly exciting. This technique also increases the listenership which is good for radio channels for their survival by getting more sponsors.

All India Radio (AIR) and Doordarshan were media units under the Ministry of I&B. In 1997, both became part of Prasar Bharti, an autonomous body formed under the Prasar Bharti Act for public service broadcasting.

After the economic reforms of 1991, satellite television channels worldwide including CNN, BBC, CNBC and other foreign television channels entered the

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Indian satellite broadcast. In 1993, Rupert Murdoch entered the Indian market and TV sets were found to be a part of 47 million households in India. Cable TV and Satellite TV gained popularity and reformed Indian television and viewership. In 2009, India ranked 4th in the number of television broadcast station, with 1400 functional TV stations.

Community based FM broadcasting license for educational institutions, civil society organizations and agricultural centres got the Central Government's approval on 16 November 2006. Community Radio is allowed a tower with a maximum height of 30 meters and a 100 Watt Effective Radiated Power (ERP), with a license valid for five years. Only one license is issued per organization, is non-transferable and should be used specifically for community development purposes.

### **Status of telephony sector and Internet**

By 2011, India had 34 million fixed telephone lines and 880 mobile phone connections in use. BSNL and MTNL have the dominant service provider status in the fixed line service domain, where BSNL controls 79 percent share of fixed telephone lines. In the mobile phone sector, Bharti Airtel controls the largest share of 24.3 percent subscribers closely followed by Reliance Communications and Vodafone with 18.9 percent and 18.8 percent respectively. BSNL has a share of a mere 12.7 percent. In August 2010, the total fixed line and wireless subscribers reached 688 million.

The internet became quite prominent in India by 1996 with a total of 100 million users, constituting 8.5 percent of the population by 2010. India ranks 10th in terms of the broadband internet users as broadband internet was accessed by 13 million people in India by 2010.

### **3.3.5 Media Characteristics**

Media is enmeshed in our lives. They are the source of power as well as of meanings. We are dependent on regular contact with mass media for information, entertainment, ideas and opinions. Since the mid-nineteenth century, we have been living in a culture dominated by the media. The press, film and cinema, television and the Internet have developed as means of public communication. Our culture exists within a wider 'mediated world'. The introduction of the term 'global village' in the 1960s shows how our world has changed. This change is entirely due to the rapid development of media and mass communication.

The cardinal principle of any mediated communication process is as follows:

Mass Communication takes place via a channel of communication that has certain inherent characteristics. However the original source of that message, the content of the message and the audience for that message are equally important. Let us take a look at these elements and characteristics of media in detail:

1. **Source:** The source of a message that is to be communicated is a person or group operating within a relevant institution. Some examples of sources are news reporters, television producers and magazine editors. The source is more than one person and the message is the combined work of many people. For example, to make a movie, you need producers, writers, actors, directors and

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editors to work together. To produce a magazine, you need publishers, reporters, editors, copyeditors, typesetters, graphic designers and photographers to work jointly.

2. **Message:** Mass media messages are sophisticated and complex. A message in an interpersonal communication can consist of simple words and short sentences; however, mass media messages tend to be elaborate. Examples of mass media messages are news reports, novels, movies, magazine or newspaper articles and television programmes.
3. **Channel:** Channels of mass media involve one or more aspects of technology. For examples radio technology consists of tape machines, microphones, devices that digitize sound waves, transmitters that disseminate them and receiving units that decode the sound waves and render them back into audio form approximating the original.
4. **Receiver:** Receivers channel are people towards whom a message is directed. Audiences are usually huge and diverse, and consist of groups of people with dissimilar backgrounds, demographics and socio-political characteristics. Receivers are spread over a vast geographic area, but have in common a shared interest in a particular message broadcast through the mass media.

The following are the characteristic features of media:

1. **Communication is mostly one way.** One-way communication does not have a feedback mechanism between the senders and receivers of media messages. This means that the response of the audience is not transmitted back to the senders. It is generally believed that mass-mediated culture is a one-way communication process. For instance, a producer of a popular afternoon daily soap while creating content will target a specific stereotypical audience and shape content accordingly. Assumptions about such an audience would be based on ideas and theories about what people are like. Another related example would be a popular glamour or fashion magazine that projects an image of how men and women should look like, and not how they actually are. However, the Internet has started to change this one-way system of communication, and has ushered the aspect of interactivity. Owing to this, one-way communication is experiencing a marked shift.
2. **Audience has great choice:** Media messages are transmitted to people all over the world. Events taking place regionally or locally have global coverage. There is a considerable exchange of content, both fiction and non-fiction. Global events are covered by local media and vice versa. The number of audiences runs into billions. This has a major influence in terms of media business. The merger and acquisition of various media houses is a current trend. For instance, Star Television Network in India is a wholly owned subsidiary of Rupert Murdoch's company – News Corporation.
3. **Media messages have become a product.** We have become quite dependent on mass media for information, entertainment, ideas and opinion in an effort to make sense of who and what we are. Because of this dependence, the market

forces of supply and demand have started to influence the production and distribution of media content.

4. **Generate interest:** One of the requisites for the success of a newly launched programme or project is publicity about the project. This creates an interest and awareness among the audience. The strategy here would be to provide answers for crucial questions that may arise on the minds of the public. These include the objectives of the project, the beneficiaries of the project, the time period for the launch of the project or the time required for it to become operational. Information pertaining to these issues is conveyed through any or most of the different kinds of media such as the newspaper, radio and television. Posters and billboards also serve the purpose. Distribution of fliers along with daily newspapers is a common strategy used in all cities in India. The type of media chosen depends on the nature of target audience.
5. **Disseminate information to a wider base:** Different types of media can be put to use for assurance of broad outreach to people. A media strategy for some kinds of projects such as transportation projects and construction of a dam involves many activities. Examples include carrying related articles on the programme or project in newspapers and magazines and interviews on TV and radio.

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### 3.4 SELECTION OF MEDIA SPONSORSHIP

Sponsorship can be a one-off deal or it can be a continued association. While the promotional leverage from sponsorship is important, it is more crucial to assess the impact that the association will have on the perceptions of the customers and other stakeholders towards the company.

One should ensure a careful selection of the event or programme to be sponsored and must carefully evaluate a few questions before going ahead with the same:

#### **What the company wants to achieve from the sponsorship deal?**

Is the company looking for increased brand awareness? Or does the company want to improve its image, or its community relations? Or is it looking for entertainment opportunities for its customers and employees? The choice of the individual, the event, or the organization that the company will sponsor should be governed by what it wants to achieve from the sponsorship deal. If the company wants increased brand awareness, it should get associated with mega events like the Soccer World Cup. If it wants to improve relations with its community, it should sponsor a literacy programme for the locality. And if the company wants to improve its image, it should sponsor a dying art or an event which would not take place if the company does not pitch in.

#### **The chosen event should be able to enhance the brand image**

It is easy to get enticed by the promotional opportunities of mega events, but if that is all that the company is looking for in a sponsorship deal, it will be better-off by investing its money in advertising. It will at least have more leverage in deciding how to spend

#### **Check Your Progress**

10. What are the three important factors considered while taking media planning decisions?
11. What are the different types of assessment methods for effective media plans?

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the money in advertising than it has when it puts the same money in a sponsorship deal. Sponsorship should be used to shape the personality of the sponsoring company. If the company sponsors a prestigious golf tournament, the motive should be to bestow an image of exclusivity to the company. The company should be very clear about the type of image that it wants to portray and then associate with an individual, an event, or an organization that has a similar image.

### Target market

The marketer should also evaluate whether the audience who is likely to attend the sponsored event is matching with the targeted customer base of the company or not. One of the most important objectives of a company entering any sponsorship deal is to influence its customers. This can only happen when the enthusiasts of the sponsored event are also the customers of the company. The enthusiasts of the event should feel grateful to the company for having sponsored their favourite event or sport.

### Risk

The marketer should also evaluate whether there are any chances of adverse publicity due to the sponsoring of a particular event? The sponsoring company should dig deep to find the individual's, the event's, or the organization's character and other associations. And as soon as the skeletons in the closet of the sponsored event, individual, or organization are out, the sponsoring company should publicly declare discontinuance of relationship between the two. Any dithering on the issue would damage the interests of the sponsoring company. The company should try to ensure that its stakeholders are not hurt because of its association with the individual, the event, or the organization.

### Evaluation

Understanding the sponsorship objective, i.e., the first step while evaluating the sponsorship success is knowing the company's objectives in sponsoring a given event. There should be a thorough measurement of the name mentions, the extent of media coverage and sightings, and the change in perception of the company's stakeholders have to be undertaken.

It is important that there is a formal system to find out the gains from a sponsorship deal. It is often convenient to believe that gains would have accrued from the association with the event. It is also important to qualify the gains for the company in terms whether it primarily gained awareness or whether it was able to improve its relationship with the community, or some other gain. The results of the evaluation process will be useful when the company is considering a sponsorship deal in future or when it has to decide the continuation or termination of a sponsorship deal.

#### Check Your Progress

12. The \_\_\_\_\_ process is useful for the company when considering future alliances with sponsors.
13. The company gets associated with mega events when it wants increased \_\_\_\_\_.

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## 3.5 MEDIA RESEARCH

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### 3.5.1 Media Buying

Media buying is the process of obtaining media space for advertising at a desirable place or medium and price. The principal function of media buying is to secure the medium and price in a deal through which the buyer can ascertain the best value for his

advertisement. The media buyer is responsible for developing the media campaign and researching as to how it would be most beneficial and effective for the client.

## Buyers

The advertising space and time is acquired by Media Buyers for advertising purpose. Media Buyers need to appraise many factors when they intend to advertise a product or service objective for an advertiser. These factors include station formats, geographics, rates and prices, demographics and the physiographics. However, advertising is not limited to these factors as every product is different and sometimes may require unique advertising as well. The process of media buying includes utilizing the budget, medium (TV, newspaper, radio, magazine, internet), medium quality (time of the day for broadcast, target audience, etc.) and the time and space required for advertising the product in a well-conceived and optimum fashion. The slot or space for advertising can be purchased either on a national or a regional level, depending upon the above-mentioned factors. The demand of leads, price, space, time and state licenses differ state-by-state and the buyers who are targeting a national audience need to devise diverse strategies according to each state. Therefore, they would need strategies which work on a national level but can be adaptable to varying states. For national media marketing, national strategies need to be developed for successful advertising.

Direct Response Media Buyers and General Marketing Media Buyers are quite different from each other. Direct Response Media Buyers are specialized in Media Buying and they know which media should be used for advertising which product in an efficient manner. They do not use a generalized system for advertising all products but manage each project in a different and suitable method. They have quite an expertise in securing the lowest and most functional rates, possess unique online call tracking and URLs and have an extensive as well as a thorough system for the research of the most optimum media, making it the more preferred choice for advertisers. General Marketing Media Buyers, on the other hand, rely on the rates, strategy, medium and media plan developed by a media planner. They are dependent on the cost per point which is calculated based on hypotheses or older models. These factors give Direct Response Media Buyers an upper hand over General Marketing Media Buyers.

Media buyers and Media specialists undertake the task of Media Research Planning which includes conducting an adequate amount of research in order to decide upon the budget expenses. This entails gathering ample information and knowledge of the target audience and deciding which media to use in order to reach the maximum number of consumers most effectively. They have a number of traditional and new media which they can use for adequate and efficient advertising. TV, radio, newspapers, magazines and out of home advertising are some of the traditional media, whereas the internet, cable TV, Satellite TV and Satellite radio comprise of the new media. The internet has emerged as a highly accessible and improved medium of advertising due to a number of online media such as e-mails, web portals, social media, search engines and referral links, banners, interactive games and video clips, which have changed the trend of advertising only through the traditional media. Media planners and specialists need to develop strategies, select the most appropriate medium, and can even use product placement and positioning in order to achieve their goals of making sales or delivering a message or an idea. The Direct Response Advertisers and Remnant

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advertisers can also print ads in newspapers and magazines, air commercials on TV and radio and buy ad space for advertising on the internet.

Nowadays, the majority marketing services holding companies have their own media buyers. However, before the late 1990s and the ‘unbundling’, in which the creative agencies split from the media agencies, the media departments of advertising agencies used to handle media buying. The WPP Group, in 1999, separated the media departments from two of its advertising networks, Ogilvy & Mather and J Walter Thompson (presently JWT) to create MindShare. In 2003, it united all its media operations after buying Young & Rubicam and Tempus, including media planning and buying, by forming the GroupM. GroupM, today, is the biggest media investment company in terms of its business investments. Other major media holdings are Aegis’s Aegis Media, Publicis’s Vivaki and Zenith Optimedia, Havas’s Havas Media, Omnicom’s OMD and Interpublic’s Mediabrands.

### **3.5.2 Measuring Advertising Effectiveness**

Advertising is not created in a void. Marketing research, both informal and formal, assists in developing products, identifying consumer needs, assessing message strategies and executions, evaluating pricing levels, and reviewing distribution plans. Strategic marketing research takes place before or during advertising development, and evaluative research is conducted to test messages before they are released to the public, and to evaluate the success or effectiveness of advertising after it has been placed.

In the fiercely competitive market environment, it is important for the advertisers to carefully understand the different aspects of consumer behavior and the different influences on the same. This is because by understanding the consumer behavior, the advertiser can effectively understand what are the exact needs, wants and desires of the target customers, and how can he rightly position the product in the minds of the target customers to induce the desired purchase behavior for his product. By studying the consumer behavior, the advertiser can actually present the differential advantages of his product over the competitor products, and thus, may be able to create a brand preference over the competitor product. This can be done by studying the consumer behavior for the target market segment and the process of market research can help in achieving the same. The different influences on consumer behavior such as marketing mix influences, psychographic influences, socio-economic influences and situational influences may be studied by the researchers, and the findings of the same may be used by the advertiser in order to create an advertising strategy for the product. The advertiser though, may not be able to change these influences, but can motivate the consumers to think in the manner he wants, sometimes by providing information related to certain facts. The researcher can present different types of findings to the advertiser which can be related to the market, the consumer and the competitor. The advertiser should use the information provided by the researcher in an intelligent manner and form the basis of the advertising strategy.

Research is used to help improve an advertiser’s effectiveness and profitability by staying in touch with the consumer. Research is most often used for the following:

- To help in the identification of the customers
- To help in thinking of newer ideas about the different products and services
- To think of efforts for improving the different products and services

- To identify the reasons for different problems
- To track the activities of different competitors and continuously monitor the same
- To help in development of the communications
- To conduct an in-depth study of different promotional techniques

Three areas in which strategic research is generally applied are:

1. Data collection,
2. Organization, and
3. The strategy document.

Data collection starts with secondary research, exploration of published information in libraries and trade literature. Government agencies furnish an abundance of statistical data that help define demographics and describe geographic markets. Trade associations generate considerable information that help lay a foundation for advertising, and secondary research suppliers often facilitate gathering and organizing information regarding specific topics.

Secondary research rarely provides all the information the advertisers need. Questions that cannot be answered by the existing literature or through secondary suppliers often need primary research to provide the insights necessary to create effective advertising. Primary data may be generated by agencies themselves, or it may come from primary research suppliers who conduct research tailored to the advertisers' needs.

Some well-known research agencies in India, are:

1. A C Nielsen
2. ORG-MARG
3. IMRB
4. TNS-MODE

These generate volumes of data about markets and consumers. Since advertisers have not generated this information themselves, they are really secondary users, but the materials are so comprehensive that they can be used for solutions to specific problems, and therefore function as primary sources. The advertisers pay a fee or subscribe for access to these types of data.

Organizing voluminous research data so that it is relevant to the advertising problems at hand is the function of account planning. Account planning originated in England in the 1960s and 1970s. It is the process of using research to gain insights about consumers and markets, and applying research directly to advertising development. Account planning demands filtering and synthesizing data from a number of sources that may include quantitative data which relies on statistics and numerical interpretations, qualitative data and information that attempts to explain why consumers behave in certain ways. Account planning has been particularly helpful in gaining an understanding of the target audiences. Account planning is based on simple logic wherein a company may allow an advertising agency to enhance relationship with its target customers. The advertising agency continuously reinforces the brand to the target customers. Initially the account planner is given a brief about the target audience, but later, the account planner should be completely accountable to take care of the target

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customers throughout the process of advertising development. Account planning is, thus, more focused and productive than traditional research.

Strategic research is channelled ultimately into a creative brief or strategy document. Although these documents vary from agency to agency, they typically start with a strategy statement that highlights the main strategic points and the research findings. It continues with the marketing objectives, a brief product description, a portrait of the target audience, the main promise of the product and the supporting statements as well as the brand personality. Research aids in determining the strongest concept for the advertising, and the document describes that concept so that all people involved in developing the ads are clear about the direction to be taken.

Evaluative research is used to develop ads based on established strategies, to assess advertising delivery during execution and to measure the effectiveness after the advertising has run. For any product, there are many different points that could be emphasized in an ad. Message development research examines alternative creative options. It elicits feedback of the proposed ads to help determine which of the many possible messages should be included in the final product or the 'comprehensive' advertisement.

Contacting consumers for research can be in person, by telephone, by mail, or through the Internet. Survey research employs a set of structured questions administered to a sample or a small group of consumers who represent the larger population. They may be asked about their own behaviour, about products, or about the proposed advertising. Observation research studies consumers by discretely watching them as they work, shop and play. Some observation takes place in the consumers' homes. Cognitive psychology relies on the principle that humans think in images, not in words, and their attitudes can be projected through the selection and placement of pictures and photos in a collage.

The consumers watch the test commercials and the proposed advertising, and then answer questions about the ads that they have seen in the communication assessment. Agencies also systematically review competitive advertising to uncover their strategies and tactics using a technique of content analysis.

Therefore, in order to improve the efficacy of the advertising strategy one can take the advantage of advertising research. The process of advertising research should be aimed at assessment of communication effectiveness. It can be either focused at assessing the communication effectiveness related to a specific advertising campaign, or for mapping the behavior of the target customers for the overall advertising strategy. It may simply be carried out to understand the overall flow of the advertising process and the perceptions being created by it at the target customer level. The different types of research approaches that can be used for the same include economic, sociological, psychological, etc.

Advertising effectiveness can be measured both before an advertising campaign is launched and after it has been launched. Any measurement of effectiveness before a full-fledged launch (among a limited audience) is called pre-testing. Measuring advertising effectiveness after a full-scale commercial launch of the campaign is called post-testing.

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Measurement of advertising effectiveness is extremely important. Effective advertisements have a positive impact on the sales of a product. Several clients or advertising agencies may not set stringent standards to measure advertising effectiveness, because all the players involved have some vested interests. The agency earns money and will hate the idea of being paid only for effective advertisements. The advertising/marketing manager is responsible for the advertising investment and obviously would not like to be told that he has wasted precious resources on an ineffective advertisement. And at the end of the day, even the company may not want to admit that the advertisement was a failure.

Quite often, the likeability of the advertisement is equated with its success. And most companies and agencies believe that advertising can do no harm. At the worst, it may be ineffective. But research reveals that bad advertising is capable of decreasing sales.

The three relevant questions about measuring effectiveness are what, when and how to evaluate advertising.

**What should be measured?**

What should be measured depends on the objective the advertising campaign is trying to achieve. The different types of advertising objectives can be there for a company while working on its advertising strategy. These objectives could be related to generation of awareness about a product, inducing the trials for a product, extending detailed information about the usage of a product, informing about the modification of strategy for a product, informing about the schemes and offers of a product during the sales promotion period, informing about the availability of a product at some specific dealers, etc. In addition to these objectives, some other objectives that advertising may aim to achieve include removing the misconceptions which have been created at the marketplace by a competing brand, and also to provide overall support to the sales force behind the product. In case these objectives are quantified, or if they are related with the market share and sales objective for a brand, then they can easily be measured by conducting the market research process. This can help in finding out whether the advertising of a brand has helped in the achievement of these objectives for a company or not. This is because measurement of objectives is possible once the quantification of the parameters is done, or either the different objectives are linked to some other measurable aspects such as sales, market share, etc. Similarly, in case the advertising efforts were aimed at achieving some trade linked objectives, the parameters that become important are the stock status at different distribution levels and the shelf space at the level of retailers.

However, the objective of advertising is not merely to make people remember or to like the advertisements. Recall of advertisements can, at best, be the first step leading to sales. Sometimes, it may be very easy to create an advertisement with high recall or liking (by using celebrities or other gimmicks), though the ad may be completely useless in generating sales. Therefore, the best measure of the effectiveness of advertising is its ability to generate sales (while post-testing) or cause a change in brand preference (while pre-testing).

The effectiveness of advertising should be measured in keeping with the planned objectives.

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<b>Advertising objective</b>	<b>How can the success of advertising be measured?</b>
Stimulate sales	Number of enquiries from advertising Number of conversion of enquiries into sales
Reminder advertising	Test customer awareness before and after advertising
Inform customer	Test awareness Number of requests for further information Sales
Build brand image	Test customer awareness of brand and perceived values and associations with the brand name
Increase sales	Levels of repeat purchase
Build customer loyalty	Levels of customer retention and relationship
Change customer attitudes	Comparison of sales post-advertising with sales pre-advertising Measure demographic profile of purchases Test existing attitudes of customers and compare with previous attitudinal data

**When and how to measure?**

The measurement of the advertising strategy can be done at different times, that is before the company actually initiates the campaign, during the campaign phase or after the execution of the campaign at the market place. The approach that may be used to measure the advertising prior to it actually being implemented at the market place by pre-testing. For example, in order to test the television advertising, at the initial stage rough advertisements are prepared and then these are tested with a focused set of target audience. Post-testing is conducted to measure the effectiveness of the advertising campaign after it has run its course. The effectiveness is tested in terms of the initial objectives that were set for the campaign to achieve.

By implementing pre-testing research for an advertising campaign, it is possible to estimate what kind of response can be expected from a particular advertising campaign at the level of a given set of customers. The various planned advertising strategies or promotional campaigns may be tested with a focused target customer group and their reaction to a campaign can be assessed. These commercials are generally shown with a voice-over effect. However, it is not true every time that the actual campaign will give the same results as the one observed in the pre-testing research of campaign. However, it is largely true. This is because, the testing may have been done for a short period of time, whereas the actual campaign may create the exposure for the brand for much longer periods of time, which is it is repetitive in nature, and so may yield better results.

When pre-testing TV commercials, agencies pay great attention to the way in which the advertisement communicates to its limited target audience. Attitudes to the brand, copy comprehension, and the interest created in the brand by the advertisement are monitored by the agencies.

The pre-testing of the advertisements is generally done through a mechanism called the folder techniques. The test advertisements which need to be tested are

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placed in different folders and then they are exposed to a set of target audience. The target customers are suggested to go through these folders. Once the target audiences are through with the process, they are then addressed with questions, such as which advertisements they liked the most, which of them they did not like, which ones they recall the most, etc. Additionally, the customers are asked questions about the test advertisement, such as, what have they read in that, what is the content that they are able to recall, etc., and what are the points that will lead to their purchase behavior. In this type of testing method, if the two advertisements are compared with each other, then two different folders are prepared and the comparison of the two advertisements is conducted.

Once the campaign has run, post-testing can be used to assess its effectiveness. Once it has been evaluated that how an advertisement has performed, or it has been tested how it will perform, it is easier to plan the future campaigns as well. The post testing techniques that are used to assess the impact of an advertisement are extremely important. In case of a TV advertisement, the parameters that are generally measured include the awareness shifts, the changes in the image of a brand, the changes in the usage pattern followed by the consumers, change in the attitude of the customers towards a product, sales of a product owing to changes in brand preferences or due to other reasons impacted by advertising of a product. Measuring the parameters such as image and attitudinal changes of the customers may not always be logical as these are subjective parameters. Though they are predictors of behavioral changes, but at the same time, they are very sensitive in nature. Therefore many agencies present arguments that it is only the sales or the total revenue increase which is the most logical and most meaningful parameter and is also quantifiable in nature. This is because the ultimate objective of all advertising campaigns and efforts of a company are focused at the achievement of sales and ensure the growth in sales.

Brand recall may also be an important measure for companies. This is because any increase in the recall or recognition of a brand is actually suggestive of careful media planning, its effective execution and proper implementation. Though, the increase in brand recall may not assure a definite increase in the sales of the product.

**Test marketing** is an evaluative research method that places advertising in small markets, then compares the results to comparable markets that were not exposed to the advertising. Sales is a common means of testing effectiveness, but test marketing can also be used to compare different headlines, pricing strategies or other advertising variables. The advertising execution that performs well in a test may then be launched on a wider scale.

A number of **physiological measures** have been used to assess the effects of advertising. Eye movement tracking traces the patterns with which consumers view ads, the pupilometer measures pupil dilation connected with visual stimuli, and the psychogalvanometer measures perspiration that occurs when test subjects are exposed to ads, supposedly indicating an emotional response. A tachistoscope reveals different parts of a print ad at different times, so that researchers can measure which parts of the message are perceived when. Monitoring brain activity with an electroencephalogram suggests whether the brain is attentive to stimulus or not. The physiological measures indicate different types of activity, but those activities may not necessarily mean that the proposed ads are effective.



**Test marketing:** An evaluative research method that places advertising in small markets, then compares the results to comparable markets that were not exposed to the advertising

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**Concurrent testing** occurs while the advertisement is running. Coincidental studies are used largely with broadcast advertising. Generally a telephone survey is conducted to assess which stations and programmes are audiences tuned to while a specific advertising is being broadcast. Attitude studies require researchers to contact individuals who have been exposed to selected ads and inquire about specific responses to the ad in an attempt to determine the positive and negative reactions.

**Tracking studies** that trace consumer contact with a product over time are conducted concurrently and as post-tests (after the advertisement has been released). Researchers may want to compare the marketer's product with the competitor's soon after the placement of the advertising, or to reassess the market's response to adjustments in the marketing strategy. Tracking can be accomplished with a wave analysis in which interviews are conducted with respondents at set intervals during the course of an advertising schedule. Tracking also involves consumer diaries, directed written accounts of consumer brand contact and media exposure, and pantry checks in which researchers count the numbers of specific product lines at home at the beginning of the tracking period, then again at the end of the period to note how much of a product moved through the 'pantry'.

**Single-source tracking** employs scanner technology to record the respondents' purchases. The same respondents' media consumption is monitored using cable television and controlled distribution of print media so that advertising exposure and product purchases can be linked to an individual, that is, a 'single source'.

**Memory testing** asks the respondents to bring to mind certain aspects of an ad to which they have been exposed. Unaided recall simply asks consumers to call to mind a product category or a brand name they have seen without being prompted in any way. Aided recall gives respondents a brand name or product attribute to 'prompt' recall of the advertising being monitored. Recognition allows respondents to look at the ad in question and state whether they remember seeing it or not.

In case of advertising through the press advertisements, it is very easy to measure the immediate recall of the brand. For example, a person who has recently gone through a magazine may be asked questions regarding what he remembers, which are the brands that he can recall that had their advertisements in the magazine. Additionally, the target customers may be asked a few specific questions about the advertisements for which a recall has been created, and also whether the advertisement was provoking enough to alter his purchase behavior with respect to a product.

At times coupons may form a part of the print advertisements. These are generally added to encourage enquiries or increase the overall sales of a magazine. The overall impact can be measured by totaling the number of queries received or by measuring the overall increase in the sales for a magazine.

**Persuasion or attitude tests** assess the intention to buy a particular product before exposure to advertising and again after seeing an ad. Persuasion tests are costly and can be affected by errors in sample selection, pre-existing familiarity with the brand, and unrealistic test settings. Coupon redemption, calls made to an advertised number, and responses to embedded offers provide means of direct-response counts. A frame-by-frame test asks the respondents to react to a test commercial as each frame is shown. In some instances the reaction is measured by physiological means, eliminating the respondents' voluntary responses and reactions.

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**In-market testing** equates successful advertising directly to sales. However, many factors other than advertising can affect sales, such as product availability, high prices, or lack of current need and the influence of an advertisement on a sale is hard to ascertain. Simulated test markets sometimes substitute for in-market tests. Respondents are asked to choose among brands available in the simulation, and then those who purchase the advertisers' brand (trial), are asked to indicate whether they would purchase the brand a second time (repeat). Single source data testing, in which the ad exposure and purchase behaviour of an individual are linked, is also substituted for in-market testing.

It may still not be possible to measure the real effectiveness of an advertisement because other communications are reaching the customers simultaneously and it is impossible to isolate the effect of the advertisement. But it helps to have in place a system of measuring advertising effectiveness. The advertisers become clear about what they have to achieve for the brand, and they realize that they cannot spend their client's money to pursue their own creative urges. It is always a tough job to make a creative person accountable, but having a system to measure the effectiveness of his creative output brings some responsibility to the way he pursues his craft. Some of them may resent being evaluated and may opt-out, but then they should realize that advertising represents a frontier where creativity and commerce meet. One without the other is simply untenable.

The emerging areas of concern for researchers are-how to research and manage global brands, how to adapt classic research to new technologies, how to conduct online research effectively, and how to execute embedded research.

The research structure has changed in modern times because of the following:

- Tremendous increase in new products
- High cost of shelf space
- The expansion of retailer control over the distribution system
- Changing media habits
- Overload of information
- The bewildering array of communication choices

Embellished research collects information as consumers shop online or visit websites. It typically asks for product reviews or uses databases to suggest additional purchases related to the one being bought. Changes in the advertising industry are affecting research as well and demanding some new approaches:

- Movement towards the globalization of markets demands research methods that can not only adapt to language difference, but can assess international marketing issues, analyse markets in varying cultures, and discover similarities among international markets.
- Exposure to advertising that is carried in new technology, asks advertisers to re-evaluate some traditional measures and to create methods for auditing who is seeing the online advertisements.
- Virtual research, or conducting research online, offers a number of advantages, such as the speed of response, tabulation, and automated testing. It also carries drawbacks of unrepresentative sampling and restrictions of designing for the delivery system.

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- Computers have opened the door for embedded research.
  - Embedded research is nestled in online use and purchasing. When an online buyer submits a review of a product, he/she is not only sharing information with other potential customers, but the advertiser is gaining insight into consumer attitudes as well.
  - Often, online shoppers get messages suggesting another product that might be of interest to them. It's called collaborative filtering. In this process, predictive models review databases of individuals who have purchased the same product the that online shopper is buying. It notes what other types of products people in the database have used and 'predicts' the current online shopper who may have the same interests. So when one individual purchases a book on fishing and the computer asks if he/she would also like the videotape about hiking it is because previous buyers of the book have also acquired the videotape.
  - At some websites visitors may complete a list of product attributes they desire. The computer generates a list of preferred products based on the consumers' attribute ratings in attribute trade-off.

The advertiser may appoint different research agencies to study the various factors that may influence the behavior of a consumer while making a purchase decision. The findings and observations from these studies can help the marketer in formulating the strategies in a better way, and as a result, careful advertising efforts can also be aimed which can bring the desired results.

However, if one gets the research done but does not implement it while formulating the marketing strategies, then conducting the research will be useless. The use of information that is made available through research can be successfully used at different steps of the advertising process, such as defining of advertising objectives, planning the advertising campaigns in alignment with the overall communication objectives, the testing of the campaigns through pre testing, the execution of the campaigns, etc.

Since the acquisition of information is costly, the value of the information (whether from traditional means or from new technology sources) must be evaluated. In general, advertising has become so costly, that good information is essential to effective communication and targeted advertising.

### **3.5.3 Evaluation: Rationale of Testing and Opinion and Attitude Test**

Another aspect that is extremely important for marketers is to take up careful studies with respect to the target customers. This is because, attitudes are learned and they cannot be observed.

When the consumers themselves try the product or hear about the product's performance from someone, i.e., word-of-mouth, the exposure of the consumers to mass media advertising, etc., can lead to the formation of different attitudes in the consumers. However, attitudes of a person should not be confused with the behaviour. Attitudes are not permanent in nature, but still, there is some kind of consistency seen with them. Once the attitudes have developed, it is not very easy to change them. The

objective of advertising is actually to change these attitudes and thus enable product purchase decisions.

However, at times, consumer behaviour may not be consistent with their attitudes. This generally happens in specific situations, that is, different circumstances can actually lead to the stimulation of a behavior which is not really consistent with the attitudes that the consumers otherwise exhibit. Therefore, it is important for the marketer to carefully understand the situation a particular customer will be in and as a result how he is expected to behave in those situations. Once it is carefully understood by the marketer, the marketing strategy should be carefully formulated in order to enthruse the desired purchase behavior. There can be times when a marketer may misunderstand or misinterpret the relationship between the behaviour and attitudes.

**Attitudes** are learned predispositions to act in a consistently favourable or unfavourable manner towards a given object (for instance, brand, company, technology, retailers, product, or celebrity). An attitude is a person's liking or disliking towards a given object, and the reasons thereof.

Attitudes towards objects are dynamic, and are learnt over a period of time. Therefore, each encounter of the consumer with the object either reinforces the existing attitude or forces him to re-evaluate it.

Consumers form attitudes about objects related to consumption for several reasons:

- They simplify complex subjects
- They protect self-esteem
- They help us adjust to the world
- They allow us to express fundamental values

There are three main sources of attitudes:

- Direct experience with the objects and situations
- Explicit and implicit learning from others
- Personality development

### **Attitudes as an evaluation measure**

The attitudes can thus act as an evaluation measure for different brands, products, service offerings, marketers and organizations, etc. Consumers evaluate in terms of their goodness, likeability, or desirability. It is easy to measure attitudes by getting consumers to rate statements, such as:

Please check how you feel about ICICI Bank. Tick the correct option.

- I like/dislike ICICI Bank very much.
- Towards ICICI Bank, I feel favourably/unfavourably.
- My opinion about ICICI Bank is: Positive/Negative.

Attitudes are held by consumers both in household and in business markets. In household markets, many customers hold an attitude towards salespersons in general and about specific companies. In business markets, business customers hold attitudes about their suppliers - both toward a class of vendors and toward specific vendors. For instance, a business customer might hold an unfavourable attitude towards off-shore companies or towards vendors as a group.

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**Attitudes:** Are learned predispositions to act in a consistently favourable or unfavourable manner towards a given object (for instance, brand, company, technology, retailers, product, or celebrity)

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**Methods of attitude measurement****1. Tricomponent attitude model**

Attitudes consist of the three major components as per the tricomponent attitude model: cognition, affect, and conation.

**Cognitive component:** Cognitions are previous knowledge or experiences with or about the object. This previous knowledge/experience allows the consumer to form perceptions or beliefs about the product. This component comprises rational judgments, beliefs, and perceptions related to various aspects of the object. For instance, Amul butter has a good taste, it is easily available, it is reasonably priced, etc.

**Affective component of attitude:** This component of attitude, that is, the affective component, comprises the feelings and emotions of the consumers. Researchers frequently treat these emotions and feelings as evaluative in nature. Affect-laden experiences generally present themselves as states such as happiness or sadness, which are the different emotional states. These states may enhance positive or negative experiences for the consumer. Consumer researchers try to measure this element using global evaluative measures and emotional component related to the object. For instance, Amul butter was an integral part of breakfast while growing up, remembering good times that were enjoyed while eating it, etc.

**Behavioural component:** The final component of the tricomponent attitude model is conation. This component may be defined as the chance or likelihood of an individual behaving in a possible manner when he is exposed to a particular attitude object. Thus, this may define the actual behavior of the individual. This is generally related to the behavior of the individual that he may express while buying a product. The scales that are used to measure this kind of positive behavior of the customer towards a product is generally measured using intention to buy scales, which can help in finding out the probability of a consumer expressing the intention to buy. That is, this component may define the positive intention to buy a product. For instance, when buying butter next time, how likely is the customer to buy Amul butter?

- It is important to remember that any of the beliefs may or may not be factually accurate. But these are beliefs held by the customer that he thinks are true.
- Secondly, cognitive and affective components of the attitude can be held for various parts of the object, though the affective component must be held for the entire object. This follows from the fact that the intention to buy must be for the entire object, not just for parts of it.
- The more positive the cognitive and affective components of the attitude are, the more likely is the customer to purchase or use the object. Therefore, attitudes are consistent with behaviours.

**2. Multi-Attribute Attitude Models****(i) Attitude-toward-object model (fishbein's model)**

According to the attitude-towards-object model (also known as Fishbein's model), the specific behavior that a consumer expresses towards any product or any of the brands of a product, is generally a function of the specific features/attributes or advantages of a product and the beliefs that the customer has formed about those.

What consumers will purchase is a function of how much they know, what they feel are the important features for them, and their awareness as to whether particular brands possess (or lack) these valued attributes.

### **(ii) Attitude-toward-behaviour model**

According to the attitude-towards-behavior model, it actually defines the specific attitude that the consumer expresses towards his behavior with respect to acting towards an object and not the attitude towards the actual object itself. In comparison to the attitude-toward-object model, this model is closer to the behavior of the individual.

### **(iii) Theory-of-reasoned-action model (the extended fishbein model)**

The theory of reasoned action primarily indicates that different attitude components can be integrated together. This integrated structure can then be used to better explain the attitudes and behavior of a customer. This theory also comprises three components similar to the tricomponent model of attitude, that is, the cognitive component, an affective component and the conative component. However, it differs from the tricomponent model in the manner that the arrangement of these components in this model is different from the tricomponent model. It is important to also consider the different subjective aspects which may also impact the intention of a consumer or the purchase behaviour of a consumer.

- A subjective norm primarily involves mapping a consumer's feelings when compared to other known people such as friends, family, neighbors, roommates, colleagues, etc.
- Consumer researchers can actually aim at finding out the underlying factors that may be responsible for the subjective norms.
- This can be done by exploring the normative beliefs of the individual, which he may attribute to the others related and also to what extent is the individual motivated to comply with the other related people.

### **(iv) Theory of trying-to-consume**

The theory of trying-to-consume primarily takes into account those individuals or those cases, where it is not sure what would be the ultimate behavior or action of the consumer, but a trial has been made to consume a product or a service. Sometimes personal impediments or environmental impediments prevent the desired outcome. This theory has been extended by some researchers recently. They are now trying to evaluate further and are trying to find out those people who are not trying to consume or they are failing to try to consume a product or a service. This happens because the consumers either fail to see or are simply not aware about the different options available to them. The consumers appear to make a conscious effort not to consume.

### **(v) Attitude-toward-the-ad model**

The attitude-toward-the-ad expresses that all consumers form an opinion once they get exposed to any advertisement. This opinion results in the formation of the attitude of the consumers towards an advertisement and the belief of the consumer towards the brand. Ultimately the attitude of the consumer towards an advertisement and the beliefs of the consumer towards the brand contribute towards the formation of certain beliefs of the consumer towards the advertisement. All this happens upon exposure of the individual to a given advertisement which leads to the formation of some feelings

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and judgment of the consumer. The attitude of an individual is generally always stronger towards an innovative product than for a regular or me-too product. In case of a product with novel features, the attitude is more strongly expected to impact the purchase behavior of the individual, and the intention to purchase a product is much stronger than that in case of a me-too product wherein the intention to buy that is created is not very strong. Consumer socialization may be defined as the learning skills of an individual with respect to others' consumption behavior with regards to a product. For example, friends, family, etc. Thus, consumer socialization also has a significant role to play in the field of advertising.

### 3. Scales for attitude measurement

Attitudes are generally measured by using scales. Each scale contains several items (sentences) and measures a specific aspect of an object whose attitude is being measured. Most scales act as indirect measures of various components (cognitive, affective or conative) of attitudes. Direct questions or probing may not reveal true attitudes of consumers towards objects, such as brand image, corporate image, purchase intention, evaluation or acceptance of new products, store image, perceptions about salespersons, etc.

The most commonly used scales for measuring attitudes are the Likert scale and the Semantic differential scale.

#### (i) Semantic differential scale

The Semantic Differential (SD) scale is another attitude measurement scale. This is useful for measuring the reaction of different consumers. This reaction is measured in response to the stimulus, words and concepts and ratings are given on a bipolar scale which are generally defined with contrasting adjectives at each end. One of the examples of SD scale is:

Good     $\frac{\quad}{3}$   $\frac{\quad}{2}$   $\frac{\quad}{1}$   $\frac{\quad}{0}$   $\frac{\quad}{1}$   $\frac{\quad}{2}$   $\frac{\quad}{3}$     Bad

The different numerics on the scale stand for different adjectives, such as the position marked '0' stands for neutral while the position '1' stands for slightly. Similarly, the position '2' stands for quite and the position '3' stands for extremely. A scale of this type is used for measuring both the intensity of response as well as the directionality of response. Example of directionality of an response means good vs bad. Similarly, example of an intensity of response is slight through extreme.

In most cases, the individual is given a product of his interest and is then he asked to rate the product on this scale. The ratings given by an individual are then combined and the individual's feelings with respect to a product are assessed using the scale.

There are different considerations which are important in case of semantic differential methodology:

- It is easier to assess the reactions of different people on the bipolar adjective scale. By making a few changes, it is possible to evaluate the feelings of different individuals such as adults, children, people of different gender, age, class, culture, etc.

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- In case of this type of a scale, there are three basic dimensions of response. These different dimensions primarily account for most of the co-variation between the ratings. Thus, ratings on this type of bipolar rating scales tend to be correlated in most cases. The three dimensions being talked about include Evaluation Potency and Activity (EPA). These dimensions have been verified and replicated in a variety of studies.
- EPA dimensions may directly be measured by some of the adjective scales such as good-bad Evaluation, fast-slow for Activity and powerful-powerless for Potency. Thus, by using pure scales of this nature, a marketer can study the response of the individuals to any particular product or service and which is also based on considerable economy. Most of the times, a single dimension is used and then the results are averaged out. This helps in arriving at the single factor score for each and every dimension. Concept's profile may be defined as the measurement of a concept on these EPA dimensions.
- When a marketer is interested in measuring the affective responses in an individual, the most appropriate dimension to be used are EPA measurements. It is considered to be a notable dimension because of the multivariate approach involved in it to affect measurement. Additionally, it is also useful because being a generalized approach, it can be applied for studying any concept or stimulus. Thus it allows the benefit of ensuring comparisons related to the affective response measurement for a variety of objects. Using this scale, EPA ratings have been used to find out the responses for different products, brands, colors, sounds, communications, marketing concepts, shapes, sizes, individuals, etc.

A seven point rating scale is involved in the semantic differential scale. This scale has the presence of two bipolar adjectives at each end. An example of a semantic differential scale is as under:

Would you say our website is:

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Very Unattractive				Very Attractive		

The Semantic Differential scale is different from the Likert scale. This is because there is no neutral or middle selection in case of SD scale. In this scale, the respondent has to choose one or the other rating and there is no middle approach.

### **(ii) Thurstone scale**

Another scale that is used in practice is the Thurstone scale. This involves measuring the consumer attitudes using only a single dimension. The individuals are generally exposed to a large set of statements about an object and they are asked to provide their answers with respect to their likes and dislikes related to a product, or their agreement or disagreement on a certain aspect. The statements are generally constructed on the scale in a parallel manner, but some of the statements are on one side while others are on the other side. They are generally different from each other slightly in terms of the attitude that they express towards the object.

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Thus, this is slightly different from the Likert scale in the manner that in case of the Likert scale, only a single statement is generally used to understand the extent of agreement or disagreement of a person towards an object. For example, in case of Likert scale, a person may be asked to rate an object on a scale of 1 to 7 using a single statement such as:

‘Is the product handy to use?’

Whereas the same question may be expressed in the form of several different statements in case of Thurstone scale:

- I had trouble operating the product
- It did not start in the first go
- The product was very easy to use
- The product was confusing to use

The scale which is so designed for any product goes through pre testing in order to ensure its validation before it can be used to measure the response of the target individuals. Through pre-testing methods, some experts rate the statements and try to evaluate whether the drafted statements can help in the right attitude measurement through this scale.

**(iii) Likert scale**

The prime feature of a Likert scale is that it allows the respondents to rate the level of their agreement or disagreement with a given statement. For example:

I find this software easy to use.

Strongly disagree      1    2    3    4    5    6    7      Strongly agree

A Likert scale can be used along a seven or a five-point scale. The middle point of this scale stands for a neutral attitude. Some modifications of this scale ask respondents to measure their attitudes along a four-point scale in order to eliminate the likelihood that respondents would indicate neutral attitudes. The elimination of the mid-point forces respondents to indicate their preference one way or the other recording. An individual's attitude, preferences and subjective reactions. Thus the various scales that are used for attitude measurement are used to achieve emotional and preferential responses of the different customers.

The trustworthiness of the scales such as Likert and Thurstone tend to generally increase with the number of objects. But a limitation in this case is that as the number of objects increases, the time to rate the attitudes will also increase, and therefore there are chances of the respondents getting demotivated. However, there is no defined methodology of arriving at the final number of items on a scale and thus, it may reflect upon the nature and complexity of the attitude actually being measured.

**4. Multidimensional scaling**

A visual display may be used spatially to measure the perceptions and preferences of a given set of respondents. This is generally done in case of the Multidimensional scaling (MDS) which involves different types of procedures for doing so. In this type of a measurement, the psychological or perceived relationships amongst the different stimuli are generally represented as geometric representations, which are called spatial

maps, among points in a multidimensional space. In this process, the axes of the spatial map is assumed to denote the underlying dimensions such as psychological bases, which are used by the respondents to form perceptions or preferences for particular stimuli.

Multidimensional scaling (MDS) can be considered as an alternative to the factor analysis where the representation is generally in the form of a correlation matrix. Through this process, the prime objective is to find out the underlying dimensions which form the basis for explaining the different objects being investigated on the basis of the similarities and dissimilarities found for them.

In case of factor analysis, the representation is in the form of correlation matrix and it generally expresses the similarities of different objects that are being studied. In addition to these correlation matrices, a multidimensional scaling may help in representation of both similarities and dissimilarities of the products being studied. Thus, in other words, a proximity pattern is possibly studied through the MDS (both similarities and dissimilarities).

In the field of marketing, MDS is used to identify the following:

- The actual number and nature of the dimensions. These dimensions are used to analyse the different brands at marketplace and to form perceptions about them.
- Present positioning of the brands on the identified dimensions.
- The positioning of the ideal brand for the consumer on the basis of these dimensions.
- *Image measurement*: MDS can provide information about customer perceptions of the company's image.
- *Market segmentation*: The researcher can position brands and consumers in the same two-dimensional space, thus identifying appropriate segments.
- *New product development*: Gaps in the perceptual space can indicate opportunities to position new products.
- *Assessing advertising effectiveness*: MDS can be used to indicate if advertising has been successful in attaining the desired brand positioning or not.

### 3.5.4 Recognition and Recall

Building awareness of a brand name among the target customers is the first step in the equity building process. Awareness essentially means that customers know about the existence of the brand, and also recall what category the brand is in.

Brand awareness is the very first step in the entire process of marketing communication process. Till the time consumers become aware about the brand, they cannot comprehend or interpret the brand positioning and thus cannot get convinced about the benefits of the brand, which also means an intention to buy cannot happen. In order for a consumer to buy any brand, he has to be essentially aware about the brand. Thus, brand awareness is one of the most important steps in the entire marketing communication process.

Awareness consists of two variables – Recognition and Recall.

## NOTES

### Check Your Progress

14. Name some of the primary market research agencies in India.
15. Name some of the advertising strategies which are undertaken by a company for effective marketing.
16. Attitudes consist of three major components as per the tricomponent attitude model: \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_.

## NOTES

The lowest level of awareness is when the customer has to be reminded about the existence of the brand name and its being a part of the category. Thereafter is the stage of aided recall, i.e., upon the mention of the category, the customer can recognize the company's brand from among a list of brands. Then is the stage of unaided recall, wherein a customer mentions the company's brand among a list of brands in the category. The highest level of awareness is when the first brand that the customer can recall upon the mention of the product category is the company's brand. This is called top-of-mind recall.

Awareness of the name acts as an anchor to which everything else about the brand is linked, much like the name of a person acting as an anchor for tying all associations about him. Building awareness involves making the brand visible to the relevant target audience by various promotional methods, such as publicity, sponsorships, events, advertising, instigating word-of-mouth promotion, etc.

Brand awareness has been recognized to have the following advantages for a company:

- In a given product category, when a customer is already aware about a number of brands, he may not put an extra effort to explore more and find out information with respect to other unfamiliar brands in that particular product category. This is because there is no additional motivation attached at the customer level to look for the additional brands. Therefore, when he actually makes a purchase decision in that product category, he is going to select amongst either of these brands only. Even within this set of brands which are already known to him, the extent of brand awareness will play an important role. The brand which has a top of mind recall with the customer, is expected to get a favorable response when it comes to finally taking decision on one single brand and choosing it finally. Thus, brand awareness plays a very important role in increasing the purchase intentions of a customer for a particular brand. If a marketer aims at achieving increase in brand recall for a given brand, it can facilitate the chances of increased purchase without any targeted change in the attitudes and beliefs of the customer.
- Brand awareness also plays a role when a customer already has a shortlisted set of brands in a product category. In such a scenario, the customer will simply go ahead and make the purchase of a brand for which there is maximum recall without making too much of an effort for thinking about different brands. Particularly in case of the low involvement products, a customer may not spend too much time on making the purchase decision for a brand.
- Additionally, brand awareness also helps in ensuring the perception development at the level of the customer. When a customer has a set of brands from which he has to freeze the purchase of a single brand, he would automatically start forming perceptions related to quality of a brand which has a maximum brand recall, and the perceptions that are formed are generally positive. This is because the customer assumes that if a particular company is spending a good amount of money on advertising, then the company must also be ensuring the quality of its product. This type of a perception of the customer is based on his rational thinking. This

generally happens in case of a low-involvement product, where familiarity and such perceptions about the brand play a much greater role than the other aspects related to a product such as price, packaging, etc. Primarily the purchase intention and the purchase behavior are strongly pushed by factors such as awareness and familiarity of the brand rather than the other factors.

## NOTES

Though the different brand symbols, associations and pictorial representations have their own set of significance, but the most important aspect is the evaluation of the fact that to what extent do they contribute to the creation of overall brand awareness for the brand. This is because the most important step involved in the creation of brand attitudes, brand beliefs and brand related perceptions starts from brand awareness itself. Several researchers have found out that brand awareness is actually a more important factor than anything else in defining a customer's preference while choosing a given brand. At times, the consumers may know that the unfamiliar brand as a greater quality than the known brand, still the customer is more likely to buy the known brand. It is also important to enhance the brand awareness in order to combat the competitors and to decrease the mind space of the customers for the competitor brands. Acknowledging this fact, the marketers therefore spend a greater time and effort in making the right brand name related decisions, and in finalizing the different logos and pictorial representations associated with the brand. This is because the brand name along with the logo, symbols and other associations of the brand generally work as persistent and omnipresent elements in the product pack, product advertisements, along with all other marketing campaign materials that are developed for the brand.

When the customers are provided with the product category name, they actually recall the name of one of the brands in that category for which they have top of mind recall. This is termed as cue recall for a brand or recall of a brand on the basis of a signal itself. This type of brand awareness objective is important to achieve because at times, a customer's decision making is mixed in nature and it can be influenced by both market environment and the memory of a brand that he may have in his mind. In order to ensure cue recall for a brand, it is important to create some kind of linkage between the product category and the brand. Since the recall for the product category already exists in the mind of the customer, it may not actually be important to create a recall for the category. Rather, it is important to ensure that the product category is recognizable so that a relationship with the brand in question can be created. However, in this case, all the energy should be focused at ensuring the brand recall. However, in order to ensure that at least the product category can be recognized, the cue recall focuses presenting the product category in the form of a pictorial representation.

One of the important brand awareness objectives is to create recognition for the brand, which is primarily dependent on the consumer's abilities to create a distinction between the old brand symbols and the newer brand symbols and associations. It is most important to achieve in case of stimulus based purchase decisions. The choice of the customer in such a scenario is not based on the recall for a brand, but on the basis of the brands that are presently in front of the customer and which can be observed by him. For example, when a consumer goes to a supermarket, purchases products on the basis of his observation of the products presented on the display. Similarly, another example of the stimulus based purchase is that while a customer goes through the different advertisements that are presented in the yellow pages and decides to choose

**NOTES**

for a particular product or service the marketer's objective should be to enhance the recognition of the brand by writing the brand name distinctly and thus ensuring that it stands out in comparison to the other competitor products. Once the customers are able to recognize the brand symbols or brand name faster, there will also be an assured faster recall of the brand. The pictorial representation of a brand through a symbol or logo particularly helps in this respect.

**3.5.5 Experimental Designs**

Experimentation is commonly used to infer causal relationships. The different effects of marketing result due to a number of variables, and the relationship between the cause and effect tends to be probabilistic. Moreover, causality can never be proved. It can only be inferred whether two variables have a cause-effect relationship. Moreover, it is possible that causal relation, if one exists, may not have been identified.

In case of experimental research, generally cause and effect relationship is used as the prime basis. In this research technique, generally control settings are ensured to study the impact of a factor such as money-off or bonus packs which are studied to understand their impact on dependent variables, such as sales of a product. In this process, random sampling may be used. The prime objective is to eliminate the scope of any other explanations for sales which is a dependent variable. A random selection of stores can be ensured and the implementation of money-off can be done in one of the stores, while other stores should be allowed to operate without the money-off. Thereafter, the sales of the different stores can be compared. The difference in the sales of the various stores can be used to understand the impact of money-off.

A highly controlled method that can be used to study the impact of different variables is the experimentation method. It is a type of quantitative technique. However, at times, it may relate to more of observation than direct communication.

In this method, the researcher generally manipulates an independent variable and studies the impact of this variable on a dependent variable such as sales, especially in a control setting. One group in the research is the experimentation group and the other is the control group. The researcher also decides upon the different aspects of this method that whether the research should be carried out in a natural setup or in an artificial setup. The research is capable of controlling the intervening variables in case of an artificial setting, which may not be possible in case of a natural setting.

In most of the cases, this type of research is primary research or conclusive in nature. Another method that can be used to study the cause and effect relationship between different variables is simulation. By changing one variable in the equation, it is possible to understand the effect of this change on the other variables of the equation. This is different from the experimentation research in the manner that it is secondary research, though this is also conclusive in nature. Like experimentation, this is also a quantitative technique.

Before making causal inferences or assuming causality, three conditions must be satisfied. These are:

- *Concomitant variation:* This may be used to study the relationship between a cause X, and an effect Y, that to what extent in a given setting they occur together or vary together. These may be studied while considering a hypothesis. Concomitant variation study can be supported by both quantitative and qualitative manner. The absence of initial evidence of concomitant variation does not imply that there is no causation. It is possible that considering a third variable may crystallize an association that was originally obscure.
- *Time order of occurrence of variables:* According to the time order of occurrence, the cause will either occur before or simultaneously with the effect. It cannot occur afterwards. By definition, the effect cannot be produced by an event that occurs after the effect has taken place. However, it is possible for each event in a relationship to be both a cause and an effect of the other event. In other words, a variable can both be a cause and an effect in the same causal relationship.
- *Absence of other possible causal factors:* Absence of other possible causal factors indicates that it should only exhibit the effect of one single variable which is being investigated and that should indicate effects on the dependent variable. In an after-the-fact examination of a situation, one can never rule out all other causal factors. In contrast, with experimental designs, it is possible to control some of the other causal factors. It is also possible to balance the effects of some of the uncontrolled variables so that only random variations resulting from these uncontrolled variables will be measured.

## NOTES

Of the three types of research designs—exploratory, descriptive and causal—only causal designs are appropriate for inferring cause-and-effect relationships. Although descriptive data are used to provide evidence of ‘causal’ relationships, these studies do not meet all the conditions required for causality. For example, it may be difficult to establish the equivalence of the respondent group on a prior basis with respect to different dependent and independent variables in case of a descriptive study. On the other hand, an experiment can establish this equivalence by random assignment of test units to groups. In descriptive research, it is also difficult to establish time-order of occurrence of variables. However, in an experiment, the researcher controls the timing of the measurements and the introduction of the treatment. Descriptive research also offers little control over other possible causal factors.

The conduct of experiments may however, take good amount of time, especially when it is important to measure the long term effects on a variable in this study. For example, when one wants to study the effects of an overall advertising campaign. Experiments may not be cost-effective and may involve difficulty of administration. When the experiments are conducted in natural settings, it may be difficult to control the intervening variables.

Test marketing or market testing is one of the most important marketing implications of experimentation. The marketer plans to test market the national marketing campaign in the planned markets. While testing, the independent variables such as marketing mix may be changed by the experimenter in different test markets. Thereafter, the dependent variable such as sales is monitored. The prime objective is to arrive at

### Check Your Progress

17. Brand awareness consists of two variables: \_\_\_\_\_ and \_\_\_\_\_.
18. In case of experimental research, \_\_\_\_\_ is generally used as the prime basis.

the most appropriate marketing mix which can be nationally implemented. There are two prime objectives of test marketing. These are:

- Determination of the acceptance of the brand at the marketplace.
- Testing of different levels of marketing mix variables

## NOTES

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### 3.6 SUMMARY

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Some of the important concepts discussed in this unit are:

- Media planning consists of various medium like TV, magazines, newspapers, radio, etc., also known as traditional media, through which advertising and promotion of products are undertaken by advertisers to successfully market and sell their products.
- Advertisers also make use of various support media such as infomercials, billboards, yellow-pages advertising, video advertising, internet, etc., to advertise their products on a lower scale than the traditional media.
- In order to devise a successful media strategy, selecting the target audience is of utmost importance. There are four major segments used to identify the target audience, namely geographic, demographic, product usage and lifestyle psychographics.
- A selected number of target customers receive an advertiser's message at least one time in four weeks is known as reach. Frequency, on the other hand, constitutes the number of times the target audience read, see or hear the advertiser's message during a four-week time period.
- One of the most important decisions in advertising is the continuity of the advertisement. Advertisers have to take a decision whether the ad should be scheduled at regular intervals, all the year round, or at concentrated intervals to accomplish the highest impact.
- Implementation of a good media plan involves setting of specific communication goals of the overall media campaign, carefully selecting the target group, media outlets, media strategy and the budget allotted to the venture.
- Media category should be selected by the media planner while keeping the overall media objectives in mind. The three types of media category are mass media, direct response media and point-of-purchase media.
- Before the 'unbundling' in 1999, media marketing companies had their own media buyers. The media department consisted of two further departments, namely, media planning and media buying. However, after this, the creative agencies split up from the media agencies and the media departments of advertising agencies used to handle media buying.
- A media buyer is responsible for various functions such as negotiation of the rate, keeping track of the rate and the budget, monitoring the entire campaign as well as scheduling and sometimes positioning.

- Media buyers ascertain the desired reach and frequency levels by evaluating the qualitative as well as the quantitative terms and the characteristics that can be measured numerically are termed as Quantitative characteristics. Media cost can therefore be calculated using two methods namely the CPP (cost per rating point) and the CPM (cost per thousand impressions) methods.
- The media planner needs to be extremely cautious in their selection of a media vehicle to match the target audience so that the wastage on the coverage is the minimum.
- It is extremely important for a marketer to assess the effectiveness of the media plan by methods such as surveys, market research agencies, feedback devices, retail or sales audits, tracking (for online advertising).
- Sponsorship is either a one-time deal or it can be a continued alliance, since a promotional advantage is important for a marketer and it is quite important to assess the impact the association will have on the perception of the customers and stakeholders.
- Evaluating the success of the sponsorship is important, since after the evaluation process the advertiser would come to know whether an alliance with the sponsor was advantageous or disadvantageous and whether the association should be continued or discontinued.
- Primary as well as secondary market research is quite important to know the scope of one's product in the market. While primary research gives a wholesome data and information about the market, secondary data could consist of literature and outdated facts which would be irrelevant to the researcher and the marketer. Some well known primary market research agencies in India are A C Nielsen, ORG-MARG, IMRB and TNS-MODE.
- Advertising effectiveness can be measured either before the full-fledged launch of the advertisement known as pre-testing, or after a full-scale commercial launch of the campaign called post-testing.
- Brand recall is an important measure for companies since any increase in the recall or recognition of a brand suggests careful media planning, its effective execution and proper implementation. The various methods used to assess the effects of advertising are psychological methods, test marketing, concurrent testing, tracking studies, single-source tracking, memory testing, persuasion or attitude tests and in0market testing.
- Attitudes are usually measured using scales consisting of several items (sentences) and measure a specific aspect of an object whose attitude is being measured. The different scales used for attitude measurement are the semantic differential scale, Thurstone scale, multidimensional scaling and the Likert scale.
- Brand awareness consists of two variables: recognition and recall.
- Experimentation is used to infer casual relationships and the cause-effect relationship is generally used as the prime basis

## NOTES

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### 3.7 ANSWERS TO 'CHECK YOUR PROGRESS'

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#### NOTES

1. Prime time (the period between 8 p.m. – 11 p.m.) is the most expensive yet effective 'day part' for TV advertising.
2. If an advertiser uses only one particular market to launch a new brand and avoid strong competition in the national market, he is using Spot TV advertising.
3. Infomercials
4. The two drawbacks of the Internet serving as a major form of transacting commercial exchanges are (a) lack of customer confidence and (b) potential for misuse of credit cards.
5. Reach is the number of target customers who receive the advertiser's message at least once during a four-week time period.
6. The objective of the effective index procedure is to select the media schedule that generates the most exposure value per Gross Rating Point (GRP).
7. The types of traditional media are (a) broadcast media, (b) print media and (c) outdoor media.
8. The three types of media categories for media planning are (a) mass media, (b) direct response media and (c) point of purchase media.
9. CPM is known as cost per thousand impressions and is calculated using the gross impressions that are received by an advertisement and the cost incurred.
10. The three main factors considered while taking media planning decisions are (a) marketing factors, (b) creative factors and (c) media factors.
11. Companies might indulge in four types of positioning errors, namely (a) under positioning, (b) over positioning, (c) confused positioning and (d) doubtful positioning.
12. Evaluation.
13. Brand awareness.
14. Some of the well-known primary research agencies in India are:
  - A C Nielsen
  - ORG-MARG
  - IMRB
  - TNS-MODE
15. Some of the advertising strategies which are undertaken by a company for effective marketing are as follows:
  - Test marketing
  - Psychological measures
  - Concurrent testing
  - Tracking studies
  - Single-source tracking

- Memory testing
- Persuasion or attitude tests
- In-market testing

16. Cognition, affect and conation
17. Recognition and recall
18. Cause and effect relationship

## NOTES

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### 3.8 QUESTIONS AND EXERCISES

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#### Short-Answer Questions

1. List a few limitations of advertising through magazines.
2. How can radio advertising be advantageous to advertisers?
3. What is the concept of interactive media?
4. What do you understand by the terms 'reach' and 'frequency'?
5. What are the key elements to be kept in mind while devising a media strategy?
6. What do you understand by media buying?
7. What is the importance of recognition and recall in brand awareness?
8. What do you understand from the attitude-toward-the-ad model?

#### Long-Answer Questions

1. TV advertising has both advantages as well as disadvantages. Discuss.
2. How has the Internet enhanced means of advertising in today's times?
3. Explain the effective index procedure with the help of an example.
4. What is the importance of the 'shelf space model of advertising'?
5. What is sponsorship? Which points are important for the selection and evaluation of a sponsorship deal?
6. How can we measure advertising effectiveness? Explain the various methods used to access the affects of advertising.
7. 'The marketing research structure has changed in modern times.' Discuss.
8. 'Attitudes are learned and they cannot be observed'. Explain in detail.
9. Discuss the methods of Attitude measurement.
10. Which scales are used for Attitude measurement? Discuss in detail.
11. Explain the cause-effect relationship in marketing.

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# UNIT 4 PUBLIC RELATIONS AND PUBLICITY (PR&P)

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## NOTES

### Structure

- 4.0 Introduction
- 4.1 Unit Objectives
- 4.2 Public Relations: Role, Types, Process and Tools
  - 4.2.1 Functions of Public Relations
  - 4.2.2 Types of Public Relations Tools and Processes
  - 4.2.3 Role of the PR Agency
  - 4.2.4 Stages in PR Strategy
  - 4.2.5 Different PR Policies
- 4.3 Publicity: Characteristics and Process
  - 4.3.1 News Release
- 4.4 Direct Marketing: Importance, Techniques and Relevance in Indian Context
  - 4.4.1 Importance and Relevance of Direct Marketing
  - 4.4.2 Direct Marketing Techniques
  - 4.4.3 Relevance of Direct Marketing in Indian Context
- 4.5 Event Marketing: Characteristics and Process
  - 4.5.1 Developing Event Marketing Strategy
  - 4.5.2 Role of PR&P in Corporate Image Building
  - 4.5.3 Role of Brand Image in Event Marketing
  - 4.5.4 Event Marketing Plan
  - 4.5.5 Institutional Advertisement
- 4.6 Summary
- 4.7 Answers to 'Check Your Progress'
- 4.8 Questions and Exercises

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## 4.0 INTRODUCTION

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In today's highly competitive world of business, there has been increasing need for companies, organizations to stand out and create an image that will help attract public as well as media's attention. This has further heightened the requirement of public relations (PR) and expanded its role as well. Basically PR stands like a bridge between a company or an organization and its different stakeholders including general public. It maintains and manages relationships between them. Therefore, PR should act as a catalyst that enhances a company's reputation, thereby making it popular among the masses.

PR firms need to thoroughly understand the importance of stakeholders as well. They should be aware of the fact that if stakeholders do not have positive perceptions of a particular company then they will not show any interest to do business with the company. Therefore, PR firms should be able to create the kind of reputation that will help invite more and more business for their clients.

PR professionals or dedicated firms run the operations and their prime responsibility is to present their respective clients in a way that public gets attracted towards the companies or organizations they are working for. Some of the common activities involved in PR are — publicity, participation in seminars, extending charitable donations and corporate advertising etc. Publicity is considered as one of the most important methods in PR.

## NOTES

Direct marketing plays a significant role in PR. It uses a number of approaches and techniques such as direct mail, telemarketing, direct-response advertising and Internet, that help companies and organizations communicate with their customers.

Another prominent section of advertising is event management which is considered as one of the most glamorous careers in India. Events that are organized by the management companies include sporting, wedding and cultural, to name a few.

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### 4.1 UNIT OBJECTIVES

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After going through this unit, you will be able to:

- Explain the concept of public relations, its roles, types, process, functions and varieties of tools involved in PR
- Define publicity and its key roles
- Discuss direct marketing, its importance, techniques and relevance in Indian market
- Identify key reasons for growth in direct marketing activity
- Explain how to build customer trust in direct marketing
- Explain the concept of telemarketing and its roles
- List advantages and disadvantages of telemarketing
- Define event marketing; develop event marketing strategy
- State role of public relations and publicity in image building
- Identify the significance of brand image in event marketing
- Explain event marketing plan

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### 4.2 PUBLIC RELATIONS: ROLE, TYPES, PROCESS AND TOOLS

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The companies chiefly focus on their distributors and customers. However some other stakeholders such as media, government, employees, shareholders, social groups and local community should also be given due importance while running its operations.

Public relations (PR) is an important instrument used by companies or organisation to enhance their reputations. It acts as a bridge between an organisation and the public, and manages relationships between them.

Public relations has wider objectives when compared to marketing and involves communication to maintain and manage relationships between the company and its different stakeholders including the general public. There is a narrow focus of marketing and is confined to only distribution channels, marketing channels and customers, etc. whereas the public relations involves communication with several other groups. A conducive environment is created by the public relations department for the organization to operate smoothly. The various activities involved in public relations include participation in seminars, extending charitable donations, corporate advertising and publicity, publications and lobbying, etc.

## NOTES

A company has to understand the importance of stakeholders other than its customers, suppliers and channel partners. A company's very existence as a business entity will be in jeopardy if these stakeholders do not have positive perceptions of the company. For instance, it will not be allowed to set up its factories and offices if it has antagonised the community in which the business is to be set up. Public and banks would not finance its operation if it lacks credibility. Aggrieved media and pressure groups can berate the company to the extent that its suppliers and other partners would not want to do business with it. And all these stakeholders shape customers' opinion to some extent. In sum, a company would find it impossible to do business if its major stakeholders were aggrieved with it, even if the company has a very good product and marketing programme in place.

A company has to be deliberate in managing its relationship with its important stakeholders. It cannot assume that its good practices will ensure good public relations. It has to research the interests and expectations of various stakeholders and serve them. It would be fatal to equate public relations with good corporate communication. For maintaining good relations with important stakeholders, the company has to first serve their interests and then communicate to them that their interests were being served in particular ways. Focusing exclusively on communication would make the whole exercise a gimmick and the stakeholders will see through the facade. Public relations is as real as any other marketing activity, i.e., it is based on achieving something substantial for the stakeholders.

A lot of value is added by the public relations department and it assists the marketing function in a number of ways. Thus, it is being now acknowledged as a growing and a highly-potential area. More economical and cost-effective communication channels are being explored in order to take care of the increasing advertising costs.

### 4.2.1 Functions of Public Relations

Following are some of the functions that public relations accomplishes:

#### 1. Facilitates company's overall operations

It leads to development of an image for the organization which can be exploited to gain advantages in the field of sales and marketing. Not only this, it helps in retaining good employees and fostering good relations with the government and the community.

#### 2. Aids promotion

It can help in the promotion of products. Public relations may also contribute towards generation of awareness and interest in the company's products. This is because the overall corporate image supports and builds the image of the products being marketed by a company. People increasingly understand that media has its own interests to serve but still they are more likely to believe the story on a product appearing in the media than the claims made by the company in its ad.

#### 3. Helps in tackling social and environmental issues

It helps in handling social and environmental issues and ensures that they are settled to the mutual benefit of all parties involved. If the company has a good record of fulfilling its societal obligations and safeguarding the environment, its occasional breach will be

## NOTES

looked at with benevolence and the organization will be allowed to mend its ways amicably by government bodies and pressure groups. The company will be spared the damages that would have befallen it if the pressure groups had been stridently opposed to it. The company gets the benefit of doubt in tricky and messy situations and survives to live another day because of its impeccable public conduct in the past.

### **4. Ensures that customers are treated well**

The company realizes that customers are habitual story tellers. If a customer is not treated well by a company he will spread the story far and wide. And if he perceives that the company has gone out of its way to be of help to him, he will be equally profuse in its praise. Public relations also plays a role in ensuring that the customers are not just treated well by the company but also they are presented with useful information. Additionally, it also takes care of the fact that the company ensures effective customer service.

### **5. Helps in attracting and retaining talented employees**

This leads to the overall corporate image building and increased levels of respect for the company. Further this is useful in attracting good and talented employees to the company and also ensures their retention for a long time. Over a period of time, this factor is responsible to ensure that people feel satisfied and happy while working with a company. Talented employees will stay in an organization only if they are proud of belonging to the organization. An employee will not feel proud of his organization if stories about the organization's sordid deeds and its shoddy behaviour are out in the open. But when the public respects his organization he feels good to be a part of it. The various activities that can be taken up internally in an organization to ensure that the employees carry respect for the organization are internal newsletter circulation, recreational activities, promoting work life balance, recognition of employees for their contribution through awards, etc.

### **6. Ensures that stakeholders give it benefit of doubt**

It additionally helps in ensuring that misconceptions are not formed for a company and thus malicious opinions about a company's operations can be prevented. If the company has a good reputation, the public gives it benefit of doubt till facts are verified and the truth is out. This period when the public suspends its judgement about the company till the truth is out, is of utmost importance as the media is likely to keep the company embroiled in some controversy or the other. It is debatable whether companies' misdeeds have increased but they are definitely being reported more now, due to the proliferation of the media and its constant search for controversies to keep the public interested. In such times, a company's credibility among its stakeholders can be a strong deterrent to the media's fetish for stirring controversies.

### **7. Develops reputation as a good supplier and customer**

It helps in building the overall reputation of a company not just as a manufacturer and a marketer for its customers and suppliers alone but also as a good customer for its suppliers. Customers and suppliers are likely to believe that a company with good reputation with other stakeholders will also keep its commitments with them. With increasing globalization of business, getting a favourable international media coverage

## NOTES

has become imperative for attracting customers and suppliers from across the world. When distances between a company and its suppliers and customers increase, what appears in the media about the company becomes an important criterion in the decision of the suppliers and customers to consider doing business with the company. Detailed evaluations obviously follow but a company with bad media coverage gets blocked out, right in the beginning of the customers' and suppliers' evaluation process.

### 8. Politicians and public officials are favourably inclined

It additionally helps in positively impacting the opinion of other people such as politicians and public officials so that they carry a good opinion about the company and believe that the company is working towards public interests. With companies looking at establishing, designing, manufacturing, and marketing facilities globally, the perception of the host government about the company has become an important factor in its success as a global player. A government is more likely to expedite the entry of a company into its country if it has the reputation of becoming a good local citizen than if it was known for rabid profiteering.

### 9. Responds effectively to negative publicity

A company that understands the need to maintain good relations with its stakeholders will respond quickly, accurately and effectively to negative publicity. It understands that negative publicity can overwhelm a business sooner than bad products and services and will put all its resources in setting the record straight. It will not wait for the negative publicity to die down on its own. It knows that stories in the media will cease to appear after some time but people will have formed negative opinions about it and its interaction with the company will reflect the opinion formed. A savvy company will counter negative publicity vigorously and will not rest till public confidence in the company is restored.

### 4.2.2 Types of Public Relations Tools and Processes

There are many tools used in PR, which include both traditional and new age tools. The various tools can be listed as follows:

- **Press release:** Press release, or news release, is the primary and most traditional tool of PR. For this, the company or individual needs to build and maintain a database of press contacts and editors of industry journals, magazines, and trade publications. This can lead to press coverage that cannot be bought by money. A favourable coverage in the press can do wonders for a company, and achieve much more than paid for advertisements. Companies also need to write effective press releases and send them out to media contacts on a regular basis.
- **Feature articles:** Another form of PR involves companies writing and submitting their own articles. For example, a feature article on an eco-friendly car may be considered apt by the newspaper editor on Environment Day. This is a highly effective PR method that also serves to educate the consumer, increases the visibility of the company and product, and adds authenticity and respect to the reputation of the company.
- **Press conference:** A press conference is a quick and efficient way to convey a PR message. In a press conference, there is no need to set up interviews with

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reporters separately, send press releases or contact editors and producers. The PR message can be conveyed to a group of journalists from different media channels at once.

- **Electronic media:** The media, especially television channels, are always on the lookout for interesting and engaging ideas for documentaries and TV shows. They need programmes with great human interest stories. For example, an environmental research institute makes solar lamps that make a big difference to people in remote unelectrified villages. The company asks big corporate houses and individuals to join the campaign by sponsoring the solar lamps. During an annual televised show, viewers from all over the country call the show and donate big or small sums of money for the programme. In addition, movie stars share the stage with environmentalists and leaders, and adopt villages by pledging certain funds to pay for one or more village. In the process, all those involved – the TV channel, the research institute, as well as the donors – gain positive publicity for supporting a good cause.
- **New age tools:** With the proliferation of new technologies, especially the Internet, companies and individuals are using these widely. These days, no company can do without having a presence on the Internet in the form of an official Website, which showcases the company's achievements and products, the programmes it runs, especially highlighting it as a socially responsible organization. For example, petroleum companies like Shell and automobile manufacturers like Toyota are always keen to project a 'green' image by showcasing their support to environmental causes. Interactive social media sites such as Facebook and Twitter are being used to carry out PR by companies and individuals. Most companies have 'pages' on these sites. In contrast to the one-way communication offered by the traditional media channels like press releases, these allow instant feedback and discussion with the target audience. Events, movies and social causes are widely publicized on these online forums. Furthermore, companies use multiple user identities to join the discussion and create a positive image of the company (that is, by ensuring a large number of positive statements from different users).

### Use of subtle methods to build public relations

Apart from these, there are more subtle tools of the PR industry, which carry out PR campaigns without being apparent. These include media relations kits containing video and audio news releases, known in the industry as VNRs and ANRs. These are produced by PR professionals and look exactly like the news or current affairs programme of a particular channel. These are handed over to the channel, which broadcasts it as part of its regular news or other programme content. The channel gets a news item or programme without spending on production cost, while the client of the PR firm gets an extremely effective and subtle chance to influence public opinion. Companies that want to fend off negative publicity and threats to their reputation often adopt this method.

Online forums have become a fertile ground for subtle PR, where practices like astroturfing and buzz marketing are becoming common, though it is not easy to identify it as such. Astroturfing refers to creating front groups that appear as actual grass-roots movements and voice a certain opinion on behalf of a company or government. In

buzz generation, or buzz marketing, people who pose as ordinary users are paid to create a 'buzz' or hype amongst their contacts by exposing them to the company's products. Most PR campaigns use many or all of these PR tools as part of their overall PR strategy to influence public opinion.

**Other subtle methods:** There are several other methods that are being adopted. These are especially common among the film and entertainment industry.

- Publicity events, gimmicks, photo-ops or publicity stunts
- Celebrity endorsements
- Media tie-ups and events
- Appearances on reality shows, talk shows, interviews on television and radio
- Release of books, which are often written on behalf of the client by a 'ghost writer'
- Communication of opinion through writing on blogs
- Appearances at seminars, conferences and other events, often delivering speeches.

### 4.2.3 Role of the PR Agency

A lot of the PR today is conducted by professionals, PR departments or external agencies specialized in the PR business. A PR agency provides a comprehensive range of PR service to its clients and is responsible for generating favourable publicity by keeping track of the different reports that are likely to be printed or broadcast. The task of a PR firm is complicated by the vast range of media channels that are active today—newspapers, magazines, radio, television, websites, blogs, homepages on Facebook, Twitter, promotional events, and so on. All these need to be monitored and the PR agency needs to optimize the good news and forestall bad news. If there is a threat to the client's reputation, the PR firm must control the situation, by organizing the client's response so as to minimize damage, and organize and present information to the media.

**Community relations:** Companies need to build goodwill among the community in which they operate, for which they must have a comprehensive and long-term programme. They undertake socially responsible tasks that are of value to the local community such as building and maintain schools, hospitals and other welfare schemes, which establish their credentials as a socially responsible organization. It is the task of the PR department of the company or the PR agency hired by the company to communicate these programmes and their benefits to the public at large.

**Employee relations:** All companies need to generate goodwill among their employees. Most of them have schemes for the benefit of employees such as insurance, pension and health schemes. The image and reputation of a company among its employees is also another responsibility of public relations in its function of employee relations.

**Product public relations:** PR agencies create awareness about new products among the public, and help to position the brand above the rival brands. Sometimes, new features are added to an existing product and the PR firm has to focus the attention of the public on the product with its new feature. For example, if a children's milk

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supplement adds a new feature such as ‘memory chargers’ in the product, the PR department may organize an event at a school, where samples of the product will be given to children and their mothers. When existing products need a push, public relations is often called on to improve product visibility.

**Financial relations:** The PR agency or department communicates with the wide variety of individuals and groups such as the stockholders and investors. It keeps financial analysts and potential investors informed about the company’s financial status. A well planned and executed financial relations campaign can increase the value of the company’s stock because of improved image and reputation. This improved image can also make it easier to gather additional capital.

**Political and government relations:** Many big companies try and influence the government’s policies and legislation in order to ensure the smooth functioning and growth of their companies. Laws and regulations that could have adverse consequences for the companies are opposed, but these activities are carried out in a subtle manner by PR agencies. The act of attempting to influence government leaders to create legislation or conduct an activity that will help a particular organization is called lobbying. Lobbying is a form of PR carried out at the government level (source: [www.businessdictionary.com](http://www.businessdictionary.com))

**Crisis communications:** During an adverse situation, such as fire or accident at a production site or if there are allegations against the company, it is the PR department or agency that is responsible for communicating with the public and stakeholders and minimizing the panic among stakeholder and control the damage to the company. Natural disasters, management wrongdoings, bankruptcies and product failures are crises which public relations must play a large part.

(Source: Adapted from <http://www.voteforus.com/functionspublicrelations.html>)

### 4.2.4 Stages in PR Strategy

The PR strategy will generally follow five essential stages as shown in Figure 4.1. Let us take a look at the stages in detail.

- 1. Identifying the message to the communicator:** This would involve informing the public about the issues to be taken up, such as a new policy of the government or the organization, change in existing policy or scheme, launch of a new product, campaigning for a public cause, etc.
- 2. Assessing the existing image or awareness level:** The organization needs to assess by taking a survey among the target audience to gauge the awareness level on the issue for which the organization is planning to launch the PR process. They need to find out if the image of the organization or the opinion regarding an issue is positive, neutral or negative.
- 3. Setting out clear communication goals and priorities:** Communication objectives need to be established based on the knowledge level or image factor. Instead of vague and general objectives, there should be clear-cut goals, such as ‘X number of households should be informed about the event.’

4. **Building up the message and selecting the media channel:** The content of the message needs to be appropriate to the media channel that is being chosen for its dissemination. For example, if the media channel is television, the message needs to be audio-visual, while for the print media, it needs to be in the form of feature articles, press release, etc. Generally, PR is not carried out through a single channel, but multiple channels are utilized. The media chosen for PR depends on the kind of event, the target audience and the reach that is required.
5. **Assessing impact:** The PR agency needs to monitor and evaluate if the communication sent out reached the target group and whether it had the desired impact. In case the message failed to reach the target or did not have the expected results, the cause of failure should be investigated and the message needs to be sent out again after modification.

Figure 4.1 sums up the steps in the PR strategy.



*Fig. 4.1 Stages in PR Strategy*

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### 4.2.5 Different PR Policies

For any company, it is important to have a proper Public Relations Policy as it provides a framework to create awareness about the company, its services and products. The benefit of having a proper PR policy is that it helps in enhancing the reputation of the company. Thus, the company manages to attract its target audience towards the company. Some of the activities covered in the Public Relations Policy are developing a PR plan, implementing the PR plan and monitoring the PR plan.

#### How a PR policy works

In most of the companies, managers of the departments of marketing, promotions, public relations and sales coordinate the companies' sales, market research, promotion, product development and public relations activities.

There is a slight difference in the way a PR policy works in small companies and big companies. In smaller companies, the promotions, advertising, sales, marketing and public relations responsibilities fall on the shoulders of the chief executive officer. Whereas, in bigger companies, an executive vice president takes care of overall marketing, sales, advertising, promotions and public relations policies.

**Marketing managers:** The role of marketing managers is to develop the company's marketing strategy. Product development managers and market research managers

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**Publicity:** One of the methods of public relations is publicity. It generally involves communication about an organization or any of its products in the media

help them in developing important strategies of the company. Marketing managers develop pricing strategy as well. It helps the company to gain maximum profit.

**Promotions managers:** It is the responsibility of promotions managers to guide the promotions specialists of the company. They develop effective promotions programmes that help increase sales. They use tools such as telemarketing, television or radio advertising, direct mail, exhibits and inserts in newspapers.

**Public relations managers:** The key role of public relations managers is to supervise public relations staff. They also evaluate promotions programmes. They need to keep an eye on the social, economic and political trends that might affect the company, as well.

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### 4.3 PUBLICITY: CHARACTERISTICS AND PROCESS

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One of the methods of public relations is **publicity**. It generally involves communication about an organization or any of its products in the media. This is done through placement of news and thus time and space may not be directly invested for.

Though a company can manage to get talked about in the media without doing anything which is newsworthy, it will not help its cause if readers or viewers do not find the story about the company stimulating enough to take note of it and register it in their minds. A big portion of the publicity budget is spent on maintaining relations with the media in the hope that the media will feature the company more frequently and prominently. But, this is wasteful. Instead the company should expend its resources in staging events, building associations, and doing other things depending upon the type of business the company is in, about which the public would genuinely be interested in knowing.

Savvy companies know the triggering points of public and media attention and conduct themselves in a manner that invites the attention of the public and media. Their publicity endeavour does not end with courting the media. Media, anyway, will carry the stories that its readers and viewers will want to read and view.

#### Tasks of publicity department

Some of the important tasks of publicity department can be discussed as follows:

- Responding to requests from media which requires availability of well-organized information of the company.
- An information on different events related to the organizational developments may be shared with media. This can be achieved by building communication channels internal to an organization. However, knowledge of the media is extremely important in this respect.
- Another important aspect is that the media should be motivated enough to present the same opinion as that of the organization. In order to ensure the same, it is important to develop close relationship with media personnel and it is

crucial to understand their overall needs and motivations. The company should additionally aim at creative development of ideas.

### Characteristics of publicity

The most crucial task involved in publicity is to ensure that appropriate information is passed on to all the key stakeholders of an organization. The information can be primarily disseminated through several ways. This can be achieved by publishing news releases, conducting news conferences, publishing feature articles, setting up interviews, conducting seminars and conferences. There are five most important characteristics of publicity:

- **Message should be credible:** In comparison to advertising, the message has higher credibility. This is because in the eyes of the reader the message content has been developed by an independent media person and does not come directly from an organization. The credibility attached with the message content ensures that it is more persuasive in nature when compared to any other advertised message.
- **No media cost should be involved:** In case of publicity, there is no direct involvement of media cost as no space is bought by the company in a media. However, someone from the organization has to ensure the preparation of the news release, must set up interviews in case required or conduct/participate in a given conference. A publicity department or a press officer internal to an organization can be inducted to ensure the above. It can be also managed by an external public relations agency or a PR firm.
- **Control of publication may be lost:** In case of an advertisement that is internal to the organization, the company has the guarantee that it will be published; however, this may not be the case in a news release or a news item. This is because the decision maker is not the organization or its employees but it is the editor of a publication. The prime area of focus is whether the news item will generate sufficient interest or not. The editor is more inclined to make sure that the news release or news items are an interesting read for its targeted readers.
- **Control of content may be lost:** The company cannot make sure that whether the content will be presented in a manner that it takes care of the interest of an organization.
- **Control of timing may be lost:** The company can control the timing of a promotional or an advertising campaign but it can by no means regulate the time of publishing of a news release. Therefore, impact at a given period of time is not possible to be ensured.

#### 4.3.1 News Release

News release is the most popular means through which information can be disseminated to media. One should take care of the following guidelines while preparing a news release:

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- **Headline of the news release:** One should try to make the headline of the article factual rather than using a flashy or a flowery language. This is because it can disappoint the editors of a publication if the news release lacks on actual information.
- **First paragraph:** One should try to include a brief summary to the whole news release in the first paragraph. While preparing the same, one should assume that if this paragraph is going to be published, then it should put across the desired message to the readers.
- **Copy of the news release:** While the copy of a news release, one should try to keep the less important information towards the end of the news release. This is because while editing, chances of information towards the end has greater chances of getting deleted.
- **Content of the copy:** The person writing the news release should ensure that the copy content is factual in nature and also should work towards endorsing the same with the help of facts and figures. For example, while talking about the illiteracy rate in a given state of India, it should be backed by the figures.
- **Length of news release:** The news release should be as brief and short as possible. This is because an editor will always be happy about spending as less time as possible while editing a news release. The editor will get irritated in case the release is quite long and takes a lot of time to edit thus minimizing the chances of publication of such a news release.
- **Layout of news release:** The layout of the news release should be such that it contains small paragraphs with adequate spacing between them and must allow for the required margins on both sides. Additionally, double spacing must be ensured in the copy so that editor has adequate space between the paragraphs to put his comments while editing the text that has been included in the news release.

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### 4.4 DIRECT MARKETING: IMPORTANCE, TECHNIQUES AND RELEVANCE IN INDIAN CONTEXT

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Direct marketing can be defined as a form of marketing that helps companies or organizations sell their products or services directly to the consumers. Some of the most popular techniques of direct marketing are direct mail, telemarketing, catalogue marketing, direct response marketing, and so on.

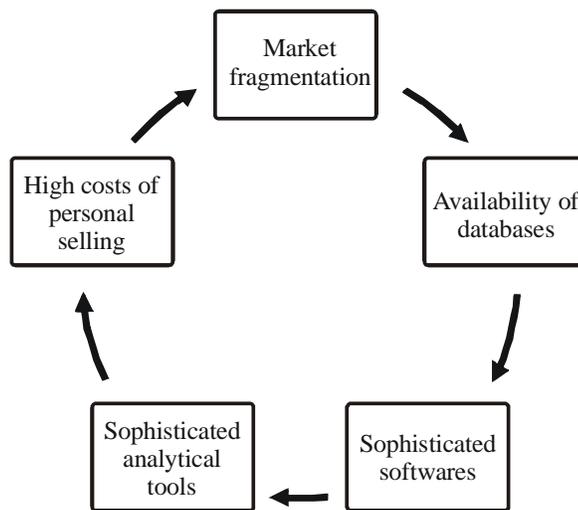
In this section, you will learn about the importance, relevance and techniques of direct marketing.

#### 4.4.1 Importance and Relevance of Direct Marketing

Direct marketing have experienced growth due to several reasons. Some of the key reasons are given as follows:

#### Check Your Progress

1. List at least three key functions of public relations.
2. Which are the key tools used in PR?
3. How should the publicity budget be utilized?
4. What is the advisable way of making the headline of a news release?



*Fig. 4.2 Reasons for Growth in Direct Marketing Activity*

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- Market fragmentation has limited the applicability of mass marketing techniques. Increased fragmentation has led to the emergence of segments that are smaller in size. Such consumer segments have finer, distinct sets of needs which may not be fulfilled by the current offering of the marketer. Therefore, the capability of direct marketing techniques to target distinct consumer groups is of increasing importance.
- The increasing supply of lists and their diversity has provided raw data for direct marketing activities. There is large amount of transaction data available with retailers and internet marketing companies that can be used to target individual customers more accurately.
- Sophisticated software allows generation of personalized letters, messages and offerings.
- Sophisticated analytical tools are available now that help companies to classify and understand customers better. Households can be classified into types of neighbourhoods by using geodemographic analysis. For example, neighbourhoods of elderly people, or private houses or single people can be identified. These in turn can be cross-referenced with product usage, media usage and lifestyle segments.
- High cost of personal selling has led companies to take advantage of direct marketing techniques such as direct response advertising and telemarketing to make the sales force more effective. Direct marketing techniques generate leads that can be screened by outbound or inbound telemarketing.

### **Building customer trust in direct marketing**

Customers are time-starved, hassled, lonely, cynical and skeptical. Such customers will not trust direct marketers, who have not branded themselves. It is important to consider the state of society before designing direct marketing campaigns.

Increasingly, people have less time for life outside their work. People have to scramble to cram a wide range of activities into the few hours that they have when they

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reach home. And today's economic conditions require virtually every adult in a household to work. What happens during this time has crucial implications for direct marketers. Telemarketing calls and direct-mail packages are dealt with in the evenings, usually when the family is rushing to complete a number of household activities. The result is that telemarketing pitches are perceived as unwanted and irritating intrusions. Direct-mail packages are scanned quickly and non-attentively by tired customers as they go about helping their children complete their homework. Exacerbating these conditions is the fact that telemarketing and direct mail volume have reached very high levels.

Exasperated customers, struggling to juggle between household activities and direct-mail clutter combine to have serious consequences for direct marketers:

- The more upscale a direct marketer's customers and prospects are, the more direct mail they are likely to receive.
- Busy people are less likely to increase the time they devote to direct mail when they receive more of it. They are more likely to spend less time with each mailing.
- Too much direct mail for too long has made people aware of the techniques that direct marketers use to solicit their attention. Most people have already decided that there will be nothing for them in the mail before even opening it. They are weary and wary of the popular promotional tactics. The result of such customer ambivalence, bordering on antipathy, is that techniques that may have worked yesterday may backfire today.

Due to decades of commercial television, the way people assimilate information has changed dramatically. People have become increasingly conditioned to receiving information in short, rapid, visual bursts, rather than the traditional linear manner of reading. The result is that people's attention spans are less and they read less. This phenomenon has serious implications for direct mail. A verbal, leisurely and a lengthy medium like direct mail seems anachronistic in today's fast-paced, busy and postliterate society. Direct mail has to convey its full story in a short time that the customer pays attention to it. It is futile to tell a story which runs into pages.

As technology commands a greater role in contemporary life, people fear that they are losing control. The same technologies that give people so much comfort and control, as cellular phones, cash machines, etc., do create extreme frustration and anxiety when they fail to operate because new technology creates instant dependency and subservience. Marketers have to help customers to stay in control by maintaining and facilitating contact, by instilling confidence and comfort, and by reducing complexity. Mail order companies have special responsibilities because their success depends on the faith that customers put in them. Every time a customer is asked to send money, fill out applications, or give credit card numbers over the phone, they relinquish some degree of control. So it is imperative to let customers know that they are in control and to make it easy to restore control whenever there is problem.

The best way to make the customer feel in control is to give him a guarantee that whenever is a problem with the purchased product, his money will be refunded. Another way is to provide a toll-free number. It is the simplest, quickest and most effective device for restoring control. Customers expect knowledgeable, efficient and solution-

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oriented customer service from direct marketing companies too, because that is what they are getting from other companies.

Societies are becoming isolated and lonely. An increasingly lonely society will crave for contact—contact that meets both practical and psychological needs. It is important for direct marketers to think of any customer contact as marketing, regardless of purpose, channel or intensity. Direct mail, outbound telemarketing, incoming customer service calls, product shipments, billing statements, etc., all have the power to either build or erode relationships with the customer. There is no such thing as a neutral contact. A misguided telephone call that treats current customers like noncustomers and asks them to buy what they have already bought, could have an erosive effect on the relationship.

With all the bad economic, political and societal news confronting people, these days, people's confidence is on the wane. The less confident people are, the more cynical they become. More and more people are becoming cynical about advertising and the truthfulness of advertising claims. Advertisers have been making so many overblown, unfulfilled promises for so long that it is surprising that people even take note of them. Direct marketers need to be especially sensitive to customer cynicism and skepticism. They conduct their businesses without the benefit of face-to-face contact, and it is human nature for people to be skeptical of things they cannot see or feel. Direct marketers rely on direct mail and telemarketing, the two forms media that fraudulent and deceptive practitioners are very fond of using.

Customers want to feel comfortable about the companies they do business with and one of the key components of comfort has to do with the way companies use information about their customers. They are also quite concerned about privacy. Therefore, be they will have nothing to do with a direct marketer if they suspect that their personal information has been leaked, or worse, has been sold to other companies. It is very important that direct marketers get proactive about guarding information about customers.

There is a strong feeling among people that life has become too complex. The sheer velocity and magnitude of decisions, choices and responsibilities have made people long for simpler times. In a busy, rushed and overly complicated world, simplicity and clarity should be the guiding principles governing all communications. The only effective way to communicate persuasively with a customer who is too busy, too tired, too cynical and too unwilling to read too much direct mail is through a strong, well-established, intelligently positioned brand. A strong brand can be an antidote for virtually, all the cynicism and skepticism that prevail among customers. It can be useful in the following ways.

- Strong brands are instantly familiar and implicitly trustworthy—essential criteria for getting a busy, tired, postliterate prospect to pay attention. Also, the stronger the brand is, the shorter the copy can be. Short copy invites readership. Postliterate customer does not have the patience to read long copy.
- Strong brands are trusted by customers. They put the customer in control.
- Each time a strong brand is used, its key attributes are reinforced.
- Strong brands are consistent. They enable customers to buy with confidence.

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Trusted brands provide comfort to customers. Some of the strongest brands have been around for a long time.

- Brands provide an antidote to complexity. Strong brands speak clearly, consistently and compassionately to people's needs.

Direct marketers have been ignoring branding themselves because they sell nonbranded products in uncluttered categories. But today, virtually every category is crowded, cluttered and need every product is a commodity, so direct marketers to get serious about branding.

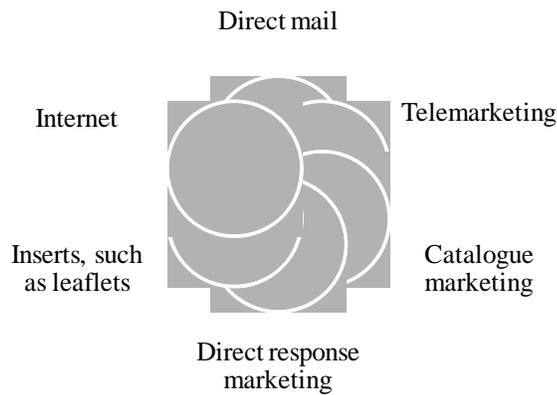
In branding themselves direct marketers have to strike a critical balance. The direct marketer has to ensure that the company's brand personality is communicated consistently and clearly in its direct marketing communications, without compromising response-generating techniques. The direct marketer should have clearly presented brand positioning and benefit. The best way to determine this is to see how long it takes for customers to fill in the blanks in this statement: 'X is the Y that does Z for me'. The answer should be framed in the following way, 'Dove is the dish-washing liquid that softens hands as I wash dishes'. The quicker the customers can come up with such a statement, the more clearly the company's communication is branded. If customers cannot complete the statement in 15 seconds or less when they look at the company's direct mail or direct response advertising, the company's communication is weakly branded. Consistent and conscious use of the company's name, benefit and offer in headlines and subheads will ensure that branding comes through clearly and strongly. Time-starved and postliterate customers rarely read body copy.

Another important point to remember is that direct mail and mass-media advertising should not be developed independently of one another, otherwise the two will look and feel as if they come from different companies. Direct mail and other media should have reciprocal arrangement. Direct mail should leverage the brand equity established in mass media advertising by borrowing copy and graphic imagery of the advertisement and placing them prominently in their direct mail. The direct mail is more easily recognized when it bears the copy and graphic imagery of its advertisements. Customers also feel more comfortable and confident in responding to a direct mail of a company which they remember seeing in an advertisement. The direct mail of a well advertised and strongly branded direct marketing company will generate greater and better quality response. In addition, as the direct mail itself has advertising value, even nonrespondents get a positive, brand-building advertising impression.

### 4.4.2 Direct Marketing Techniques

Some of the common direct marketing techniques are:

- Direct mail
- Telemarketing, both inbound and outbound
- Catalogue marketing
- Direct response marketing, for instance coupon response
- Inserts, such as leaflets
- Internet



*Fig. 4.3 Direct Marketing Techniques*

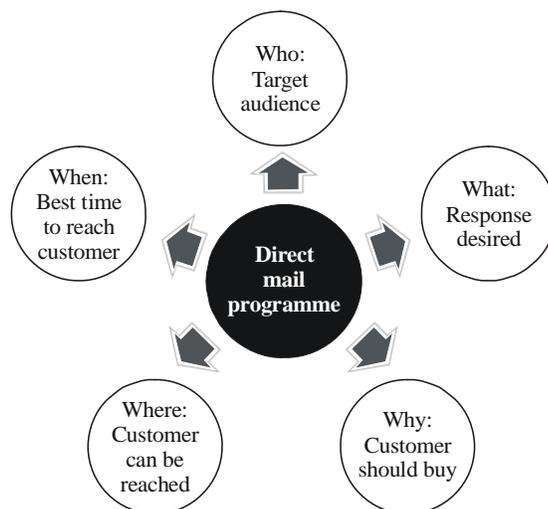
**NOTES**

**1. Direct mail**

The company sends a mail to a customer informing him of its offers with an implicit or explicit request to make a purchase. A key factor that determines the success of direct mail is the quality of the mailing list. List houses supply list on rental or purchase basis. Since lists go out of date quickly, it may be better to rent them. A customer list can be compiled from subscription to magazines, catalogues, membership of organizations, transactions at retail counters and internet sites. Customer lifestyle lists are compiled from surveys based on questionnaire administration. The electoral roll is useful when combined with geodemographic analysis.

List of business customers is obtained from subscription lists of trade magazines, from exhibition lists, and it is also provided by directory producers. The most usable and productive mailing list is that of the company's own customers, because they transact with the company, and the latter understands nuances of their buyer behaviour. Other useful mailing lists are names of past buyers who have become inactive, enquirers and those who have been referred or recommended by present customers of the company. A mailing list becomes more usable if characteristics of buyer behaviour such as the products purchased, frequency of purchase and value of purchase are also stored in the database.

For any direct mail programme, five questions should be answered:



*Fig. 4.4 Questions to be Answered for any Direct Mail Programme*

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- **Who:** Who is the target market/customer? Who are we trying to influence?
- **What:** What response is solicited? A sale, an enquiry?
- **Why:** Why should the target customer buy the offering or make an enquiry? Is it because the product is delivered faster or cheaper, etc.?
- **Where:** Where can the target customer be reached? Can we obtain their home or work address?
- **When:** When is the best time to reach the target customers? Is it weekends or weekdays?

Direct mail allows specific targeting to named individuals. Elaborate personalization is possible and the results are directly measurable. Since objectives of direct mail are to elicit an immediate response, usually a sale or an enquiry, success can easily be measured. Such factors as type of promotional offer, headlines, visuals and copy can be varied in a systematic manner. By using code numbers on reply coupons, response can be tied to the associated creative efforts.

The effectiveness of direct mail relies heavily on the quality of the mailing list. Poor lists raise costs and create irritation for consumers since recipients are not interested in the content of the mail. Junk mail is a big problem and questions the credibility of the company which sends the mail.

Cost per thousand customers reached, using direct mail can be higher than in advertising, and response can be as low as 2 per cent. And then there is the high cost of setting up a database and maintaining it. It is extremely important that a company updates its database periodically, so that new prospects are included, and those who would not buy, are left out. A company should consider direct mail as a medium to long-term tool for generating repeat business from a group of customers, who have been chosen after a lot of deliberation, because it is expensive to reach them—if there is very little probability of a customer buying the company's product, the company would have unnecessarily spent a lot of money to reach him. It has been found that practical and factual appeal work best in increasing the response rates via direct mail.

There may be laws governing the collection and storage of personal information. Therefore, a company should be aware of these before it starts operating in any country. The company should also be aware of the likelihood of response from customers and competitor activities of the same nature. For instance, customers may be irritated due to overload of such offers made by various companies (offering same or different products), which influence response rates.



**Telemarketing:** A form of direct marketing where specially-trained marketers use telecommunication and information technologies to contact customers and conduct marketing and sales activities

## 2. Telemarketing

Telemarketing is a form of direct marketing where specially-trained marketers use telecommunication and information technologies to contact customers and conduct marketing and sales activities.

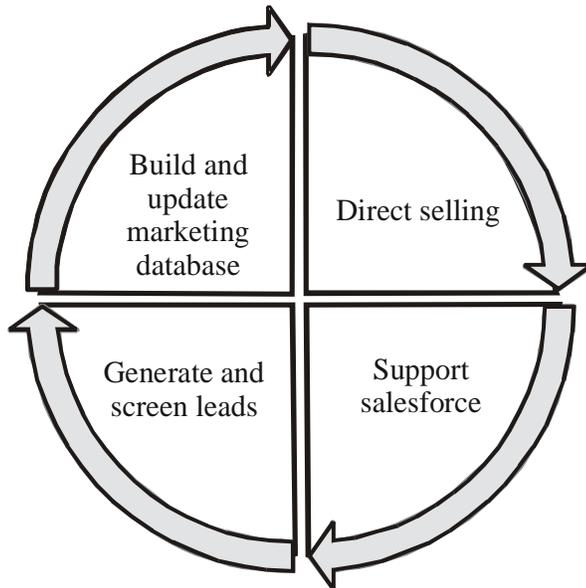
### Roles of telemarketing

Telemarketing is very versatile and it can be used for a number of purposes:

- **Direct selling:** Telemarketing is used to reach and service a customer, when the sales potential of the customer does not warrant a face-to-face interaction with a salesperson. In an outbound telephone call, a marketer simply enquires

about a reordering possibility. Such a call and its ensuing transaction of the marketer taking a customer's order, does not require complex sales arguments that need face-to-face interaction. In an inbound telephone call, a customer places an order in response to a direct mail or an advertising campaign.

## NOTES



*Fig. 4.5 Roles of Telemarketing in a Company*

- **Supporting the salesforce:** Telemarketing supports the salesforce by providing a communication link, or an enquiry, or order handling function. Customers feel comfortable in the knowledge that there is a telemarketer at the seller's company who they can easily contact, if they have a problem, enquiry or wish to place an order.
- **Generating and screening leads:** Outbound telemarketers establish contact with prospective customers and try to make them agree to a salesperson's visit. They also screen leads that have been generated by direct mail or advertising. Prospective customers who request further information, are contacted by outbound telemarketers to ascertain their potential and if qualified, to arrange a salesperson visit.
- **Building and updating marketing database:** A secondary source of information such as a directory provides a list of companies that are only partially qualified for being included in the company's database. Outbound telemarketers check that the companies in the directory fulfill other conditions like their buying potential and frequency of purchase, before they are included in the company's mailing list. Outbound telemarketers also update the company's mailing list by calling the members on the list.

### Applications of telemarketing

Telemarketing can be cost efficient, flexible and an accountable medium. Telephone permits a two-way dialogue that is instantaneous, personal and flexible. An organization may use telemarketing efforts as a supplement to other techniques of customer contact, or it can use telemarketing as a main mode of making sales to customers.

## NOTES

- **Telemarketing linked to field selling activities:** The missionary seller who contacts customers initially, and the order taker who takes orders from customers, can take the help of telemarketers to do their job. Telemarketers can act as an organization's primary salesforce. Telemarketing makes an important supplementary contribution to personal or face-to-face selling, when the selling process is routine, and the customer does need a lot of convincing, in which case a salesperson would need to visit him.
- **Supporting role to other promotional activities:** Face-to-face contact may be required for closing the sale, but selective buyer-seller interactions can be accomplished by telemarketers. These activities include establishing initial contact, taking orders and handling reorders. Implementation of a telemarketing support requires close co-ordination of field and telemarketing salespeople. The supporting role of telemarketers creates a major organizational design task in terms of aligning their roles so that sales task is achieved at minimum cost. Resistance from the salesforce should be anticipated when they are asked to share commissions with telemarketers. When face to face interaction is needed, telemarketers play a secondary role.
- **Primary role of telemarketing:** Telemarketers provide sales and customer support in selling situations, in which face-to-face contact with a salesperson is not required. Telemarketing can be productively used in routine selling process, low-value purchases, a large and widely dispersed customer base and non-technical products. The high cost of face-to-face interaction between a customer and a salesperson warrants that telemarketing be considered as the first option to reach a customer and only when a telemarketer has failed to impress a customer, should a salesperson be asked to meet him.
- **Combination roles:** A company uses its telemarketers in both supporting and primary roles. A company may have large number of customers, who may be widely dispersed, and whose purchases may range from very small amounts to very large amounts. Telemarketers serve customers whose purchases are too small to justify a visit by a salesperson, or they may be too far away. Telemarketers have primary responsibility of such small and far away customers, and provide backup services for large customers, when salespeople are not available to serve them.
- **No role:** A company cannot rely on its telemarketers when the selling process is complex—personal contact is imperative. Customers who may buy different products from the company should compulsorily be served by salespeople, because it is only during face-to-face interaction that customers' varied needs can be unearthed, and then they can jointly explore how those needs can be served by the company. A salesperson should visit customers, who buy in large lots, because such customers cannot be allowed to defect, and hence even their small worries and concerns have to be addressed.

### Guidelines for telemarketing

Some general rules should be followed when a telemarketer contacts a customer. The rules are given below:

- Identify yourself and the company

- Establish a rapport: This would be easy if the potential clients and their businesses have been well researched
- Make an interesting comment
- Deliver your sales message and emphasize benefits over features
- Overcome objections
- Close the sales: Ask for the order—would you place an order now? Or fulfill another sales objective OR can I send you a sample?
- Action agreement: Arrange for a sales call or product demonstration
- Express thanks

## NOTES

### Advantages of telemarketing

Telemarketing has several advantages over other forms of direct marketing methods. Some of which can be discussed as follows:

- It costs lower per contact than a personal visit by a salesperson.
- It is less time consuming than personal visits both for the company as well as for the customer.
- Growth in telephone ownership has increased access to customers. The use of toll-free lines has reduced the cost of responding by telephone for customers.
- Mobile phones enable contact with prospects anytime, anywhere. Messaging services can be used which are less expensive than telephone calls (for the company) and less intrusive for customers.
- Increased sophistication of new communication technology has enabled digital networks to allow seamless transfer of calls between organizations.
- Telephones retain the advantage of two-way communication.

### Disadvantages of telemarketing

Though it is less expensive and less time consuming than many other direct marketing methods, telemarketing has several disadvantages:

- Telemarketing lacks the visual impact of a personal visit, and hence it is not possible to assess the moods or reactions of the buyer by observing body language, especially facial expressions.
- It is easier for a customer to react negatively over telephone, and the number of rejections can be high.
- Telephone selling can be intrusive and some people may object to receiving unsolicited telephone calls.
- It is more expensive than direct mail or media advertising.
- Labour costs can be high, although computerized answering can cut costs of receiving incoming calls.

### 3. Catalogue marketing

**Catalogue** is a list of the product range that a company sends directly to its customers. The catalogue usually contains details of various products, prices, variants, promotional



**Catalogue:** A list of the product range that a company sends directly to its customers

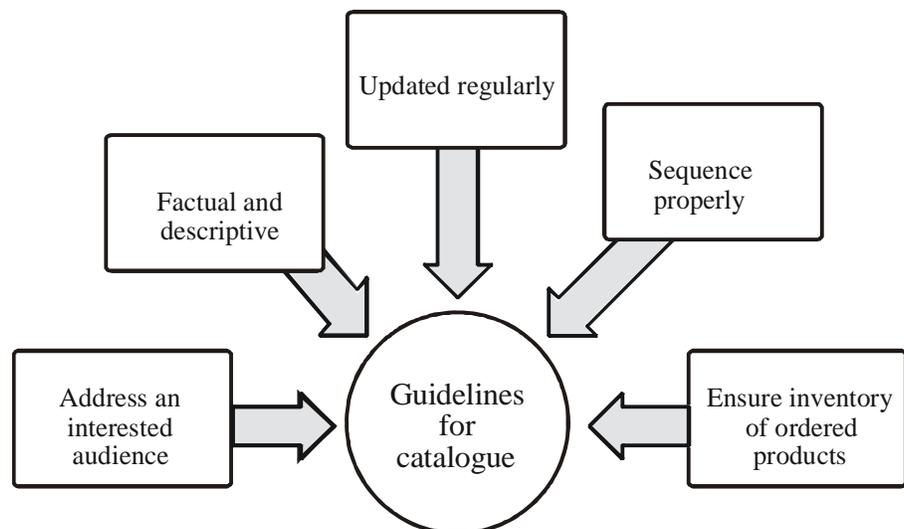
schemes, along with a product preview. Customers may preserve the catalogue and use it in the future whenever they feel the need to order or replenish the products offered by the company.

## NOTES

Customers prefer catalogues mainly because of the convenience of placing an order. Convenience for the customer essentially means saving time and effort of searching for and evaluating products in the decision-making process. Price (promotional offers), product (many variants, extensive range, full product line) and service attributes (free home delivery, installations, payment facilities) could be used by marketers for differentiating their offerings. The most important expectation of customers from catalogue companies are guarantees of product delivery and the quality of products delivered.

### Guidelines for catalogue marketing

The catalogue should evince the interest of the prospective customer and should provide all the information that might be sought by him. Some guidelines for an effective catalogue are:



*Fig. 4.6 Guidelines for Catalogue Marketing*

- The catalogue should be addressed to an interested audience. Developing a catalogue is expensive and the least that the company should expect is to make the customer sift through it. Therefore, a good database is decisive in ensuring the success of catalogue marketing.
- The catalogue should be factual and descriptive. It should preferably carry the product specifications along with a preview. Samples of new products may also work out well.
- The catalogue should be updated regularly. It should contain and retain products that are profitable for the company and of particular interest to the target customer (these items can be estimated from responses to previous offers). New products should be indicated in the catalogue.
- To attract the interest of the customer, the catalogue should be sequenced properly. For instance, the catalogue may have a table of contents indicating the

location of various categories of products. If the company sells only one line of product (for instance, cosmetics), it may insert new products first, or keep the more interesting merchandise in the first few pages. The consumer is likely to pay more attention to the cover pages and the pages around the order form.

- The company should ensure that the products ordered by the customer are in stock, and they are delivered on time.

## NOTES

### **Applications of catalogue marketing**

Companies can exclusively use catalogues to sell their products, or they may be combined with other means of communication by the company.

- A company that operates exclusively through catalogues, i.e., does not use any other method to approach customers, offers the complete range of its products by using catalogues.
- Some companies use catalogues as a supplement to other forms of selling. A catalogue can be used in addition to personal selling or telemarketing. The salesperson may call upon the prospect and leave a catalogue from which orders may be placed later. A telemarketer in the company can call a prospect and ask if the customer would be interested in knowing more about the company and its products. Mail catalogues may be a follow up of this process.
- Catalogues can also be used to invite customers to visit retail outlets. The catalogue presents details of the product range that the company holds in its retail store. Customers can browse the catalogue and purchase from the retail outlet. Such catalogues can be sent by mails, or they can be printed (or used as inserts) in magazines or newspapers. In addition to these, the electronic media can also be used to advertise catalogues. Package inserts can also be used by marketers.

### **Advantages of catalogue marketing**

Catalogue marketing has several advantages:

- Catalogue marketing ensures that only interested customers respond to the company's offer, or visit their retail outlets.
- The catalogue provides a prospective customer with some idea about the company's offerings to elicit interest in its products.
- If the customer is even slightly interested in the product, there is a high probability that he would retain the catalogue for future usage. Therefore, the catalogue acts as a constant communication link between the company and the consumer, with a one time expense for the company.
- Catalogues can be useful for start-ups and small firms as it does not involve setting up expensive marketing and selling infrastructure.

### **Disadvantages of catalogue marketing**

There are several disadvantages of catalogue marketing:

- Producing the catalogue is very expensive.

## NOTES

- The degree of success of catalogue marketing rests on the accuracy of the database, and how descriptive the database is about target customers. Collecting such information is a difficult and time consuming task.
- Readyng the catalogue is only the first step in selling the product to the customer. Companies may fail in ensuring timely delivery to the customer, or may not have the ordered product in stock.
- Product offerings may be easily copied by competitors, because of which catalogue marketers must look for other means of differentiation.

### 4. Direct response marketing

Direct response marketers place advertisements in various media, soliciting responses (purchase or enquiries) directly from prospective customers. Direct response marketing can be done through television, print media (magazines, newspapers) and radio. The customers are requested to respond to the advertisement by contacting the company.

### 5. Inserts, such as leaflets

Insert marketing which can be done by distributing inserts such as leaflets, coupons, buckslips, fliers and brochures are considered as one of the most inexpensive ways to promote a product or a service. This form of marketing can be availed by individuals, organizations or companies.

The key stages of insert marketing are as follows:

1. Choosing the right leaflet.
2. Designing the leaflet.
3. Distributing through the right channel. Some of the options are: they can be placed in magazines or on car windscreens, handed out in events or on street.
4. Tracking the results.

### Internet marketing

Internet marketing is basically the promotion of a business over Internet. It is inexpensive, effective and considered as a potent direct marketing technique. Internet marketing is discussed in detail under the topic Event Marketing.

### Purpose

Direct response marketing can be used for the following purposes:

- It can be used to directly elicit order for sales. Products can be delivered (for instance, exercise equipment), or they can be mailed to the customer (for instance, magazine subscriptions).
- It can be used to invite further queries about the product and its features, usually by using toll-free numbers.
- It also allows customers to fix up appointments with companies for free product demonstrations according to their convenience.
- Salespeople can be asked to follow up with those customers who have initiated queries. Therefore, it helps to generate leads.

## NOTES

Formats such as teleshopping networks and infomercials (provides detail product information) in direct response television marketing combines the benefits of traditional advertising with effective measurement of response rates.

For small firms, direct response marketing using print media may be the only viable option because of lower costs involved (as compared to catalogue marketing, direct mailers or even telemarketing).

Direct responses are initiated by the customer, and hence, conversion rates are higher as compared to telemarketing and direct mailers.

Direct response television marketing provides an opportunity to show product demonstrations to customers, though it is expensive.

Overall, direct mail is the most popular technique of direct marketing. Targeted direct mail to a custom built database is effective, particularly in business-to-business marketing. Inbound and outbound telemarketing is also effective.

Direct marketing campaigns should be integrated both within themselves, and with other communication tools such as advertising, publicity and sales promotions. Unco-ordinated communication can lead to blurred image, low impact, high costs and customer confusion.

### **Targeting the right customers in direct marketing**

Direct marketers should study customer behaviour in terms of 'recency-frequency-spend' model and target them appropriately.

Direct marketing is a meaningful and effective response to crowding and clutter in markets for consumer goods. The advertising pressure and the increase in the number of available brands in every product category limit the effectiveness of traditional marketing programmes. Many manufacturers now consider direct marketing as a viable alternative. Mail order companies use sophisticated databases to tailor their supply according to the behaviour of narrow customer segments. Direct marketing is also perceived as an alternative to stores, to cater to the needs of narrow segments looking for very specialized products. Some companies find it more efficient to develop specialized catalogues than creating specialty stores.

Two crucial steps in direct marketing are identification of consumer segments, and formation of the communication and selling processes to target these segments. Direct marketing is essentially a set of methods to provide information about a product to a target group in order to generate a purchase. The orientation is conative and is directed towards immediate purchase. The message includes the physical support of the transaction that would have taken place in a store. In that sense, direct marketing is a competitive threat to retailers.

In the process of analysis of prospects, a direct-marketing company can face a number of situations:

- The company has no information about the real behaviour of its prospects. It has to construct certain relationships. For instance, a direct marketer of gourmet foods may believe that readers of gourmet reviews may be good prospects. The company targets the subscribers of this review for its direct marketing campaign.

## NOTES

- The company has information about buying behaviour, demographics, lifestyles etc., of its customers. The direct marketer has to process this information to identify segments and tailor its direct-marketing campaigns for each of these segments.

Direct marketers can use recency-frequency-spend model to find the potential and attractiveness of customers.

- Recency measures the date of latest purchase. The customer who has purchased recently has the highest probability to buy again. This happens because the customer perceives the risk of a purchase lower, when he has already purchased through this channel. He will also find it easier to purchase through this channel.
- Frequency is the number of orders in a given time period. The higher the frequency is, the higher the loyalty of the customer towards the channel. The customer who buys more frequently is more likely to buy again.
- 'Spend' is the total amount ordered by a customer in a given time period. It is a necessary complement of the frequency, since a customer may place many cheap orders, whereas other customers may place few substantial orders.

Recency-frequency-spend model should be used by direct marketers because it is based on the actual behaviour of the customer instead of measures of pre-purchase components such as attitudes and opinions. Such behavioural segmentation resulting from recency-frequency-spend model is a reliable method to tailor direct marketing programmes because it is a reasonable assumption that future behaviour will depend to a large extent on past behaviour. But the direct marketer should also take into account the various transaction patterns of customers. Some customers will order products from a single product category, whereas other customers will purchase products from every product category. It is essential that the mix of products ordered by customers is included in the segmentation process.

The direct marketer should carry out an analysis of the efficiency of its direct marketing mix.

- The marketer should find out as to how customers differ according to the way they start purchasing from the direct marketer. A customer may place his first order after a personalized mail, or after an advertising campaign. The direct marketer has to assess the relative efficiency of the various customer recruiting processes.
- The direct marketer also has to know as to how the customers' purchases vary with regard to their preferences for branded or non-branded products. Some customers will purchase only branded products to reduce the perceived risk associated with direct marketing, whereas other customers may trust the direct marketer enough to order non-branded products.
- Customers will also differ in terms of price-promotion sensitivity. Some customers will order a higher proportion of price promoted products while others will not. Direct marketers should identify these customers and reach these customers when they go for price promotion.
- It is easier for a direct marketer to construct the profile of its existing customers but it is difficult to identify prospects in a market. The only

information available when a new market is targeted is addresses of prospects. The direct marketer has to test if the prospects in the new geographical market are attracted to its offers.

## NOTES

### **Building a good database for successful direct marketing**

A good database is the most critical success factor in the success of direct marketing campaigns.

The challenge in using direct marketing in a low-involvement packaged-goods market is to make the economics work, when each purchase is a routine transaction costing little money or thought. Direct marketing is not a method of reducing the advertising budget or a short-term cost-cutting solution. It is more expensive to target customers individually, and the development and cleaning of a database takes years than months.

Certain contexts are more appropriate for direct marketing than others.

- Product characteristics—the product is complex and information intensive, i.e., lot of information has to be provided to customers. The product is used throughout the-customer’s life. Market segmentation makes tailored communications feasible.
- Customer characteristics—brand loyalty is important. Customers do not buy on impulse. Customers seek information. Customers can be identified.
- Financial characteristics—profit per customer is high. Few customers account for a high proportion of the sales.

In companies that want to start using direct marketing, the existence of a project champion in the form of a senior marketing executive facilitates the diffusion and application of direct marketing, as well as the co-ordination among brand managers. A long-term view is needed. Commitment must be over the long term since direct marketing involves heavy investment in building database and it takes time to achieve results. A brand portfolio approach is more suitable for direct marketing than a single product focus, both from a customer perspective and because it makes direct marketing more economical. But a brand portfolio requires extensive co-ordination. The salesforce should be included in the direct marketing exercise. Their knowledge and experience are invaluable especially for information on the role of retailers and other intermediaries. Salesforce involvement is also likely to improve acceptance of the direct marketing concept within the company. Infrastructure and logistical support within the company should be well established. Direct marketing requires close partnership between marketing and other functions.

The database is the single most important aspect of direct marketing. 80 per cent of the success of direct marketing campaigns is a result of targeting the right people through using good quality lists while only 20 per cent stems from the creativity applied in the campaign. In one experiment it was found that the quality of the list was six times more important than creativity, twice as important as the offer, and three times as important as timing of the contact.

Following aspects of database management are very important:

- The company’s own name list will always provide better results than that from any other source.

## NOTES



**Event management:** Refers to the application of project management to the creation and development of events, conferences and festivals

### Check Your Progress

5. What are the factors that have helped in enhancing growth in direct marketing activity?
6. What do you understand by telemarketing?
7. What is a catalogue?

- The company has to decide as to what type of data it should keep. This aspect is particularly important if the database is to be used company-wide for a portfolio of brands and not restricted to one department or a single brand.
- Database handling can be outsourced but the database should remain proprietary to the company. One employee should act as the co-ordinator between the database management agency and the company.
- The database should be periodically cleansed so as to target customers better. Better ideas presented to interested customers will generate better returns. The more that is learnt from customers, the more appropriate mailings can be sent to them, and the less money has to be spent per customer.
- Computers make it possible to select names from mailing lists by every possible demographic classification, by frequency of purchase and by amount of purchase. Duplication between and within a list can be removed. It is also possible to avoid mailing to people who do not like to receive mailings. Computers make it possible for every letter in a mailing of millions to include the name of each addressee, not only in the salutation, but several times in the body of the letter.

### 4.4.3 Relevance of Direct Marketing in Indian Context

There has been a remarkable progress in direct marketing in India. Many of the Indian companies are aware of its benefits and are opting for direct marketing in order to reach out to their customers.

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## 4.5 EVENT MARKETING: CHARACTERISTICS AND PROCESS

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**Event management** refers to the application of project management to the creation and development of events, conferences and festivals. Among the most glamorous careers that are emerging today, it involves identifying the target audience, studying the intricacies of the brand, conceptualizing the event, planning the logistics and coordinating the technical aspects before actually executing the modalities of the proposed event. The event manager also needs to ensure a return on investment after the event.

Events and festivals include sporting events, ranging from the Olympics and Asian Games to regional sporting meets. Cultural festivals include a wide range of events based on various themes—dance, music, poetry, literature, films and food. Events may range from a college beauty pageant or a corporate luncheon to the global event such as the Miss Universe contest. Events have developed as an industry around the world, and their organization today involves professional planning and execution. They have a significant impact on their communities and, in some cases, the whole country.

Companies, both large and small use event management as a strategic marketing and communication tools. Events like product launches, award ceremonies and press conferences are ways to communicate with the target audience and potential customers. Such events often generate media coverage, which reaches a wide audience, including the general public.

The event management industry in India offers its services in organizing various types of events. These can be divided into four main categories:

1. Leisure (sports, music, recreation)
2. Cultural (religious, art, heritage, and folklore)
3. Personal (weddings, birthdays, anniversaries)
4. Organizational (conferences, corporate awards, exhibitions).

## NOTES

### Skills required for an event management professional

Event management as a career requires various skills, including:

**Organizational skills:** Events are similar to a stage performance, and the event manager is like the director of the performance. Choreographing various elements that make an event successful is essential to the success of any event. Thus, great organizational skills are the most important attributes for successfully managing people, schedules, vendors and a host of other factors.

**Technical know-how:** The event management professional needs to have understanding about the technical aspects of organizing an event such as sound and light systems. These days, events also need to have sophisticated communications facilities, including Internet and phones. Many events have videoconferencing facilities, while some are covered live on TV. Event professionals also need to be skilled in Microsoft office, specifically Excel, PowerPoint, Word, and in some cases Publisher and Outlook. All of these computer programs are useful in organizing information for events being planned.

**Marketing and advertising:** The event manager needs to be able to pitch the event or the product to sponsors or the target group. It is important to be able to present effectively and smoothly and have some practice in marketing the event and selling it.

A lot of events are actually exercises in marketing a product or company, such as product launches, so event professionals need to have sound marketing skills. These are also required to promote the event itself, so that the maximum participation is achieved.

**Public relations skills:** An event manager needs to handle different types of events – sports, corporate launch, fashion show, a scientific conference and so on; each event requires a different knowledge base, so the event manager must have a wide knowledge base and the ability to absorb information about various topics. In addition, he should have a liking for meeting people from different walks of life, an extrovert nature, and good communication and presentation skills.

**Logistics and décor:** Administering the logistics for an event means planning, booking, outsourcing and monitoring many parts of the event with the help of team. Decoration, kind of furniture required, number of general furniture items (i.e. chairs for attendees), number of special furniture items (i.e. podium for speaker), water, electricity, sound, light, photography and video, menu planning, catering services, lodging and transportation of special guests or chief guests of the event, selection and packaging of return gifts (in many events) and many other activities are included in administering the logistics for an event. Many times, the client preferred theme party. In this case, an event manager has to arrange and monitor some additional logistics.

## NOTES

**Understanding of laws and licenses:** Organizing events, especially large-scale events in public venues requires permission from authorities. The event manager needs to be aware of these before planning such an event.

**Budgeting:** Budgeting immediately comes after the planning of event. Every client has his own budget for the event. An event manager has to plan and organize the event within the budget. Every activity after planning the event will depend on client's budget, whether it is venue, food, decoration and gifts or any other part of the event.

### **Event management professionals**

The process of event management is carried out by event management companies. Hiring such a company ensures that the event is managed professionally and executed smoothly within a predetermined budget. Also, the company takes care of all of the details—from booking the venue to arranging the décor—leaving the client free to attend the event without getting bogged down by the organizational nitty-gritties. Moreover, the event's appeal in terms of aesthetics and value is enhanced if it is planned, organized and managed by a professional event management company or team.

These days, the role of an event management company is of immense significance as events have increased in number and are given a lot of importance. Today, even personal and family events like weddings are being organized by professionals like wedding planners. Thanks to event management professionals, even birthdays are now grand and extravagant affairs, often organized as elaborate theme parties.

The event management firm or agency is chosen based on the type of event. Such a company or team would have the following professionals:

**Event manager:** The event manager is responsible for:

- Planning and producing the whole event
- Procurement and resource management
- Formulating, preparing and implementing risk management plan (risks related to event planning and production)

**Event coordinator:** He or she liaises and coordinates with all event professionals and ensures that business operations are efficient and effective.

**Information manager:** The information manager deals with the communication-related logistics

- He/she is responsible for collection and dissemination of information
- He/she carries out the documentation of the business operations carried out before, during and after the event.
- He/she maintains the database of participants and delegates, guests, service providers, organizers, sponsors, partners, clients, target audience, mediapersons and concerned government officials.

**Logistic manager:** This person is responsible for coordinating the details related to

- Custom and other clearances.
- Warehousing of equipment
- Insurance of the hardware
- Transport of the equipment to the required venue
- Procurement and resource management

## NOTES

**Security manager:** The security manager looks after the security arrangements surrounding the event by:

- Preparing and executing the security plan, including the security arrangements of Participants, guests, speakers, VIPs, as well as the equipment, etc.
- Procurement management and resource management.
- Preparing a contingency plan in case of an accident, violence, stampede, or any other security concern

**Infrastructure manager:** The role of the infrastructure manager is crucial as he/she is responsible for the entire infrastructural arrangements for the event. The infrastructure manager carries out the following tasks:

- Procurement and resource management.
- Setting up and removal of the stage, equipment and other props for the event, including the
- Entrance and exit gates and parking lots
- Seating arrangement, stage design and background
- Setting up of green rooms, staff and storage rooms, toilets, reception booth and counters
- Power supply, including backup, water supply, phone and internet connections.
- Housekeeping and sanitation at the venue
- Preparation of contingency plan in case of infrastructural emergency, such as power breakdown, disruption in communication lines, etc.

### Role of an event manager

The event manager plays a pivotal role in an event management company. This person needs to have excellent organizing skills, along with the ability to plan and work under pressure of tight non-negotiable deadlines. The event manager needs to deal with a variety of people within and outside the team, as well as multitask. Thus, event managers are able to select the guest list, explore the entertainment options, and choose venues and content in a planned manner. They are responsible for every minute detail in the entire process, from budgeting, confirmation of dates and schedule, catering, food and stage design, to decorations and seating arrangement. Most importantly, an event manager is trained to read the pulse of the client and deliver an event that is tailor-made for the specific client. He/ she is also good at time management and scheduling.

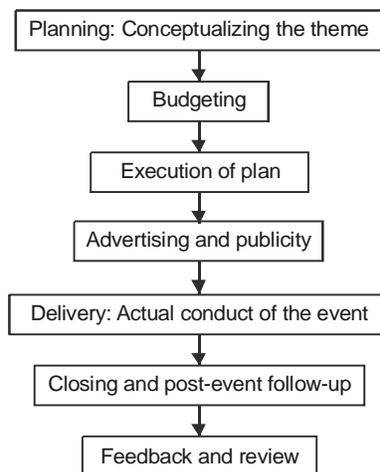
The event manager needs to follow the following important steps to ensure a successful event:

1. **Planning:** The first set in the process of event management is planning. This involves developing a checklist of the requirements and drawing up a timeline. The event manager carries out research on the objectives of the event, the target audience, venue, dates, and communications such as brochures to be sent out in advance, and so on. In addition, the presentation, theme, etc, need to be planned to suit the target client. For example, should a celebrity or subject expert be called to inaugurate or participate in the event? If yes, the process of inviting them and confirming their participation is done well in advance. Also, there needs to be an alternative in case of last-minute cancellations.

## NOTES

2. **Budgeting:** Event management companies work out their budgets by placing figures and taking into account marketing factors. Aggregates are placed in the format and final budget system is obtained. The budget is worked out by the financial head. While preparing the budget, the company maintains a certain margin, referred to as the 'buffer margin'. This is a mechanism to keep costs within the limit. Budgeting is an important step in the event management process, and helps in planning the modalities of an event.
3. **Execution of the plan:** This involves setting up the team and assigning roles. The teams start looking for potential sponsors and selection of venue. The procurement of the required equipment such as audio-visual devices should be done and if required, they need to be shipped to the venue. A team of designers work on the décor and stage. If required, rehearsals are conducted.
4. **Advertising and media planning:** Any event needs promotion and publicity to make it successful. So, the event management teams sets out to disseminate the information to the potential clients and target audience. They may involve an advertising agency, which would produce print materials like brochures and leaflets or carry out online publicity through mailers. Different media channels such as print and electronic are used depending on the need and target audience.
5. **Delivery:** All the planning and preparations of the previous days, weeks or months are put to the test, as the team comes together to make sure that the event goes off without a hitch and the participants, delegates and guests go back impressed.
6. **Closing and feedback:** Closing involves dismantling the temporary infrastructure, if any, and returning the hired equipment. This is done after taking an inventory of the materials. The organizers may also send 'thank you' notes to the delegates and participants, acknowledging their role in making the event a success. Often, a survey is carried out by sending out a questionnaire, distributing it among the participants and collecting the feedback for analysis.

Figure 4.7 depicts the steps involved in the event management process.



**Fig. 4.7** Stages in the Event Management Process

## Top event management companies in India

There are a number of well-known event management companies in India engaged in organizing a wide range of events.

**Wizcraft International Entertainment Pvt Ltd:** The Company is famous for organizing high-profile entertainment events like the IIFA and Filmfare Awards. It offers a wide range of services—corporate events, conferences and seminars, product launches, VIP visits, facility inaugurations, employee motivation programmes, awards functions, media/press meets, brand extension exercises, and so on. These events are in the following areas:

- Entertainment
- Sports
- Weddings
- International television events
- International / Indian artistes concerts
- Hindi film (Bollywood)
- Star nites
- Film awards
- High profile events

**Cineyug Entertainment:** Set up in 1997, it is among India's premier event and entertainment organizations. With a highly professional production team Cineyug offers its expertise from the set design to custom fabrications, stage properties to performers, artists and technicians. The events include:

- Live concerts and stage shows with filmstars
- Award functions,
- Ad film making
- Celebrity endorsements and management
- Musical wedding nites
- Event management, backstage & ground management,
- Artists coordination
- Corporate events
- Corporate Av's & Jingles
- Product & Film Launches
- Dealer meets
- Conferences
- Exhibitions
- Fashion shows
- Sports events
- Fund raisers etc.

**Percept Limited:** Percept is an entertainment, media and communications company, with offices in India and the Middle East. It operates in three verticals—Entertainment, Media and Communications groups. Percept Entertainment is focused on the core areas of Wedding Management and Event Marketing & Management. Some of the high-profile events organized by Percept Entertainment include A R

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**Event marketing strategy:** A marketing strategy is a strategy that integrates an organization's marketing goals into a cohesive whole.

Rahman's concert, Greenpeace concert, Mrs World Contest, Mrs India Contest, Stardust Millennium Awards, Indian Film Festival, Wills Lifestyle India Fashion Week, the Sahara Wedding, the Fabiani Wedding in Monaco, Sunburn, and the Hero Motocorp Brand Identity launch at the O2 Arena in London.

### 4.5.1 Developing Event Marketing Strategy

A marketing strategy is a strategy that integrates an organization's marketing goals into a cohesive whole. Ideally drawn from market research, it focuses on the ideal product mix to achieve maximum profit potential. The marketing strategy is set out in a marketing plan (Source: <http://www.businessdictionary.com>). This strategy is a process or model to enable a company or organization to focus limited resources on the best opportunities to increase sales and thereby achieve a sustainable competitive advantage ([www.en.wikipedia.org](http://www.en.wikipedia.org)). A marketing strategy is often confused with a marketing plan. However, they are not the same. The marketing plan includes the specific actions that are going to be taken to achieve the objectives of a marketing strategy. The marketing plan, then, may be described as the practical application of the marketing strategy. Figure 4.8 illustrates the concept clearly. The base of the pyramid is made up of the business goals, which are the highest-level objectives of the business, or mission statement of an organization. Next is the marketing strategy, or the high-level rules that will govern what marketing efforts the organization focuses on. After defining the marketing strategy, the company needs to select the marketing mix, that is, the 5Ps of marketing—Product, Pricing, Place (Distribution), Promotion and People. The final step is the developing the marketing plan, which details the marketing activities that are to be undertaken to achieve the marketing strategies and business goals.

Figure 4.8 explains the relationship between marketing strategy and marketing plan.



**Fig. 4.8** Relationship between Marketing Strategy and Marketing Plan

Source: <http://be-virtual-assistant-wise.com>

Now you have understood the concept of a marketing strategy and its importance in realizing the marketing plans, so it is of utmost importance to understand how the marketing strategy is formulated or different steps involved in developing a potent marketing strategy

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**Steps to develop a marketing strategy**

The first step in developing a marketing strategy for a product, service or event is to fully understand the market or target audience by conducting research to find out the market size, competitors and customers. By developing a marketing strategy which is carefully thought through and aligns with an organization's business goals, the marketing efforts will produce a significantly higher return on investment. The steps in developing a marketing strategy can be listed as follows:

Figure 4.9 depicts the process of developing a marketing strategy.



*Fig. 4.9 The Marketing Strategy Process*

Source: [www. easy-marketing-strategies.com](http://www.easy-marketing-strategies.com)

- 1. Research the target market:** Effective marketing strategies begin by understanding the market, competition and customers. It is important to understand that only a limited number of people will buy a product or service or attend an event. The task is to determine, as closely as possible, exactly who those people are, and focusing the marketing efforts and resources toward them. The target market can be pinpointed by a technique called market segmentation, in which the population is divided into market segments based on demographic criteria such as age (toddlers, kids, teens, young, middle-aged, old), gender, education, income (low, middle, high), etc. Next the consumer base is segmented on psychographic factors such as lifestyle (conservative, modern), activities and interests (fitness freaks, book lovers, gadget-loving), etc. Based on these extensive studies, a picture of a typical consumer will emerge. Once the best target group is known, it is the company's job to target that group with their promotional activities.
- 2. Assess the competition:** An effective competitive marketing strategy involves understanding not only the target customers, but also their key pain points or problems (that the product will solve) and the competitive solutions (other ways the target customer could solve their problem). It is easier to sell a product or service or market an event if it solves a key problem facing the target customers. For example, in a neighbourhood with mostly working mothers, a crèche would

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be immensely helpful. While offering a product or service that solves a problem, it is essential to study the different ways other companies are doing the same.

3. **Describe the unique selling proposition (USP):** Once the target customer/ audience and the specific problems that the product or service solves are known, the company needs to consider the ways in which its product or service is better than its competitors. Then it can come up with the features that can be communicated as (USP). Basically, USP is a crisp description of the ways in which a product or service is the best at solving the customer's pain point, expressed in terms of customer benefits. For example, a hotel that is known for its home-like environment sells itself by its USP – 'a home away from home'.
4. **Define the marketing goals:** A marketing strategy or plan cannot be complete until the goal of the marketing efforts is known. There can be different goals—to increase revenue from the existing base of customers, to seek new prospects, to increase market share, increase revenue, increase customer lifetime value, etc.
5. **Identify the marketing strategies:** Once the above steps are followed, the marketing strategies can be identified and put in a formal document. These are basically the rules that will guide the tactical marketing decisions. For example, if the target customers rely heavily on the advice of a particularly influential company or figure, then an important strategy might be to execute some joint marketing activities with that influencer. The marketing strategies should support the marketing goals, drive home the USP, and address the target customer's pain point.

### Elements of an event marketing strategy

The marketing strategy for an event should be developed using the steps already discussed above. Apart from these, an event has its own unique goals. Earlier, marketing and advertising options for events were limited and fairly simple. All it took was posters at key places and brochures and fliers distributed to potential attendees. The rest was done through word of mouth. Today, there are hundreds of people trying to attract the media to help promote their seminar or event. The media gets bombarded with requests for coverage from seminar promoters. This means that an event organizer must have something newsworthy or unusual to catch the media's attention. Also, with the development of digital technologies, online marketing and advertising have become essential elements of the event marketing strategy. While this has thrown up challenges in the form of media fragmentation, it has provided solutions and services that actually make these tasks easier and more powerful.

### Traditional channels of marketing

In event marketing, the goal is to get the word out to as wide an audience as possible, for which established public relation channels can be quite effective. These can be listed as:

1. **Television:** Our life today is dominated by television, which has become a major source of information for a large number of people. Though getting airtime on TV is not easy, it is the best way to reach a mass audience. If the event is based on a relevant topic or offers to solve a problem (that is, it addresses

some key pain points) it will be considered worthy of coverage. For example, in the aftermath of an earthquake, a seminar on earthquake-resistant buildings or disaster management is likely to be covered on television.

2. **Radio:** Local radio or FM channels can be used to give interviews, sound bytes or advertisements. Radio is heard by a large number of people. Radio promotion is a good way to reach the local population.
3. **rint:** Newspapers are the most traditional, yet the most powerful media with a large readership and wide reach. Creating a press release a few weeks before the event is an effective tool, but the press release needs to be repeated to drive the message home.
4. **Collateral materials:** Brochures, fliers, leaflets, posters, etc., should focus on the value of the event and talk about what it can do for the prospective audience, that is, talking about benefits rather than features. The emphasis should be not on what knowledge will be imparted in the event or merely the features of the product that will be launched, but on what these can do for the audience—how does it make their life better? How does it make their job easier? How does it make them money; save them money; or make them look good?
5. **Direct marketing:** This is a form of marketing that is not channel-specific, that is, it can be carried out using various means to communicate directly with the customer, with advertising techniques such as email, SMS, interactive websites, online display ads, fliers, catalogue distribution, promotional letters, and outdoor advertising. Business as well as non-profit organizations frequently use direct marketing to promote their events.

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### Online marketing strategies

The Internet has overtaken television as the largest advertising market. Thanks to the Internet, it is now possible to communicate with people from different parts of the country or even the world at the click of a button. This advancement in technology has made promoting an event on a global arena an easier task. There are many ways of marketing on the Internet—the first step is to have an online presence by creating a website.

1. **Event website:** A good way to promote an event on the Internet is by developing a website for the event. These days, most people use the Internet as a major source of information. An event organizer must use the opportunity to promote the event using this inexpensive medium. Here are some ways to generate awareness and increase attendance at the event with the help of a website:

Figure 4.10 depicts an event manager can easily make their presence felt by creating a website

- The website must be aesthetically designed and appeal to the target audience.
- The content should be clear, updated and relevant. Website users scan pages so it is better not to use long sentences and paragraphs, but to highlight keywords and use descriptive headings.
- The website should have 'Register Now' option to enable online registration for the event.

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*Fig. 4.10 A Website is a Boon to Promote an Event on the Internet*

- The online and offline sales, marketing and communication material should be uploaded on the website.

Once the event website is in place, there are mainly two ways of online marketing—display advertising and search engine marketing (SEM). There is another important form of online marketing—search engine optimization (SEO) which addresses where the company’s website shows up in search listings.

**(i) Online display advertising:** Display advertising also appears on the Internet, as a form of internet marketing. Display advertising appears on web pages in many forms, including web banners. These banners can consist of static or animated images, as well as interactive media that may include audio and video elements. Display advertising is very effective for big event businesses but expensive for small-scale events. This problem can be overcome by identifying individual websites and key industry portals that are related to the topic or production which the event is based, where individual display space is available at an affordable scale. For example, if the event is related to earthquake-resistant buildings, it is advisable to look up building trade sites. There are websites devoted to the trade, which can be extracted by searching on Google. Such websites, for example, building associations and e-zines devoted to the trade, will be happy to list the event free of cost.

**(ii) Search engine marketing (SEM):** It is also known as keyword advertising and refers to any advertising that is linked to specific words or phrases. Common forms of keyword advertising are also known as pay per click (PPC) and cost per action (CPA). Google Ad Words is the most well-known form of keyword advertising. Google displays search ads specifically targeted to the word(s) typed into a search box. These keyword targeted ads also appear on content sites based on Google’s system’s interpretation of the subject matter on each page of the site. This is known as contextual advertising ([www.en.wikipedia.org](http://www.en.wikipedia.org)). Most people are familiar with keywords and how keywords trigger keyword ads that appear on a page inside a search engine. Though keyword ads were invented by Google, they are now available in many social networks and even in some media



**Search engine marketing:**

It is also known as keyword advertising and refers to any advertising that is linked to specific words or phrases

portals. Other search engines offering keyword advertising include Yahoo! Search Marketing, Microsoft Ad Center and others.

**2. Search Engine Optimization (SEO):** After a company's or event's website is online, it needs to be 'optimized', so that search engines can find it easily. At this stage, the event manager needs to work with a good web developer to ensure that the event's site is properly optimized. The web developer would create 10-20 keywords per web page to go along with the content on the page. The keywords should come from the website content itself. Search engines like Google will compare the company's keywords to the event's page content, so the event's keywords must be included in the event's page content. Updating content also helps raise the company's rating in most search engines, so it best to build a dynamic site that is regularly updated. This requires a Content Management System (CMS) that enables updated content on a regular basis. Ideally, all the content on the company's site should be searchable, especially articles and other content which can be downloaded.

**3. Email marketing:** Email marketing refers to sending emails to a list of prospective customers with the aim of influencing them in some way to buy your products or services or attend an event. It is an important, cost-effective strategy when done well. Due to the loads of spam mails that people get, email marketing may have got a bad reputation but the key is to ensure that the emails are never perceived as spam by ensuring that the list being used for sending the emails includes only interested, relevant people/ organizations that have opted in to receiving the emails.

Email marketing campaigns are best done through a newsletter or similar format rather than through individual mails for specific events. Events can be promoted by designing and sending prospective delegates an online invitation, a newsletter or an email. This is an inexpensive method of advertising and marketing an event. The following need to be ensured while sending email invitation or newsletter:

- It should reflect the look and feel of the event website.
- It should include a short summary about the event with links to relevant content pages
- It should include all relevant information such as event location, cost, date, time.
- There should be a 'Book/Register Now' button that is linked to the registration page.
- There should be a 'Tell a friend' option, which allows the delegates to market the event by easily forwarding the information about the event to interested friends and colleagues

**4. Social networking tactics:** Whether you are planning an event such as a conference, competition, launch or political gathering or a virtual event (like a webinar or telecasts), social media can be an inexpensive, cost-effective way to create buzz, fill seats, and turn a one-off gathering into a recurring event. However, while the social media offers the most powerful form of marketing in the world, it may not necessarily translate into a successfully selling an event. Thus, there is a need to leverage social media to the event's advantage.

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**Key role:** The key role of the public relations (PR) agency is to advocate on behalf of its client through the media and its constituents

An effective social networking marketing strategy is an extension of other marketing strategies. That is why knowing the wants, needs, and desire of the event attendees is crucially important. If an event is really interesting, relevant and worthwhile, people would want to attend it, provided they know about it, and it becomes much easier to sell advance sale tickets and pack the event.

Social media includes Facebook, Twitter, YouTube and blogs. It allows the organizer to quickly interact with a target market. The channel most suitable to the audience should be selected. Each target market is a little different. So, it is important to know which social media tools to use and when to use them. Social media marketing is based on creating content that attracts attention and encourages readers to share it with their social networks. A corporate message spreads from user to user and resonates because it appears to come from a trusted, third-party source, as opposed to the brand or company itself. Hence, this form of marketing is driven by word-of-mouth, meaning it results in earned media rather than paid media ([www.en.wikipedia.org](http://www.en.wikipedia.org)). The great thing about social media is that it offers the flexibility to design the pages in different ways depending on the target audience. The pages developed for an official conference will be very different from those for a club party.

### Features of social media marketing strategy

There are some essential features in a social media marketing strategy.

1. Build awareness by creating a page for the event on Facebook or its own Twitter account, which serves as a customer service ‘hotline’ and adds credibility to the event. ‘Facebook Event’ is a powerful feature that is especially helpful for a recurring event, such as an annual conference, as it helps build an audience base over time. Business functions should be marketed with LinkedIn Events to reach the suitable professional network. Blogs are another channel—either an existing blog or a specially created blog—can be used to post announcements about the event, call for presenters, and sponsorship opportunities.
2. Follow-up by announcing new sponsors, speakers, event features, offers such as contests, or to ask questions that might help shape the event. Encourage people to spread the word, and this could be incentivized with free passes or gifts.
3. Use online event marketing and registration tools such as Eventbrite, a highly popular tool for social media enthusiasts. These tools allow an event manager to create and market the event, and even collect payments with registration. Registration forms appear on the event marketing company’s site and can be embedded into the event website or blog. Sharing tools allow attendees to post comments on Facebook and Twitter, which builds buzz and generates more registrations.
4. During and after the event, comments, pictures and videos can be posted on the websites, as well as the social media. After the event, a blog can be posted on the reflections on how the event went, what was learned, and even how the next one could be even better. The blog could ask for feedback and suggestions in the comments field.

As an overall objective of virtually any campaign, regardless of its specific goal, event marketing seeks to increase the company’s audience and drive traffic either

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directly or indirectly to the event's central marketing hub, its website. This is the best place to connect the event's potential participants to link for registering or making purchases. This is also where special offers could be prominently featured either on the event home page or in a special area designated for that purpose. The website should provide useful and free content for the audience as a way to remain engaged with them. All the tools described above, including the marketing tools, provide the means to maintain a continuous dialogue with the event's audience and help build and maintain lasting, valuable relationships that build up the company's bank of potential sales.

Finally, a company's event marketing strategy should flowchart the process that shows how the event's audience will move through the various communications and products that will be created for them. A typical scenario will make an initial introduction through an advertising campaign or a referral that leads to a newsletter, content on the company's own website, blog postings, then onto seminars and workshops. This flow will be supplemented with cyclic communications that include messaging and interactions that build and help sustain the event's relationship with the audience.

### 4.5.2 Role of PR&P in Corporate Image Building

The **key role** of the public relations (PR) agency is to advocate on behalf of its client through the media and its constituents. PR involves building good relationships with the public by generating positive publicity, building up a good image, and handling or averting negative publicity, rumours, stories, and events. It refers to the actions of a company, organization, government or individual to promote goodwill between itself and the customers, the public, community, employees and so on. For companies, PR is a broad term that refers to marketing activities that generate public awareness about a product, service, personality, organization or issue. It can be said that PR of an organization involves managing its public image so that the public understands the company and its products.

It needs to be understood that PR is different from publicity though public relations campaigns generally include publicity as a component. Publicity is the spreading of information to generate interest in a company, product, person, idea, organization, or business establishment usually by generating and placing positive stories in the media, including newspapers, magazines, TV, radio and the Internet. Advertising is a paid form of publicity to get a message across about a product, service or company. On the other hand, publicity relies solely on the quality of content to persuade others to get the message out. Good publicity helps journalists find and report legitimate news that is important to their audience. Advertisements can be brought out by anyone by paying for it, but in order to run an effective PR campaign, an individual or company needs to earn the respect of media, so that they get favourable press coverage.

Different players employ PR for different objectives. Customers use it to build a rapport with employees, customers and investors. Political parties and leaders use it to build a positive image among voters. NGOs use it to highlight their achievements so as to encourage public and government funding. Almost any organization that wants itself to be portrayed in a positive light in the public arena conducts some kind of public relations.

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### Managing PR for events

Events are among the most effective tools to communicate with the media, partners and customers face-to-face, to create direct impact and receive immediate feedback. However, events themselves need to be promoted to make them successful. The organization of a cost-effective programme, managing the planning and logistics, ensuring maximum participation of the appropriate audience and maximizing their satisfaction, thus deriving concrete benefits from the event requires the implementation of a comprehensive event management as well as PR strategy. The first stage is event planning, which involves setting out the objectives of the event, roles and responsibilities of various stakeholders and working out the details of the programme, schedule and budget (including budget for PR activities) and selection of appropriate media for target audiences.

However, the event management strategy is not complete without a well-planned PR strategy, if the organizer wants a successful event that achieves its objectives and reaches the target audience. They need to practice PR strategy as well .

#### 4.5.3 Role of Brand Image in Event Marketing

Events, like products, need to have an established brand image, which allows for easier recognition and promotion. Every event is unique in its own way and has its own identity. Building a brand image for an event is not limited to hanging banners and logos and sending promotional materials to people. To build an event as a brand that leaves an indelible impact on the minds of the audience, event marketers must adopt a holistic approach. Here are some steps that help in building a brand image for an event.

**Establish an online presence:** This can be done through a website that explains the event, speakers and content and by making a branded Facebook or Twitter page dedicated to the event. Social media activities and audience engagement should be conducted before, during and after an event. List the event on free online event calendars.

**Reach out:** Send out press releases, direct mailings to contacts, clients and the identified target group. Contact universities and colleges and offer student discounts. College students are always looking to enhance and extend their knowledge of a topic in their respective fields.

**Get speakers/guests involved:** Speakers can be requested to add a blog post to their site announcing they are speaking at the event. It is also helpful if they Tweet and Retweet using the event hashtag. This allows anyone interested in the event or a particular speaker to keep track of any PR, discounts, or book signings.

**Booth layout and design:** The look and feel of the booth should reflect the values and message of your brand. For example, the booth layout at an environmental conference should reflect the values of conservation by using eco-friendly material, recycled paper, etc. The signage like posters should be strategically placed to convey a coherent and relevant message.

**Add value and knowledge:** Having sessions that offer the audience and educational experience add value to the audience. However, such sessions should be entertaining and easily understood by the audience.

**Use good quality speakers and trained demonstrators:** Good quality speakers will deliver a lasting impression on the audience and trained demonstrators energize and excite the audience with regard to the subject or product.

## 4.5.4 Event Marketing Plan

A marketing plan provides direction to an event's marketing activities, and is part of an overall business plan. It consists of a list of actions that are aimed towards achieving the marketing objectives of an event. A well-written marketing plan is based on a sound marketing strategy.

### Defining an event marketing plan

As explained in the previous unit, the **marketing strategy** is a process or model to enable a company or organization to focus its limited resources on the best opportunities to increase sales and thereby achieve a sustainable competitive advantage. The marketing plan includes the specific actions that are going to be taken to achieve the goals of a marketing strategy. The marketing plan, in other words, is the practical application of the marketing strategy.

Operating a business or organizing an event without a marketing plan is like trying to reach a new place without a road map to guide us. Organizing an event requires detailed and careful planning and detailed research and analysis to make optimum use of opportunities. Event marketing is a challenge that demands significant investments, but a well-thought out event marketing plan event can pave the way for a successful event. Event marketing experts must take into account in audience diversity and attract the attention of consumers, who are being targeted from other competitors, too. Further, they must deliver post-event evaluation in the form of accountability, performance reporting and return on investment (ROI). In short, successfully organizing an event demands much more than a core event idea; it should combine the art of planning with the science of measurement to bring about the best results with the minimum expenditure.

Truly successful event management engages leading edge tools to support focused strategy and design and tangible business outcomes. Through insightful design, skillful implementation, and intelligent measurement and adaptation, an event marketing plan can build on past successes and inform future decisions.

### Elements of an event marketing plan

The marketing plan is a dynamic document that focuses on bringing marketing strategies to life, serving as a road map for carrying out marketing activities and implementing marketing strategies. It is a multi-step process, which considers the following:

- 1. Defining the goals:** The first part of the marketing plan would define the business goals and strategy by:
  - Assessing the current situation (where you are)
  - Identifying the desired end state or goal (where you want to be)
  - Mapping a path to achieve the goal (the strategy)
  - Creating measurements to determine success factors
  - Reassessing the situation and revising the strategy

Identifying strengths and weaknesses is an important part of the marketing plan, which is done at this stage. This would consider things like cost of goods, human resources, location, financial strength and company image.

- 2. Market analysis:** This stage involves analysing the market or potential audience for the event, that is, describe the target group, describe the competitors, estimate

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**Marketing strategy:** The marketing strategy is a process or model to enable a company or organization to focus its limited resources on the best opportunities to increase sales and thereby achieve a sustainable competitive advantage

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the market share and do some market research, including market segmentation. Knowing the target group means knowing where they live, their age, gender, occupation, level of education, family composition, income level, wants, needs, buying habits and how they spend their free time. Customer surveys are a good way to get this information. Analysing the competitors will help in marketing one's business more successfully. In a marketing plan it is important to have a detailed description of who the competitors are, what products and services they offer, their level of success, their image in the marketplace, whether they discount, how, where and when they advertise and other facts. Market analysis allows the company to formulate appropriate value propositions, and to position the product's or event's key values and benefits to the target audience, and finally, why a customer would choose your solution versus the competition.

- 3. Marketing mix:** This stage focuses on describing the marketing mix, a term widely used by marketing managers to describe the framework for actual marketing plans and programmes for a company. The marketing mix considers a combination of activities which come together harmoniously, in bringing the product to market and sustaining it while in the market. To describe the marketing mix, one expression has become common –the 4Ps, which include:
  - **Product** – a complete description of the product, its attributes, and how its benefits and value are positioned in the marketplace.
  - **Price** – Price will be determined by the cost of the product, the overheads, profit goals, what competitors are charging and the demand for the product. Apart from these factors, the price speaks volumes about a company's image and its competitiveness. The company accountant will be very useful in helping with this part of the plan.
  - **Promotion** – how customers are informed about the product or how businesses communicate benefits, value, pricing actions, or product attributes. Includes advertising, public relations, sales promotions and salesmanship. The media schedule should be included in this part of the marketing plan.
  - **Place (location and distribution channels)** – the manner in which businesses deliver products to customers. The location of an event will determine everything from who the audience are to how a company distributes its products. It can even have an effect on the selling price.
- 4. Resource allocation and scheduling:** None of the elements of a marketing plan can be carried out unless the contributions of all resources are known and understood. Depending on the size and type of event, the resources should be identified, the known work items should be defined, and the timelines and schedules should be communicated to all concerned.
- 5. Budgeting:** A marketing or event marketing plan is incomplete without a budget, or financial plan. The budget established for a marketing plan should be prepared within the context of the financial targets for the firm. Furthermore, the budget sets some of the benchmarks or targets against which actual performance will be evaluated as the plan is executed. The budget can be calculated using one of several ways or using a combination of methods. Percentage of sales is a simple method but may be too restrictive. Industry averages can be a good benchmark, as long as the company's own goals are kept in mind.

**6. Implementing the plan:** The marketing plan is usually implemented by a number of individuals with different business functions or different groups within the marketing department. If, for example, there is a pricing team, and their programmes are dependent on the advertising and promotion team's work with outside agencies, their work plans need to be coordinated and the associated dependencies identified. As the marketing teams meet together, or with the cross-functional product team, the deliverables and targets should be fully understood so that programme status and issues can be communicated. This can be used to summarize all deliverables in one place, so that programmes can be tracked.

*Detailed Plan and Schedule of each Marketing Activity (Template)*

Marketing plan activity	Due date	Department/ staff responsible	Issues and risks	Remarks
TV ad	20 October for airing in November to coincide with Children's Day	PR department & ad agency	Creative must be ready by 20 September, else will miss the November deadline	To check on 25 August to ensure on track, else will contact ad agency

**7. Evaluation:** Every element of the marketing plan requires an investment. Whether it is carrying out market research or investing in a big advertisement. All activities are planned to drive business or promote the event. Therefore, measurements need to be put into place to determine whether the investment yielded the intended results. Typical measurements might consider:

- if the marketing programme generated sales leads.
- if the number of sales leads were sufficient to create proposals which led to new business.
- if the marketing activities generated more visits to the event.
- if the event generate higher levels of customer satisfaction?

It is up to the person, team, or organization to determine which parameters to use, the frequency with which they are evaluated, and the follow-up actions to take.

A marketing plan, like other plans, is a road map, enabling a business or event to define its current situation, its goals and the path to get there (the marketing strategy and the tactical plans, as represented by the marketing mix). Carrying out this process requires a degree of discipline, structure and some creativity.

### **Significance of formulating an effective event marketing plan**

A marketing plan provides direction for an event's marketing activities. It details what the event seeks to accomplish with its marketing strategy and helps meet these objectives. The marketing plan:

- Allows the organizer to look internally in order to fully understand the impact and results of the event.
- Allows the organizer to look externally in order to fully understand the target group which it chooses to address.

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- Sets future goals and provides direction for future marketing efforts that everyone in the organization should understand and support.
- Is a key component in obtaining funding to pursue new initiatives.

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### 4.5.5 Institutional Advertisement

The promotional message aimed at creating an image, enhancing reputation, building goodwill, or advocating an idea or the philosophy of an organization, instead of sales oriented campaign is called institutional advertising. Institutional advertising is employed by an organization to market itself instead of its products. It is called corporate advertising.

- **Outward looking institutional advertisement:** Institutional advertising is generally designed to make the public more aware of a company or to improve the reputation and image of an existing company or advocating the philosophy or idea of the company. Depending on the company, this can be a form of brand advertising. This includes not only end-users and distributors, but also suppliers, shareholders and the general public. Institutional advertising focuses on the name and prestige of a company. Institutional advertising has already begun to transform the format and content of the mass media. Beyond its physical impact it has also begun to assume formidable proportions as an instrument of intra-societal psychological impact.
- **Inward looking institutional advertisement:** Most people, then and now, think of advertising as something a corporation aims at the public, not something directed inward to its own organization. Institutional advertising is sometimes used by large companies with several divisions to link the divisions in customers' minds. It is also used to link a company's other products to the reputation of a market-leading product. Large corporations are discovering and exploiting what are potentially even more significant dimensions of advertisement in long-range capacity building and their capacity to promote internal loyalty and corporate-mind-set among all its employees, suppliers and channel partners. In meeting these additional needs, institutional advertising come to acquire an inward thrust or stake-holder thrust that is as important as its outward quest for prestigious familiarity. Implicit in the institutional advertising is that a large vision with which the entire corporation could identify and behind which its various divisions and individual managers could rally.
- **Subtype of institutional advertising:** A subtype of institutional advertising is called advocacy advertising. This specifically focuses on companies that have had to use advertising to respond to media attacks based on controversy. An example would be a beer corporation that showcases how much of their corporate profits is given to M.A.D.D. (Mothers Against Drunk Driving). The overall promotional strategy would be to show how the beer company does support the local community and care about its constituents.
- **Institutional advertising through story-telling:** Companies now campaign institutional advertising based on real stories and events that happened with them. Such campaigns capture the heart, soul and excellence of both internal and external audience and a bonding is created amongst all stakeholders. A hospital may feature "stories" and each featuring a specific area of expertise

including: neurosurgery, rehabilitation, cancer, cardiac and vascular surgery, nursing, research, critical care and advanced imaging and diagnostics and may caption it attractively as one hospital put that as, “Any Given Moment”. The images –of actual patients, nurses and doctors need to be photographed by documentary fine art photographers using a photojournalistic approach, to get the real ‘feel’ touching the ‘soul/heart/mind’ of the viewers.

- **Difference between institutional and commercial advertisement:** The biggest difference between an Institutional Advertisement and a Commercial Advertisement advertisement is very simple: An institutional advertisement is not trackable. Its purpose is merely to put a company name or brand in front of the general public, or targeted audience. A Commercial Advertisement ad is trackable. It asks the reader to respond in some way (by phone, by click, by e-mail, by coupon) – so you can measure the effectiveness of the advertisement. It asks the responder to take action. It’s a two-way communication with your most valuable asset, the customer. Institutional advertising, as practiced by many advertisers, doesn’t convey any compelling reason for the reader to take action, to favor your business over another. It doesn’t direct the reader to any intelligent action or buying decision and wastes your precious money and resources. Oh yes, institutional advertising does play a role for some large companies i.e. cereal or gasoline companies, who seek to brand their name or products in front of large mass audiences at football games or NASCAR races. But it’s not necessarily so for specific target audiences, or small businesses trying to carve their way.

## NOTES

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### 4.6 SUMMARY

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Some of the important concepts discussed in this unit are:

- Public relations involves communication to maintain and manage relationships between the company and its stakeholders through media.
- Some of the important objectives of PR are: it facilitates a company’s overall operations; aids promotion; helps in tackling social and environmental issues; ensures that customers are treated well; ensures that customers are treated well and so on.
- There are a number of tools used in PR which are: press release, feature articles, press conference, electronic media and Internet.
- The key roles of a PR agency is to provide a comprehensive range of service to its clients and are responsible for generating favourable publicity.
- There are five important stages of PR strategy which are: identifying, assessing the existing image or awareness limit, setting out clear communication goals, building up the message and selecting media channel, assessing impact.
- There are also subtle methods of PR that carry out PR campaigns without being apparent. These include media relation kits containing video and audio news releases.
- Publicity is one of the most important methods of PR; it involves communication about an organization or any of its products in the media.

#### Check Your Progress

8. What is event management?
9. What are the traditional channels of event marketing?
10. Define astroturfing?
11. What do the 4Ps stand for in marketing mix (event marketing plan)?

## NOTES

- Direct marketing have experienced growth due to several reasons.
- There are certain techniques involved in direct marketing. Some of which are direct mail, telemarketing, catalogue marketing, direct response marketing, inserts (leaflets) and Internet marketing.
- Event management is emerging as one of the sought-after careers in India. It involves identifying the target audience, analyzing a brand and conceptualizing events.
- Event management professionals need to have certain qualities, such as organizational skills, technical know-how and public relations skills.
- India's top-three event management companies are Wizcraft International Entertainment Pvt. Ltd., Cineyug Entertainment and Percept Limited.
- In event marketing, it is essential to attract as much audience as possible. Some of the common traditional channels being used to reach masses are television, radio, print and, sometimes by distributing collateral materials such as brochures, fliers, leaflets and posters.
- PR and publicity play essential roles in corporate image building. The key role of a PR agency is to advocate on behalf of its client through media and its constituents. It involves building good relationship with public.
- In order to achieve the marketing objectives of an event, it is essential to have the event marketing plan ready.

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### 4.7 ANSWERS TO 'CHECK YOUR PROGRESS'

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1. The key functions of PR are — a) It facilitates a company's overall operations; b) Aids promotion; c) Helps in tackling social and environmental issues.
2. The key tools used in PR are: press release, feature articles, press conference, electronic media and Internet.
3. The publicity budget should be used in staging events, building associations and other such activities depending upon the kind of business the company is associated with.
4. The headline of a news release should contain a lot of factual information. One should always avoid using a flashy or a flowery language.
5. The factors that have helped in enhancing growth in direct marketing activity are: a) Market fragmentation; b) Availability of databases; c) Sophisticated software; d) Sophisticated analytical tools; and e) High costs of personal selling.
6. Telemarketing is a form of direct marketing, in which marketers use telecommunication and information technologies to contact customers.
7. A catalogue is a list of the product range that a company sends to its customers.
8. Event management is the application of project management to the creation and development of events, conferences and festivals.
9. The traditional channels of marketing are television, radio, print, collateral materials and direct marketing.
10. Astroturfing refers to creating front groups that appear as actual grass-roots movements and voice a certain opinion on behalf of a company or government.
11. In marketing mix, the 4Ps stand for product, price, promotion and place (location distribution channels).

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## 4.8 QUESTIONS AND EXERCISES

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### Short-Answer Questions

1. Name the five important stages of PR strategy.
2. What is search engine marketing?
3. What is the importance of Search Engine Optimization in online marketing?
4. How does a 'feature article' help in PR?
5. What are the important stages involved in PR strategy?
6. Identify the important elements of an event marketing plan.
7. Name the top-three event marketing companies of India.

### Long-Answer Questions

1. Discuss the key functions of PR.
2. What are the advantages and disadvantages of telemarketing?
3. Explain the concept of direct response marketing and its purposes.
4. What are the key skills required by an event management professional? Discuss.
5. Explain the relationship between event marketing strategy and event marketing plan with the help of a figure.
6. Discuss the role of PR and publicity in corporate image building.
7. Why is it important to establish a brand image for an event? What are the important steps required for creating one?

### NOTES

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# UNIT 5 SALES PROMOTION AND PERSONAL SELLING/ SALESMANSHIP

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## NOTES

### Structure

- 5.0 Introduction
- 5.1 Unit Objectives
- 5.2 Concept and Need for Sales Promotion
  - 5.2.1 Sales Promotion Objectives and Budgeting
  - 5.2.2 Nature and Scope of Sales Management
  - 5.2.3 Importance of Sales Management
  - 5.2.4 Distinction between Sales Promotion and Advertisement
- 5.3 Sales Promotion Measures Aimed at Consumer Trade and Salesforce Promotion
  - 5.3.1 Consumer Promotion; 5.3.2 Trade Promotions
  - 5.3.3 Salesforce Promotional Tools
- 5.4 Theories of Selling
  - 5.4.1 Basis of Selling; 5.4.2 Right Set of Circumstances Theory
  - 5.4.3 Buying Formula Theory; 5.4.4 Behavioural Equation Theory
  - 5.4.5 Long-Term Personal Selling Objectives
- 5.5 Characteristics of Personal Selling or Salesmanship
  - 5.5.1 Personal Selling; 5.5.2 Steps in Personal Selling Process
  - 5.5.3 Concept Selling; 5.5.4 Trends in Personal Selling
- 5.6 Salesforce Management: Recruitment, Selection, Training and Performance Appraisal
  - 5.6.1 Recruitment and Selection of Salespersons
  - 5.6.2 Training of Salespersons; 5.6.3 Performance Appraisal
- 5.7 Territory Structuring
  - 5.7.1 Designing Sales Territories; 5.7.2 Shape of Territory
  - 5.7.3 Territorial Adjustments; 5.7.4 Developing Territories
  - 5.7.5 Routing the Sales Force
- 5.8 Summary
- 5.9 Answers to 'Check Your Progress'
- 5.10 Questions and Exercises

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## 5.0 INTRODUCTION

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The purchasing power of customers is growing vastly in today's times due to rising income and increasing variety in products. Sales promotion, therefore, becomes quite necessary and important in these circumstances even if it is quite expensive and requires a heavy budget from the organization. Another factor necessitating sales promotion is the increasing competition in the market and shortening product life cycles due to the constant clutter of new and emerging technologies and products. Personal selling has also developed over the years with careful scrutiny in the recruitment and selection of salespeople and the extensive training they undergo after selection in the organization. It is the responsibility of a salesperson to obtain sufficient sales volumes and provide profits for the company's business growth.

With the emergence of new trends in personal selling like word of mouth, online information sharing with customers and easy data accessibility the concept of personal

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selling has enhanced in every way. Some customers are not ready to experiment with new products and stick to the brands with which they are most comfortable. With the emergence of new technology, there is an array of new products in the market. However, if customers are left to their own means, they would end up ignoring and not buying these products, for which purpose sales management uses concept selling to familiarize them with these products. A sales manager has to keep the performance of his team in check for which many performance appraisal and evaluation methods are used. This helps them to improve their teams' performance and skills and contribute to the profit of their organization as well as maintain loyal and regular customers. In order to maintain sale efficiency, sales territories are divided among salespeople in order to give them a group of similar customers and prospects for servicing. Therefore, the task of sales promotion and personal selling is of great importance to an organization and enhances successful selling of products.

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### 5.1 UNIT OBJECTIVES

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After going through this unit, you should be able to:

- Understand the concept, need, objectives and budgeting of Sales Promotion
- Examine the nature and scope of sales management
- Understand the difference between Sales Promotion and Advertisement
- Examine sales promotion measures aimed at consumer trade and sales force promotion
- Identify the theories of selling
- Identify the characteristics, concept and trends in personal selling or salesmanship
- Understand the process of recruitment, selection, training and performance appraisal
- Examine the concept of territory structuring

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### 5.2 CONCEPT AND NEED FOR SALES PROMOTION

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Sales promotions are designed as incentives to consumers or trade for purchase stimulation. A customer has to be made to believe that he is getting more value for the money he is spending than he would have otherwise got if the sales promotion was not in operation. Sales promotion schemes serve to signal the arrival of a time-period in which customers will get the value that they were getting earlier by spending less. In typical consumer promotions, companies reduce the price for a limited time period, or offer more quantity for the same price, or offer extra items or gifts or prizes with the purchase. Discounts and incentives are some of the trade promotions. Companies have to operate sales promotion schemes in a way that customers do not start equating the product with low-priced brands.

Vast amounts of money are being spent on sales promotion. Global expenditure on sales promotion is equal to media advertising. Sales promotion is growing because of several reasons:

- Consumers have increased impulse purchasing due to their rising income and proliferation of products. The retail response to greater consumer impulse

purchasing is to demand more sales promotion from manufacturers to push their brand. Customers' propensity to purchase on impulse receives impetus when they see an item on sale.

- Sales promotion used to be employed by fringe players to get some market share from established players because they could not afford to advertise in the mass media. The established companies did not retaliate because they believed that it would devalue their brands and also because they believed that their customers were much too gentlemanly to fall prey to such manipulations. But customers do trade loyalties for lower prices and howsoever much the established companies disliked the idea; they had to retaliate by offering their own sales promotion schemes. Sales promotions are becoming respectable because of their use by market leaders and increasing professionalism of the promotional offers.
- The rising cost of advertising and advertising clutter has made sales promotion an attractive proposition. Advertising in the mass media has become prohibitively expensive and all the lead players are advertising profusely. Customers cannot tell one ad, and hence one product, from the other. Marketers are realising that advertising is doing no more than keeping them in this contest, and is not influencing purchase decisions. By withdrawing money from advertising and putting it in sales promotion, marketers hope to get tangible and immediate results in the form of increased sales.
- The attraction of boosting sales in a short period of time increases due to intense competition and shortening product life cycles. Most industries face intense competition among equally mighty competitors. There is parity in the offerings of the competitors and customers do not prefer one offering over another. Under such situations, sales promotion schemes manage to swing customer purchases. Product life cycles are shortening due to technological breakthroughs coming more frequently and due to customer requirements changing rapidly and drastically. It becomes imperative for companies to realise as much sales as possible during the brief existence of the product. Sales promotion, used to increase sales in short spurts, is very useful.
- In some markets, sales promotion is used so often that all competitors are forced to follow suit. If a company launches a sales promotion scheme, and the scheme is not contested by competitors, the company will gain sales at the expense of competitors. Competitors do not allow such a scenario to evolve. They launch their own schemes and each competitor eats into the sales of the other depending on the attractiveness of their schemes. At the end of one such sales period, the competitors' sales remain where they were at the beginning of the period. In most markets, sales promotion has become a countervailing measure to thwart attempts of a competitor to garner sales by launching a sales promotion scheme.
- Measuring the sales impact of sales promotion is easier than it is for advertising since its effect is more direct and usually short-term. The growing use of electronic point of sales scanner information makes measurement easier. It is easier for sales promotion managers to justify their budget. They are able to show immediate returns on their investments in sales promotion schemes.

## NOTES

## NOTES

### 5.2.1 Sales Promotion Objectives and Budgeting

Sales promotion is used to provide short, sharp impetus to sales. In this sense, it is a short-term tactical device. Sales promotion boosts the sales during the promotion period because of the incentive effect. This is followed by a fall in sales to below normal level because some consumers will have stocked up on the product during promotion. The long-term sales effect of the sales promotion could be positive, neutral or negative. If the promotion has attracted new buyers who find that they like the brand, repeat purchases from them give rise to a positive long-term effect. Alternatively if the promotion has devalued the brand in the eyes of consumers, the effect may be negative. Where the promotion has caused consumers to buy the brand only because of its incentive value with no effect on underlying preferences, the long-term effect may be neutral.

#### Sales Promotion Objectives

It is easy to dismiss sales promotion as a marketing gimmick to boost the sales of a flagging brand. But the story should be allowed to progress beyond the stage when a consumer has bought a brand because he was influenced by the incentives. He did not buy because he had a preference for the brand. But after using the brand he may discover that he likes the brand and eventually develops a preference for it. Sales promotion prompts the consumption of a brand and if the brand is good it will be liked. Sales promotion can be used as an alternative to advertising in mass media for brand building. New brands can be offered as incentives with the purchase of established brands. The sales promotion scheme is essentially for the established brand, but the new brand enters consumers' homes and is likely to be consumed and eventually liked. The new brand can also be launched through an independent sales promotion scheme. The idea is to make the consumers try out the product initially. But sales promotion can be used for brand building only when the product is very good.

The basic objective of any sales promotion is to provide extra value that encourages purchase. When it is targeted at consumers, the intention is to stimulate purchase. When the trade is targeted, the objective is to induce distributors to push the product. Specific objectives are as follows:

#### 1. Fast sales boost

Short-term sales increase is required to reduce inventories, meet budgets prior to the end of the financial year, moving stocks of old models prior to replacement, increase stockholding by consumers and distributors in advance of the launch of a competitor's products. These are very legitimate goals. Promotions that give large immediate benefits such as money-offs or bonus packs have a bigger effect on sales volume than more distant promotions such as competitions. Sales promotion should not be used as means to patch more fundamental inadequacies up such as inferior product performance or poor positioning.

#### 2. Encourage trial

Customers may be induced to buy a new brand because of the extra benefits, like price-offs or free gifts, associated with its buying. If the buyers like the brand, the long-term effect of the promotions may be positive. They continue to buy the brand.

## **NOTES**

Customers also spread positive word-of-mouth information about the brand since they are pleasantly surprised to find the product good when they did not expect it. Customers like to talk about products which they have accidentally discovered to be good. Strong brands can be created through this method as more customers buy the product on their friends' recommendations. They too find the product good and spread good word about it.

Sales promotion schemes like price-offs or free gifts induce customers to buy a new brand. They may also be given out as gifts with established brands as a part of the latter's sales promotion endeavour. Promotions which simply give more products as bonus packs are less successful in promoting new products since consumers place much less value on extra quantity until they have decided they like it.

### **3. Encourage repeat purchases**

An offer which requires the collection of packet tops or labels attempts to raise repeat purchase during the promotional period. For products like detergent powders, a pack will be used over a long period. It is difficult to keep the customers motivated enough to keep collecting the labels and present it for redemption. For products which can be consumed in rapid succession, i.e., the product is purchased frequently, the scheme can be successful. Children have been found to become obsessed with collecting labels especially if the reward is some cool possession, like Pokeman cards.

### **4. Stimulate purchase of larger stocks**

Promotions that are specifically linked to larger pack size may persuade consumers to switch from less economical smaller packs. But when customers buy large pack sizes, they do not necessarily consume more. The large pack size lasts for another time period and customers do not buy the product in the next time period. There is a sharp decrease in demand and the manufacturer faces the problem of idle capacity. This problem is in addition to the one that the company faced in meeting the big surge in demand when the scheme was on. Manufacturers should always remember that per unit cost of production is the least when production is carried out at a uniform rate throughout the year. Per unit cost of production goes up when the production rate is varied.

### **5. Gain distribution and shelf space**

Trade promotions are designed to gain distribution and shelf space. Discounts, free gifts, and joint promotions are used to encourage distributors to stock brands. Also, consumer promotions that provide sizeable extra value may also persuade distributors to stock or give extra shelf space.

### **Sales Promotion Budgeting**

The sales promotion budgeting is a part of the total communications expense of a company. The company must therefore decide the percentage of sales promotion expenditure as one of the components of its integrated communication campaign.

#### **1. Percentage of sales method**

The sales promotion budget refers to a specific percentage of sales revenue, either current or expected. This percentage may be calculated on the basis of industry or

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company tradition. The technique is simple to apply and discourages costly promotion wars if all competitors keep to their traditional percentage. The disadvantage of the method is that it encourages a decline in sales promotion expenditure when sales decline, which causes a further downward spiral of sales. Market opportunities are ignored by it. This may suggest that more (or less) is required to be spent on sales promotion. An opportunity to build market share may suggest raising sales promotion expenditure and a decision to harvest a product would suggest reducing expenditure. The method fails to provide a means of determining the correct percentage to use.

### 2. Affordability method

Executive judgement decides on the amount that can be afforded to be spent on sales promotion. Using affordability as the only criterion for setting a budget ignores the objectives of communication and the market opportunities that may exist to further the growth of profits and sales. It is unscientific in nature and cannot be applied in large companies.

### 3. Matching competition

Some companies match expenditures or use a similar percentage of sales figures as their major competitors. Matching expenditure assumes that the competitors have arrived at the correct level of expenditure and ignores market opportunities and communication objectives of the company. The competitor's objectives and strategic direction could be at variance from those of the company, making such a method questionable. Using a similar percentage of sales ratios is justified only if it can be shown to prevent costly advertising wars.

### 4. Objective and task method

The budget for sales promotion depends on not just the communication objectives but also the costs of the tasks that help attain them. If the objective is to increase the market share of a brand name from 30 per cent to 40 per cent, the costs of developing the necessary campaign and using appropriate media (TV, posters) would be made. The total costs would represent the sales promotion budget. In practice, the effort to achieve the specified market share increase may be difficult to estimate. But the method is scientific, and encourages the management to think about objectives, media exposure levels and resulting costs.

The sales promotion budgeting decision is a highly political process. Finance argues for monetary caution whereas sales personnel who view sales promotion as a method of market share-building, support high sales promotion expenditure, while brand managers may caution on eroding brand image.

The percentage of sales promotion expenditure would depend on several factors such as characteristics of the industry and the firm's resources. Usually a combination of methods may be used to arrive at the expense, and modifications may be required during implementation of the communication strategy.

### 5.2.2 Nature and Scope of Sales Management

Apart from management of personal selling, sales management encompasses marketing activities like advertising, sales promotion, marketing research, physical distribution,

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pricing, merchandising, and so on. American Marketing Association (AMA) defines sales management as: ‘The planning, direction and control of personal selling, including recruiting, selecting, equipping, assigning, routing, supervising, paying and motivating, as these tasks apply to the personal sales force.’

1. Sales volume,
2. Contribution to profits and
3. Growth

Are the three major objectives of the sales function.

Organizational objectives are communicated to the marketing department which, in turn, is passed on to the responsibility to the sales department, as depicted in Figure 5.1.



*Fig. 5.1 Objectives of Sales Management*

**Sales Management and the Environment**

Sales management in any organization is affected by several environmental factors. The factors affecting sales could be behavioural, technological or managerial in nature.

**Behavioural Factors**

The consumer today has become more conscious of the environment, and the sales must adjust to a variety of influences like rising consumer expectations, expanding power of major buyers, customer’s avoidance of buyer–seller negotiations, globalization of markets, fragmented markets, and so on.

**Technological Factors**

The major technological factors that affect sales are:

- Sales force automation
- Virtual sales offices
- Electronic sales channels.

Sales force automation covers laptop and palmtop computers, cellular phones, fax, e-mail and many more advanced sales software that assist in account planning, recruitment, selection and evaluation of sales personnel.

Electronic data interchange (EDI) provides computer links and allows direct exchange of information between manufacturers and resellers such as retailers, wholesalers and distributors. Technological innovations have facilitated desktop videoconferencing, enabled sales meetings and facilitated training and customer interaction without requiring people to leave their office.

Technological innovation not only, but also leads to cost and time saving improved job satisfaction for salespersons.

### Managerial Factors

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Managers respond to changes in the environment by developing new strategies and tactics to enhance sales effectiveness. They employ direct marketing techniques, improve cooperation between sales and marketing, and manage the training and development needs of the salespeople. Sales management responds to new challenges by recognizing the importance of professional qualifications. Sales organizations depute salespeople for training and enhancement of their professional qualification to institutes like the National Institute of Sales in India, to help them meet the challenges of the present day's competitive environment.

### Sales and other departments

Sales personnel have to coordinate with the marketing departments like promotional activities and market planning. In addition, salespeople must coordinate with the distribution channels pre- and post-introduction of products. It is the sales department that has to balance the interests of trade and the manufacturer. Sales must motivate trade for joint promotional efforts. Coordination between sales and the overall marketing strategy is absolutely essential, especially where new product introduction is concerned.

### Scope of Sales Management

Sales management directs the sales force. Therefore, it must know the art and science of personal selling. Personal selling is accomplished through salesmanship. The sales executive must be aware of the activities of salespersons, including salesmanship and the problems faced by them.

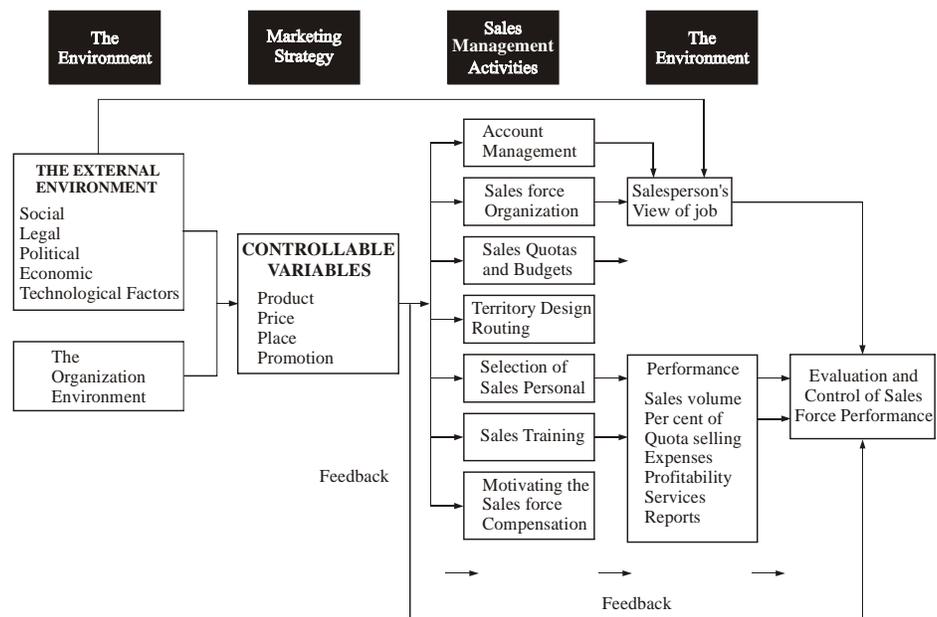


Fig. 5.2 Flow of Activities in Sales Management

From the organization's viewpoint, there are three objectives of sales management-achieving sufficient sales and volume, providing ample contribution to

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profits and experiencing continuing growth. The top management delegates the responsibility to the marketing management, which then delegates to the sales management. During the planning phase that precedes this goal setting, sales executives provide detailed estimates on market and sales potential, the capabilities of the sales force and the middlemen.

The entire gamut of activities involved in sales management is depicted in Figure 5.2.

### **Characteristics of the sales job**

There are several distinguishing features of a sales job.

A salesman is the ambassador of his company to the external world. He leaves a lasting impression on those with whom he interacts and who form an opinion about the company from his behaviour. A salesman needs human relations skill much more than others. As he interacts with a variety of people in diverse situations, he must show diplomatic skills and composure. He should also use tact and intelligence while dealing with his customers.

### **Categories of salespersons**

Sales jobs can be classified on the basis of the creative input needed to perform them. Thus, we have several categories of salespersons, such as:

- **Just delivering**

Here, several salespeople simply fulfil orders by delivering the product. For example, a driver of a van of soft drink bottles, a milk vendor, or persons at the petrol pumps.

- **Order taking**

The salesman behind the counter of a grocery store or a bookstore listens to the requirements of the customers and serves them the right products. These order takers may be found in the field as well, e.g., salesmen selling hardware items.

- **Missionary selling**

This type of selling involves persons who build an image of the organization and generate goodwill for it. For instance, those selling pharmaceutical products (medical representatives) are missionaries.

- **Sales engineers**

These are sales people who have a good technical knowledge of the product.

- **Creative selling**

The salespersons use their creativity to sell products, such as computers or aircraft, and such as insurance, consultancy services, advertising services, and so on.

### **The role of a salesperson**

Salespersons have key responsibilities both to their employers and to those who buy and use their firm's products. The top management holds them responsible for:

## NOTES

- (i) obtaining sufficient sales volume
- (ii) providing ample contributions to profits,
- (iii) continuing business growth.

Sales managers are in charge of personal selling activity, and their primary assignment is management of the personal sales force. Today's sales managers are responsible for organizing the sales effort, both within and outside their organizations.

Within the organization, the sales manager builds a formal as well as informal organizational structure that ensures effective communication not only inside the sales department, but also in its relations with other organizational units. Outside the organization, the sales manager serves as one of the company's most important contact point with customers.

The sales manager is responsible for building and maintaining an appropriate and effective distribution network. Today's sales managers are responsible not only for using but for participating in the preparation of information critical to the making of key marketing decisions, such as those on budgeting, quotas and territories. They participate in marketing decisions regarding products, marketing channels and distribution policies, advertising and other forms of promotion and pricing. Thus, the modern sales manager is both an administrator incharge of personal selling activity and a member of the executive group that makes marketing decisions of all types.

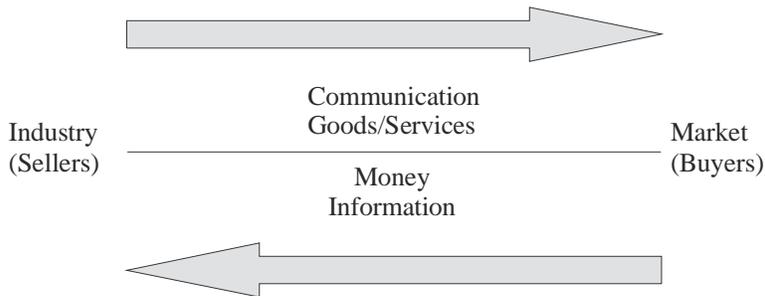
### 5.2.3 Importance of Sales Management

Today, it has become imperative to talk about the new economy. Businesses are operating in a global economy where markets face competition faster than ever before. Technology too is changing everyday.

Present-day business has to adapt to the needs of the customer, who has tremendous buying power and a wide variety of goods and services to choose from.

Marketing deals with identifying and meeting human and social needs. It is also defined as the art of selling products.

A simple marketing system is shown in Figure 5.3.

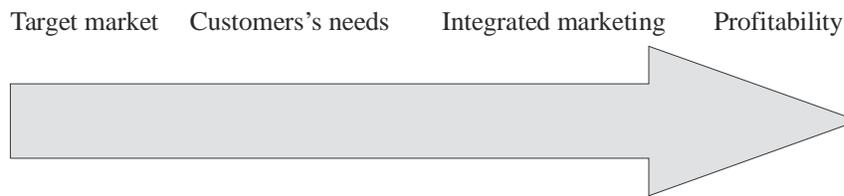


**Fig. 5.3** A Simple Marketing System

Due to competition in the marketplace, marketers are now building a mutually satisfying long-term relationship with key customers, including suppliers and distributors.

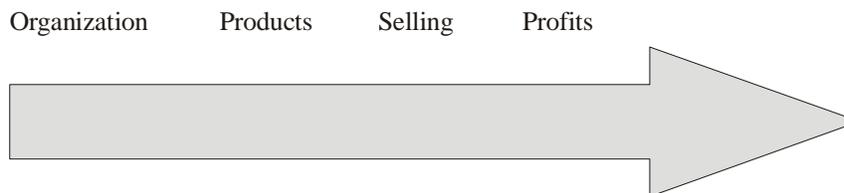
Sales management is a part of the marketing mix strategy. Sales management focuses on the need of the seller with the aim of making profit whereas marketing is devoted to the satisfaction of the needs of the customer.

The marketing concept rests on the elements depicted in Figure 5.4.



*Fig. 5.4 Elements of Marketing*

The sales concept rests on the elements, as shown in Figure 5.5.



*Fig. 5.5 The Selling Concept*

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### 5.2.4 Distinction between Sales Promotion and Advertisement

Sales promotion is usually a short-term activity comprising of various strategies enticing customers to buy a product. Cents-off coupons, mega sales, double coupons, clearance sales and two for the price of one sale for a limited period are some of the techniques used for sales promotion. It helps in giving an advantage to the promoters over their competitors in conveying the brand message to the purchasers for the product or service and raises its value in their eyes. A TV commercial for a newly launched automobile encompassing all its new features in comparison with other cars of the same category is a perfect example of advertising.

The nature of appeal of a customer towards a product is the main difference between sales promotion and advertising. While advertising has the main objective of creating a lasting brand image and is of an emotional nature, sales promotion, on the other hand, is unemotional in nature. Cosmetics, perfumes, accessories and apparels need innovative and original advertising to appeal to the consumers, while sales promotion attracts the practical and rational mind of the consumers by offering discounts and mega sales for their products. A consumer decides upon the product with a lower price due to the discount offered on it over the product being offered at the original price.

The recognition of a brand or the brand equity develops over a long period of time. Advertising takes time to entice customers and develop a relationship with them which allures them towards a particular product or service. However, sales promotion takes place for a short period of time in the market. It is done in order to identify itself to the customers and is not specifically brand oriented. The main motive of sales promotion is to get customers to immediately buy the product.

Sales promotion is a direct approach to the customers in comparison to advertising which is a more carefully structured and subtle approach. Advertising of a Smart TV emphasizes its cutting edge technology and the latest features available,

### Check Your Progress

1. What is a sales promotion budget?
2. What are the major objectives of a sales function?
3. List the major technological factors affecting sales.

while sales promotion of the Smart TV might include a limited period offer of a free Blue ray player on its purchase.

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**Consumer Promotions:** Are the offers that are given to end consumers. These may be price based offers, such as money offs, or non-price based offers such as gifts, samples, coupons etc.



**Premiums:** Are any merchandise offered for free or at low cost as an incentive to purchase a brand

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## 5.3 SALES PROMOTION MEASURES AIMED AT CONSUMER TRADE AND SALESFORCE PROMOTION

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### 5.3.1 Consumer Promotion

Consumer promotions are the offers that are given to end consumers. These may be price based offers, such as money offs, or non-price based offers such as gifts, samples, coupons etc.

#### 1. Money Off

The brand is offered at a lower price than what it normally sells for. It provides direct value to consumers and is an unambiguous incentive to purchase. Money offs have a proven track record of stimulating short-term sales increase. But price reductions can be easily matched by competition and, if used frequently, can devalue brand image due to its association with low price for long periods of time. If the brand sells at the lower price for a considerable period of time, customers will associate the brand with the lower price. And when the company terminates the sales promotion scheme, the original price will seem high as customers have gotten used to buying at the low price.

#### 2. Bonus Packs

The company gives added value by giving consumers extra quantity at no additional cost. Because price is not lowered, there is lesser risk of devaluing brand image. With some product groups, like cold drinks, the company encourages buyers to consume more. Bonus packs are useful when the product is consumed over a period of time. Customers notice when a pack of detergent powder which normally lasted ten days, lasts for a few more days. And with such experiences, they will go for the bigger packs because they know that it will be useful. But with products, like chocolates, which are consumed in one go, the consumer might not know the difference between consuming a normal pack and a slightly bigger one. Bonus packs will be useful for such products if a separate pack containing the extra quantity is offered. Even for goods which are consumed over a period of time, a separate pack containing the extra quantity will be more useful than stuffing the extra quantity in the same pack.

#### 3. Premiums

**Premiums** are any merchandise offered for free or at low cost as an incentive to purchase a brand. There are two major forms:

- *Free in or On pack gifts:* They are given away free with brands. Occasionally the gift is a free sample of any new brand that is related to the brand so that consumers get a chance to use it. Free sample may be a new variety or flavour which benefits by getting trial. The purpose of the sales promotion scheme may actually be to induce consumption of the new brand so that consumers develop a good perception about it. But an unknown brand will not do much to

increase the sale of the brand for which the sales promotion is ostensibly held. Some consumers may not even need the particular flavour or the product.

Companies can offer common generic products, like some quantity of sugar, as the free item. Such products are unambiguous gifts to the consumers as they are needed in all households. If brands, like a tube of toothpaste, are offered as gifts, there will be the problem of whether the customers like the brand enough to consider it as an inducement.

- *Free in the mail offers:* The scheme involves the collection of packet tops or labels by customers which are sent in the mail as proof of purchase to claim a free gift or money voucher. Redemption can be very low as consumers collect labels with a view to mailing but are never able to collect the requisite number. Most customers will not be patient enough to collect labels for the small financial benefit that the scheme may offer. For such schemes to really catch on the collecting of labels has to be projected as being 'cool' or the thing to indulge in. Customers should be exchanging notes as to how many the other has been able to collect. To create such a mass hysteria, the company has to promote the scheme in a big way and big rewards should be offered. It will be useful if celebrities are associated in the promotion of the scheme. Such schemes for children can be very successful. A smart scheme which incorporates the latest cool possession of the children's world will be successful even without promotion.

## NOTES

### 4. Free Samples

Free samples may be delivered at home or given out in the store. The idea is that having tried the sample a proportion of the consumers will begin to buy it. This is an expensive but effective way of getting consumer trial. But it may be ineffective if the brand has nothing extra to offer.

### 5. Coupons

A customer receives an item upon presenting a coupon. Coupons can be delivered to the house, can appear in magazines and newspapers or on packs. Home couponing, i.e., coupons being delivered at home, is a good method to achieve trial for new brands. Magazine or newspaper couponing is cheaper than home delivery and can be used to stimulate trial but redemption rates are much lower. The purpose of on-pack coupon is to encourage initial and repeat purchase of the same brand or trial of a different brand. A brand carries an on-pack coupon redeemable against the consumer's next purchase usually for the same brand. Redemption rate is normally high. The coupon can offer a higher face value than the equivalent cost of a money-off pack since the effect of the coupon is on both initial and repeat sales. But it is usually less effective in raising initial sales than money-off because there is no immediate saving and its appeal is almost exclusively on existing consumers.

### 6. Competitions

Competitions require participants to exercise a certain degree of skill and judgement. They may be asked a few simple questions. Entry is usually dependent upon at least one purchase. Compared to premiums and money-offs, competitions offer a less immediate incentive to buy and require time and effort on the part of entrants. However, competitions can attract attention and interest in the brand.

## NOTES

### 7. Draws

Draws make no demands on skills or judgement. The result depends on chance. A store may run an out-of-the-hat draw where customers fill in their names and addresses on an entry card and, on a certain day, the draw is made.

Media advertising can be used to communicate sales promotions. In fact the company should strive to make a splash with certain types of sales promotion schemes like competitions, collection of labels, and draws, and should have the twin objectives of making the sales promotion scheme successful and promoting the brand when it advertises its schemes. Such forms of sales promotion, like competition, collection of labels and draws can be advertised as they are not likely to devalue the brand as a scheme of price-offs can. In fact, a company should be circumspect in advertising sales promotion schemes like price-offs and free gifts as such schemes are normally considered as a signal that the company is not doing well and is desperate to sell. The brand image will be tarnished even among customers who have no intention to make a purchase in the relevant product category. This will instill in them a bias against the brand when they have to purchase the product in future. Such schemes should be promoted in the retail stores through banners and through prominent placing on the packaging. Retailers should show keen interest in making the customers aware of the schemes. Such schemes should be introduced when the reason for providing the scheme is unambiguous and strong. For instance, an anniversary celebration may be a good occasion for a retail store to reward its customers.

#### 5.3.2 Trade Promotions

Trade promotions are offers or schemes given to channel intermediaries. They can be price-based, such as quantity discounts, or non-price-based, such as allowances.

##### 1. Price Discounts

Traders, i.e., retailers and wholesalers may be offered discounts in return for purchasing and keeping the manufacturer's brand. Concentration of buying into fewer outlets has made the retailers very powerful and this power is translated into discounts from manufacturers. The discount may be part of joint promotion whereby the retailer agrees to devote extra shelf space, buy larger quantities and allow in-store promotions.

When a company gives a discount and the retailers return the favour by allowing in-store promotion or by devoting extra shelf space to the brand, it is a fair game. But when a manufacturer gives price discounts to keep the retailer in good humour and to protect its brands from being put off the shelves, it only makes the retailers more brash and greedy. The appropriate strategy to counter all-powerful retailers is for manufacturers to strengthen their brands and create strong demand for them among consumers. The most powerful of retailers will keep brands that consumers want to buy and treat manufacturers of such brands with respect.

Manufacturers also offer price discounts when retailers buy in large volumes. Such schemes are not helpful to manufacturers. Retailers buy and store for future time periods. Manufacturers have to incur extra cost in manufacturing the extra stock and their facilities remain idle when the retailers do not buy in the next time period as they already have stocks. The net result is that the manufacturer's per unit cost goes up besides realising less per unit price. The solution is that the manufacturer should provide

discounts only for quantities that the retailer manages to sell above the average sale he has been managing in previous time periods. The retailer will have to exert effort to manage extra sales if he wants to avail of the discount. And the retailer only buys the quantities that he can manage to sell. The manufacturer does not face a spurt in demand from the retailer.

## 2. Free Goods

The retailer is offered more merchandise at the same price. The scheme ultimately translates into the manufacturer offering price discounts, with its accompanying pitfalls.

## 3. Competition

The manufacturer offers financial inducements or prizes to the distributor's sales force in return for achieving sales targets for its products. Besides increasing sales for its products, the manufacturer is able to wield some influence over the distributor's salespersons. Salespersons may show loyalties towards products of such manufacturers and may push their products. But the manufacturer should ensure that the distributor is a part of the deal. It should not happen that the distributor and his salespersons want to promote products of different manufacturers, with the distributor promoting products of a manufacturer who gives him more margins and the salespersons pushing products of a manufacturer who gives them inducements for selling his products.

## 4. Allowances

The manufacturer may offer allowances in the form of a sum of money in return for retailers providing promotional facilities in the store. An allowance would be provided to persuade a store to display cards on its shelves indicating that a brand was being sold at a special low price. An advertising allowance would be paid by a manufacturer to a retailer featuring its brands in retailer's advertising.

### 5.3.3 Salesforce Promotional Tools

There are a number of tools that are used by companies to enhance salesforce promotion. Some of the most popular tools are sales contests, sales meetings, sales manuals and incentive. Sales meetings is considered as the most efficient salesforce promotional tool as it is interactive in nature. In such meetings, sales people from a particular region or area gather and discuss about their work, performance and other important issues related to sales. Other tools used by companies and organizations are sales contests, awards and training.

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## 5.4 THEORIES OF SELLING

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Before you go on to reading about personal selling, it is essential to understand the basis of selling.

### 5.4.1 Basis of Selling

Selling is both an art and a science. Many consider it as an art evolving into a science. Thus, it is viewed differently by those who consider it as an art, and those who treat it as a science. This gives rise to two contrasting theories of selling.

## NOTES

### Check Your Progress

4. List some of the consumer promotion offers given to end customers.
5. What are some of the trade promotion schemes offered to consumers?

## NOTES

In the first approach, it is studied as the cumulative experience of salespeople and advertising professionals. It separates knowledge from practices and psychology—learned through experience. It teaches how all this can be put into practice. The emphasis is on ‘how to’ rather than ‘why’.

In the second approach, theories of behavioural sciences are applied to selling.

The seller-oriented theories are the AIDAS Theory and the Right Set of Circumstances Theory. The buyer-oriented theory is the Buying Formula Theory. The behavioural equation considers both the mutual influences of the buyers and sellers.

Value-added selling can be defined as a series of creative improvements within the sales process that enhance the customer’s experience. Salespeople can create value by developing a quality relationship by carefully identifying the customer’s needs, and then configuring and presenting the best possible product solution. Value is also created when the salesperson provides excellent service after the sale. Neil Rackman, author of *Rethinking the Sales Force*, and other experts in sales and marketing say that success no longer depends on merely communicating the value of products and services. Success in personal selling rests on the critical ability to create value for the customers.

The value added by salespeople today is increasingly derived from intangibles, such as the quality of the advice offered and the level of trust that underlies the relationship between the customer and the salesperson. The value of these intangibles can erode with shocking speed if the customer feels deceived or discovers that the competition is able to add more value to the sales process.

### Strategic Selling

Strategic selling began receiving considerable attention during the 1980s. During this period, we witnessed the beginning of several trends that resulted in a more complex selling environment. These trends, which include increased global competition; broader and more diverse product lines; more decision makers involved in major purchases and greater demand for specific; custom-made solutions, continue to influence personal selling and sales training in this age of information.

As companies face increased levels of complexity in the marketplace, they must give more attention to strategic planning. The strategic planning done by salespeople is often influenced by the information included in their company’s strategic market plan. A strategic market can be described as a framework containing the methods, techniques and resources required to achieve an organization’s goals within a specific target market. It takes into account all the major functional areas of the business that must be coordinated, such as production, marketing, finance and personnel. Almost every aspect of the plan impacts the sale of products directly or indirectly.

The strategic market plan should be a guide for a strategic selling plan. This plan includes strategies that you use to position yourself with the customer before the sales call even begins. The authors of *Strategic Selling* point out that there is a difference between a *tactic* and a *strategy*. Tactics are methods, practices or techniques employed when you deal with a customer face-to-face. For example, the use of questions to identify needs, presentation skills and various types of closes.

A strategy, on the other hand, is a prerequisite to tactical success. If you create or form the right strategies, the chances making your sales presentation to the right

person, at the right time and in a manner most likely to achieve desired results are more.

## Evolution of 'Selling'

The popular AIDAS theory is based upon the initials of the five letters that stand for attention, interest, desire, action and satisfaction.

### 1. Attract Attention

In order to attract the attention of the prospect and to open up the presentation several approaches are tried. The most common approach is to greet the prospect and inform him who you are and what you are selling. If the salesperson has approached the prospect through a reference, the presentation may start by mentioning the name of the reference that 'Ramesh sent me to approach you.' Product benefits may be highlighted by making a startling statement. A taxation consultant may say that he knows how to reduce his client's tax liability by 50 per cent. While dealing with the new products, a salesperson may just allow the customer to 'feel' the product by placing it in his hands. The sales presentation might begin while the prospect is inspecting the product.

### 2. Sustain Interest and Create Desire

Once the attention of the prospect is attracted, a salesperson tries to sustain his interest and creates a desire for the product in the interaction itself. No readymade formula can be given for this step. Perhaps, a product may be demonstrated. The emphasis is always on what benefits will flow to the prospect, if he uses the product.

Most of the times, a salesperson delivers a 'canned' sales talk. The same presentation is repeated in calls to different prospects. Though not so creative, it can work effectively. Even in a 'canned' talk, a salesperson can put the stamp of individuality. All the points must be covered. As time-honoured and tested techniques are used, the sales training becomes easier.

### 3. Inducting Action: *Clarifying objections and closing the sale*

Once the explanation about the product and its benefits are over, it becomes necessary to close the sale and take order. A hint to close the sale may be given to ascertain the prospect's willingness to buy. Some alternative questions can be put across to bring the presentation to its logical end. Maybe, a salesperson asks 'which colour would you like to have'—the green or the purple? Maybe, he asks whether the customer wants to pay cash or charge his card? These hints are in the nature of a trial close. It gives an inkling of the prospect's mind. Sometimes, a sales talk that is too verbose may be self-defeating. Initially, the prospect might be in a mood to buy but might change his mind if the talks get prolonged. At times, a sale may be lost because the salesperson fights shy of asking for the order.

Buyers may have queries and objections. These should be encouraged. There are enough opportunities to classify and meet these objections. Unspoken objections, however, may be too difficult to tackle. It is a matter of inference for the salesperson. A prospect that needs 'time to think' also poses a challenge. There are chances to lose the sale if the sale is not closed.

## NOTES

A salesperson in many situations assumes a sale, and, thus, the closing questions are when the prospect expects the delivery, and so on.

#### 4. Building Satisfaction: Activities after the Sale

### NOTES

A sale does not end with an order. The salespeople have to build goodwill for the company after that. That paves for a permanent relationship with the customer. Post-sale activities include installation and maintenance. All activities that reduce the anxiety of the customer after making a purchase—psychologically called ‘cognitive dissonances’—are post-sale activities. Dissatisfaction with the purchase decision creeps in as certain disagreeable features are noticed in the selected alternative. The customer needs an assurance about the correctness of his purchase decision. He wants to avoid a feeling that the discarded alternative would have worked better. A salesperson has to reduce this dissonance. He assures the prospect by summarizing the benefits of the product, emphasizing its superiority over the alternatives not chosen and highlighting the amount of satisfaction the customer will derive by the use of the product.

#### 5.4.2 Right Set of Circumstances Theory

This theory can be summarized as, ‘everything was right for that sale’. It is also called situation-response theory. In particular circumstances, we respond in a particular way. The more skilled a salesperson is in handling the circumstances, the better is the response. The set of circumstances refer to both the internal and external factors working on the prospect. This theory, however, fails to handle the internal factors affecting the prospect. It puts the salesperson in charge of the situation without paying any heed to the response generated.

#### 5.4.3 Buying Formula Theory

This is a buyer-oriented theory that seeks answers to why a consumer buys what he does. It emphasizes the problem-solving job of a salesperson. This theory takes into account the internal factors and does not place all the importance on external factors. It is simply a problem-solution purchase theory. The purchase must lead to satisfaction to continue the buyer-seller relationship.

In the present context, the problem solution can be either a product or a brand. The schematic diagram of the buyer formula theory is as shown in Figure 5.6.

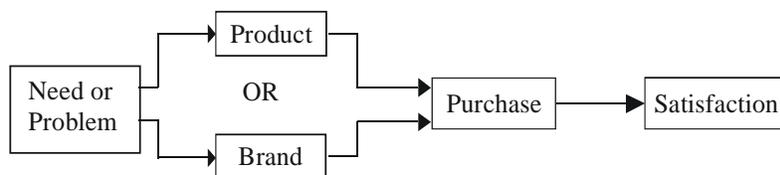


Fig. 5.6 The Buyer Formula Theory

Product or brands must be considered as adequate in solution and must induce pleasant feelings. Both adequacy and pleasant feelings can be simultaneously present. Sometimes it is either-or situation. The buying formula in its modified form looks as shown in Figure 5.7.

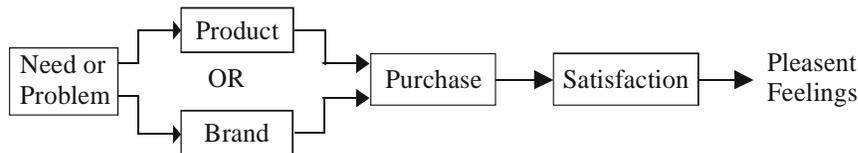


Fig. 5.7 The Modified Buyer Formula Theory

## NOTES

A buyer should be aware why the product/brand is an adequate solution and should have pleasant feeling towards it. This establishes his buying habit. There is an assault on this habit by rival ads, competing salesperson's presentation and a friend's remark. He defends his decision on the strength of adequacy and pleasant feelings. These act as good defence mechanism. In most purchases, this defence mechanism is not at work. There is just a direct association of a problem and solution.

Each selling problem has its answers in the above formula, and the variations in the answers are in effect the variations of emphasis on the elements constituting this formula.

### 5.4.4 Behavioural Equation Theory

Howard explains buying behaviour as phases of the learning process resulting into purchasing. Basically, this is modified stimulus-response (SR) model. Drives, cues, response and reinforcement are the four elements of the learning process. Drives are strong internal stimuli which can be innate, like hunger, thirst, pain, sex, and so on, or can be learned like recognition, prestige, approval, and so on. Cues are weak stimuli that decide when the buyer will respond. They can trigger the decision-making or may not trigger it. Product cues are directly received from the product. Information cues provide information of a symbolic nature about the product. Response is what a buyer does. Any event that strengthens this response is called reinforcement. Howard puts forward this as an equation.

$$\begin{array}{ccccccccc}
 B & = & P & \times & D & \times & K & \times & V \\
 \text{(Response} & & \text{(Force} & & \text{(Drive level} & & \text{(Value of the} & & \text{(Intensity} \\
 \text{or} & & \text{of} & & \text{or} & & \text{product to provide} & & \text{of all cues)} \\
 \text{Purchasing)} & & \text{Habit)} & & \text{Motivation)} & & \text{satisfaction)} & & \\
 \end{array}$$

It is a multiplicative relationship. B is dependent variable and the rest are independent variables. If these independent variables have a zero value, B will also be zero. P increases if K increases. A salesperson influences P directly. The use of the product affects P much more. Salespeople affect D to exercise influence.

### Selling reinforced

A selling strategy is a carefully conceived plan that is needed to accomplish a sales objective. Let us assume, you are a sales representative employed by a pharmaceutical company. In an ideal situation, you want to establish a dialogue with the physician and learn about the types of patients she sees, diseases she treats and the challenges facing her practice. However, you do not want to call on the busy doctor, who may have no use for the drugs offered by your company. A strategy might include a careful study of the entire physician population in your territory. This analysis will help you identify those who need information about the drugs your company offers. With this information,

## NOTES



**Personal selling:** A method of communication—a salesperson communicates on an individual basis with a prospect. Personal selling is person-to-person communication

### Check Your Progress

6. Enumerate the Theories of Selling.
7. What do the initials of the AIDAS theory denote?

you can select the most appropriate selling tactic (method) which might be to present samples to doctors who are not currently prescribing your drug.

Strategic planning sets the stage for a value-added form of consultative selling that is more structured, more focused and more efficient. The result is better time allocation, more precise problem solving and a greater chance that there will be a good match between your product and the customer's needs. Andrew Parsons, director of consumer marketing for McKinsey and Company, notes that in the current selling environment salespeople must choose from a sophisticated range of alternatives. He points out in general terms that personal selling has moved from 'a game of checkers to a game of chess'. For many salespeople, strategic planning is not an option but the key to survival.

### 5.4.5 Long-Term Personal Selling Objectives

Long-term personal selling objectives contribute to long-term corporate objectives. Some of the qualitative objectives of selling are as follows:

- to service the existing customers by maintaining a relationship with them and by filling up their orders,
- to get new customers,
- to carry out the selling task entirely, if other elements of the promotional mix are not at work,
- to help the trade sell the company's product line,
- to motivate trade to keep the company's product line in stock,
- to keep the trade informed about the company's product line and the changes therein,
- to help the trade redress its grievances,
- to make the customers aware of the company's marketing strategy,
- to act as technical consultants for complex products,
- to provide feedback to the company about the markets and customers,
- to help the middlemen's sales force,
- to help the trade in their administrative problems.

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## 5.5 CHARACTERISTICS OF PERSONAL SELLING OR SALESMANSHIP

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### 5.5.1 Personal Selling

**Personal selling** is a method of communication—a salesperson communicates on an individual basis with a prospect. Personal selling is person-to-person communication. Every successful person sells himself. Selling himself means selling what he stands for—his value system, his ideas, his opinions, his beliefs and his goals. Tom Hopkins, in his latest bestseller on the art of selling, describes:

'selling as the highest paid hard work, and at the same time lowest paid easy work.' Thus, the returns from selling are commensurate with your efforts, skills,

## NOTES

knowledge and competence. A sales manager must have good knowledge of both personal selling and salesmanship. Figure 5.8 shows the relationship.

Personal selling is a part of the total promotional activity of a firm which along with product, price and place management goes a long way in meeting the overall marketing objectives of the organization.

Personal selling, thus, contributes to the total product management, pricing and distribution, resulting in the implementation of the marketing programme. Personal selling is, thus, a broader concept and salesmanship is just a part of it. Salesmanship is defined by Shapiro as the art of persuasion that motivates the customers to buy products that provide them suitable benefits. Salesmanship is initiated by the seller and provides information to the prospective buyers about the products and their benefits so as to persuade and motivate them to buy the product.



*Fig. 5.8 Personal Selling Relationship*

The ultimate objective of the marketing function is to increase the sales of want-satisfying products and services, thus leading to a healthy bottom-line. Of the several tools available to stimulate sales, one most important tool is personal selling. Several companies spend 8–15 per cent of the net sales on personal selling as against 1–3 per cent on advertising.

### Infusing technology into personal selling

The use of technology by salespeople has been increasing, as witnessed by the overwhelming proliferation of sales force automation (SFA), customer relationship management (CRM), and communication technology, yet little is known about how and where technology is actually being used in the field, i.e., (i) the extent of technology used for organizing, presenting, reporting, informing, supporting and processing transactions, and communicating; (ii) the levels of productivity of technology for each function; (iii) whether technology is being utilized in the field by the salespeople, and (iv) whether it is companies or salespeople who are initiating the use of technology.

Sales force technology, such as SFA, communication technology, and CRM, has the potential to streamline the selling process, allowing more to be accomplished by fewer sales representatives. A study conducted by C&C Marketing Communications for the *Sales and Marketing Management* magazine found that 78 per cent of respondents felt that technology was currently easing their jobs and 92 per cent felt that technology would make their jobs easier in the future.

SFA can be defined as converting manual sales activities to electronic processes through the use of various combinations of hardware and software. However, this

## NOTES

definition can range from introducing technology by substituting paper organizers with computer equivalents all the way to fully integrating corporate-wide information systems that allow sales people to create their own presentations, communicate via e-mail, do their own pricing, enter orders, transfer payments and acknowledge orders.

### **Organizing**

Sales force technology has been introduced into the area of organizing as a way to reduce the amount of time spent on such activities as managing contacts, scheduling sales calls, developing sales plans and planning sales routes.

Managing contacts can include information about current customers as well as potential customers and influential people in a network. Scheduling is another important task that has been affected by the introduction of sales force technology. There are several benefits that can be realized from using technology, including fewer missed meetings due to audible or vibrating alarm; being able to back up important scheduling information, and allowing the sharing of information with managers, other sales people and administrative personnel.

Automated sales planning software can generate sales plans for each customer and automatically enter the contact and schedule information into a computer-based organizer, helping salespeople manage numerous prospects at different stages of the sales process.

### **Information**

The ability of technology to help salespeople collect, analyse, and distribute information has had an impact on the areas of prospecting, product information and product configuration information.

Prospecting can be helped by the many Internet services that market downloadable and customizable lists of prospects, including additional information that helps to qualify prospects. Once prospects are identified, information about them can be sorted and organized in contact management software and used to customize many aspects of sales calls and continuing relationships.

In the field, sales force technology can allow salespeople to easily carry and maintain CD catalogues containing several books worth of product information, including sound and animation. Sales force technology also gives salespeople the ability to configure products to customers' specifications and check the availability and price of any configuration while with the customer, reducing the number of calls needed to make a sale and reducing backorders.

### **Support and processing transactions**

The ability of sales force technology to handle vast amounts of data, along with communication capabilities, has a significant impact on how transactions are completed and processed. The biggest and most positive impact is providing salespeople with all the tools necessary to successfully conclude the sales process during the sales call. Accordingly, sales force technology has affected inventory control, inventory inquiries and qualification of customers. Sales force technology also offers salespeople the ability to satisfy customers by quickly obtaining the status of a customer's order.

## NOTES

### **Communication**

Today's salespeople are faced with an array of technologies promising instant and accurate communications. Pagers and cellular phones allow salespeople to be reachable both by customers and the home office. E-mail allows for virtually instant transmission of text, pictures, sound and video to any networked computer, pager, cellular phone or organizer. The transmission of e-mail messages does not require the presence of the recipient, allowing two individuals with different schedules to hold virtual conversations. Fax machines allow for the instant transmission of information contained on standard size sheets of paper, including legally binding signatures.

The function where technology was most frequently used was contact management. Computers were the dominant technology used. However, electronic organizers have managed to gain some ground since they were introduced in the early 1990s.

Sales force technology has made fewer inroads into sales route planning and automated sales plans. A majority of salespeople used technology in presenting the product to the customer. The use of presentation technology is most often initiated by companies. Presentational software, like Microsoft PowerPoint, comes packaged with the microcomputers that the companies buy for their sales forces. The existence of this software on the computer creates the opportunity for experimentation on the part of salespeople promoting the use of presentational technology.

Computer technology allows for the storage and retrieval of massive amounts of information, and the advent of the Internet enables the sharing of information among geographically dispersed computers. Thus, it is not surprising that a large percentage of salespeople use technology for information gathering.

Technology has made much smaller inroads into transaction support and processing when compared to the other functions studied.

Communications technology was used a lot more than computer technology by salespeople.

A significant amount of the technology is being initiated by companies rather than salespeople. This suggests the importance of companies in facilitating the use of sales force technology. Some functions, such as inventory control, inventory inquiry, order status inquiry, product-configuration information, expenses reports, qualifying customers and product information, may not see the use of technology unless companies initiate their use. Finally, salespersons may also want to use the study as a benchmark for their own time and territory management. Since the study is a comprehensive examination of what is actually being done in sales force technology, it can give salespersons insight into areas where they might want to use technology.

### **5.5.2 Steps in Personal Selling Process**

The following are the steps in the personal selling process:

#### **Step 1: Preparation**

Preparation enhances confidence and performance when the salesperson comes face to face with the customer. Many customers face similar situations and certain questions

## NOTES

and objections are raised repeatedly. Preparation helps here. Salespeople will benefit from gaining knowledge of their products and those of the competition, setting call objectives and understanding buyer behaviour.

- **Product knowledge:** Acquiring product knowledge means understanding both the product features and customer benefits that they confer. Salespeople need to ask themselves as to what are the benefits that a certain feature provides for the customers. The way to turn features into benefits is to view products from the customer's angle. A byproduct of this is the realization that some features may provide no customer benefit.
- **Competitor's product:** Knowledge of competitor's products allows their strength to be offset against their weakness. Competitive knowledge allows salespeople to stress differential advantage of their products compared to competition.
- **Sales presentation planning:** Preparation builds confidence, raises the chance that important benefits are not forgotten, allows visual aids and demonstrations to be built into the presentation and permits anticipation of objections and preparation of convincing counterarguments. However, there should be room left for flexibility in approach, since customers have different needs and hence will have different enquiries. Salespeople should be aware that features and benefits to be stressed with one customer may have much less emphasis placed on them, for another.
- **Setting call objectives:** A salesperson should phrase call objectives in terms of what the salesperson wants the customer to do rather than what the salesperson should do. For instance, a call objective can be that the customer should define what her needs are, or the customer should visit a showroom, or the customer should try the product, or the customer should be convinced of the cost saving of the product compared with competition, and so on. Success of sales interview is customer dependent. The end is to convince the customer to move to the next stage of the purchase process.
- **Understanding buyer behaviour:** The salesperson should seek answers to following questions: Who are the likely key people to talk to? What are their probable choice criteria? Are there any gatekeepers preventing access to important people who need to be circumvented? Prior consideration helps a salesperson to be clear in his own mind about the important issues.

### Step 2: The opening

Initial impressions affect later perceptions. The following factors can positively shape perceptions:

- **Be business-like in appearance and behaviour:** Even in companies where informal dressing and demeanour is permitted among employees, a casually dressed salesperson backslapping prospective customers would not be welcomed. The salesperson showcases the company he represents and his appearance and behaviour should reflect the values of his company.
- **Be friendly but not over-familiar:** Even when the salesperson is very friendly with the person he is visiting, the interaction should be business-like and formal

when the salesperson is on a business call. A salesperson should start meeting with the appropriate pleasantries even when the customer has allocated a very small time for the meeting.

- **Be attentive to details:** Holding a briefcase in hand which is used for hand shaking will make the salesperson look clumsy. It is important that the salesperson anticipates the sequence of events that is likely to be followed in the meeting and arranges his accessories and equipments to facilitate his handling each event as it unfolds.
- **Observe common courtesies:** Common courtesies like waiting to be asked to sit down, exchanging pleasantries and gifts, and so on, have different emphasis in different cultures. A salesperson should know the courtesies that he is expected to demonstrate in the cultural milieu of the customer.
- **Do not take sales interview for granted:** It is important to realize that the customer has his own priorities, and the customer may not be able to accommodate the salesperson on a particular day. The salesperson should not take the customer's refusal to meet as a personal affront and let it affect his behaviour when he finally manages an audience with the customer.
- **Express gratitude:** The salesperson should thank the customer for spending time and stress that he believes that it will be worthwhile. It is important to take leave of the customer on a pleasant note even when nothing beneficial for the salesperson has come out of the meeting. The salesperson should always remember that there is always that next meeting that may take place with the customer, so there should be nothing unpleasant between them.

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### Step 3: Need and problem identification

People buy products because they have problems that give rise to needs. The first task is to identify the needs and problems of each customer. By doing so, salespeople can connect with each customer's situation and can select the product that best fits the customer's needs. It also helps in emphasizing the appropriate benefits of the product. Benefits link customer needs to product features. Customer needs → benefits → product features. If a customer wants to replace a unreliable machine, it is essential to convince the customer that the salesperson's machine possesses features that guarantees machine reliability. Knowledge of competitor's products allows salespersons to show how their machine possesses features that give added reliability. The salesperson should convince customers of his product's differential advantage. Factual evidence of a product superiority should be shown to customers. This is more convincing than mere claims.

Effective need and problem identification requires the development of questioning and listening skills. People are more used to making statements than asking questions. Inexperienced salespeople do all the talking. Successful salespeople get the customer to do most of the talking. In that way they gain information to make a sale.

### Step 4: Presentation and demonstration

Presentations and demonstrations are used to convince customers that the salesperson can supply solution to their problem. It should focus on customer's benefits rather than product features. These can be linked by using the following phrases: (i) which means that..., (ii) which results in..., (iii) which enables you... Evidence should be provided

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to support the sales argument, i.e., scientific tests, satisfied customers' testimonials, visits to a satisfied customer and so on, should be provided. Salesperson should continue asking questions during the presentation to ensure that the customer has understood what the salesperson has said and to check that what the salesperson has mentioned is of importance to the customer.

Demonstration allows the customer to see the product in operation. Some of the claims made for the product can be verified. Demonstration makes the customer involved in the selling process through participation. It can reduce the perceived risk of a purchase and move the customer towards purchase.

### **Step 5: Dealing with objections**

Objections should not be regarded negatively, since they highlight issues that are important to the buyer. Effectively dealing with objections is to handle both the substantive and emotional aspects. The substantive part is to do with the objection itself. If the customer objects to price, salespeople need to use convincing arguments to show that the price is not too high. However, argument that is supported by greater weight of evidence does not always win since people resent being proven wrong. It is important to recognize the emotional aspects of objection handling. The buyer should not lose face or be antagonized during this process. The salesperson should be very subtle in emphasizing that customers do not really have to worry about that particular aspect of the product.

Two ways of minimizing this risk are to listen to the objection without interruption, and by agreeing to the customer's viewpoint but also presenting an alternative viewpoint.

The salesperson should listen to the objections of the customer and should not interrupt even when he does not agree with what the customer is saying. The impression given to buyers by salespeople who interrupt buyers when they are raising an objection is that salespeople believe that the objection is obviously wrong, it is trivial, or it is not worth the salesperson's time to let the buyer finish. The customer can feel offended and shut out the deal from his mind. Interruption denies buyers the respect they are entitled to, and may lead to a misunderstanding of the real substance behind objections. The salesperson should listen carefully, attentively and respectfully. The buyer will appreciate that the salesperson is taking the problem seriously and the salesperson will gain a clear and full understanding of what the problem really is.

After listening to the customer's objections and viewpoints, the salesperson should agree with the buyer's viewpoint before putting forward an alternative point of view. It is the responsibility of the salesperson to create a climate of agreement rather than conflict and show that he respects the buyer's opinion, thus avoiding loss of face.

### **Step 6: Closing the sale**

Effective presentation followed by convincing objection handling may not result in customer order. Salesperson needs to close the sale. It may be necessary for sales people to take the initiative. Buyers may still have doubts and may delay the decision to purchase.

### **Buying Signals**

The key to closing a sale is to look for buying signals. These are statements by buyers that indicate that they are interested in buying. They all indicate a positive intention to

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buy without actually asking for the order. They provide excellent opportunities for salespeople to ask the buyer to make a decision without appearing pushy. It is not inappropriate or impolite to ask the customer to place an order. Most customers have lingering apprehensions about a product or whether they should buy the product at all, or whether they should buy the product now or at some later date. Most customers feel relieved that they have been prodded by the salesperson to take a decision. Customers resent being pushed into taking a decision when they want more time to analyse the suitability of the salesperson's offer. So when customers gives cues or explicitly says that he needs more time to take a decision, the salesperson should withdraw by politely asking when he could call next.

### Closing Techniques

- **Simply ask for the order** – Would you like that one?
- **Summarize and then ask for the order** – Salesperson reminds the buyer of the main points of sales discussion in a manner which implies that the time for decision-making has arrived and that buying is a natural next step.
- **Concession close** – By keeping back a concession to use in close, a salesperson may convince an indecisive buyer to place an order by offering the concession.
- **Action agreement** – In some situations, it is inappropriate to try to close the sale. Sale may not be in hands of one person but a decision-making unit, or salesperson may be talking to a specifier like a doctor or architect, who does not buy directly.

In action agreements, the seller or buyer agrees to do something, like sending brochures, talking to clients, before the next meeting. This technique has the effect of maintaining the relationship between the parties and can be used a starting point of discussion when they meet next.

### Step 7: The follow-up

The salesperson ensures that the order is executed well by checking that there are no problems with delivery, installation, product use, training of the customer's employees, and so on. The follow up can show that sales people really care about the customer. Follow ups can be used to provide reassurance that purchasing the salesperson's product was the right thing to do. It reduces cognitive dissonance of the customer.

### 5.5.3 Concept Selling

Apart from the management of personal selling, sales management encompasses other marketing activities as well, such as, advertising, sales promotion, marketing research, physical distribution, pricing, merchandising, and so on. Sales management is defined by AMA (American Marketing Association) as: 'The planning, direction and control of personal selling, including recruiting, selecting, equipping, assigning, routing, supervising, paying and motivating as these tasks, apply to the personal sales force.' Sales volume, contribution to profits and growth are the three major objectives the sales function. Organizational objectives are communicated to the marketing department who in turn passes on the responsibility to the sales department.

Today's sales forces are under pressure to change or risk becoming extinct. Changes in the business marketplace have accelerated the need for salespeople to

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learn continuously. Change is initiated in response to some galvanizing event in the business environment. Business turbulence requires recognition of the need for change by members of the sales organization.

‘Evolutionary and revolutionary forces are relentlessly heading our way that will irrevocably change the way that salespeople and sales managers understand, prepare for, and accomplish their jobs.’ This dynamism is attributed to behavioural (e.g., rising customer expectations), technological (e.g., sales force automation), and managerial (e.g., the outsourcing of sales functions) forces. He further asserts that those sales managers and salespeople who continue to learn and adapt will succeed in these tumultuous times.

Salesmanship or the art of selling has been the mainstay of all commercial and economic activities in the world from the time the barter system was introduced. In the barter system, the produced had to be bargained and exchanged for the items in deficit, which may not be parted with easily by the possessor. In such a condition, it was natural that hard bargaining would have taken place. The seller or the surplus possessor must have offered ideas in terms of:

- Presenting different yet appealing features of the product being offered;
- Creating the desire for that surplus to be accepted/consumed by the other person;
- Also must assess the value of the product being exchanged and offered in return;
- And, finally, create the willingness to part with the item in short supply/ but abundantly available with the other person.

Thus, the artistic skills and scientific methods were required even during the days of the barter system, i.e., much before the times when common denominator value was found.

However, this act became all the more prominent as mankind progressed. The introduction of the median or medium of exchange or common denominator for the values being offered in the products, brought to the fore the artistic well as scientific skills of man to fix bargains.

### **Components of concept selling**

1. The desire or creation of a want. One must feel he lacks something.
2. The urge to satisfy this desire.
3. The availability of the product or service, which can satisfy the desire.
4. The knowledge of the person feeling this desire about the existence of such a concept being available, which can satisfy the desire.

The seller could provide this knowledge.

5. The willingness of the person possessing the object of desire, i.e., the product to part with the same against a value.
6. The willingness of the person desirous to pay the price for the desired, i.e., the financial power to purchase.
7. The belief that this will satisfy this urge.
8. Finally, the decision to purchase the product and maximize satisfaction.

This also means that salesmanship is the process of showing the buyer ways to buy a product, to show him the way to gain maximum satisfaction from the purchase made and help him make such wise decisions constantly from time to time in order to ensure continuity of his employability.

### **Creative services**

The job of such a salesman would also involve the following intangible yet creative services:

- Educating wholesalers/distributors on the company's pricing, policy of discounts, payment structure and billing pattern.
- Educating distributors/wholesalers on promotional schemes and campaigns being held by the manufacturer.
- Ensuring the participation of each distributor, dealer or wholesaler in these schemes.
- Informing the trade about display contests, show window contests, and so on, being organized by the organization and ensuring their participation. For example, when Unilever or Proctor and Gamble introduces a display scheme for any of its products, the manufacturer's salesman has to ensure that his stockist, distributor or even retailer participates in the scheme and benefits from it.
- The manufacturer's salesman has to ensure adequate stocks of the products at all outlets where such contests are being held.
- He has to ensure enough shelf space is provided to his wares.
- The salesman also has to service the counters, once such contests are over. He has to ensure the winners get their prizes on time. He also has to arrange awards/certificates for other participants in order to ensure they are not de-motivated.

### **Missionary salesman**

Such a salesman would also sometimes accompany the stockist or distributor's man in different towns to ensure the goods are introduced to the resellers, and they are encouraged to stock more and more of such goods. The manufacturers, separately apart from their regular salesmen servicing a beat, could also employ missionary salesmen.

Such salesmen are often found in automotive parts, tyres, drugs, hardware and cement industries.

These salesmen would generally be ensuring that proper detailing about the product service is done for the retailers and even the direct consumers, which would increase frequency of purchase of their products and in turn give committed group of customers.

### **Qualities of a salesperson for creative selling**

Such salesmen are employed for products requiring high technical or selling skills, medical representatives, automotive salesmen, engineering product's salesmen would fall in this category.

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Characteristics of such salesmen are as follows:

- Their education must be up to the level prescribed by the manufacture, i.e., science/arts graduates, engineers or diploma holders, etc., which will be decided by the nature of the job.
- Product features would also decide on the education level of such salesmen.
- Training needs of such salesmen would be quite high as they must have thorough product knowledge.
- They would also require complete induction into the organization to familiarize them with various systems, procedures, and rules and regulations of the organization.
- Their communication skill has to be of a very high level as they are the ambassadors of their organizations.
- The energy levels must be of the highest order, since very frequent travelling would be involved.
- The salesman must be able to bear all kinds of weathers and not fall sick frequently.
- Such a person may also sometimes need training and apprenticeship of longer period in marketing or technical specialties before he is sent to the market.
- Such salesmen would also be required to have a thorough knowledge about the competitor's products, in order to discuss and convince the customers.

### What are concepts?

Concepts are problem-solving tools. People buy concepts if they fulfil a problem-solving need. Today's better-educated and more demanding customers are seeking a *cluster of satisfactions*. Satisfactions arise from the concepts itself, from the company that forms concepts, and from the salesperson who sells them. The Figure 5.9 provides a description of a three-dimensional *Concept -Selling Model*.

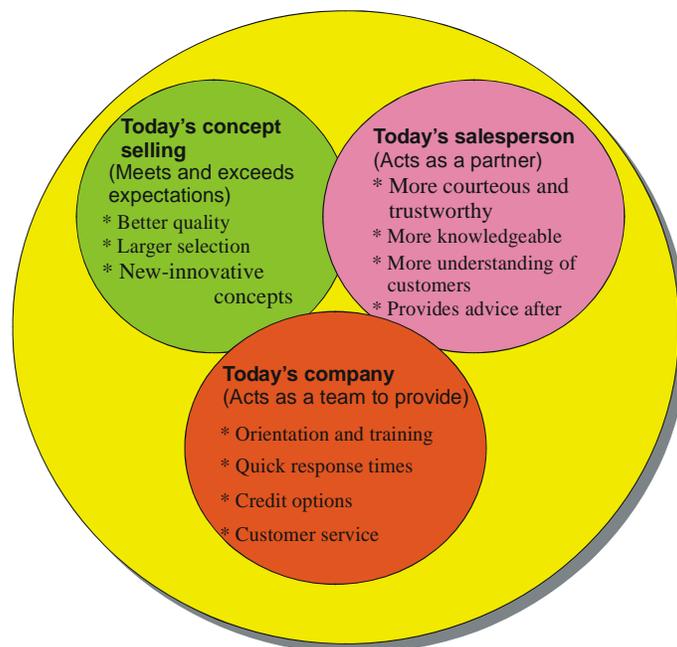
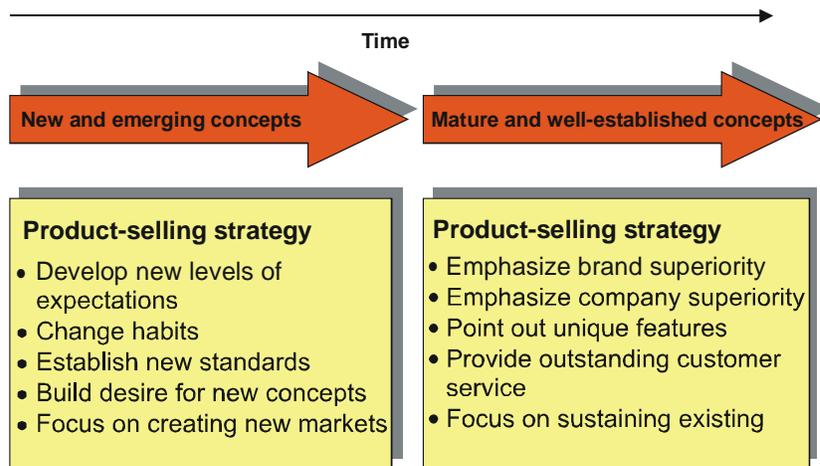


Fig. 5.9 Concept Selling Model

## NOTES

## Selling new and emerging concepts

Selling strategies used during the new and emerging stage (see Figure 5.10) are designed to develop a new level of expectation, changing habits, and in some cases establish a new standard of quality. The goal is to build desire for the product.



*Fig. 5.10 Concept -Selling Strategies for positioning New and Emerging Concepts Versus Mature and Well-Established Concepts*

### 5.5.4 Trends in Personal Selling

Personal selling is based on the principle of building relationships on a personal level. However, there have been a number of recent developments impacting personal selling which include:

1. Customer information sharing
2. Controlled word of mouth
3. Electronic sales presentations
4. Use of customer teams
5. Mobile and web computing
6. Electronic sales training

#### 1. Customer Information Sharing

Customer relationship management (CRM) is the direct interaction of companies with their customers in order to build stronger relationships. The sales scenario is dramatically changing today as companies are more interested in maintaining personal relations their clientele and implementing changes in their services from customer feedback. One of the most important functions of CRM is to maintain customer information from their customer contact points like customer service, salespeople, websites, etc.

One of the drawbacks of CRM is the reluctance of salespeople to share complete customer information with the company. These salespeople, who are excellent at forming personal relations with customers, feel that the information they withhold makes them important to the company. They feel that disclosing their information or data would reduce their importance and make them dispensable for the company, making it easy for them to be replaced by somebody else.

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Since information sharing and CRM has proven to be beneficial for a company, the salespeople should change their attitudes and adapt to it. This would enable companies to procure more clientele and maintain a good customer base.

### 2. Controlled Word of Mouth

Word of mouth is one of the most effective forms of promotion when one person praises a product and gives a positive feedback to another person, particularly if the former is not influenced and biased in any way. Earlier, marketers did not have a good word of mouth network when it did not involve salespeople who are generally biased in their promotion of the product. Now, however, promoters are recognizing the benefits of word of mouth promotion and are using it to their advantage. Promotion through word of mouth uses customers to spread product information, but do not draw out any orders from customers unlike salespeople.

In controlled word of mouth promotion, marketers pay individuals to circulate information about their product in such a way so as to not make it obvious to other prospective purchasers that they are working on the promoter's behalf and are getting paid for it. This is especially used of the promotion of new products in the market when a 'buzz' about a certain new product needs to be created in the market to entice customers. This technique helps build a high awareness towards these products. For example, in order to promote a new beer, brewers may pay people to 'talk up' and spread word of mouth about that beer in local pubs and night clubs. This would enable them to spread their product information to target customers frequenting clubs. However, these people have to be careful that people around must not come to know that they are being paid by the brewer to promote their beer.

Controlled word of mouth has raised some ethical concerns even though it has gained quite a lot of publicity. Some customers feel that people acting to like a product without having any prior relation or experience with it is a breach on ethical standards. Controlled word of mouth is becoming a highly examined form of personal selling since it is gaining quite a momentum and importance.

### 3. Electronic Sales Presentations

Today's technology has enabled sales professionals to reach prospective as well as existing customers. It is only in recent years that the internet access speed has increased and new softwares for reaching customers easily through the web have been developed. This has reduced the necessity of audio/video conferencing through high-end telecommunications and in-person sales meetings, which had been the trend since many years. The various new options include:

- **Online Video Conferencing** – Online video conferencing hold the same concept as a video conferencing through high-end telecommunications. The only difference is that online video conferencing takes place via the internet. In the past few years, the online video conferencing quality was quite slow and blurred which was quite a hassle for sales professionals. However, with the advent of real time internet video conferencing (high definition video and audio quality) the problem has been solved, but there is still some time before

this technology can be made available to most salespeople on a frequent basis.

- **Web/Phone Conferencing** – Since there is a limitation on the delivery of real time audio/video, salespeople use both the web and telecommunication for sales presentations. They use the internet to deliver a visual presentation and the telecommunication device for voice conversations. This process includes the customer entering the conference by using the internet to gain access to the visual presentation and the telephone for the audio conference. Splitting the entire process into visual and audio segments allows an easy and smooth presentation since the customer needs to access his computer only for the visual material. The telephone over the Internet (VOIP- voice over internet protocol) might help resolve the problems which occur during web and telephone conferencing.
- **Online Text Chat** - The online chat is effective for communication with various customers at the same time using text messaging. This type of communication between buyers and sellers is not very effective but it initiates a product interest in the customer. For example, a prospective customer might visit the website to gather information about a product and use the chat feature to ask the sales representative a few questions regarding the product. This would lead to the customer consenting to talk to the sales representative over the telephone and finally ordering the product.

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#### 4. Use of Customer Teams

Salespeople are sometimes dependent on the manpower of their organization to deal with prospective customers. Moreover, many companies have adopted a practice of delegating the task of handling communication with an account to a whole team of people rather than the traditional practice of one salesperson handling all of it single-handedly.

A team comprises manpower from marketing, distribution, manufacturing and customer services department. In some organizations, if a team meets the sales goals, the bonus is shared by all its members. Customer relationship management (CRM) needs to be implemented for a team to be efficient and effective in their performance.

#### 5. Mobile and Web Computing

The information sharing approach is very important for salespeople as they are able to access the information sharing features when it is most needed by them. Wireless internet (Wi-Fi) and mobile internet access enable salespeople to access company information wherever they may be. For example, if a salesperson has taken a customer out for lunch, he can easily access information and answer any queries regarding the product and product delivery, creating a good impression on the customer.

Moreover, it has now become much easier to have the key business applications available on a web browser rather than on a salesperson's system, allowing them to be accessible from any place. This allows salespeople to access information from web-based CRM if they have an internet connection. Many office productivity applications like spreadsheets and word processing are accessible online.

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The emergence of devices such as tablets, personal digital assistants (PDA) and the new smart phones have replaced the necessity of carrying a laptop or notebook. Since these devices have the provision of the internet and are web enabled, they can be used as a substitute for a laptop. These handheld devices serve the same purpose as a laptop or a standard computer. It is just a matter of time before the handheld devices completely serve the same purpose as a standard computer for the input and output of information.

### 6. Electronic Sales Training

It takes a considerable amount of training to develop the right skills and techniques of an individual salesperson and his organization. Sales training is the salient feature of personal selling. One quality separating a successful salesperson from an inefficient one is the amount of training and dedication they are involved in.

Many organizations put their salespeople through an extensive training program on their joining, which can range from a few days to months depending upon the organization. The training process of a salesperson is a never ending procedure, since even after receiving a formal training at the beginning, they must keep themselves updated about their products, market, customers and competitors. Many companies keep putting their employees through revised training programs from time to time through seminars, web training, interactive CDs/DVDs, etc. Training with the help of sophisticated and high-end electronic training programs is more effective since live trainers can be contacted at any point by e-mail, online chat, texting or a phone call in case of a query.

Electronic training programs is quite economical to the organization for preparing or updating training material as compared to the time and cost for producing and shipping paper-based material. RSS feeds and e-mail alerts the sales representatives in case of new training material made available to them, which is useful in case some new information about a competitor's products, price change or a potential problem needs to be brought to the salesperson's attention.

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## 5.6 SALESFORCE MANAGEMENT: RECRUITMENT, SELECTION, TRAINING AND PERFORMANCE APPRAISAL

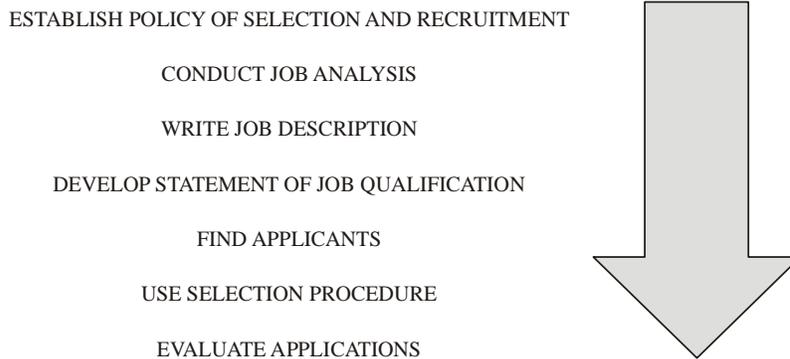
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The process of recruiting and selecting sales people in an organization is an important duty of the sales manager and the Human Resource department of an organization. The selection process starts with recruitment and selection policies made by the organization, after which a job analysis is conducted together with job description. Finally, the applications received are screened through the selection process which is described herewith.

The steps involved in the entire process of recruitment and selection are shown in Figure 5.11.

### Check Your Progress

8. What are the elements that a sales concept rests on?
9. List the new trends in personal selling.
10. Who is a missionary salesman?



## NOTES

*Fig. 5.11 Decision of Recruiting and Selecting People*

### 5.6.1 Recruitment and Selection of Salespersons

#### Recruitment of the Salespersons

Acquiring the proper number and the right kind of sales personnel required for servicing the organization's customers and prospects is a key responsibility of the Sales Manager. Once the first strategic decision on the desired kind of sales personnel is made, implementation requires job analysis, the writing of job descriptions, and the deriving of job specification so that recruiters will know what qualifications they should look for in prospective sales employees. Besides sales trainers will know the additional qualifications they should aim at providing the newly-recruited sales personnel with. Once the second strategic decision on the number of sales personnel is made, the first thing that needs to be done is to recruit that number.

#### Organization for recruiting and selection

The organization for recruiting and selection of sales personnel varies from company to company. Companies with a small sales force sometimes assign the sole responsibility for recruitment and selection of sales personnel to the company's personnel manager. This responsibility is the concern of regional or district sales offices but it may vary from one company to another.

##### 1. Sources within the organization

Many individuals apply for sales jobs because they know the company's sales personnel; and sales people's recommendations may constitute an excellent source. Often such applicants already know something about the job and about company policies, and the fact that they apply indicates a favourable disposition toward the company.

- (a) **Company executives:** Recommendations by the sales manager, the president, and other company executives are frequently an important source of recruitment.
- (b) **Internal transfers:** Two additional internal sources are other departments and the non-selling section of the sales department.

##### 2. Sources outside the Organization: Direct Unsolicited Application

Most companies receive some unsolicited 'walk-in' and 'write-in' applications for sales positions.

## NOTES

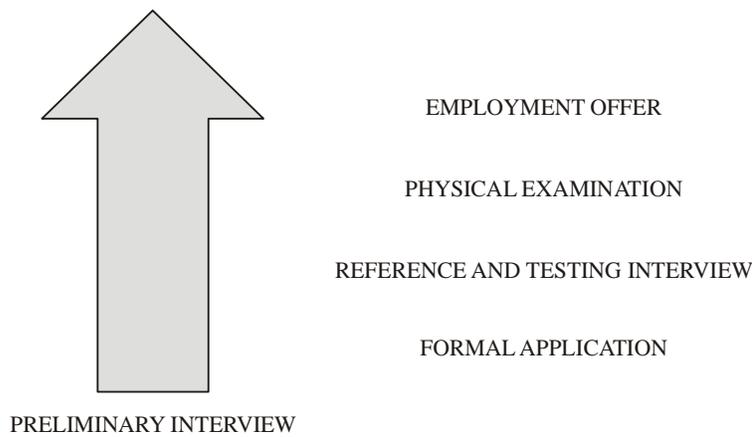
- (a) **Placement agencies:** Sales managers traditionally regard employment agencies as unpromising sources but certain organizations do take the help of these agencies.
- (b) **Sales people making calls on the company:** The purchasing manager is in contact with sales personnel from other companies and is in a strategic position to evaluate their on-the-job performances. The purchasing manager meets high-calibre sales people for whom jobs with the company would be attractive both financially and in other respects. In well-managed companies the purchasing manager, serves as a 'centre of influence'.
- (c) **Employees of customers:** Some companies regard their customers as a recruiting source. Customers recommend people in their organizations who have reached the maximum potential of their existing jobs. Such transfers may have a favourable effect upon morale in the customer's organization.
- (d) **Sales executives' clubs:** Many sales executives' clubs operate placement services. Salespersons seeking new positions submit personal data sheets that are duplicated and forwarded to members. At club meetings, sales executives have opportunities for informal discussion and exchange of placement information.
- (e) **Sales forces of non-competing companies:** Individuals currently employed as salespersons for non-competing companies are often attractive recruiting prospects.
- (f) **Sales forces of competing companies:** Because of experience gained in selling similar products to similar markets, personnel recruited from competitors' sales forces may require only minimal initial training.
- (g) **Educational institutions:** This source includes colleges and universities, community colleges, vocational-technical institutes, business colleges. Colleges and universities have become increasingly important points of recruitment of sales and management trainees, and competition for their graduates is keen.

### Selection of the salesperson

Selection systems are simple one-step systems consisting perhaps of nothing more than an informal personal interview, to a complex multiple-step system incorporating many diverse mechanisms desired to gather information about applicants for sales jobs.

Initial screening before the first formal interview is for the purpose of eliminating obviously unqualified applicants, thus saving the time both of the interviewers and applicants. During pre-interview screening, the applicant is provided information about the company and general details about selling positions in it — a well-prepared recruiting brochure does this effectively and does not require an employee's time for anything other than to hand it to the applicant. Also, during the pre-interview screening, most organizations ask applicants to complete interview application forms, which are designed to obtain information on the applicant's basic qualifications, education, experience, etc.

Figure 5.12 depicts the steps in the selection process in a simple manner.



*Fig. 5.12 The Selection System*

## NOTES

### 1. Formal Application Form

The formal application form serves as a central record for all pertinent information collection during the selection process. A formal application is filled after a preliminary interview. The application form may be filled by the applicant personally or by an interviewer who records the applicant's responses. Sometimes, sections are reserved for later recording of the results of such selection steps as reference and credit checks, testing, and physical examinations. Included are present job, dependents, education, employment status, time with last employer, membership in organizations, previous positions, records of earnings, reason for leaving last job.

### 2. Interview

Interview is the most widely used selection step and in some companies it comprises the entire selection system. Some personnel experts criticize the interview as an unreliable tool, but it is an effective way to obtain certain information. No other method, for instance, is quite as satisfactory in judging an individual's ability in oral communication, personal appearance and manners, attitude toward selling and life in general, reaction to obstacles presented face-to-face, and personal impact upon others.

### Interviewing Techniques

There are various techniques to interview a candidate depending on the post, the candidate and the employer. Some of these interviewing techniques are as follows:

- (a) **Interviews based on a Pattern:** Here the interviewer uses a prepared outline of questions designed to elicit basic information from the applicant.
- (b) **Interviews without an Outline:** In this technique the applicant is encouraged to speak freely about his or her experience, training and future plans. The interviewer asks a few direct questions and says only enough to keep the candidate talking. Some personnel experts say that a non-directive technique yields maximum insight into an individual's attitude and interests.
- (c) **Stress Interview:** The stress interview simulates the stresses the applicant would meet in actual selling situations and provides a way to observe the applicant's reactions to them.

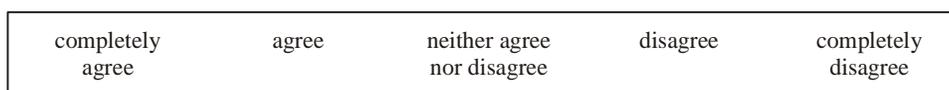
**NOTES**

Recently, stress interviewing has become a more complex and sophisticated technique. In this situation, two interviewers are required — one uses psychological techniques to set up the simulated situations while the other observes and records the applicant’s reactions.

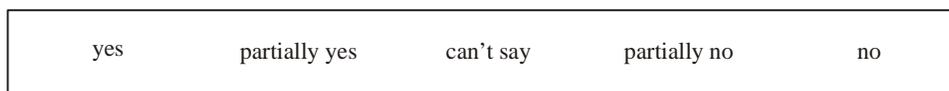
- (d) **Rating Scales: Likert and Semantic Differential Scales:** Personal interviews have a tendency to lack objectivity, an error that can be corrected through rating scales. These are so constructed that interviewer’s ratings are channelled into limited choice responses.

The Likert Scale is based on agreement and disagreement of the interviewer while interviewing. Semantic scales are based on two opposite traits, e.g., does the interviewee show interest in sports? The choice that the scale would give is yes, partially yes, no, completely no.

The Likert Scale is a five-point scale and the Semantic Scale can be a five-, seven- or eleven-point scale, as shown in Figures 5.13 and 5.14 respectively.



*Fig. 5.13 The Likert Measurement Scale*



*Fig. 5.14 The Semantic Differential Scale*

**3. References**

**References** are used to secure information about the applicant not available from other sources. Personal contact is the best way to obtain information from references, for most people are more frank orally than in writing. When a reference is located at a distance, a telephone call may substitute for personal contact. References fall in the following categories: present or former employers, former customers, reputable citizens, mutual acquaintances.

**Different types of tests administered on recruitment of sales people**

Three types of psychological tests are used in selection systems for sales personnel: tests of ability, of habitual characteristics and of achievement. The diagrammatic representation of these can be seen in Figure 5.15.

**(a) Tests of ability**

These measure how well a person can perform particular tasks with maximum motivation. Tests of habitual characteristics gauge how a prospective employee performs in his/her daily work. Achievement tests measure how much individuals have learned from their experience, training or education.

Tests of ability include tests of mental ability (intelligence tests) and tests of special abilities (aptitude tests). Tests of mental ability, or intelligence tests are used satisfactorily in a wide range of applications.



**References:** Are used to secure information about the applicant not available from other sources

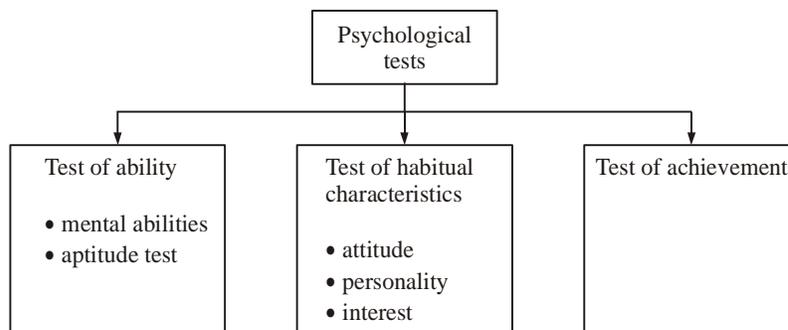
**NOTES**

Certain tests are designed to measure special abilities or aptitudes such as spatial and perceptual abilities, speed and reaction time, mechanical comprehension and artistic abilities.

There is some evidence that the existence of two basic qualities, empathy and ego drive, are essential in good sales people. Empathy is the ability to feel as others do, to put oneself in the other person's shoes. The empathetic salesperson senses the reactions of customers and adjusts to these reactions, achieving real interaction with customers. The second basic quality—ego drive—makes the salesperson want to make the sale in a personal way, not merely for the money to be gained. The salesperson feels that he has to strike a deal with the customer.

**(b) Tests of habitual characteristics**

These include attitude, personality and interest tests. Attitude tests are more appropriate as morale-measuring techniques than as selection aids. They are used to ascertain the salary employees feelings toward working conditions, growth opportunities and the like.



*Fig. 5.15 Different Types of Selection Tests*

Besides the mentioned tests, there are more psychological tests which are as follows:

**(c) Projective tests**

Projective tests, of which the Rorschach test is the best known, are a promising technique for personality measurement. They are mind-probing tests. However, they must be administered by skilled testers, and their results represent a subjective opinion rather than an objective measure. Further, refinements of projective techniques may eventually provide useful personality measurements.

**(d) Interest tests**

A basic assumption implicit in the use of interest tests is that a relationship exists between interest and motivation. Hence, if two persons have equal ability, the one with the greater interest in a particular job should be more successful in that job. A second implicit assumption is that interests are constant, that those of a person at age forty are the same as they were at twenty-one.

**(e) Tests of habitual characteristics**

These tests are true identifiers of a candidate's knowledge—both practical and theoretical. These tests help the interviewer to get a fair idea about the amount of

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initiative a candidate has taken in his previous job to learn more from if in case the candidate is experienced, or the interest a candidate has taken in his studies in case he is a fresher.

### (f) Achievement tests

Achievement tests seek to determine how much individuals know about a particular subject.

### 4. Physical examination

Since good health is important for anybody's success, most companies require physical examinations of all applicants being seriously considered for sales positions. Since relatively expensive physical examination is generally one of the last steps in the selection system.

### 5. Job analysis and selection

Research relating sales people's personal characteristics to sales aptitude and job performance suggests there is no single set of traits and abilities that sales managers can use as criteria in deciding what kind of recruits to hire. Different sales jobs require the performance of different activities, and this suggests that people with different personality traits and abilities should be hired to fill them. The first activity in the recruitment and selection process is conducting a job analysis to determine what activities, tasks, responsibilities and environmental influences affect a salesperson's life.

The second is to develop a statement of job qualification that determines and describes the responsibilities involved in the job.

#### Job description

Most organizations have written job descriptions for sales force positions.

In some organizations, analysing and describing sales responsibilities are assigned to somebody in sales management. In other firms, the task is assigned to a job analysis specialist, who is either someone from the organization or an external source. Regardless of who is responsible for analysing and describing the various selling positions within an organization, it is important that the person collects information about the job's content from two sources: (i) the current occupants of the job and (ii) the sales managers who supervise the people in the job.

A good description of a sales job would have the following elements:

- The nature of products(s) or services(s) to be sold.
- The types of customers to be called on, including the policies of the organization.
- The specific tasks and responsibilities to be carried out, including planning tasks, research and information collection activities, specific selling tasks and other promotional activities.
- The relationships between the salesperson and other positions within the organization.
- The line of reporting.
- The salesperson's responsibilities to his/her immediate superior.

- The mental and physical demands of the job, including the level of technical knowledge the salesperson should have concerning the organization’s products.
- Other necessary skills.
- The environmental pressures and constraints that might influence performance on the job, such as market trends and the company’s reputation among customers.

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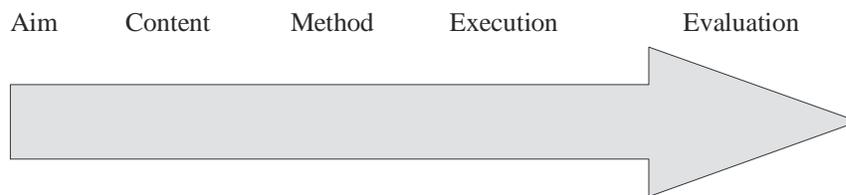
Job description acts as a blueprint for job specification. This outlines the type of applicant the organization is seeking—his qualifications and experience. The sequence of job analysis to specification can be seen in Figure 5.16.



*Fig. 5.16 Job Analysis, Description and Specification*

**Building a sales training programme**

Building a sales training programme requires five major decisions — aim, content, method, execution and evaluation. These are referred to as the A-C-M-E-E decisions, as shown in Figure 5.17.

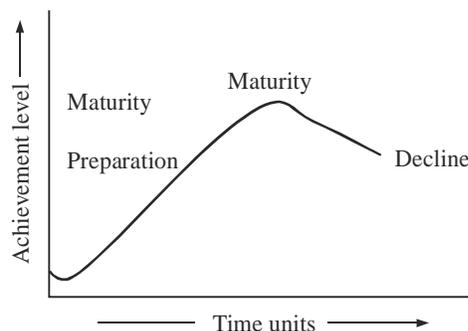


*Fig. 5.17 The ACMEE Approach*

The aim of training is to identify the experience and needs of salespersons for training. The content consists of product data, sales technique, markets, etc.

The method of training varies according to the situation and needs of an organization. Execution of training includes how and where the training will take place. Evaluation of training finally judges the effect of a training programme on the organization and salesperson.

Training varies with the salesperson’s career cycle, which is depicted in Figure 5.18. Salespersons have varied backgrounds, experience levels, learning abilities, etc., and therefore have their own particular training needs.



*Fig. 5.18 A Salesperson’s Career Cycle*

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### Identifying initial training needs

The initial training needs of a sales training programme can be identified by the analysis of three main factors, which are as follows:

#### (i) Job specification

The qualifications needed to perform a job are detailed in job specification. The set of job specifications needs scrutinizing for clues as to the areas in which new personnel are most likely to need training.

#### (ii) Trainee's background and experience

The gap between the qualifications in the job specifications and those a trainee already has, represents the nature and amount of training needed.

#### (iii) Sales-related marketing policies

The analysis of sales-related marketing policies is also necessary to determine initial sales training needs because the differences in products, markets and their selling practices and policies determine the differences in training programmes.

For example, selling of highly technical goods involves training with lot of product information while selling of non-technical goods involves only initial sales training programmes.

### Identifying continuing sales training programmes

The identification of continuing sales training needs means to identify those training needs of experienced sales personnel which are considered necessary due to changes in market, product, marketing policies, procedures, the organization and even in the sales personnel themselves.

### 5.6.2 Training of Salespersons

The content of training is not the same for all sales training programmes. It varies from company to company because of differences in products, markets, company policies, trainees' ability and experience, and organizational size. In every initial sales training programme, companies mainly focus on product data, sales techniques, markets and company information.

Product training depends on the nature of the product — if the product is highly technical, more than half the programme would be devoted to product training; if the product is non-technical, then minimal amount of product training is required.

The predominant view is that new sales personnel need basic instructions on how to sell.

The salesperson needs to know who the customers are, their particular locations and the particular products in which they are interested. Besides, the salesperson should also know about their buying habits, motives and financial condition. But the training in this context should not be stagnant; it should be continuous because markets are always changing.

The company should essentially inform the salesperson about the company's pricing policy, product services, spare parts and repairs, credit extension and customer relations.

## Methods of training

The selection of appropriate training methods for a training programme depends on the content of the training. Some of the important and appropriate methods of sales training are lectures, conferences, demonstrations, role playing, case-discussions, impromptu discussions, gaming, on-the-job training, programmed learning and correspondence courses.

### (a) Lecture

**Lecturing** is a method of learning through instructions from the trainer(s) to the trainee(s). Trainees observe and listen and ask questions at the end of the session.

The trainer can personally interact with and solve any problems faced by the trainee. It is also an economical method of training sales people. The trainer is easily approachable by the salespersons, and frank discussions result in the generation of new ideas and solving of problems faced by the trainees.

### (b) Role playing

In this method, the trainer first describes a situation and the different personalities involved. The trainee is then asked to play the role of those characters in different situations.

Role playing can be defined as a method of human interaction which involves realistic behaviour in an imaginary situation.

Role plays keeps the interest alive as the trainee performs the role assigned to him and in the process learns how to act in real-life situations and gains experience in handling them effectively. It also provides the opportunity for introspection into the behaviour and mind of the trainee.

### (c) Case method

Case is a set of data (real or fictional, written). Miniature descriptions and summary of such data presents the issues and problems calling for solutions or actions on the part of the trainee.

When the trainees are given cases to analyse, they are asked to identify the problem and to recommend tentative solutions through group discussions. Real-life cases give first-hand information to the trainee about sales situations. He can analyse the case and give a solution in the case study. This gives them first-hand experience of the types of problems that exist in the marketplace and how these problems can/should be tackled.

### (d) Gaming simulation

This method is somewhat similar to role playing, with the unique feature being that it uses highly structured situations based on reality and players receive information feedback.

### (e) On-the-job training

When a salesperson joins any organization, he is given training in the product and its technical features, competition, and its customers in the marketplace and within the organization.

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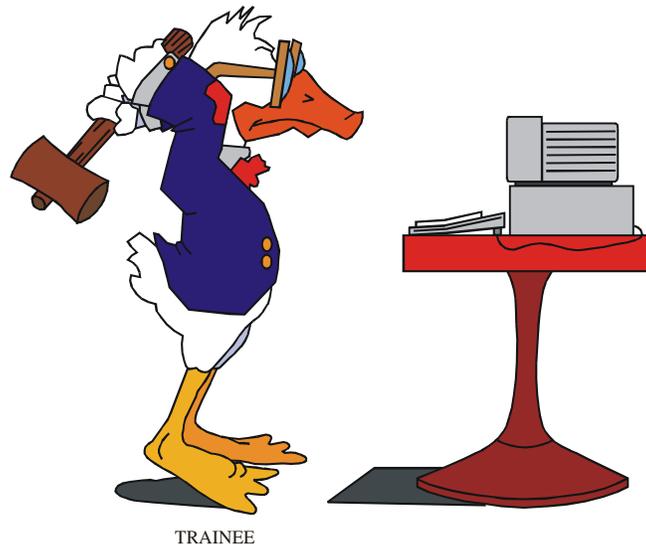
**Lecturing:** A method of learning through instructions from the trainer(s) to the trainee(s)

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In this the salesmen are trained and instructed by skilled co-workers or by supervisors or by the special training instructor. Sometimes the first sales call made by the salesperson is made under the supervision of the trainer so that any mistakes made by the salesperson can be rectified.

### (f) Programmed learning/electronic training

Interactive video is used often to train people where a personal computer and a laser videodisc provide an interactive TV (Figure 5.19).



*Fig. 5.19 A Trainee and an Interactive TV*

Programmed instruction involves a sequence of steps that are often set up through the central panel of an electronic computer as a guide in the performance of a desired operation or service of operation. A trainee can practice calls with an on-screen actor whose response is a function of the trainee's approach.

### (g) Correspondence courses

Companies with highly technical products and small but widely deployed sales forces use correspondence courses to acquaint experienced sales people with new product development and applications. These courses provide written material given to the trainees who can read and understand the same.

If the initial sales training is a line function then training is assigned to top sales executives but if it is a staff function then the responsibility of initial sales training is given to the personnel department.

The responsibility for continuing sales training resides with the top sales executive.

Sometimes external experts are also hired to conduct portions of sales training programmes relating to sales techniques.

### Sales training programmes

Timing for initial sales training programmes depends upon the number of new personnel trained each year, which in turn depends upon the size of the sales force, sales personnel, turnover and management plans for changing the size of the sales force.

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The principle of an effective sales training programme is that learning must be continuous – new information must be assimilated and other concepts modified in the light of new developments. This requires that each salesperson's training should continue as long as he is on the job.

Training helps in:

- Dealing with new selling techniques
- New product applications
- New customer problems
- New selling aids

Training programmes are held either at centralized or decentralized points. The centralized programme generally provides better product training but higher costs are incurred in bringing trainees to a common point. On the other hand decentralized training has even more serious defects. It cannot be executed properly unless supervised by the top management.

### **Evaluation of training programmes**

Evaluation involves comparing the training programme's aim with the results and measuring its impact on the salesperson.

There is no direct method of measuring the impact of training but certain methods are available for ascertaining whether the results are positive or not. These are:

- **Market share percentages:** These are judged by the increase or decrease in the market share of the product.
- **Written tests:** Making the trained sales people to take a written test.
- **Observers who work with sales personnel:** The performance of sales people is judged by the trainer, who observes the actual selling situations.

### **Objectives of sales training**

Although the specific objectives of sales training may vary from firm to firm, there is some agreement on the broad objectives. Sales training is undertaken to increase productivity, motivate, improve turnover, improve customer relations, and produce better management of time and territory.

Some of the objectives of a sales training programme are as follows:

#### **(a) Creating credibility in sales training**

Many sales trainers believe their programmes lack credibility. Cost-cutting efforts are too often directed at existing sales training programmes. Sales training programmes have to be sold, just like any other product or service. Well-designed programmes are easier to sell to the management than those put together with little thought.

#### **(b) Analyse needs**

The starting point in creating credibility is to analyse the needs of the sales force. One way to do this is to travel with sales representatives, observing them and asking what

they need to know that will help them perform more effectively. The analysis of the needs for sales training is depicted in Figure 5.20.

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*Fig. 5.20 Analysing the Needs of the Sales Force*

**(c) Determine objectives**

Setting specific, realistic and measurable objectives adds to the credibility of a sales training programme. The objectives may include learning about new products, new techniques or new procedures. It pays to keep the objectives simple. Management may want a 10 per cent sales increase, which then becomes the broad objective of the training programme. The specific objective might be to teach sales representatives how to call on new accounts, which will help lead to the broad objective.

**(d) Develop and implement programme**

Many companies, both large and small, use outside agencies for conducting sales training programmes. Small companies may outsource most of their training needs. Large companies usually develop most of their own programmes and use external agencies to handle only their specialized needs.

## **NOTES**

### **5.6.3 Performance Appraisal**

As the name suggests, the basic objective of salespersons' performance evaluation is to determine how well individual salespersons have performed. However, the results of such evaluations can be used for many sales management purposes, as listed below:

1. To ensure that compensation and other reward disbursements are consistent with the actual performance of the salesperson
2. To identify salespeople who can be promoted
3. To identify salespeople whose employment should be terminated and to supply evidence to support the need for termination
4. To determine the specific training and counselling needs of individual salespersons and the overall sales force
5. To provide information for effective human resource planning
6. To identify criteria that can be used to recruit and select salespeople in the future
7. To advise salespeople on work expectations
8. To motivate salespersons
9. To help salespeople set career goals
10. To improve salespersons' performance

These diverse purposes affect all aspects of the performance evaluation process. For example, performance evaluations for determining compensation and special rewards should emphasize on activities and results related to the salesperson's current job and situation. Performance evaluations aimed at identifying salespeople for promotion to sales management positions should focus on criteria related to potential effectiveness as a sales manager and not just current performance as a salesperson. The best salespeople do not always make the best sales managers. Thus, salespersons' performance appraisals must be carefully developed and implemented to provide the types of information necessary to accomplish all the desired purposes.

#### **Evaluation of salespersons' performance**

Although it is impossible to determine with precision all the performance evaluation approaches used by sales organizations, several studies have produced sufficiently consistent information to warrant some general conclusions. Some of these conclusions are as follows:

1. Most sales organizations evaluate salespersons' performance annually, although many firms conduct evaluations semi annually or quarterly. Relatively few firms evaluate salespersons' performance more often than every quarter.
2. Most sales organizations use combinations of input and output criteria that are evaluated by quantitative and qualitative measures. However, emphasis seems to be placed on outputs, with evaluation of sales volume results being the most popular.
3. Sales organizations that set performance standards or quotas tend to enlist the aid of salespeople in establishing these objectives. The degree of a salesperson's input and involvement, however, does appear to vary across firms.

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4. Many sales organizations assign weightage to different performance objectives and incorporate territory data when establishing these objectives.
5. Most firms use more than one source of information in evaluating salespersons' performance. Computer printouts, call reports, supervisory calls, sales itineraries, prospect and customer files, and client and peer feedback are some of the common sources of information.
6. Most salespersons' performance evaluations are conducted by the field sales manager who supervises the salespersons. However, some firms also involve the manager above the field sales manager in the salespersons' performance appraisal.
7. Most sales organizations provide salespeople with a written copy of their performance review and have sales managers discuss the performance evaluation with each salesperson. These discussions typically take place in an office, although sometimes they are also conducted in the field.

These results offer a glimpse of current practices in evaluating salespersons' performance. Although performance appraisal continues to be primarily a top-down process, changes are taking place in some companies leading to the implementation of a broader assessment process. An increasingly popular assessment technique, dubbed as **360-degree feedback**, involves performance assessment from multiple raters, including sales managers, internal and external customers, team members, and even salespeople themselves.

As part of its 360-degree review, sales managers at Knowledge Point, a human resources software provider, solicit feedback from co-workers in areas such as rapport with clients, time management, and presentation skills when evaluating salespeople.

Among its many benefits, a 360-degree feedback helps to understand customer needs better, detect barriers to success, assess developmental needs, create job involvement, reduce assessment bias, and improve performance. As this evaluation method tends to make employees feel valued, they tend to stay with the organization for a longer period of time. However, while using the process, it should be kept in mind that bias may still exist. Individuals may be less forthright in giving feedback and less accepting of feedback from others if they believe it will have damaging consequences.

Another evaluation approach that moves away from the traditional top-down appraisal is referred to as **performance management**. This approach involves sales managers and salespeople working together on setting goals, giving feedback, reviewing, and rewarding. With this system, salespeople create their own development plans and assume responsibility for their careers. The sales manager acts as a partner in the process, providing feedback that is timely, specific, regular, solicited, and focused on what is within the salesperson's control to change. Salespeople are compensated on the value of their contributions to the organization's success. To facilitate the review process, sales managers may want to use software applications, such as Performance Now Enterprise Edition, which provide a framework for implementing a comprehensive performance management system.

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**Key issues in evaluating and controlling salespersons' performance**

A useful way to view different perspectives for evaluating and controlling salespersons' performance is presented in Table 5.1. An **outcome-based perspective** focuses on objective measures of results with little monitoring or directing of salespersons' behaviour by sales managers. By contrast, a **behaviour-based perspective** incorporates complex and often subjective assessments of salespersons' characteristics and behaviour with considerable monitoring and directing of salespersons' behaviour by sales managers.

*Table 5.1 Perspective on Salespersons' Performance Evaluation*

<b>Outcome-based Perspective</b>	<b>Behaviour-based Perspective</b>
<ul style="list-style-type: none"> <li>• Less monitoring of salespeople</li> <li>• Less managerial direction of salespeople</li> <li>• Straightforward, objective measures of results</li> </ul>	<ul style="list-style-type: none"> <li>• Considerable monitoring of salespeople</li> <li>• High levels of managerial direction of salespeople</li> <li>• Subjective measures of salespeople's characteristics, activities, and strategies</li> </ul>

The outcome-based and behaviour-based perspectives represent the extreme positions that a sales organization might take concerning salespersons' performance evaluation. Although our earlier review of current practices indicates a tendency toward an outcome-based perspective, most sales organizations operate somewhere between the two extreme positions. However, emphasis on either perspective can have far reaching impacts on the sales force and important implications for sales managers.

The perspective that a sales organization might take toward salespersons' performance evaluation and control lie in a continuum. The two extremes are the outcome-based and behaviour-based perspectives.

**Criteria for performance evaluation**

A typical salesperson's job is multidimensional. Salespeople normally sell multiple products to diverse customers and perform a variety of selling and non-selling activities. Therefore, any comprehensive assessment of salespersons' performance must include multiple criteria.

Although specific criteria depend on the characteristics of a given selling situation and the performance evaluation perspective, the performance dimensions illustrated in Table 5.1 should be considered: behavioural and professional development (behaviour-based perspective) and results and profitability (outcome-based perspective). Regardless of the specific evaluative criteria chosen, it is important that salespeople know and understand the criteria to achieve the desired performance. Moreover, sales managers should explain the rationale underlying the use of specific criteria. They may even want to let salespeople help in determining the evaluation criteria. When salespeople believe that the criteria upon which they are being evaluated is appropriate, they are likely to be more satisfied with their jobs.

**(a) Behaviour**

The behavioural dimension consists of criteria related to activities performed by individual salespeople. The emphasis is on evaluating exactly what each salesperson does. These behavioural criteria should not only address activities related to short-term 'sales generation' but should also include non-selling activities needed to ensure

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long-term customer satisfaction and to provide necessary information to the sales organization.

### (b) Professional development

Another dimension of considerable importance in evaluating the performance of individual salespersons relates to professional development. Professional development criteria assess improvements in certain characteristics of salespeople that are related to successful performance in the sales job. For example, if product knowledge is critical in a particular selling situation, then evaluation of the product knowledge of individual salespersons over various time periods should be conducted.

Many sales organizations incorporate multiple professional development criteria into their salespersons' performance evaluations. This is appropriate, because salespeople have control over the development of personal characteristics related to success in their selling situation. The professional development criteria introduce a long-term perspective into the process of salespersons' performance evaluation. Salespeople who are developing professionally are increasing their chances of successful performance over the long run. Although the professional development and behavioural criteria might be combined into one category, we prefer to keep them separate in order to reflect their different perspectives.

### (c) Results

The results achieved by salespeople are extremely important and should be evaluated. Examples of results criteria used in salespersons' performance evaluations reads incomplete.

A potential problem with the use of results criteria is that the overall result measures do not reflect the territory situations faced by individual salespersons. The salesperson with the highest level of sales may have the best territory and may not necessarily be the best performer in generating sales. In fact, some researches show that rewards for achieving results have a negative effect on performance and satisfaction because salespeople may view the rewards as arbitrary if the goals are beyond their control. Apart from the impossible task of developing territories that are exactly equal, the only way to address this potential problem is to compare actual results with standards that reflect the unique territory situation faced by each salesperson. These standards are generally called sales quotas. A sales quota represents a reasonable sales objective for a territory, district, region, or zone.

### Methods of performance evaluation

Sales managers can use a number of different methods for measuring the behaviour, professional development, results, and profitability of salespeople. Ideally, the method used should have the following characteristics:

- *Job relatedness*: The performance evaluation method should be designed to meet the specific needs of each sales organization.
- *Reliability*: The measures should be stable over time and exhibit internal consistency.
- *Validity*: The measures should provide accurate assessments of the criteria they are intended to measure.

- *Standardization*: The measurement instruments and evaluation process should be similar throughout the sales organization.
- *Practicality*: Sales managers and salespeople should understand the entire performance appraisal process and should be able to implement it in a reasonable amount of time.
- *Comparability*: The results of the performance evaluation process should make it possible to compare the performance of individual salespersons directly.
- *Discriminability*: The evaluative methods must be capable of detecting differences in the performance of individual salespersons.
- *Usefulness*: The information provided by the performance evaluation must be valuable to sales managers in making various decisions.

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### Graphic rating/checklist methods

Graphic rating/checklist methods consist of approaches in which salespeople are evaluated by using some type of performance evaluation form. The performance evaluation form contains the criteria to be used in the evaluation as well as some means to provide an assessment of how well each salesperson performed on each criterion.

### Ranking methods

Otherwise similar to graphic rating/checklist methods, ranking methods rank all salespeople according to their relative performance on each performance criterion rather than evaluating them against a set of performance criteria.

### Objective setting methods

The most common and comprehensive goal setting method is management by objectives (MBO). Applied to a sales force, the typical MBO approach is as follows:

1. Mutual setting of well-defined and measurable goals within a specified time period
2. Managing activities within the specified time period towards the accomplishment of the started objectives
3. Appraisal of performance against objectives

### Behaviourally anchored rating scales

The uniqueness of behaviourally anchored rating sales (BARS) is due to its focus on trying to link salespersons' behaviour with specific results. This behaviour-results linkages becomes the basis for salespersons' performance evaluation in the method.

The development of a BARS approach is an iterative process that actively incorporates members of the sales force. Salespeople are used to identify important performance results and the critical behaviour necessary to achieve those results. The critical behaviour patterns are assigned numbers on a rating scale for each performance result.

### Using performance information

Using different methods to evaluate behaviour, professional development, results, and profitability of salespeople provides extremely important performance information.

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The critical task of sales management is to use this information to improve the performance of individual salespersons, sales teams, and the overall operations of the sales organization. Initially, it should be used to determine the absolute and relative performance of each salesperson. These determinations then provide the basis for reward disbursements, special recognition, promotions, and so forth.

The second major use of this performance information is to identify potential problems or areas in which salespeople need to improve for better performance in the future. If salespeople are evaluated against multiple criteria, as suggested in this module, useful diagnostic information will be available. The difficulty exists in isolating the specific causes of low-performance areas. Once the areas of poor performance have been identified, the sales manager must work backwards to try to identify the cause of poor performance.

After identifying the potential causes of poor performance, the sales manager must determine the appropriate action to reduce or eliminate the cause of the problem so that performance will be improved in the future.

Our discussion and examples have emphasized problems affecting many salespeople. The same basic approach can be used for performance problems that are unique to an individual salesperson. In fact, many sales organizations use performance reviews as a means for a sales manager to meet with each salesperson, analyse the salesperson's performance on each criterion, and suggest ways to improve future performance. These performance reviews provide one means for communicating – the *performance feedback* – that is so important to salespeople. Performance feedback is also an important determinant of a salesperson's job satisfaction.

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## 5.7 TERRITORY STRUCTURING

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The idea behind the creation of sales territories is to give salesperson a group of similar customers and prospects for servicing for the purpose of efficient management.

### 5.7.1 Designing Sales Territories

A company has to establish a geographic control unit. For a multinational company, this could be a country. Then, for a national company, it could be a region or zone consisting of one or several states. There can be further units in terms of cities or districts.

The next step is to determine the sales potentials of each control unit. The units are then combined into tentative sales territories.

There are two basic approaches to dividing territories among salespersons:

1. Market build-up approach
2. Work load approach.

#### Market build-up approach

Consider a company selling computers; one would then estimate the present users and potential users of the product. We shall also estimate their consumption capacity. Aggregating, we get the total market potential. We shall then decide how much share of this total market our company desires to have. That gives us sales potential.

#### Check Your Progress

11. What are the sources used for recruitment from outside the organization?
12. Enumerate the steps in the selection process for a salesman in an organization.
13. Name the different types of tests administered for the recruitment of salespeople.
14. List the various methods used for training.
15. What are the characteristics of the methods used for performance evaluation of salespeople?

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Sales potential of the whole market is then broken down territory-wise. It is then given the necessary marketing back-up.

To understand this, the following example illustrates the market build-up approach.

The total market for computers is 5,000 units, out of which Maharashtra accounts for 1,000 units, that is 20 per cent. This organization finds it desirable to dedicate its 20 per cent of its selling efforts to Maharashtra. Area-wise, total sales calls are then calculated. Each representative completes a certain number of calls, and the total calls required lead to the number of representatives required in that area.

### W.J. Talley's workload approach

Territories are created in terms of the workload of salespersons. Customers are grouped into different categories based on following considerations:

1. Call frequency for each territory is calculated.
2. Present and potential customers are then located geographically and arranged category wise.
3. Number of customers in each category is multiplied by the desired call frequency to get a total number of calls.

A geographical control unit is then established. It gives adequate workload to each salesperson.

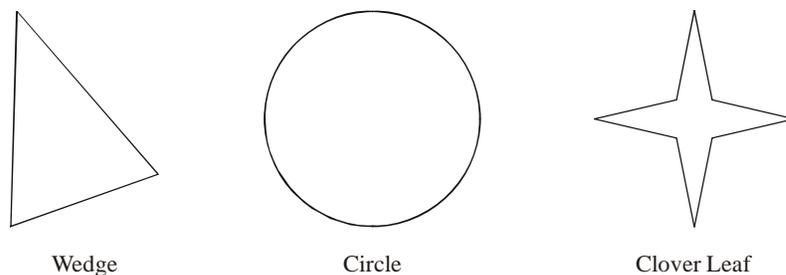
### 5.7.2 Shape of Territory

Territorial shape affects both its coverage and the selling expenses. It facilitates time management and stimulates sales force morale. There are three widely prevalent shapes the wedge, the circle and the clover leaf.

Wedge-shaped territories are suitable for urban as well as non-urban areas. They start from a thickly populated urban centre. Many sizes of the wedges are possible. Two neighbouring wedges can help equalize the travel plan by balancing urban and non-urban types of calls.

Scattered customers call for a circle-shaped territory. The salesman remains at the centre of the circle or near it. It makes optimization possible in the frequency of calls. He or she is far more in the vicinity of customers than a salesperson in a wedge-shaped territory.

Randomly located accounts call for clover leaf type of arrangement. Each clover leaf represents a week's work. A salesperson is home every weekend. Such arrangement is common in industrial marketing. It is also suitable for extensive marketing.



**Fig. 5.21**

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### 5.7.3 Territorial Adjustments

Different territories have different problems of coverage and so require different selling efforts and expenses. We cannot assume that all territories are uniform. Some territories are difficult to cover, almost bordering on hardship area. Some metros have greater sales potential than the entire region. In territory optimization, we tend to seek equalization of additional sales per rupee of sales expenses amongst all territories. Therefore, we consider both the difficulties and the sales potential. Variations in coverage difficulty lead to variations in workloads. It is necessary to estimate the largest possible workload that does not cross the limit of the desirable work land. This is a constraint on territory's geographic limit. Workloads amongst sales people differ, keeping in mind their individual abilities.

A sales territory represents a group of customers, markets or geographical areas.

Territories can be formed on the basis of geographical locations, industry, product use, method of buying and channel of distribution. By dividing into territories, organizations can achieve better coverage of potential markets because it permits better planning, proper coverage of potential markets, efficient call patterns and better customer service. Some services like insurance and mutual funds are sold on personal contacts rather than by developing territories.

Territory management is the planning, implementation and control of a salesperson's activities with the goal of realizing the sales and profit potential of their assigned territory.

### 5.7.4 Developing Territories

Designing of a sales organization is incomplete until territories have been formally defined. Territories can be formed according to:

1. Geographical location
2. Industry
3. Product use
4. Method of buying
5. Channels of distribution
6. Sales of potential
7. Workload in territories
8. Arbitrarily
9. Rational basis

By dividing into territories, better coverage can be achieved because it facilitates:

- (a) Better planning
- (b) Proper coverage of potential markets
- (c) Efficient call patterns
- (d) Better customer service
- (e) Choosing appropriate salesmen for specific accounts.

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Factors that affect the size of the territory are:

1. The number of customers and prospects in an area
2. Call frequency on existing customers
3. The number of calls that the salesperson makes in a day

A company's sales territory represents basic accountability units at the lowest level of aggregation. Several territories are combined into a district, several districts are combined into a region, several regions into zones and several zones into a national market.

Sales people are not only responsible for individual accounts but for a group of accounts (territory management). This is the first step in moving from selling to managing. It requires planning and control of the sales effort.

### Procedure for developing territories

While developing territories, a procedure has to be followed and objectives are considered such as workload and opportunity equalization.

### Objectives and criteria for territory formation

Proper territory formation is important because:

- (1) It affects the sales forces' morale and performance. Results may be measured by sales volume, market share, or profits. The job of a sales manager is to form optimum number of territories and their configuration. In case of insufficient territories, sales will suffer for lack of coverage.
- (2) Another objective is the equalization of territory potential. This is to provide equal opportunities for the salesperson since territories differ in many aspects including the potential and they become big or small accordingly. Travelling requirement and coverage is another problem.

### 5.7.5 Routing the Sales Force

**Routing** is a formal pattern of travel that has to be followed by salespersons, as they go through their respective territories. This is reflected on a map or list that shows the order in which each segment of the territory is to be covered. Often, firms ask their salespersons to prepare their own routes of schedule as part of their job.

Routing is the sequence of locations a sales person will visit. The purpose of routing is more adequate market coverage, better co-ordination with the regional office and its requirements. It is also helpful in more vigorous market cultivation.

This is a hub-and-spoke rather than a circular pattern. In this, several spokes radiate from the hub (residence of the salesperson). Each calling pattern starts with the other outer end of the spoke rather than a circular travelling route and the salesperson works backward and forwards in the hub in a zigzag manner.

### Redesigning and relocation of territories

In different situations, redesigning and relocation may have implications for profit contribution.



**Routing:** A formal pattern of travel that has to be followed by salespersons, as they go through their respective territories

**Situation-I**

Where the sales potential of territories is equal but the salesmen differ in their abilities.

*Table 5.2 Situation I*

<i>Territory</i>	<i>Sales potential</i>	<i>Salespersons name</i>	<i>Ability index</i>	<i>Expected sales</i>	<i>Exp. Profit say 25%</i>
1	20,000	X	1.0	20000	6000
2	20,000	Y	0.6	12000	3000
3	20,000	Z	0.4	8000	2000
Total	60,000			40000	10000

*Table 5.3 Situation II*

<i>Territory</i>	<i>Sales potential</i>	<i>Salespersons name</i>	<i>Ability index</i>	<i>Expected sales</i>	<i>Exp. Profit say 25%</i>
1	30,000	X	1.0	30000	7500
2	18,000	Y	0.6	10800	2700
3	12,000	Z	0.4	4800	1200
Total	60,000			40000	10000

Profit is increased in Situation II where we have made an assumption that the ability index of the salesperson remains the same irrespective of the territory, which may not be true; salespersons have different effectiveness in different territories. If this is also taken into consideration, then the relocation task will become more complex.

Market changes are taking place very frequently, so the territories once formed do not hold good forever. The dynamics of the marketplace necessitates the changes in territories as well.

This approach estimates the potential product/service demand by looking at how the market is built up, i.e., who the present or potential users are, how much they consume and at what frequency. This is not as easy as appears.

This method finds its use in industrial goods companies where available publications such as annual surveys of industries, trade directories, state, district and region-wise lists of manufacturing establishment, etc., are very handy.

Here we design territories that are equal in workload. This method was given by W.J. Talley. The steps involved are:

1. Customers are grouped into class sizes A, B and C, according to the sales volume that the company has with them.

*Table 5.4 Reasons for and Benefit of Sales Territories*

<i>Reasons</i>	<i>Benefits</i>
<i>Customer Related</i>	
Provides intensive market coverage	Produces higher sales
Provides excellent customer service	Provides greater satisfaction
<i>SalesPerson related</i>	
More enthusiasm	Leads to less turnover
Facilitates performance evaluation	Offers rewards related to efforts

**NOTES**

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*Managerial*

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Enhances control	Reduces expenses
Coordinates promotion	Gives more 'bang' for the 'buck'.

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**NOTES**

Territories act as morale builders, motivate sales people to give their best and make it easy to evaluate performance as salespersons can shape their own destinies. Sales supervision can also control expenses in territories in a better manner.

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## 5.8 SUMMARY

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Some of the important concepts discussed in this unit are:

- Sales promotion includes various techniques like money offs, bonus packs, free samples, premiums and discounts, lucky draws, etc., in order to attract customers towards a particular product or brand for immediate sale or to boost up the sales of a flagging brand.
- The basic differences between sales promotion and advertisement are that the former is a short-term and direct process and has an unemotional approach towards customers, while the latter is a long-term and indirect process which is emotional and subtle in nature.
- Selling requires a great amount of skills from salespeople and advertising personnel. Sales theories like the AIDAS (attention, interest, desire, action and satisfaction) theory, right set of circumstances theory, buying formula theory and behavioural equation theory help us understand the techniques of selling and the customer mindset towards buying a product.
- Personal selling is a concept of individual communication between a salesperson or sales professional and a prospective customer. It helps in developing a personal relationship with the customer, leading to the customer taking an initial interest and finally buying the product.
- Sales management, apart from personal selling, entails other marketing activities such as advertising, sales promotion, marketing research, physical distribution, pricing and merchandising to name a few.
- Concept selling is designed to get customers to buy new and innovative products since customers, when left to their own devices, might not prefer to buy these products as they might be unfamiliar with them. Concept selling strategies used during the new and emerging stage are designed to develop a new level of expectation, changing habits and in some cases establish a new standard quality.
- Some new trends have emerged in personal selling which have changed the scenario of salesmanship today. These new trends in personal selling include customer information sharing, controlled word of mouth, electronic sales presentations, use of customer teams, mobile and web computing and electronic sales training.
- One of the key responsibilities of a sales manager is the efficient recruitment and selection of employees for servicing the organization's customers and key

**Check Your Progress**

16. Enumerate are the basic factor to be kept in mind while developing territories.
17. List the advantages of developing territories.
18. Enlist the factors affecting the size of a territory.

## NOTES

prospects. The recruiter administers various tests to check the ability of a salesperson and to judge whether they are a perfect fit for their organization.

- After the selection of the salesperson, he has to undergo an extensive training program which equips him with the right tools and knowledge needed for customer relationship and personal selling. The process of training is not a one-time process since a salesperson or a sales professions has to keep training himself from time-to-time with the help of various training methods like lectures, role playing, case methods, gaming simulation, programmed learning, etc., in order to stay abreast of the various new technologies emerging in the market.
- A sales manager has to keep himself informed about the performance of the sales professions through performance evaluation methods like graphic rating/checklist methods, ranking methods and objective setting methods. The sales management uses this information to improve the performance of individual salespersons, sales teams and the overall operations of the sales organization.
- Territory structuring is done to create sales territories in order to give a salesperson a similar group of customers and key prospects for effective and efficient management. Various factors such as geographical location, industry, product use, method of buying, channels of distribution, sales of potential, workload in territories, arbitrarily and regional basis have to be kept in mind during the formation of territories.

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### 5.9 ANSWERS TO ‘CHECK YOUR PROGRESS’

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1. The sales promotion budget refers to a specific percentage of sales revenue, either current or expected.
2. The three major objectives of sales function are – sales volume, contribution to profits and growth.
3. The major technological factors which affect sales are – sales force automation, virtual sales offices and electronic sales channels.
4. Some consumer promotion offers given to end consumers are money off, bonus packs, premiums, free samples, coupons, competitions, draws, etc.
5. Some of the trade promotion schemes offered to consumers are – price discounts, free goods, competitions and allowances.
6. The various Theories of Selling include:
  - AIDAS theory
  - Right set circumstances theory
  - Buying formula theory
  - Behavioural equation theory
7. The initials of the AIDAS theory stand for attention, interest, desire, action and satisfaction.
8. A sales concept rests on the elements of organization, products, selling and profits.

9. The new trends in personal selling include:
  - Customer information sharing
  - Controlled word of mouth
  - Electronic sales presentations
  - Use of customer teams
  - Mobile and web computing
  - Electronic sales training
10. A missionary salesman is one who sometimes accompanies the stockist or distributor's man in different towns to ensure that the goods are introduced to the resellers and they are encouraged to stock more of such goods.
11. The sources used for recruitment from outside the organization are – placement agencies, sales people making calls on the company, employees of customers, sales executives' clubs, sales forces of non-competing companies, sales forces of competing companies and educational institutions.
12. The steps in the selection process for a salesman in an organization are:
  - i. Employment offer
  - ii. Physical examination
  - iii. Reference and testing interview
  - iv. Formal application
13. The different types of tests administered for the recruitment of salespeople are – tests of ability, tests of habitual characteristics, projective tests, interest tests, tests of habitual characteristics and achievement tests.
14. The methods used for training salespeople should have the following characteristics – lecture, role playing, case method, gaming simulation, on-the-job training, programmed learning/ electronic training and correspondence courses.
15. The methods used for performance evaluation of salespeople are – job relatedness, reliability, validity, standardization, practicality, comparability, discriminability and usefulness.
16. The factors to be kept in mind while developing territories are – geographical location, industry, product use, method of buying, channels of distribution, sales of potential, workload in territories, arbitrarily and rational basis.
17. The advantages of listing territories are – better planning, proper coverage of potential markets, efficient call patterns, better customer service and choosing appropriate salesman for specific accounts.
18. The factors affecting the size of a territory are:
  - The number of customers and prospects in an area
  - All frequency on existing customers
  - The number of calls that the salesperson makes in a day.

## NOTES

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## 5.10 QUESTIONS AND EXERCISES

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### NOTES

#### Short-Answer Questions

1. What are the main differences between sales promotion and advertisement?
2. What are the long-term personal selling objectives?
3. What do you understand by concept selling?
4. What are the qualities required in a salesman for creative selling?
5. What is the process of recruitment for salespeople in an organization?
6. What are the methods of performance evaluation?
7. What is the procedure for developing sales territories?

#### Long-Answer Questions

1. Explain in detail the objectives of sales promotion.
2. What are the consumer promotion offers given to end customers? Discuss.
3. Explain in detail the various theories of selling.
4. Discuss the personal selling process in detail.
5. What are the new trends in personal selling? Discuss in detail with examples.
6. Describe the process of selection of a salesperson.
7. Explain the concept of training salespeople in an organization. Discuss the methods of training employed for the salespeople.
8. What are the objectives of sales training? Discuss.
9. How are sales territories designed?
10. Explain with the help of an example how redesigning and relocation of territories have implications on profit contribution.

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# UNIT 6 PROMOTIONAL PROGRAM EVALUATION

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## NOTES

### Structure

- 6.0 Introduction
- 6.1 Unit Objectives
- 6.2 Advertising and Publicity: Comparison and Contrast
  - 6.2.1 Difference between Advertising and Publicity
  - 6.2.2 Advertising and Personal Selling: Comparison and Contrast
  - 6.2.3 Sales Promotion and Personal Selling: Comparison and Contrast
- 6.3 Promotion Evaluation: Bases and Process
  - 6.3.1 Methods for Promotion Evaluation
  - 6.3.2 Evaluation of Sales Promotion
- 6.4 Regulations of Promotions
  - 6.4.1 Regulating Promotion Plans: Background
  - 6.4.2 Regulation of Promotion in India
- 6.5 Social Responsibility of Promotional Programs
  - 6.5.1 Women and Promotion
  - 6.5.2 Children and Promotion
  - 6.5.3 Ethics in Promotion
- 6.6 Summary
- 6.7 Answers to 'Check Your Progress'
- 6.8 Questions and Exercises

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## 6.0 INTRODUCTION

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The process of promotion is incomplete without the evaluation of the promotional programs in the market. Advertising, publicity, sales promotion and personal selling are all promotional activities that need to be evaluated in terms of their effectiveness, cost efficiency and product image in the market. The main purpose of launching a promotional program is due to the increased competition in the market today. However, a promotion program should be launched by a company only after rigorous research of the market and deciding upon the best possible technique for promoting the product.

Moreover, promotion activities need to be regulated in order to prevent the broadcasting of any kind of malicious, inappropriate or indecent content. Regulation on promotion is also implemented in order to ward off any stereotyping, inappropriate or hurtful language or discriminating content. Advertising should be ethical especially with regard to child audiences and women. Advertising addressed towards children should be safety conscious, while advertising for women should be respectful and decent in nature. Therefore, advertisers need to bear in mind that promotional programs should be prepared with great caution keeping in mind their responsibilities towards our society.

**NOTES**

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## **6.1 UNIT OBJECTIVES**

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After going through this unit, you should be able to:

- Understand the difference between advertising, publicity, sales promotion and personal selling
- Evaluate promotional measures
- Discuss the regulations on promotional activities
- Identify the social responsibilities in promotion programs
- Discuss the use of ethics in promotion especially with regard to women and children

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## **6.2 ADVERTISING AND PUBLICITY: COMPARISON AND CONTRAST**

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### **6.2.1 Difference between Advertising and Publicity**

1. Advertising is focused on a pre-decided target audience by the sponsor while publicity is not targeted towards any particular audience.
2. Advertising is the promotion of one's organization and product by oneself, whereas what others say about one's organization is its publicity.
3. In advertising the cost for the goods, services and ideas is paid by the sponsor while publicity is independent of any kind of sponsor.
4. The credibility of advertising is more questionable than publicity since publicity is done by an unprejudiced source.
5. Advertising is limitless in its creativity as it comes from a sponsor while publicity has a limited amount of creativity as it is unsponsored.
6. In advertising the identity of the sponsor is known, whereas publicity comes from an unsponsored and neutral source.
7. Advertising can be repetitive while publicity has to constantly change its content from time-to-time.
8. Social responsibility is generally not taken care of while advertising but for publicity it is of utmost importance.
9. The content used in advertising can be controlled but this is not the case in publicity since it is generated from an impartial source.
10. Advertising is positive in nature since it is sponsored and paid for, while publicity being unsponsored and impartial can either be negative or positive.

### **6.2.2 Advertising and Personal Selling: Comparison and Contrast**

#### **Advertising**

##### ***Pros***

- The medium of advertising is quite flexible and one can focus on small segments (school newspaper) or a mass market (cricket match).

- There is enough scope for dramatization as advertisements can be quite expressive.
- Advertising sets off quick sales in the market.
- Advertising is quite cost efficient as it reaches a large amount of people with a distributed and low cost per person.
- Advertising allows for the message to be repeated and builds a long-term and good image of a product.
- It helps buyers in comparing messages of various competitors.

## NOTES

### Cons

- Advertising is highly expensive especially when advertising on a national level.
- Advertisers are not able to get a direct feedback from the audience.
- Advertising is not as persuasive as personal selling.
- A quick feedback on the advertisement is not possible as gauging audience reaction takes some time.
- It is not necessary for audiences to pay attention to the advertisement.

### Personal Selling

Personal selling is the promotion of products on a personal basis from the advertiser to the customer through a sales representative.

- Personal selling is very expensive since the cost per salesperson is very high.
- Personal selling is targeted at specific people or one person.
- Unlike advertising, immediate feedback is possible here.
- Buyers are induced to listen and respond in personal selling.
- Personal selling makes it easier to understand the requirements and preferences of the buyers.
- Personal selling requires a long-term commitment to form a sales force.
- It impacts the consumers on a personal level.
- It gives the advertisers enough scope for adjusting their message to the buyers and improves their communication with the customers.

### 6.2.3 Sales Promotion and Personal Selling: Comparison and Contrast

#### Personal Selling

- Personal communication with buyers
- Selling on a personal basis from the advertiser to the customer through a paid sales representative.
- Unlike advertising and publicity, it depends on personal relationships with the buyer.



**Personal selling:** Is the promotion of products on a personal basis from the advertiser to the customer through a sales representative

## Sales Promotion

### NOTES

- Sales promotion includes additional paid efforts.
- Sales promotion is a form of paid marketing in order to induce customers and dealers, unlike advertising, personal selling or publicity.
- Sales promotion includes free samples, discounts, coupons, contests, tradeshow, sweepstakes, etc.

### Comparison and Contrast of Promo-Tools

A Comparison and Contrast of Promo-Tools is tabled below.

*Comparison and Contrast of Promo-Tools*

S. No.	Factors	Advertising	Salesmanship	Sales-promotion	Publicity
1.	Approach	Impersonal	Personal	Impersonal	Impersonal
2.	Communication	Mass communication	Interpersonal	Targeted mass communication	Generic mass communication
3.	Impact	Creates demand	Creates sale	Time bound sale	Creates image
4.	Quickness of effect	Fast	Slow	Faster	Slower
5.	Expensiveness	Moderate	More	Moderate	Low
6.	Feedback	Does not	Provides	Does not	Does not
7.	Market Segregation	Not possible	Practiced very much	Practiced very much	Not possible
8.	Repetitiveness	Yes	Sometimes	Once in a year	Few times
9.	Channel member orientation	Not possible	Not possible	Suited much	Not possible
10.	Prime or Supplementary effort	Prime	Only few take this as Prime	Always supplementary, non-repetitive	Supplementary
11.	Independent or dependent on other promo-tool	Mostly Independent	Could be Independent	Almost Dependent	Independent
12.	Coverage size	Vast	Small	Medium	Vast

## 6.3 PROMOTION EVALUATION: BASES AND PROCESS

A company's marketing department is responsible and accountable for conducting promotions and developing a promotional strategy which will be profitable to them. The marketing department is also responsible for evaluation of their promotional strategies. This is done in order to assess if they are adopting the right promotional strategy which would prove beneficial for their organization.

Promotional strategy evaluation can also be formed by comparing the past strategies with the present ones to evaluate its effectiveness during or after the promotional programme. The various promotional areas to be evaluated are:

- Consumer awareness
- Sales affect
- The product or service which is promoted, etc.

#### Check Your Progress

1. In \_\_\_\_\_ the cost for the goods, services and ideas is paid by the sponsor while \_\_\_\_\_ is independent of any kind of sponsor.
2. What is one main disadvantage of advertising?
3. What is personal selling?

### 6.3.1 Methods for Promotion Evaluation

The various methods for promotion evaluation are:

- (i) Concurrent Testing
- (ii) Previously Recorded Data
- (iii) Pre-testing
- (iv) Post-testing

#### (1) Concurrent Testing

Concurrent testing of a promotional technique can be done when a promotional activity is in progress. This allows any modification or change required in the programme by the sales manager. The assessment can be done on the basis of a weekly or monthly sales data. For example, if the promotional programme is in the form of a contest, the number of entries received for that contest decides on the success of the promotion. If, on the other hand, the number of entries does not reach the desired target, the promotional programme is not effective and the company is required to revise its promotional strategy. This revision of strategy can be done by extending the deadline in this case.

#### (2) Previously Recorded Data

A promotional strategy can be evaluated by an organization based on the previously recorded evaluation data. The previously recorded data may contain the following:

- (a) Consumer participation data
- (b) Retail data
- (c) Competitor's activities

The previously recorded data can act as a guide for the present promotional programme. This method allows an organization to evaluate how their competition responds to a promotional activity. This can be used as a benchmark for promoting other similar products.

#### (3) Pre-testing

The pre-testing evaluation technique enables the marketing department of a company to decide on the effectiveness of a promotional strategy. The organization might decide on using simulation as a pre-testing technique for testing the following components:

- Consumer awareness
- Sense of value
- Consumer appeal
- Repeat purchases

By using the pre-testing technique, an organization can compare the present promotional technique with a prior technique and assess its outcome to eliminate any past failures from re-occurring.

## NOTES

**NOTES****(4) Post-testing**

The post-testing for evaluation of promotional strategies is normally conducted after the promotional activity is complete. This helps in measuring the performance of the sales promotion programme and assess whether the company has reached its desired goal or not. Some techniques for post-testing of promotional strategies are:

- Questionnaires
- Telephone calls
- Personal interviews

The evaluation of the promotional technique takes into consideration the sales figures before and after the promotion. This helps evaluate the effect of the sales and its promotion during the post-testing phase.

**6.3.2 Evaluation of Sales Promotion**

It is easy to launch a sales promotion scheme and it is also relatively easy to match sales promotion schemes of competitors. After all, sales promotion is just shelling out concessions to customers. Sales promotion is often employed due to competitive necessity rather than because it serves some useful purpose. Champions of sales promotion find it easy to convince their superiors about the attractiveness of sales promotion schemes because they do manage to increase sale in the short term, though the real cost of achieving that short spurt in sale is never calculated. A company needs to exercise caution in using sales promotion, and should insist that it be evaluated rigorously before being implemented and also after it has elapsed.

The evaluation of sales promotions is extremely important. However, still careful evaluations are not conducted. Most of the times, these evaluations are superficial in nature and it is further less effective while evaluating profitability linked to the promotions. There are certain methods that can be used for measuring the effectiveness of different sales promotion methods. The most basic and commonest of the methods is to measure the sales in pre and post scenarios.

For example, if before the sales promotion, the market share of a product is ten percent which goes up to twelve percent during the promotion period and then falls back to nine percent immediately after the promotion is over. Thereafter, it consistently remains at the level of eleven percent in the next few months. This goes to show that the sales promotion has impacted the sales of a product positively in the some manner. It is possible to understand the role of sales promotion method in the overall enhancement of the market share by gathering data with the help of consumer panel data. This can help in finding out the information on the types of consumers who have actually responded positively during the promotion period. Similarly several consumer surveys can be used to understand the recall effect that a promotion has created on the consumers and the perceptions formed therein.

**1. Pre-Testing Methods of Sales Research**

This is primarily done in order to evaluate several available concepts of promotion and then freezing the most effective and appropriate method of promotion which will also

align with the overall company's objectives. The concept may be tried out in limited stores and the scheme is introduced in the bigger market if it finds acceptance with the limited audience. The following methods are employed in pre-testing research:

- **Discussions in the groups:** Group discussions are generally carried out to evaluate concepts and ideas and test them. This should be used as a tool at the preliminary stages to shortlist the methods of promotion which should be actually tests while the others should be eliminated if they do not get positive response during the group discussions. Through this methodology, several promotional concepts and ideas can be assessed.
- **Using hall tests:** This basically refers to the discussion of alternative promotional ideas through a separate set of customers by throwing ideas to them in a separate room and by gathering their opinion. The promotions are ranked on the basis of the value consumers put on the incentives. Around 100 consumers are invited and not more than 7-8 alternatives are tested, as consumers will not be able to discriminate among a larger number of ideas. The promotional alternatives should be of similar cost to the company.
- **Experimentation method:** It is a better method in the sense that it leads to practical and more logical understanding of what consumers value when a sales promotion is conducted. Thus, through this method, the actual behaviour of the consumers can be tested. Discussions in the groups and the hall tests should be generally used at the initial stages and the screening of several promotional ideas should be ensured whereas the experimentation method should be generally used at a later stage when only scrutinizing has to be done from the few left over and most preferred promotional ideas. This is because a greater focus as well as effort can be ensured in this case.

## NOTES

## 2. Post-Testing Methods of Sales Research

This type of research is generally conducted to find out whether the promotional objectives for a brand have been met or not. Therefore, measurement of sales is done in pre and post scenarios so that it is easier to evaluate any possible variations in the sales pattern. At times, sales may decrease just prior to the promotion period. This is because if the consumers are aware about the promotion, they may not make purchases just before the promotion starts or they may hold their purchases till the initiation of the promotion period. In order to appropriately measure the effect of a sales promotion, it is important to understand the impact in the sales especially at the retail level where the actual pulse can be felt. In order to find out information on the type of people who have actually responded to promotions, the consumer panel data can be used.

If the company had targeted the scheme at the type of customers who actually responded, the company can continue with the scheme in future too. But if the scheme was meant to be attractive to a different set of customers than the set which actually took benefit of it, the company will have to redesign its scheme. For instance, if only the loyal customers bought the larger pack, the scheme did not help the company much. The loyal customers would have any way bought the product in the next time

## NOTES

period too. They just advanced their purchase and took advantage of the concessions. But the sales could have been targeted at customers of other brands.

The data provided by a retail audit can be very useful in assessing the actual impact of sales promotion. This can be done by studying the sales pattern that is increase or decrease post promotion, by measuring the stock levels of a product at different retail outlets and also by assessing the number of retail outlets holding these stocks.

One should also try to study and understand the overall impact and the long term effect of sales promotion on the market share of a product. This is difficult to assess due to other marketing activities being carried out simultaneously. But even anecdotal data in the form of some customers having liked the brand which they bought during a sales promotion scheme should be actively sought.

Understanding the sponsorship objective, i.e., the first step while evaluating the sponsorship success is what the company's objectives are in sponsoring a given event. There should be a thorough measurement of the name mentions, the extent of media coverage and sightings and the change in perception of the company's stakeholders have to be undertaken.

It is important that there is a formal system to find out the gains from a sponsorship deal. It is often convenient to believe that gains would have accrued from the association with the event. It is also important to qualify the gains for the company in terms of whether it primarily gained awareness or whether it was able to improve its relationship with the community, or some other gain. The results of the evaluation process will be useful when the company is considering a sponsorship deal in future or when it has to decide the continuation or termination of a sponsorship deal.

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## 6.4 REGULATIONS OF PROMOTIONS

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The Code For Self-regulation in Advertising Pertinent Extracts adopted by The Advertising Standards Council of India under Article 2(ii) of its Articles of Association at the first meeting of the Board of Governors held on November 20, 1985 and amended in February 1995 and in June 1999.

### Declaration of Fundamental Principles

This Code for Self-Regulation has been drawn up by people in professions and industries in or connected with advertising, in consultation with representatives of people affected by advertising and has been accepted by individuals, corporate bodies and associations engaged in or otherwise concerned with the practice of advertising with the following as basic guidelines with a view to achieve the acceptance of fair advertising practices in the best interests of the ultimate consumer:

- To ensure the truthfulness and honesty of representations and claims made by advertisements and to safeguard against misleading advertisements.
- To ensure that advertisements are not offensive to generally accepted standards of public decency. Advertisements should contain nothing indecent, vulgar or

### Check Your Progress

4. Why is sales promotion generally employed?
5. Name the methods used for pre-testing research.

repulsive which is likely, in the light of generally prevailing standards of decency and propriety, to cause grave or widespread offence

- To safeguard against the indiscriminate use of Advertising in situations or of the promotion of products which are regarded as hazardous or harmful to society or to individuals, particularly minors, to a degree or of a type which is unacceptable to society at large.
- To ensure that advertisements observe fairness in competition so that the consumer's need to be informed on choices in the market-place and the canons of generally accepted competitive behaviour in business is both served. Both the general public and an advertiser's competitors have an equal right to expect the content of advertisements to be presented fairly, intelligibly and responsibly. The Code applies to advertisers, advertising agencies and media.

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### Responsibility for the Observance of this Code

The responsibility for the observance of this Code for Self-Regulation in Advertising lies with all who commission, create, place or publish any advertisement or assist in the creation or publishing of any advertisement. All advertisers, advertising agencies and media are expected not to commission, create, place or publish any advertisement which is in contravention of this Code. This is a self-imposed discipline required under this Code for Self-Regulation in Advertising from all involved in the commissioning, creation, placement or publishing of advertisements. This Code applies to advertisements read, heard or viewed in India even if they originate or are published abroad so long as they are directed to consumers in India or are exposed to significant number of consumers in India.

### Definitions

An advertisement is defined as a paid-for communication, addressed to the public or a section of it, the purpose of which is to influence the opinions or behaviour of those to whom it is addressed. Any written or graphic matter on packaging, or contained in it, is subject to this Code.

### Standards of Conduct

Advertising is an important and legitimate means for the seller to awaken interest in his products. The success of advertising depends on public confidence. Hence no practice should be permitted which tends to impair this confidence.

If Consumers see an Advertisement which they consider misleading or offensive, they should write to The Advertising Standards Council of India. Complaints received from the general public should be in the prescribed format providing relevant particulars including clipping or copy of print Ad/promotion material/ timing, date and channels of TVC broadcast.

However, in order to facilitate the General Public making complaints, the secretariat will not insist on accepting complaints in the prescribed format or requiring a copy of the clipping as long as details of product / service, publication / channel / location, date / time and nature of complaint is clearly stated. The Secretariat using

## NOTES

services of ad tracking agency will collect the ad in case person from General Public is not able to furnish clipping, etc. The Secretariat will accept telephonic complaints also as is done by SRO's outside of India. It will confirm and verify the complaints by writing to the party concerned when complaint is made orally.

A single complaint alleging that an advertisement is misleading or offensive is usually enough to require the Advertiser to correct the Advertisement.

On receipt of a complaint (should be complete with relevant particulars including clipping or copy of print Ad/promotion material provided by complainant), the Secretariat will acknowledge the complaint and request the advertiser / agency to provide comments / response in respect of the complaint.

Both the Advertiser and the complainant are advised of the decision of the Consumer Complaints Council.

*Source:* <http://www.ascionline.org>

### 6.4.1 Regulating Promotion Plans: Background

Sales promotion has been kept under check in most of the advanced industrial countries except in the United States. For example, in the United Kingdom, manufacturers were operating under the resale price maintenance regime, where they could sell their products at the minimum resale price for almost all goods. However, this practice was abolished in 1964. Many countries in Europe have regulated advertising by scheduling permissible types of sales promotions, since it is regarded as bordering on unfair business tactics. Germany is known to have the strictest regulations on such practices.

Way back in 1892 in England, Carlill versus Carbolic Smoke Ball Co involved a litigation over £100 reward offered by the advertisers to users of smoke ball who nonetheless contracted influenza. Till date, that case is acclaimed to be one of the classics that stands as a good authority for the doctrines of offer, acceptance, consideration, misrepresentation and wagering — all vital elements of the law of contracts. In response to the court's verdict in favour of Carlill, Carbolic Co., merely adjusted the advertisement to cover itself from the issues raised during the trials and carried on with its sales promotion.

More than a century later, we live in a highly developed society and fiercely competitive markets. Per capita incomes have significantly gone up, propensity to consume has increased, many of the yesteryear wants have become today's needs and technological advances have totally redefined the consumer aspirations. Along with these changes; new products and services have become available, marketers have found new ways of reaching the target audiences, media have assumed newer dimensions and the retail revolution has brought everything closer to the consumers.

Over the years, competition has also changed the meaning of sales promotion. Although promotions continue to be guided by sales, market share, revenue, profits and enterprise value as their central objectives, consumer schemes and offers have definitely become more innovative and aggressive. At the same time, asterisks and superscripts in the advertisements and promotion material, pointing to terms and

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conditions that indemnify the sellers have increased. In effect, majority of the promotion schemes have stayed low on consumer friendliness and consumer interests.

With festival season round the corner, consumers are set for a barrage of offers from manufacturers, traders, sellers and service providers all luring them to choose and use their brands. It is time for 'slow-moving products' and 'perishables nearing the expiry dates' to ride on fast moving goods. It is time for consumers to collect 'free stay vouchers', only to be discarded later, due to non-availability of accommodation on desired dates or to avoid the large expense on travel.

It is time for financiers to drum up 0% interest offers and recover the interest charges 'upfront' under a different head called 'loan processing fees'. It is time for all to see the large screen TVs and laptops as items in the assured gifts range but end up with T-shirts as gifts on their purchases. It is also time to dream big on lucky draw schemes and misplace the coupons by the draw date or not even know if the draw happens and the winner is indeed drawn from coupons distributed under the scheme. Today, none of these schemes are monitored or regulated.

It is not to say that we do not have laws to protect consumers. From the pre-independence era, we have had the Indian Contracts Act, the Sale of Goods Act and many more. Later, we have enacted others such as the Standard of Weights and Measures (Enforcement) Act, the Essential Commodities Act, the Consumer Protection Act (CPA) and now the Competition Act to replace the MRTP Act.

Till the enactment of the CPA in 1986, consumers had a limited access to the MRTP Commission for a remedy against the offending sellers. It was the CPA that brought focus on consumers, to promote and protect their interest against deficiencies and defects in goods or services and has been instrumental in establishment of consumer councils and other authorities for quicker settlement of disputes. The Competition Act, on the other hand, is intended to promote and sustain competition in the market and to prevent practices detrimental to healthy competition.

#### **6.4.2 Regulation of Promotion in India**

In India, the advertising industry has grown considerably over the past years with this medium gaining more popularity and becoming a serious business for promoters. Since there is a huge amount of competition between advertisers, this business is being subjected to many malpractices in order to entice customers towards their own products. Article 19 (1)(a) of the Indian Constitution clearly protects the interests of advertisers who describe advertisements to be a form of commercial speech. Advertising also facilitates the spreading of information about the sellers and their products to consumers. Moreover, Article 19 (1)(a) of the Indian Constitution is a facet to the Right to Information Act. However, this facilitation contains a number of statutory provisions. Under the Indian legal system, the prohibitory and prominent legal provisions regulating advertising are:

1. Advertisements of cigarettes and other tobacco products under the Cigarettes and other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003.

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2. Obscene publication or advertisement of a lottery under the Indian Penal Code.
3. Use of report of test or analysis for advertising any drug or cosmetic under the Drugs and Cosmetic Act, 1940.
4. Any political advertisement forty hours prior to polling time under the Representation of People Act, 1951.
5. Harmful publication under the Young Persons (Harmful Publications) Act, 1956.
6. Advertisements relating to prenatal determination of sex under the Prenatal Diagnostic Techniques (Regulation and Prevention of Misuse) Act, 1994.
7. The indecent representation of women under the Indecent Representation of Women (Prohibition) Act, 1986.
8. Advertisement of magical remedies of diseases and disorders under Drugs and Magical Remedies (Objectionable Advertisements) Act, 1954.
9. Inviting transplantation of organs under the Transplantation of Human Organs Act, 1994.

The absence of a sole comprehensive legislation for advertising had created quite a bit of confusion in this industry. Therefore, in 1895, the Advertising Standards Council of India (ASCI) was established. This non-statutory tribunal was formed as a self-regulatory mechanism for ensuring ethical practices in advertising. The ASCI, according to its Code of Advertising Practice (ASCI Code), looks into and solves any complaints regarding advertising and has gradually got a huge recognition from the advertising industry. The ASCI Code, in August 2006, was made mandatory for advertising on TV by the amendment of the Cable Television Networks (Amendment) Rules, 2006: ‘ No advertisement which violates the Code for Self- Regulation in Advertising, as adopted by the ASCI, Mumbai, for public exhibition in India from time to time, shall be carried in the cable service’. This move bound the ASCI code. Rule 7 postulates any advertisement which derides any race, caste and tends to incite people to crime, cause disorder or are indecent and vulgar. Moreover, Section 6 of the Cable Television Networks (Regulation) Act, 1955 prohibits the transmission or retransmission of any advertisement through a cable service unless they conform to the ASCI Code. The main objectives of the ASCI Code are to make sure that advertisements should:

- Be truthful and honest in their claims and representations to abstain from any misleading or untrue advertisements;
- Keep in mind consumer’s interests and practice fair competition;
- Be inoffensive by asserting public decency or morality; and
- Not advertise those products harmful to the public or individuals, especially minors.

Under the ASCI Code, any individual who considers the advertisements to be false, offensive, misleading or unfair can complain against them. These complaints are then appraised by an independent Consumer Complaints Council (CCC). The function of the CCC is to make decisions on complaints from one advertise against another, complaints from the general public including consumer groups or government officials

### Check Your Progress

6. Name some of the consumer protection Laws and Acts.
7. Why was the Advertising Standards Council of India (ASCI) established?

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and even complaints from members of the ASCI Board, CCC or the Secretariat. The CCC generally takes about four to six weeks to decide upon its judgement for a complaint once the concerned parties have presented their case.

The advertising scenario in India is gradually acknowledging the benefits of web casting which entails the transmission of audio and video content over the Internet. Webcasts can be used to upload product launches, update the news and weather or the media coverage of any select events like seminars. Although online advertising, also known as Viral Marketing makes use of popular sites, industry specific portals and social networking sites to transmit their webcasts to the target audience. It takes in to consideration the twin formulae of online behavior and demographic information of the user to target their audience. Mobile advertising is also picking up its pace in India due to the expanding mobile connections all over the country.

The advertising industry is changing in India due to the advanced technology. The self regulated advertising industry has maintained a decent front so far but the recent controversy surrounding the advertisements like ‘dimaag nahi to no kiya’ and ‘dil titli’ have brought to light the need for ethical business morals in market competition. The regulators have to be careful with the upcoming new trends.

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## **6.5 SOCIAL RESPONSIBILITY OF PROMOTIONAL PROGRAMS**

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A promotional program has always been considered to be having a pervasive and persuasive impact on the society. It has the ability to shape social trends and influence personal attitudes. This influence is thought to be unwanted, intrusive and often detrimental to society. Defenders say that advertising, in addition to the economic benefits of lowering prices, improved competition, and more product choices, promotes freedom of speech, supports the media, and provides the much-needed information about social issues as well as goods and services.

### **6.5.1 Women and Promotion**

Critics often accuse advertising for portrayal of women as glamour props. Sex in Advertising is the most controversial aspect, which is much of social issue than an ethical issue. As discussed earlier about the stereotype in portraying women as housewives let us now discuss about objectifying women in the advertisements. Decently portraying women in an ad for condom is acceptable as it is required. But women provoking sex in advertisements of suitcases, Shaving foams or creams, tyres, pens, shoes etc. does not make any sense at all E.g. In the advertisement of ‘Gel Pen’ the exposure of women & copy saying ‘sab kuchh dikhta hai’ is a matter of critique. Similarly ad of Tuff Shoes portraying the male & female models wearing tuff shoes and a python draped around their nude bodies is not sensible. This ad was banned.

The ad of VIP Frenchie showing a male model in bathing robe is highly obscene as countered by many critics. The southern tip in the map of India, in the ad of Smirnoff

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was portrayed as the private parts of a lady is accused & banned. Many of the ads present even bare male models, which is not relevant. Critics are concerned about the sexual appeals in advertising that demean women or men by depicting them as sex objects.

### 6.5.2 Children and Promotion

Children are a vulnerable group of consumers who get influenced quickly by ads, as they lack the cognitive abilities to discern the advertisements. They possess immense peer power by which they convince their parents and elders to buy products for them, which may not be very healthy. These include products such as chocolates, toys, Colas, and those promoting materialism among this group. Marketers also insert product and brand usage during popular children programs such as cartoons and exclusive children's channels such as Pogo and Cartoon Network. These are also looked down upon by critics.

Marketing communications featuring children or are addressed to children must not contain any content which could harm them physically, morally or mentally. Children should not be shown in dangerous situations or behave in a threatening manner unless it is an advertisement projecting safety of children. They should not be taught to talk to strangers or go into strange and unknown places. Children should not be shown as unattended or left alone on streets till they are old enough and can take care of themselves responsibly in any scene of the advertisement. Cyclists and pedestrians in an advertisement must be shown observing the Highway Code. Children must not be shown in close proximity with or using dangerous equipments or substances without the presence of adults. Children must not be shown taking substance abuse. Distance selling advertisers must ensure that while using the youth media they should not promote and advertise products which are harmful and unsuitable for children, since they are quite impressionable at this tender age and might follow the ad without knowing its consequences.

Promotions which are directly addressed to children:

- Should make it very clear that the permission of adults in their family is required in case of any incentive or prize;
- Might cause unnecessary conflict between a parent's authority and a child's desire leading to unpleasant circumstances;
- Should contain the closing dates very specifically if applicable; and
- Should not exaggerate on value or the chance of winning the prize or incentive leading to the disappointment of children.

Advertising and promotions which contain language intended to entice children to make a purchase or to participate in a contest must not be targeted at or addressed to children.

### 6.5.3 Ethics in Promotion

Advertising unhealthy products, advertising to children, and using puffery in advertising are among the most debated ethical issues in advertising.

## Advertising unhealthy products

Alcohol and tobacco products are unhealthy. So are products that are high in fat content. Some countries such as India have banned ads of tobacco and alcohol on mass media. These ads are considered to be particularly influential among the most vulnerable groups such as teenagers and socially weaker sections.

### Using puffery

Puffery refers to exaggerated claims in ads without offering facts to back up the claim. Critics say that puffery is misleading, though defenders say that people can make out whether an advertiser is merely exaggerating for the effect. In order to meet such criticisms, several legislations have been drafted in different countries to regulate advertisements.

### Language and literacy

Critics attack advertising for hurting language – advertisers sometimes twist words or change spellings and grammar to make a point. Advertising copy is accused of playing fast and loose with the rules of the language. For instance, ‘*Yeh Dil Maange More*’ combines two languages Hindi and English, makes a mishmash of them to convey the ideas. This has an effect of reducing the significance of learning the correct way of speaking and writing a language, particularly among the youth. Although staying in tune with the vocabulary and usage of the target audience is the main reason for less-than-perfect advertising language, it is perceived to have an undesirable side-effect.

### Manipulation and exploitation

Advertising is often accused of inducing people into buying what they really do not need. Critics say that advertising is so powerful and persuasive that people have no choice but to buy what they see advertised, regardless of their actual needs for these products. Advertisers using psychological and emotional appeals get consumers to buy their products by making them feel that these products help them to gain status, acceptance, and even love.

On the other hand, defenders argue that the whole point of advertising is to persuade people. Advertising offers consumers the information they require to take correct decisions. It can be seen as building consumption not by making people buy what they do not need, but by making the market more efficient for both consumers and producers by offering information about the product, its availability, etc. Defenders believe that advertising cannot create wants. No amount of advertising can make people buy what they do not want, or do not like.

### Stereotyping

Stereotyping is the process of categorizing individuals by predicting their behaviour based on their membership in a particular group. For instance, women in India are often stereotyped into being fair as a prerequisite for finding a suitable partner. Critics argue that though it is difficult to portray people as being individualistic, ads

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**Puffery:** Refers to exaggerated claims in ads without offering facts to back up the claim



**Stereotyping:** Is the process of categorizing individuals by predicting their behaviour based on their membership in a particular group

## NOTES

often portray entire groups of people in stereotypical ways, showing women only as homemakers, elderly people as senile, men as decision makers in the family, etc. These advertising stereotypes can reinforce negative or undesirable views of these groups, and this can contribute to discrimination against them. Youth, especially women are often shown as fashion conscious, thin, aware of their appearance. This has a detrimental impact on the youth, who feel obliged to follow these advertising stereotypical standards.

### **Bad taste and offensiveness**

Advertising can sometimes be in bad taste or be completely offensive. Though tastes are individualistic, some ads can hurt sensitive consumers. Sexually provocative advertising, showing culturally objectionable objects and symbols such as those in the ads of Benetton, appear offensive to consumers. Since advertising has such an all-pervasive presence, advertisers are expected to be socially responsible.

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## **6.6 SUMMARY**

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Some of the important concepts discussed in this unit are:

- The evaluation of promotional programs is done to decipher whether the promotional activities like advertising, sales promotion, personal selling and publicity are profitable to the organization and are cost efficient as well.
- Sales promotion has been kept under check in most of the advanced industrial countries except in the United States. Many countries in Europe have regulated advertising by scheduling permissible types of sales promotions, since it is regarded as bordering on unfair business tactics.
- The main motive of sales promotion is to combat with the increasing competition in the market and to establish one's brand name among customers.
- Pre-testing research for promotion is primarily done in order to evaluate several available concepts of promotion and then deciding upon the most effective and appropriate method which will also align with the overall company's objectives, while post-testing research is generally conducted to find out whether the promotional objectives for a brand have been met or not.
- In India, the advertising industry has grown considerably over the past year which is why there is a huge amount of competition between advertisers and this business is being subjected to many malpractices in order to entice customers towards their own products. Article 19 (1) (a) of the Indian Constitution, a facet to the Right to Information Act, clearly protects the interests of advertisers who describe advertisements to be a form of commercial speech.
- A promotional program is considered to have a pervasive and persuasive impact on the society and has the ability to shape social trends and influence personal

### **Check Your Progress**

8. What is stereotyping?
9. What are the most debated ethical issues in advertising?
10. What do you understand by 'puffery'?

attitudes, which is the reason why there has to be some content filtering and monitoring in order to protect the interest of children and women in the society as well as ensure that the content is decent and does not hurt the sentiments of any individual.

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### 6.7 ANSWERS TO ‘CHECK YOUR PROGRESS’

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1. Advertising, publicity.
2. One main disadvantage of advertising is that it is highly expensive, especially when advertising on a national level.
3. Personal selling is the promotion of products on a personal basis from the advertiser to the customer through a sales representative.
4. Sales promotion is generally employed due to competitive necessity.
5. The methods used for pre-testing research are – discussions in the groups, using hall tests and experimentation method.
6. Some of the consumer protections laws and acts include – the Indian Contracts Act, the Sale of Goods Act, Standard of Weights and Measures (Enforcement) Act, the Essential Commodities Act, the Consumer Protection Act (CPA) and the Competition Act to replace the MRTP Act.
7. The Advertising Standards Council of India (ASCI) was established as a self-regulatory mechanism for ensuring ethical practices in advertising.
8. Stereotyping is the process of categorizing individuals by predicting their behaviour based on their membership in a particular group.
9. The most debated ethical issues in advertising are the advertising of unhealthy products, advertising to children, and using puffery.
10. Puffery refers to exaggerated claims in ads without offering facts to back up the claim.

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### 6.8 QUESTIONS AND EXERCISES

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#### Short-Answer Questions

1. What are the advantages of advertising?
2. What is the difference between sales promotion and personal selling?
3. List five prohibitory and prominent legal provisions regulating advertising under the Indian legal system.
4. What are the main objectives of the ASCI Code?
5. Write a short note on manipulation and exploitation in promotion.

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**Long-Answer Questions**

1. What is the importance of evaluating promotional programs?
2. Explain in detail the difference between advertising and publicity.
3. Discuss the methods of pre-testing research in promotion.
4. What are the developments in the regulation of sales promotion in India?
5. What is the importance of social responsibility in promotional programs? Discuss.
6. Discuss in detail the caution to be taken while promotion of child advertisements.
7. Explain the regulations employed for promotion of women-centric advertisements.

# Model Question Paper MBA Degree Examination

## Promotional Management

**Time: 3 Hours**

**Maximum: 100 Marks**

### **PART A (5 × 8 = 40 marks)**

**Answer any FIVE of the following:**

1. Discuss how it is advantageous to set a promotional budget.
2. How is promotional mix for new products different from that for existing products?
3. What is the role of endorsements and humours in advertising?
4. Discuss the relationship between a client and an agency.
5. Identify the characteristics and importance of media buying.
6. Discuss the relevance of direct marketing in Indian market.
7. Identify the characteristics of and current trends in personal selling or salesmanship in India.
8. Identify and discuss the social responsibilities of a market promotion programme.

### **PART B (4 × 15 = 60 marks)**

**Answer any FOUR of the following:**

9. Explain how you would determine promotional objectives.
10. Describe the structure of an advertising agency.
11. Identify and discuss the key ways of adding value to a new product or service.
12. Explain how different scales are used to measure the attitude of target customers.
13. What are the various types of public relations tools? Identify the subtle methods that can be used to build public relations.
14. Identify and discuss sales promotion measures aimed at consumer trade and salesforce promotion.
15. What are the various methods for promotion evaluation? How is pre-testing different from post-testing?