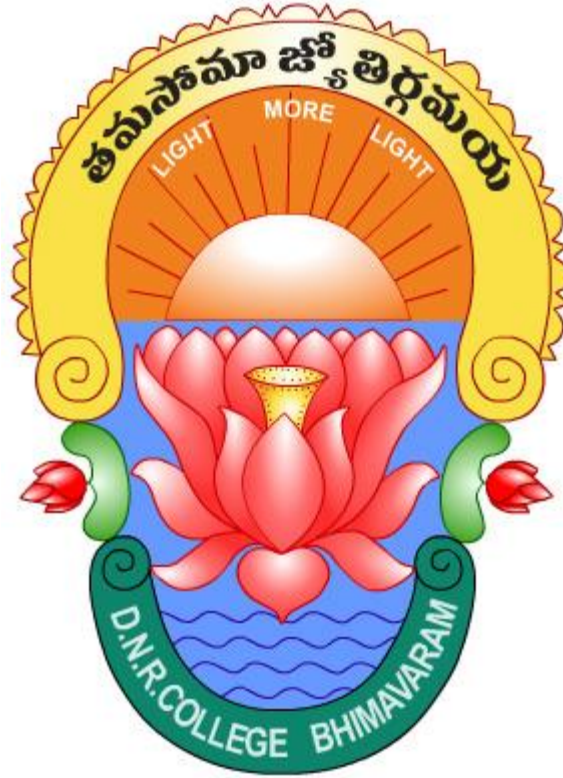


D.N.R.COLLEGE, (AUTONOMOUS): BHIMAVARAM
DEPARTMENT OF MANAGEMENT STUDIES



ADVERTISING AND BRANDING
IV SEMESTER

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ADVERTISING AND BRAND MANAGEMENT

Module I: Introduction to Advertising

Introduction to Advertising

Question - "Advertising is a nonpersonal communication of information usually paid for and usually persuasive in nature about products, services or ideas by identified sponsors through the various media." Explain.

Answer

Meaning of Advertising- Advertising is an activity of attracting public attention to a product or service through electronic media.

Definition of Advertising- "Advertising is the non-personal communication of information usually paid for and usually persuasive in nature about products, services or ideas by identified sponsors through the various media." Now let's take this statement apart and see what it means.

Non-personal

Basically sales is done either personally or non-personally. Personal selling requires the seller and buyer to get together. Personal selling has its own advantages and disadvantages. Whereas advertising is non-personal selling. Personal selling has many advantages over advertising like direct communication, bargaining, enough time to discuss about the product, seller can easily locate potential buyer. Advertising has none of the advantages of personal selling, very little time to present sales message, message is cannot be changed easily.

But, advertising has its own advantages which is not found in personal selling: advertising has comparatively speaking, all the time in the world. Unlike personal selling, the sales message and its presentation does not have to be created on the spot with the customer watching. It can be created in as many ways as the writer can conceive, be rewritten, tested, modified, injected with the very trick and appeal known to affect consumers.

Advertising covers large groups of customer and to make it effective proper research about customer is done to identify potential customers, to find out what message element might influence them, and figure out how best to get that message to them.

Thus, it appears that advertising is a good idea as a sales tool. For small ticket items, such as chewing gum and guitar picks, advertising is cost effective to do the entire selling job. For large ticket items, such as cars and computers, advertising can do a large part of the selling job, and personal selling is used to complete and close the sale.

Advertising is non-personal, but effective.

Communication

Communication means passing information, ideas, or feelings by a person to another. Communication uses all the senses like smell, touch, taste, sound, sight. Only two senses

- sound and sight are really useful in advertising. In advertising, what appears is everything the

writer thinks the customer needs to know about the product in order to make a decision about the product. That information will generally be about how the product can benefit the customer.

Paid For

Advertiser has to pay for the creation of ad and for placing it in the media. Cost of ad creation and cost of time/space in the media must be paid for. Cost of advertising depends on TRP of media, reach of media, and frequency of ad to be displayed.

Persuasive

"Persuasive" stands to reason as part of the definition of advertising. The basic purpose of advertising is to identify and differentiate one product from another in order to persuade the consumer to buy that product in preference to another.

Identified Sponsors

Identified sponsor means whoever is putting out the ad tells the audience who they are.

There are two reasons for this: first, it's a legal requirement, and second, it makes good sense. Legally, a sponsor must identify himself as the sponsor of ad. By doing so the sponsor not only fulfils the legal requirements, but it also makes a good sense, if the sponsor doesn't do so, the audience may believe that the ad is for any competitor's product, thus wasting all the time and money in making and placing the ad.

Definition and Objectives of Advertising

Question- What is advertising, define advertising, and state its objectives?

Answer

Meaning of Advertising- Advertising is an activity of attracting public attention to a product or business, as by paid announcements in the print, broadcast, or electronic media.

Advertising is a paid form of a non-personal message communicated through the various media by industry, business firms, nonprofit organisations, or individuals. Advertising is persuasive and informational and is designed to influence the purchasing behaviour and/or thought patterns of the audience. Advertising is a marketing tool and may be used in combination with other marketing tools, such as sales promotions, personal selling tactics, or publicity.

Definition of Advertising-

Advertising is defined differently by different people, some of the definitions are as follows:

According to **Richard Buskirk**, "*Advertising is a paid form of non-personal presentation of ideas, goods or services by an identified sponsor.*"

According to **Wheeler**, "*Advertising is any form of paid non-personal presentation of ideas, goods or services for the purpose of inducing people to buy.*"

presenting to a group, a non-personal, oral or visual, openly sponsored message regarding disseminated through one or more media and is paid for by an identified sponsor."

Objectives of Advertising - The real objective of advertising is effective communication between producers and consumers with the purpose to sell a product, service, or idea. The main objectives of advertising are as follows:

Informative

Objective of advertising is to inform its targeted audience/customers about introduction of new product, update or changes in existing products or product related changes, information regarding new offers and schemes. Informative advertising seeks to develop

initial demand for a product. The promotion of any new market entry tends to pursue this objective because marketing success at this stage often depends simply on announcing product availability. Thus, informative advertising is common in the introductory stage of the product lifecycle.

Persuasive

introductory stage of

Objective of advertising is to increase demand for existing product by persuading new customer for first time purchase and existing customers for repurchases. Persuasive advertising attempts to increase demand for an existing product. Persuasive advertising is a competitive type of promotion suited to the growth stage and the early part of the maturity stage of the product lifecycle.

Reminder

The objective of advertising is to remind customers about existence of product, and ongoing promotional activities. Reminder advertising strives to reinforce previous promotional activity by keeping the name of a product before the public. It is common in the latter part of the maturity stage and throughout the decline stage of the product lifecycle.

Mathews, Buzzell, Levitt and Frank have listed some specific objectives of advertising.

- To make an immediate sale.
- To build primary demand.
- To introduce a priced deal.
- To build brand recognition or brand insistence.
- To help salesman by building an awareness of a product among retailers.
- To create a reputation for service, reliability or research strength.
- To increase market share.

Functions and Classifications of Advertising

Question-

What is advertising? Explain in detail the functions and classifications of advertising.

Answer

Meaning of Advertising - Advertising is an activity of attracting public attention to a product or business, as by paid announcements in the print, broadcast, or electronic media.

Advertising is the promotion of a company's products and services through different mediums to increase the sales of the product and services. It works by making the customer aware of the product and by focusing on customer's need to buy the product. Globally, advertising has become an essential part of the corporate world. Therefore, companies allot a huge part of their revenue to the advertising budget. Advertising also

o serves to build a brand of the product which goes along way to make effective sales.

Functions of Advertising - Following are the basic functions of advertising:

1. To distinguish product from competitors' products

There are so many products of same category in the market and they compete with each other, advertising performs the function of distinguishing advertiser's product from competitors.

2. To communicate product information

Product related information required to be communicated to the targeted customers, and advertisement performs this function.

3. To urge product use

Effective advertisement can create the urge within an audience for a product.

4. To expand product distribution

When the market demand of a particular product increases, the number of retailer and distributor involved in sale of that product also increases, hence product distribution gets expanded.

5. To increase brand preference

There are various products of different brands available, the brand which is effectively and frequently advertised is preferred most.

6. To reduce overall sale cost

Advertising increases the primary demand in the market. When demand is there and the product is available, automatically the overall cost will decrease, simultaneously the cost of sales like distribution cost, promotional cost also get decreased.

Classification of Advertising-

Advertising can be classified on the basis of **Function, Region, Target Market, Company demand, Desired response, and Media.**

A) Classification on the basis of function

- Advertisement informs the customers about a product
- Advertisement persuades the consumers to buy a product
- Advertisement reminds existing customers about the presence of the product in the market

Let us discuss some important types of advertising based on the functional aspect of advertising.

Informative advertising:

This type of advertising informs the customers about the products, services, or ideas of the firm or organization.

Persuasive advertising: This type of advertising persuades or motivates the prospective buyers to take quick actions to buy the products or services of the firm. Example: "Buy one, get one free".

Reminder advertising: This genre of advertising reminds the existing customers to become medium or heavy users of the products or services of the firm that have been purchased by them at least once. This type of advertising exercise helps in keeping the brand name and uses of the products in the minds of the existing customers.

B) Classification on the basis of region

Advertisements can also be classified on the basis of the region, say:

Global advertising: It is executed by a firm in its global market niches. Reputed global magazines like Time, Far Eastern Economic Review, Span, Fortune, Futurist, Popular Science. Cable TV channels are also used to advertise the products throughout the world. Supermodels and cinema stars are used to promote high-end products. Examples: Sony, Philips, Pepsi, Coca Cola, etc.

National advertising: It is executed by a firm at the national level. It is done to increase the demand of its products and services throughout the country. Examples: BPL (Believe in the best). Whirlpool Refrigerator (Fast Forward Ice Simple) etc.

Regional advertising: If the manufacturer confines his advertising to a single region of the country, its promotional exercise is called Regional Advertising. This can be done

regional newspapers covering those states or districts where these newspapers are circulated. Eg. The Assam Tribune (only for the NE region) etc.

Local advertising: When advertising is done only for one area or city, it is called Local Advertising. Some professionals also call it Retail Advertising. It is sometimes done by the retailer to persuade the customer to come to his store regularly and not for any particular brand. Examples: Advertisements of Ooo la la, Gupshup (Local FM channels) etc.

C) Classification on the basis of target market

Depending upon the types of people who would receive the messages of advertisements, we can classify advertising into four subcategories:

Consumer product advertising: This is done to impress the ultimate consumer. An ultimate consumer is a person who buys the product or service for his personal use. This type of advertising is done by the manufacturer or dealer of the product or service. Examples: Advertisements of Intel, Kuttons (shirt), Lakme (cosmetics) etc.

Industrial product advertising: This is also called Business-to-Business Advertising. This is done by the industrial manufacturer or his distributor and is so designed that it increases the demand of industrial product or services manufactured by the manufacturer. It is directed towards the industrial customer.

Trade advertising: This is done by the manufacturer to persuade wholesalers and retailers to sell his goods. Different media are chosen by each manufacturer according to his product type, nature of distribution channel, and resources at his command. Hence, it is designed for those wholesalers and retailers who can promote and sell the product.

Professional advertising: This is executed by manufacturers and distributors to influence the professionals of a particular trade or business stream. These professionals recommend or prescribe the products of these manufacturers to the ultimate buyer. Manufacturers of these products try to reach these professionals under well-prepared programmes. Doctors, engineers, teachers, purchase professionals, civil contractors and architects are the prime targets of such manufacturers.

Financial advertising: Banks, financial institutions, and corporate firms issue advertisements to collect funds from markets. They publish prospectuses and application forms and place them at those points where the prospective investors can easily spot them.

D) Classification on the basis of desired responses

An ad can either elicit an immediate response from the target customer, or create a favourable image in the mind of that customer. The objectives, in both cases, are different. Thus, we have two types of advertising under this classification.

Direct action advertising: This is done to get immediate responses from customers. Examples: Season's sale, purchase coupons in a magazine.

Indirect action advertising: This type of advertising exercise is carried out to make a positive effect on the mind of the reader or viewer. After getting the advertisement he does not rush to buy the product but he develops a favourable image of the brand in his mind.

Surrogate advertising: This is a new category of advertising. In this type of promotional effort, the marketer promotes a different product. For example: the promotion of Bag piper soda. The firm is promoting Bag piper Whisky, but intentionally shows soda. They know that the audience is quite well aware about the product and they know this fact when the actor states, "Khoob Jamega Rang Jab Mil Baithenge Teen Yaar... Aap... Main, Aur Bag piper").

E) Classification on the basis of the media used in advertisement

The broad classification based on media is as follows:

Audio advertising: It is done through radio, P A systems, auto-rickshaw promotions, and four-wheeler promotions etc.

Visual advertising: It is done through PoP displays, without text catalogues, leaflets, cloth banners, brochures, electronic hoardings, simple hoardings, running hoardings etc. **Audio-visual:** It is done through cinema slides, movies, video clips, TV advertisements, cable TV advertisement etc.

Written advertising: It is done through letters, fax messages, leaflets with text, brochures, articles and documents, space marketing features in newspapers etc.

Internet advertising: The world wide web is used extensively to promote products and services of all genres. For example Bharat Matrimony, www.teleshop.com, www.asianskyshop.com etc.

Verbal advertising: Verbal tools are used to advertise thoughts, products, and services during conferences, seminars, and group discussion sessions. Kinesics also plays an important role in this context.

Advertising Agency and its Functions

Question- What is Advertising Agency? Describe functions of advertising agency.

Answer

Definition of Advertising Agency

According to **American marketing Association**, "An Advertising agency is an independent business organisation composed of creative and business people who develop, prepare and place advertising in advertising media for sellers seeking to find customers for their goods and services."

Advertising Agency is an independent business organisation specialised in advertising related work which undertakes the work of planning, preparing, and executing advertising campaign for its clients. Advertising Agency is a body of expert specialised in advertising. Advertising Agency performs following activities for its clients:

1. **Planning:** Advertising agency studies the product or services of client to identify the inherent qualities in relation to competitor's product or services, analyses competition and marketing environment to formulate advertising plan.
2. **Preparing:** After the study of product, competition, and marketing environment the experts of agency have to write, design, and produce the advertisement, it is also called formulation of ad-copy.
3. **Executing:** Now, media is selected for time or space, ad is delivered to media, checked, verified, and released in media. After ad release payment is done to media and client is billed for the services provided.

Functions of Advertising Agency

Advertising agency performs following functions:

1. **Contacting Clients:** Advertising agency first of all identify and contact firms which are desirous of advertising their products or services. Ad-agency select those firms which are financially sound, make quality products or services, and have efficient management.
2. **Planning Advertisement:** Advertising agency's next function is to plan an ad for its client. For ad planning following tasks are required to be performed by ad-agency:
 - Study of client's product to identify its inherent qualities in relation to competitor's product.
 - Analysis of present and potential market for the product.
 - Study of trade and economic conditions in the market.
 - Study of seasonal demand of the product
 - Study of competition, and competitor's spending on advertising.
 - Knowledge of channels of distribution, their sales, operations, etc.
 - Finally, formulation of advertising plan
3. **Creative Function:** Creative people like-the copywriters, artists, art-directors, graphic-specialists have to perform the creative function which is most important part of all advertising function.
4. **Developing Ad-Copy:** Ad-agency with the help of their writers, artists, designers, animators, graphic-designers, and film-directors prepares and develops Ad-copy.
5. **Approval of Client:** Ad-copy is shown to the client for his approval
6. **Media Selection and scheduling:** It is very important function of ad-agency to select appropriate media for its clients. Ad-agency has to consider various factors like-media cost, media coverage, ad-budget, nature of product, client's needs, targeted customer, and etc while selecting media.
7. **Ad-Execution:** After approval, verification, and required changes, the ad-copy is handed to the media for ad-execution.
8. **Evaluation Function:** After execution, it is the responsibility of ad-agency to evaluate the effectiveness of ad to know how beneficial the ad is for its client.
9. **Marketing Function:** The advertising agency also performs various marketing function like-selecting target audience, designing products, designing packages, determining prices, study of channel of distribution, market research, sales promotion, publicity, etc.
10. **Research Function:** Ad-agency performs various research functions like-research of different media, media cost, media reach, circulation, entry of new media, information regarding ratings, and TRP's of TV programmes, serials.
11. **Accounting Function:** Accounting function of ad-agency includes checking bills, making payments, cash discounts allowed by media, collection of dues from clients, payment to staff, payment to outside professionals like-writers, producers, models, etc.

Conclusion

After the above explanation we can conclude that an advertising agency has to perform all the advertising functions for their clients.

Types of modern Advertising Agency

Question -

Explain advertising agency, and what are the different types of advertising agencies?

Answer-

According to **American marketing Association**, "An Advertising agency is an independent business organisation composed of creative and business people who develop, prepare and place advertising in advertising media for sellers seeking to find customers for their goods and services."

Advertising Agency is an independent business organisation specialised in advertising related work which undertakes the work of planning, preparing, and executing advertising campaign for its clients. Advertising Agency is a body of experts specialised in advertising.

Types of Advertising Agency - Following are the different types of advertising agencies:

1. Full Service Agency
2. Inhouse Agency
3. A Creative boutique
4. Media Buying Service
5. La Carte Agency
6. Special Service Agency
7. Sweet Shops

Full Service Agency - Such Advertising Agencies offer its clients a full range of marketing, communication, and promotion services including research, planning, creating, producing the ad, and selecting media. Full service agency also offers other services like - strategic market planning, sales promotion, direct marketing, package design, public relation, and publicity.

In House Agency - In house Agency is the advertising department of the firm which is responsible for planning and preparation of advertising materials. Big organisations like - Gap, Calvin Klein, Revlon, and etc can manage in house advertising department and can take the advantage of proper coordination and greater control in all phase of advertising and promotion process.

Creative Boutique - Creative boutiques are known for their creative concept development, and artistic services to their clients. Any advertiser wants to infuse greater creativity into the message theme or individual advertisement can approach a creative boutique. Such agency provides only creative services.

Media Buying Services - They are independent companies specialised in media buying. Media Buying service agencies particularly deals in buying radio time and television time.

La Carte Agency - Some advertisers prefer to order a la carte rather than using all the services of an agency. A la carte can be purchased from a full service agency or from an individual firm deals in creative work, media, production, and research.

Special service agency - Some agencies focus on some selected areas, and gain specialisation or expertise in those areas, such agencies collectively are called special service groups.

Sweet shops - Such agencies are small agencies operates only in one city. Small clients who want advertisement in local media like - local cable, banners, posters, pamphlets etc, approaches such agencies.

MBA Notes - Selection of Advertising Agency

Question-

What are the different aspects an advertiser should consider while selecting an advertising agency?

Answer

The Advertiser looks for an advertising agency whose services and expertise meets his requirements. Following factors should be considered while selecting an advertising agency:

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Services offered by Ad-agency - There are different agencies providing different services, some provide all the services, some provide selected services, some provide only media services. It depends on the requirement of advertiser whether he needs a full service agency, creative boutique, media buying service agency, or a sweet shop.

Experience of Agency - An experienced agency performs better than a new agency because it is familiar with different components of marketing environment like competitors' policies, taste of consumer, income of consumer, consumer responses, fashions and trends, reputation of different media etc.

Location - A major factor to be considered while selecting ad-agency is location of office of agency. A considerable amount of communication is required at different levels of ad planning, creation and execution. So, a local or nearby ad-agency should be preferred which is easily accessible.

Size of Agency - There are both large size agencies and small size agencies, both have their own advantages and disadvantages. Large agencies serve big clients, provide a wide variety of services, and charge higher but, cannot give personal attention because of having a large number of clients, also cannot give much attention to small clients because of having a large number of big clients.

Competitors' Agency - Agency which is working for competitors must be avoided otherwise agency will not prepare ads which help the advertiser to take an edge over competition.

Image of Agency - While selecting ad-agency the advertiser should enquire the image, integrity, ethical standards, and relations of agency with its clients.

Creativity and other skills - Ad-agency must be creative enough to generate new ideas to gain the attention of target audience.

Rates Charged by Agency - The rates of agency must suit the pocket of client. Advertisers should select agency whose rates are reasonable and within the ad-budget.

Financial Strength of Agency - A financially strong ad-agency has better turnover and better contacts with media owner, and affords better infrastructure, well-equipped ad labs, and quality staff.

Past Records of Agency - It is necessary to know who were the past clients of agency, how long were they with agency, why they left the agency, brand image of products of clients, etc.

want to put in office. A celebrity often becomes self-branded based on his own personality, while others are molded by public relations firms and agents. In addition to a personal brand, a celebrity might become associated with products bearing his name.

Corporate

Corporate branding is essential for any business that wants to develop a reputation in the marketplace. Everything the company does has an effect on its image. A corporation markets its product or service, its corporate culture, its employees and its contributions to the community. A corporation's branding can become tarnished overnight because of an

