

# BALAJI INSTITUTE OF I.T AND MANAGEMENT KADAPA

ADVERTISING AND SALES  
PROMOTION MANAGEMENT  
(17E00317)

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ICET CODE: BIMK

ASPM MATERIAL

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**Units covered:** 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup> & 5<sup>th</sup> Units

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**(17E00317) ADVERTISING AND SALES PROMOTION MANAGEMENT**

**Objective:** The objective of the course is to provide students with detailed knowledge of some of the marketing mixes such as Sales and Promotion.

1. **Advertising:** Meaning, Role of advertising, types of advertisement, industrial, institutional, retail, trade and professional, marketing mix, Advertising department and advertisement manager.
2. **Organizing for Advertising:** Objectives and functions - Role and functions of advertisement agencies. Advertising agency and services, client agency relationship. Visual layout, art work, production traffic copy, effective use of words, devices to get greater readership interrelation.
3. **Advertisement budgets and effectiveness:** Types, optimal expenditure, decision models, sales response and decay, competitive share, Pre-testing, post testing, experimental designs.
4. **Sales Promotion:** Importance and scope; Need and objectives of sales promotion; Consumer promotion; channel promotion; Timing of sales promotion; Measurement of impact of sales promotion; sales promotion budgeting.
5. **Publicity and public relations:** Scope and importance. Methods of publicity, Power of Publicity, advantages and disadvantages of Publicity, Process of Public Relations-Marketing public relations functions; Public relations officer- role and functions.

**Text Books:**

- Advertising & Promotion: George E.Belch, THM
- Advertising and Promotion- An Integrated Marketing Communication approach, Shimp, Cengage

**References:**

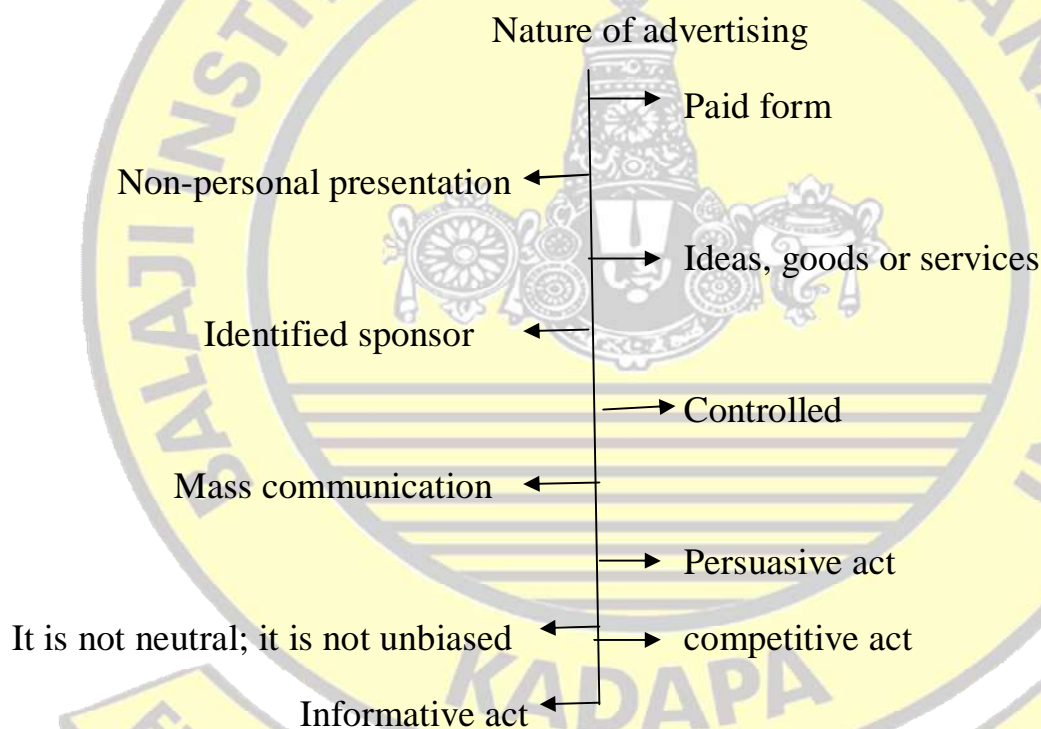
- Integrated Advertising, Promotion and Marketing Communications, Clow, Baack, Pearson.
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- Advertising Management, Jethwaney, Jain, Oxford.
- Contemporary Advertising, Arens, TMH.
- Advertising, Sales and Promotion Management, S.A.Chunawalla, Himalaya.
- Sengupta, Subroto: Brand Positioning, Strategies for Competitive Advantages, Tata McGraw Hill

**UNIT-I****ADVERTISING****1.1 ADVERTISING DEFINITION**

According to American Marketing Association advertising is any paid form of non-personal presentation of ideas, goods or services through an identification sponsor.

**1.1.1 NATURE OF ADVEARTISING**

The nature of advertising are given below

**➤ PAID FORM**

Advertising is an activity it is not a free of cost. It is paid form of presentation of an idea product and service an indirect way such as through the message send through media or communication.



### ➤ **NON-PERSONAL PRESENTATION PROMOTION**

It is an impersonal attempt to present the message regarding product. Advertiser makes convenient to pass the advertising message to the target audience/market. In this promotion and presentation manufactures and consumers are not in personal contact with one another i.e. no direct contact involved between manufactures well as customer.

### **IDEAS GOOD AND SERVICE**

Advertising is not only to promote goods and services to see to the customers. It's also helps in social causes such as discourage smoking, conduct awareness on dangerous diseases and also donate the donations to help poor and also for natural disaster victims.

### ➤ **IDENTIFIED SPONSOR**

Advertising of identified sponsor clarifies the doubt of difference between advertising and propaganda. Advertising and propaganda is to present certain ideas, opinions to influence public actions. In case of advertising sponsor ideas, opinions are known.

### ➤ **CONTROLLED**

The advertiser controls the advertising message through direction. Advertiser says what they want to say by selecting the message through media to the target audience. In case of publicity it is not controlled under advertiser.

### ➤ **MASS COMMUNICATION**

A group of audience can be reached by mass media such as news papers magazines, television, radio and outdoor displays. Through the communication of media multiple message are delivered to thousands of people simultaneously.

### ➤ **PERSUASIVE ACT**

The main feature of advertising is to present and promote the ideas goods or services to achieve the predetermined goals and objectives through the communication.

### ➤ **IT IS NOT NEUTRAL IT IS NOT UNBIASED**

Advertising cannot be said to be neutral or unbiased. All the ads that appear are controlled by the advertiser and also serve the advertiser interest in some way.

### ➤ **COMPETITIVE ACT**

In today's world of business competition is important manufactures want to push their products and services to get maximum profit and satisfies the customers. Competition is mainly focuses on quality and price and also brought to the notice of target audience.

### ➤ **INFORMATIVE ACT**

Each and every advertisement is a piece of information to the listeners, readers and viewers and announces the arrival of new product to explain special features and explain the best use of the product. Information helps the decision of customers to buy the product or not to buy the product.

### **1.1.2 SCOPE OF ADVERTISING**

The scope of advertising is as follows,

#### ➤ **MESSAGE**

Advertising carries a message of the product. The message may be oral or visual. It is designed in a systematic and psychological manner to influence the future customers/new customers.

#### ➤ **MEDIA**

With the help of media large number of advertising with their respective advantages and disadvantages cost and benefits of customer approachment with help of print and electronic media such as news paper, TVs and radio's.

#### ➤ **MERCHANDISE (GOODS)**

The person who brought and sells the products to the customers' is called merchandise. The advertiser should demonstrate the attribute of the product and avoid the criticisms of a similar product of the competitor.

#### ➤ **ADVERTISER**

The advertiser is consider as a core institution of society and also helps the people in understanding merits and demerits of the product. So advertiser controls the message and media to benefits the society. A slight negligence on the part of advertiser should destroy the image of the product.

### ➤ OBJECTIVES

Advertiser has certain objectives such as increase sales, creation of awareness and interest to the customer, introducing a new product these are the objectives which are fulfilled by the advertiser.

### ➤ ACTIVITIES

Advertiser assists the performance of certain activities of the advertiser and sponsor of the product. It also includes some of the activities are mass-communication (media), carrying messages, developing impression and build image of the particular product to the target customers.

### ➤ ART AND SCIENCE

Advertiser considers both art as well as science because both have the sum of some characteristics. It is an art the advertiser create his abilities and effective way of communication.

Advertising is also a science based on a certain socio psychological factor which influences market decision and effective relations are made.

### 1.1.3 OBJECTIVES OF ADVERTISING

The general objectives of advertisement in modern business enterprise are given below.

- To support personal selling program. Advertisement used to open customers doors for sales man.
- To attract a new group of customers.
- Light competition in the market to increase the sale between the companies.
- To enhance the goodwill of the enterprise by promising better quality products and services.
- To improve dealer relations advertising supports the dealers in selling the products. Dealers are attracted towards a product which is advertised effectively.
- To warn the public against limitation of an enterprises products.



### 1.1.4 FUNCTIONS OF ADVERTISING

The main functions of advertising is as follows,

➤ **COMMUNICATION WITH CONSUMERS**

The main function of advertising is to communicate with consumer's area to increase the sale of products and services and economy expands, the manufacturer should get profits.

➤ **CONTRIBUTION TO ECONOMIC GROWTH**

Advertising contributes to economic growth to expand the market and market segments for new products. Company invests in research and development to develop a new product and how to increase their purchasing sales.

➤ **PERSUASION (INFLUENCE)**

Advertising is to influence the opinion of the customers to buy a product/service. The planned persuasion is to agree the customers to purchase our products in a satisfaction manner.

➤ **CATALIST FOR CHANGE**

Creativity in advertising leads to the discovery of new relationships can change the perception. The originality of message communicated and eventual effect on consumer's standard of living. The ability of changes can from originality innovation and imagination of advertising.

➤ **STIMULATES DEMAND**

Inform the consumers about the availability of product in the market. The general agreement of advertising has some effect on aggregate consumption.

➤ **DEVELOPS BRAND PREFERENCE**

Advertising develops brand preference of the product for brand trail. The products delivered the quality, service and value these should satisfy the customers. The satisfied customers develop the brand preference with strong brand preference.

**➤ REDUCES COSTS**

Advertising is the instrumental in production and selling costs these by increasing unit sales decreases unit costs. By using advertising we should reduce the cost of the product for remove stain on the sales persons.

**➤ LOWER PRICES**

In competitive economy the unit cost of product goes down it will effect on both internal and external factors. Then the companies should decrease the prices and it is advantage to the customers.

**➤ BUILD BRAND IMAGE**

Advertising plays an important role in building the brand image of the products. Consumers develop mental images of brand that may appeal to the different market segments. If helps in building brand loyalty.

**➤ COMPETITIVE WEAPON**

Advertising is a competitive weapon it builds a brand image and creates a value to the product for promotion. It helps to differentiate a company's offer having the unique value having a definite identity.

**➤ INNOVATION**

Advertising encourages the innovation of the new product development. Advertising generate the product demand to attract the large number of customers and encourage the competition of the product in marketing.

**➤ GROWTH OF MEDIA**

Advertising plays a crucial role to the growth of media for raising the revenues. This may help in introducing more publications and it will lead to the expansion of media.



## 1.2 ROLE OF ADVEARTISING IN ECONOMY

Advertising plays a crucial role in developing the economy of the country is as follows

### ➤ EFFECT ON PRODUCTION COST, DISTRIBUTION COST AND PRICE

Advertising effects on production cost, distribution cost and prices are discussed below

#### ➤ EFFECT ON PRODUCTION COST

Advertising creates demand and expand market size for the product. Production results various economies such as better utilize of expenses, availability of good quality raw material at lower prices, availability of better machinery. These results the cost of production.

#### ➤ EFFECT ON DISTRIBUTION COST

Advertising costs is a part of selling and distribution cost spending higher amounts on advertising increases distribution cost for distributing the products and services to the consumers. Less selling efforts are required by the salesman, personal selling's is required. Then the sales are increased and distribution cost comes down.

#### ➤ EFFECT ON PRICE

Advertising is used to reduce the prices. Advertising results in reduction on production cost and distribution cost. So advertising increases the market share and attracting the customers, and reduce the advertiser prices. It is also helped in reducing he prices of the competitor's products.

#### ➤ EFFECT ON DEMAND

In case of new products, advertising creates the demand and educating the audience regarding creates the demand and educating the audience regarding the usage of the product. The old products emotional appeals. So advertising creates additional demand by attracting the new customers with replacement of existing customers.

#### ➤ EFFECT ON COMPETITION

Advertising promotes competition among different brands of the same product. The company offering good quality products at reasonable price in the competition. When one advertiser launches the schemes and offers other advertisers follows the same. It also promotes consumer choice.

### ➤ EFFECT ON CONSUMER CHOICE

Advertising has favorable effect on consumer choice. Advertising gives information about various brands, products available in the market their features price, place and availabilities etc. Consumer can make comparative study of all such choices to purchase suitable products.

### ➤ EFFECT ON BUSINESS CYCLES

Advertising helps in reducing the extent of business cycle. In period of recession advertisers increase their ad-expenditure to revert their falling sales. In boom period advertisers decrease their ad-expenditure and they sell their entire production with less advertising efforts. More advertising is required in recession period and less advertisements in boom period to increase the sales.

### ➤ EFFECT ON NATIONAL INCOME

Advertising promotes demand increases productive and industrial activities promote growth in agriculture growth in service sector increase exports etc. All this results in increase in national income also promotes the standard of living of customers. But advertising creates demand promote new products expand markets promotes production and thus results in increase of national income.

### ➤ CREATION OF UTILITY

Advertising creates time place and perception utility. In case of seasonal products it creates time utility. In case of off-seasonal products it creates demand utilities. In case of earlier products sold it creates the utilities demand. In case of perception utility it creates positive image of product in the minds of audience.

### ➤ EFFECT ON EMPLOYEMENT

Advertising has created both direct and indirect employment to various persons in the society. Now -a- day advertising is a big industry. It provides employment to persons in various jobs like copywriter artists, graphic designers, painter, models, music, actors, etc. At present lakhs of people working in advertising industry.

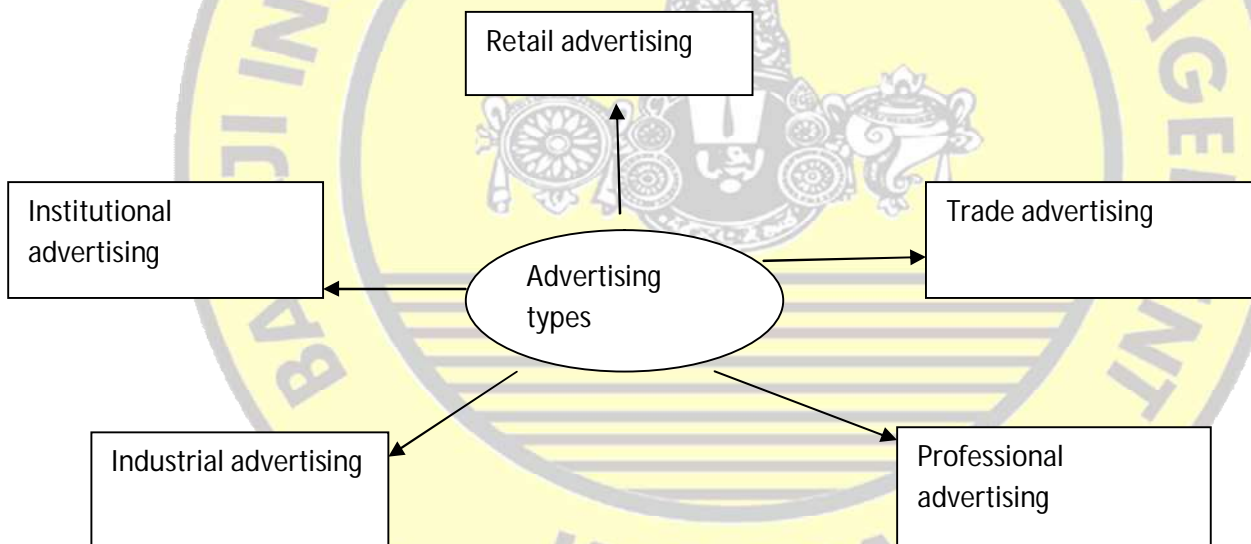
### ➤ EFFECT ON PRODUCT QUALITY

Advertising promotes competition and every advertiser wants to be touched in the competition. Advertising knows that for long term success in business and for effective advertising special a lot of resources on research and development work to improve product quality.

### ➤ EFFECT ON STANDARD OF LIVING

Advertising effect on standard of living of customers. Result in price reduction. In this advertising satisfies the all levels of customers in the competitions satisfied with the products designed with good quality of the products.

## 1.3 TYPES OF ADVERTISING



## 1.4 INDUSTRIAL ADVERTISING / BUSINESS TO BUSINESS ADVERTISING

Industrial executives have little confidence in advertising. If the company promotes his goods out of fear their competitors may benefit if this stop the advertising efforts. The task of the industrial advertiser is complicated by the multiple buying process, derive demand.



**OBJECTIVES**

- To inform
- To bring order
- To raise queries
- To provide support for the salesman
- To reduce selling costs
- To establish the recognition of the product.
- To motivate distributors they change the company's image.
- To change buyers attitude
- These are the basic objectives that increase the benefits of the buyers to help in benefits of non-monetary objectives.

**MEDIA OF INDUSTRIAL ADVERTISING****TRADE PUBLICATIONS**

Trade publications are classified into either horizontal or vertical. Horizontal publications are directed to people who hold similar jobs indifferent companies across different jobs.

**DIRECTORY ADVERTISING**

Every state has an industrial directory and these are also a number of private ones. One of the most popular directors is newyork based Thomas registers.

**CONSUMER MEDIA**

Sometime advertising of business in consumer magazines is the hope of build brand recognition. Consumer advertising is also used to influence consumers to pull the brand through the channel at the stores.

## WEB ADVERTISING

Internet is a key factor for B2B advertising. Company websites allow business people/elements to view product lights place orders check price and availability most people websites is FedEx's site.

## DIRECT MARKETING

Business advertisers uses direct marketing such as direct marketing vehicle direct mails send to customers data sheets etc. these are used to share the information about the product price and availability in market.

## INSTITUTIONAL/CORPORATE ADVERTISING

- The object of institutional advertising is to build manufactures reputation in the minds of the public in general.
- The advertising message is direct to tell about the company its people contribution in promoting social welfare activates promoting consumer satisfaction and achievements economic progress of the company.
- They create good image of the company can run in long run process. The company strength goes up with the enhancement of corporate image it is easier that the company launch a new product is the market.
- These are useful for research and development of the firm network distribution products and services offered by the firm social programs under taken by firm.

## OBJECTIVE

The objectives of the institutional or corporate advertising are

- To make the company known
- To make its product / services known
- To make its achievements known
- To make its values known
- To make socio-political economic, moral statements.

These are the objectives involved in institutional advertising to develop the brand image and increase the sales in the organization.

## **MEDIA FOR INSTITUTIONAL ADVERTISING**

### **TELEVISION**

Television is one of the leading advertising media. Television advertising can be classified into network, national, local and cable ads. Most of the audience should use the television in national local and network cables to develop the brand of the product.

### **NEWS PAPER**

News paper is also one of the media for institutional advertising. Some of the customer is motivated to listing the voice in the radio to the particular advisable in radio. It also promotes the goods as well as create image in the competition market.

### **MAGAZINES**

Some journals time reader-digest sports are the consumer magazines. In magazines also they promote their goals and services.

### **DIRECT MAIL**

Thorough sending of direct mails also we can motivate the customers regarding our brand building and promoting goods and services.

## **1.5 RETAIL ADVERTISING**

Retail advertising is the advertising by retailers who usually sell goods direct to the customers. The main aim of the retailer is to create awareness of different retail products and directly target the customers. It is also help the retailer effectively research their products to the existing customers and also new ones.

### **OBJECTS**

- To sell the stock
- To establish the identify of business
- To attract personal telephone or mail order shoppers.



Retail advertising is done through window displays posters leaflets.

## **MEDIA/METHODS OF RETAIL ADVERTISING**

### **PRINT ADVERTISING**

Such as newspapers and magazines flash their advertisement in daily and weekly magazines to promote the goods and services and also builds the image.

### **BROADCAST**

Broad cast commercially such as TV's radios ads for the targeting customers through the communication channel of broad casting the advertisement.

### **INTERNET**

Using internet also they promote the goods and services to entire awareness on products to the customers. Here some offers and coupons and also available in the websites.

### **STORE ADVERTISING**

In store advertising such as window displays, banners, posters, and special in-store displays.

### **1.6 TRADE ADVERTISING**

Trade advertising is the combination of both retailer and wholesaler. Retailers are mainly target to the customers directly. Whereas wholesales are generally not advertising minded, either for themselves or for their suppliers. They need for the developing on overall promotional strategy.

### **OBJECTIVES**

- Encourage the retailers to stock up the product.
- To encourage higher sales and more profits.
- It will be a part of the total advertising campaign.
- Consumers advertisers aim is to convince the customers and consumer about the benefits gained from buying the product.
- It supports distribution for increasing sales.

**MEDIA / CHANNEL****TRADE PUBLICATIONS**

Trade advertisers use trade publications because they reach the highly target audience/customers through either horizontal or vertical publications.

**DIRECT MAIL**

Direct mail to the trade audience carries directly sends the information to the customers

**TRADE SHOWS**

By conducting trade fairs and trade exhibition we can create awareness on the products to the customers.

**INTERNET**

Through internet by using banner ads in the internet and information in the websites use for the consumers and build brand in the mind of customers.

**1.7 PROFESSIONAL ADVERTISING**

Advertising aimed at teachers, accountants, doctors, dentists, architects, engineers, lawyers, these are called professional advertising and appear in official publications of professional societies. They have the own business licensed operate a code of ethics called professional advertising.

**OBJECTIVES**

- To convince professional people to buy items by brand name for use in their work
- To encourage professionals to recommend a specific products to their clients
- To convince the person to use the product personally.

## **CHANNEL FOR PREFESSIONAL ADVERTISING**

### **PROFESSIONAL JOURNALS**

A professional journals or professional magazine is a collection of article and images about topics of applied science and professional news items. In this we can give the advertisement on the respect fields of their profession.

### **DIRECT MAIL**

Direct mail encompasses of wide variety of marketing materials including brouchers catalogues, postcards newsletters and sales letters and is also sending a direct mail is flexible to the customers.

### **MASS MEDIA**

In this mass media a large number of audiences should take place to broadcast media incase of TV's radio, newspapers, and magazines. It create a modern culture and pass the messages promote the goods and sense of the customers.

## **1.8 ROLE OF ADVERTISING IN MARKETING MIX**

Marketing mix consist of four important areas of marketing i.e. 4Ps-product, price, promotion and place. Apart from the traditional 4 Ps there are also other variables, i.e. purchasing, position, and pace.

Advertising is an element of promotion. However it not only assists in promoting the product but also affects the other variables of marketing mix. This can be explained as follows.

### **1. ADVERTISING AND PRODUCT**

A product is normally a set of physical elements such as quality, shape, size, colour and other features. The product may be of very high quality. At times the product is so designed that it requires careful handling and operations. Buyer's must be informed and educated on the various aspects of the product.

### **2. ADVERTISING AND PRICE**

The price is the exchange value of the product. A marketer may bring out a very high quality product with additional features as compared to competitors. In such a case, price



would be definitely high. But buyers may not be willing to pay a high price would be definitely high. Here comes advertising. Advertising can convince buyers regarding the superiority of the brand and thus its value for money. This can be done by associating the product with prestigious people situations or events. Alternatively when a firm offers a low price products the job of advertising needs to stress the price advantages by using hard hitting copy. It is not just enough to convince but it is desirable to persuade the buyer.

### **3. ADVERTISING THE PLACE**

Place refers to physical distribution and the stores where the goods are available marketer should see to it that the goods are available at the convenient place and that too at the right time when the buyers need it. To facilitate effective distribution and expansion of market advertising is of great significance. Thus advertising do help ineffective distribution and market expansions.

### **4. ADVERTISING AND PROMOTION**

Promotion consists of advertising publicity, personal selling and sales promotion technique. Businessmen today have to face a lot of competition. Every seller needs effective promotion to survive and succeed in this competitive business world. Advertising can play a significant role to put forward the claim of seller, and to counter the claims of competitor. Through effective sellers can faces competition and also help to develop brand image and brand loyalty.

### **5. ADVERTISING AND PACE**

Pace refers to the speed in marketing decisions and actions. It involves among other things the launch of new products or brand variations at greater speed than before. As and when new brands area launched, advertising plays an important role of informing, educating and persuading the customers to buy the product.

### **6. ADVERTISING AND PACKAGING**

The main purpose of packaging is protection of the product during transit, and preservation of quality and quantity. Nowadays marketers take lot of efforts to develop and design attractive packaging as they carry advertising value. A creatively design packaging attract the attention of the customers to buy the product.

## 7. ADVERTISING AND POSITIONING

Product positioning aims at creating and maintaining a distinct image of the brands in the minds of the customers. Through advertising the marketer can convey the positioning of the brand and accordingly can influence the buying decision of the target audience.

### 1.9 ADVERTISING MANAGER/ADVERTISEMENT MANAGER

#### DEFINATION

- An advertising manager is someone who plans and directs the promotional and advertising campaigns of companies in order to generate in a production or server.
- Advertisement department is headed by the advertising manager. He is accountable/responsible to the marketing managers and to the directors coordinating the work with marketing production, finance department etc.

#### 1.9.1 ROLE OF ADVERTISING MANAGER IN FIRMS

##### ➤ PLANNING AND BUDGETTING

The advertisement department is responsible for developing advertising and prompting the plans will be approved by manager based on the overall marketing plan, objective and budget. The final decisions for allocating the budget are made by top management.

##### ➤ ADMINISTRATION AND EXECUTION

The manager must organize the advertising department and supervise the control of the activities. The manager also supervises the executive of the plan by the advertising agency.

##### ➤ COORDINATION WITH OTHER DEPARTMENTS

The manager must coordinate with other department's activities particularly involving on other marketing functions. The advertising department must communicate with marketing research and sales department to determine product features. The advertising department also responsible for sales promotion.

##### ➤ CO-ORDINATION WITH OUTSIDE AGENCIES AND SERVICES

Many companies have an advertising department but still it may use outside services. The department acts as interface between the company and the outside service provider. Once

outside service are remembered the manager will work with other marketing manager coordinating their efforts and calculate their performance.

### ➤ SKILL NEEDED FOR THE MANAGERS

The manager must follow the skill offered by the advertising manager is as follows,

- Communication skills
- Organization skills
- Budgeting skills and
- Computer skills

### ➤ IMPORTANCE OF ADVERTISEMENT MANAGER

- Act as a leader – advertising manager lead the firm advertising and promotional campaign.
- Generate promotional idea – advertising manager creates the campaign by generating ideas and developing plans
- Work with connection – advertising manager works with connection / communicating with group of services with agency that develops the firms.

## 1.10 ADVERTISING DEPARTMENT

### DEFINITION

Advertising department is a department within the company that act as a facilitator / interface between the outside vendors/ sellers and internal management.

### OBJECTIVES

- To prepare the advertising budget for a definite period of time
- To develop the advertisement
- To make the advertising plan based on the marketing plan
- To conduct marketing research regarding product, consumers and competitors etc.



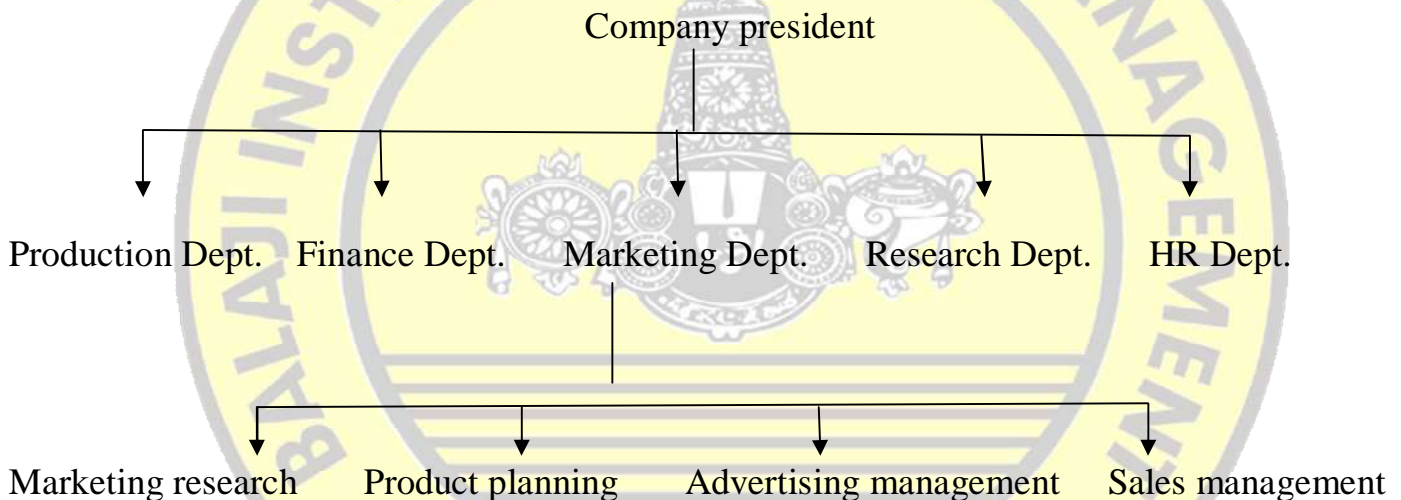
- To monitor/observe the public relations

## STRUCTURE OF ADVERTISING DEPARTMENT

The advertising department has 2 types of structure centralized system and decentralized system.

### ➤ CENTRALISED SYSTEM

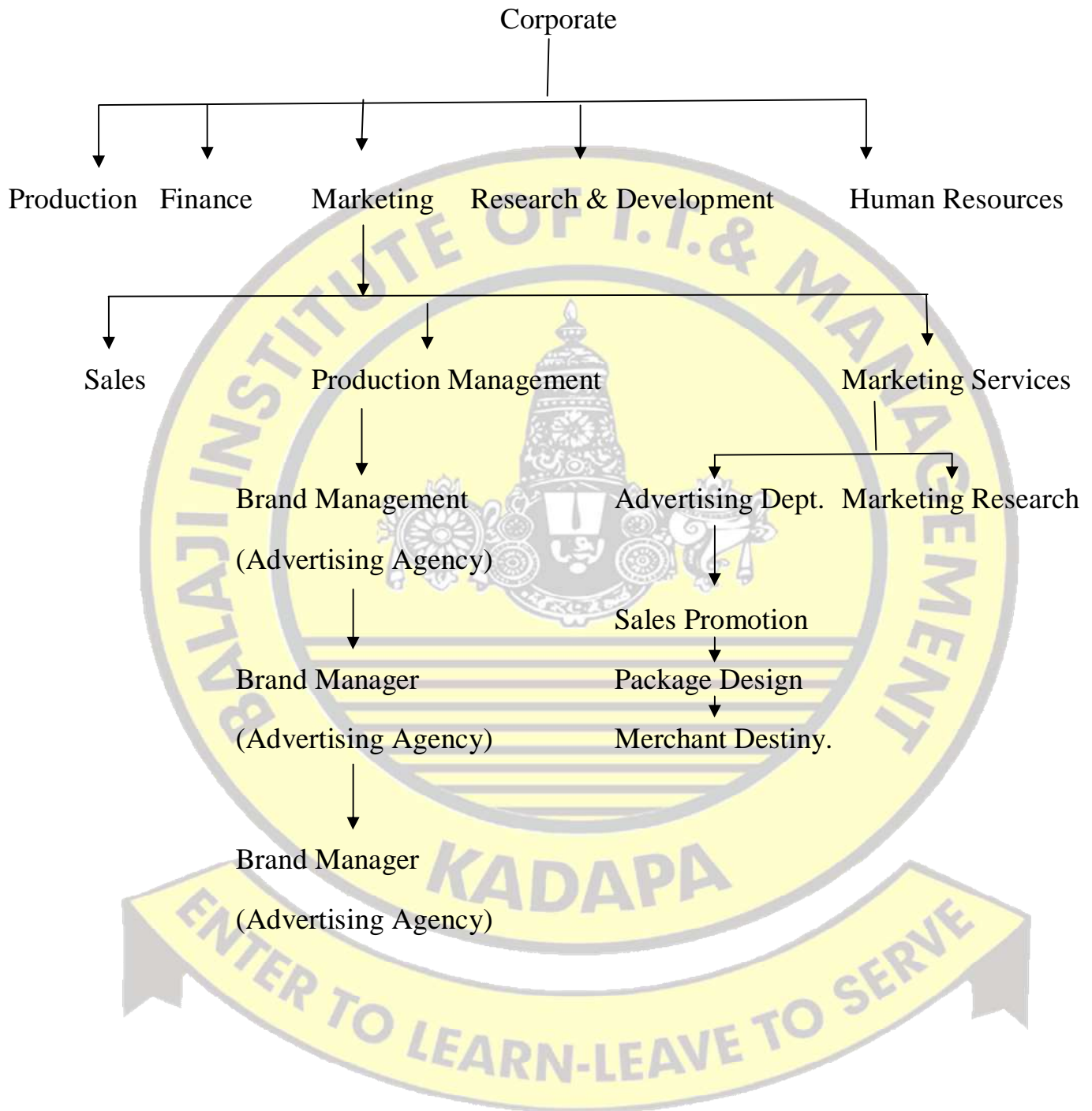
In centralized system the marketing activities in some companies are divided with functional areas such as advertising and sales management, marketing research and product planning.



### ➤ DE-CENTRALISED SYSTEM

De centralized system has large corporations with multiple divisions and different products. It is very difficult to manage the advertising promotional and other functions in the centralized department. These types of companies generally have a de centralized system with separate manufacturing research and development sales and marketing departments for various divisions and various businesses.

The advertising department is a part of marketing services and provides support for the brand mangers. The role of marketing services is to assist the brand managers in planning and coordinating the integrated marketing communications programs.



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**UNIT-2****ORGANIZING FOR ADVERTISING****INTRODUCTION:****ADVERTISING AGENCY**

An ad agency has a vital role to play. It converts the goals of the client into creative work which is carried by the media so as to reach the target audience. There are hundreds of agencies in India. Most of them are located in the four metros, Mumbai, Chennai, Kolkata and Delhi. Mumbai is the Mecca of Indian advertising industry, where most of the bigger agencies are located. Advertising agencies have now spread to emerging metros like Bangalore, Hyderabad, Pune, Ahmadabad, etc.

**2.1 OBJECTIVES & FUNCTIONS:**

A number of advertisers, including heavy spenders. Look for specific high quality services agencies and do not want to contract a full-service agency

➤ **MEDIA BUYING SERVICES:**

These are independent agencies specializing in media buying services and have been experiencing strong growth. The advertising media buying has become complex with the increase in specialized media. Clients and ad agencies generally develop their own media strategies and contract media buying services to execute them. Agencies offering this service buy large chunks of space and time, receiving large discounts. And save money for clients and small ad agencies on media purchases. For the service rendered, they are paid a commission or fee buy agency or the advertiser.

➤ **CREATIVE BOUTIQUES:**

Such an agency provides only creative services. These creative boutiques have grown in response to advertisers' desire to use only the high quality creative talent of an outside service provider and rest of the functions are completed within the advertiser's organization. Many full-service agencies too, subcontract work to creative boutiques when they want to avoid increasing full-time employees or are very busy. These boutiques usually work on an agreed fee basis. Creative department people leaving the agencies start such boutiques and carry with them some of the agency's clients who want to retain their creative talent.

➤ **EVENT MANAGEMENT SERVICES:**

These service providers specialize in planning, organizing and managing events on behalf of marketers and brands.

➤ **PUBLIC RELATIONS SERVICES:**

Public relations agencies advise marketers about how to manage their relationships with various target groups and build company image and earn their trust in the company. They manage favorable publicity for creating visibility for a brand.

➤ **DESIGN STUDIOS:**

These firms specialize in offering graphic design services for brands, corporate identity materials, and packaging etc.

➤ **WEBSITE DESIGN SERVICES:**

These firms specialize in designing website and online advertising.

➤ **PRODUCTION HOUSES:**

These firms act as suppliers of artists, photographers, producers, film, directors, costume designers, and music producers to advertising agencies.

➤ **RESEARCH COMPANIES:**

These research firms conduct market and consumer research, test ad messages and advertising effectiveness.

## **2.2 OBJECTIVES AND FUNCTIONS:**

### **ADVERTISING AGENCY**

An advertising agency often referred to as a creative agency is a business dedicated to creating, planning, and handling advertising and sometimes other forms to promotion and marketing for its clients.

**OBJECTIVES OF ADVERTISING AGENCY**

- Customer satisfaction
- Positive image
- Social responsibility
- Continuous improvement
- Explanation

**CONSUMER SATISFACTION**

It is a measure of how products and services supplied by a company meet or surpass customer expectation. Customer satisfaction is defined as the number of customer or percentage of total customers, who's reported experience with a firm its productions or its services, exceeds specified satisfaction goals.

**POSITIVE IMAGE**

Self-image is how you perceive yourself. This self-image can be very positive, giving a person confidence in their thoughts and actions, or negative, making a person doubtful of their capabilities and ideas.

**SOCIAL RESPONSIBILITY**

Social responsibility is the idea that business should balanced profit-making activities with activities with activities that benefit society. It involves developing business with a positive relationship to the society in which they operate.

**CONTINUOUS IMPROVEMENT**

A continual improvement process also often called a continuous improvement process is an ongoing effort to improve products services, or processes.

**EXPANSION**

Expansion is the process of becoming greater in size, number or amount.

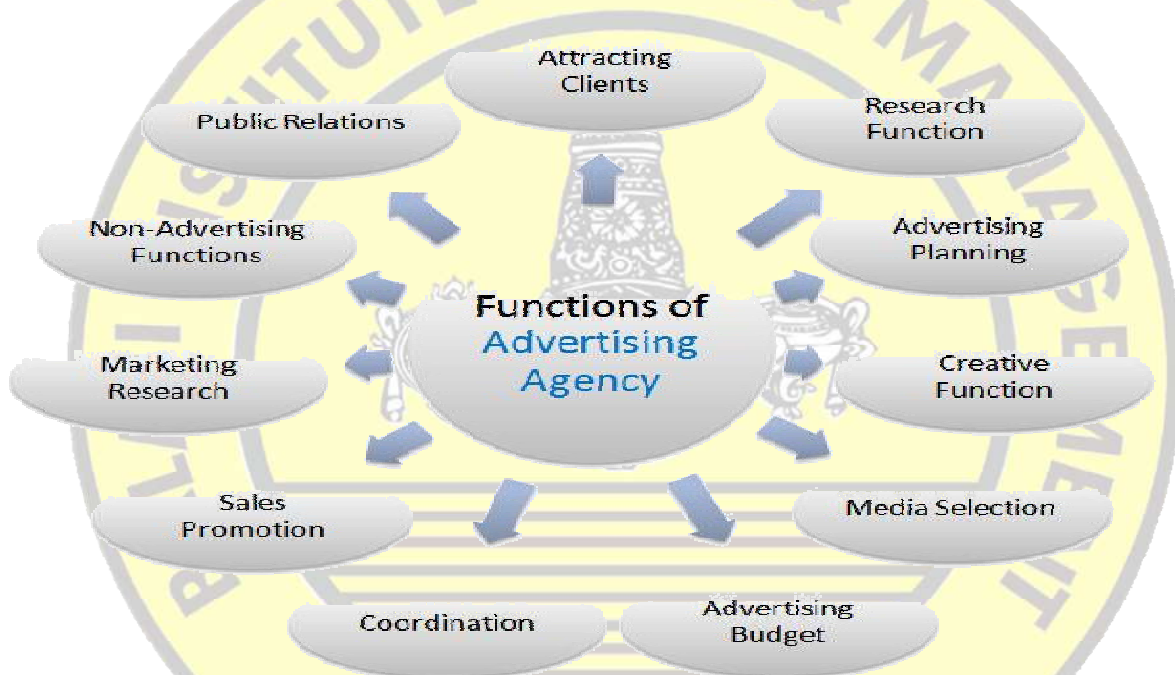
OR



An increasing, in size, volume or quality, usually due to heating. When substances are heated, the molecular bonds between their particles are weakened, and the particles move faster, causing the substance to expand.

### 2.3 ROLE & FUNCTIONS OF ADVERTISING AGENCY:

Advertising agency performs following function



#### 1. Contacting Clients:

Advertising agency first of all identify and contact firms which are desirous of advertising their product or services. Ad-agency selects those firms which are financially sound, makes quality products or services, and have efficient management.

#### 2. Planning Advertisement:

Advertising agency's next function is to plan 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.

- d) Study of seasonal demand of the product
- e) Study of competition and competitor's spending on advertising.
- f) Knowledge of channels of distribution, their sales, operations, etc.
- g) 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.

## **2.4 ADVERTISING AGENCY AND SERVICES:**

### **Skills & Services Offered By Advertising Agency**

#### **1. ACCOUNT SERVICES**

Account services or account management are the link between the advertising agency and its clients. Depending on the size of the client and its advertising budget, one or more account executives serve as liaison. The account executive is responsible for understanding the advertiser's marketing and promotions needs and interpreting them to agency personnel. He or she coordinates agency efforts in planning creating, and producing ads. The account executive also presents agency recommendations and obtains client approval.

#### **2. MARKETING SERVICES**

Over the past two decades use of marketing services has increased dramatically. One service gaining increased attention is research as agencies realize that to communicate effectively with their clients customers they must have a good understanding of the target audience. The advertising planning process begins with a thorough situation analysis which is based on research and information about the target audience.

#### **3. RESEARCH SERVICES**

Most full-service agencies maintain a research department whose function is to gather analyze and interpret information that will be useful in developing advertising for their clients. This can be useful in developing advertising for their clients. This can be done through primary research-where a study is designed executed and interpreted by the research department-or through the use of secondary sources of information. Sometimes the research department acquires studies conducted by independent syndicated research firms or consultants. The research staff then interprets these reports and passes on the information to other agency personnel working on that account.



#### **4. MEDIA SERVICES**

Department of an agency analyses selects and contracts for space or time in the media that will be used to deliver the clients advertising message. The media department is expected effectively communicate the message. Since most of the clients advertising budget is spent on media time and/or the clients department must develop a plan that both communicates with the right audience and is cost-effective.

#### **5. CREATIVE SERVICES**

To a large extent the success of an agency depends on the creative service department to which is responsible for the creation and execution of the advertisement. The creative specialist is known as copywriters. They are the ones who conceive the ideas for the ads and write the headlines, subheads, and body copy. They are also involved determining the theme or basic appeal of the advertising campaign and often prepare the rough layout of the advertising or story board for TV commercials.

#### **6. MEDIA BUYING SERVICES**

Media buying services are independent companies that specialize in the buying of media, particularly radio and television time. The task of purchasing advertising media has grown more complex as specialized media proliferate so media buying services have found a niche by specializing and hire the buying service to execute them. Some media buying services do help advertisers plan their media strategies.

#### **7. SPECIAL SERVICES**

Some agencies focus their efforts only in some selected areas and then become specialists in those areas. There is great multiplicity of firms whose objective is to provide advertisers, advertising agencies and the advertising media with a host of specialized services. These firms collectively are called special service groups and they are by far the least known component of the advertising industry.

**For example-** if any agency is specializing in direct response advertising either in media or direct mail knowledge of their availability and function is vital if the structure of the advertising business is to be fully understood.

#### **8. DIRECT RESPONSE SERVICES**

Direct response agencies deal with companies or advertisers involved in direct marketing of their products and services through telemarketing direct mail etc. Companies dealing with magazine subscriptions business travel package tours, credit cards, savings and investment, use direct response techniques. A direct response agency has four main department, viz., account management, creative, media and database department.

#### **9. SALES PROMOTION SERVICES**

Sales promotion agencies look after activities involved in sales promotions. Stiff competition has made companies promote their goods in the best possible way. As sales promotion started becoming complex, companies realized the need for planning and organizing them systematically. As these agencies have experienced in handling the activities in the market, companies prefer to use their services for greater efficiency.

## 10.SPONSORSHIP SERVICES

Some companies use sponsorship of events to increase their visibility. Companies increase their exposure to the audience of the event by associating with that event. Companies also sponsor sports events like cricket matches, football matches, racing, awards functions etc. The sponsorship agency maintains the relationship between the sponsors and the event management company in a mutual manner. The agency also takes care of making and distribution promotional material organizing prizes and the presentation ceremony.

### 2.5 CLIENT AGENCY RELATIONSHIPS:

Client-agency relationship means relationship between advertiser and ad-agency. Cordial relationship with full trust and confidence is must to get maximum from ad agency and agency can also work with free hand. Certain basic principles have been evolved by the experts of advertising management to have sound relations between the agency and the media that help client and media to have long ending business relations to reap the benefits of continuous relations.



These are pointed as:

1. **Agency and the Clients:** Advertising agency is known for selling professional services to the clients. There cannot be any hard and fast rules for arriving at working agreement between the two because each ADVERTISING agency and its clients are unique working under their own set of circumstances and conditions

2). **Commitment:** Every advertiser expects that the agency he engages refrains from accepting advertising work for his competitors. It is equally true that the advertiser shall not engage any other agency without the prior consent of the agency.

3). **Prior Approval:** The advertising agency is to get the prior approval for all the advertising work on the basis of client feedback and for all the expenses connected with the advertising. It is of crucial importance because; it is a matter of money spending and commitment.

4) **Payment:** In accordance with the agency contract with the media, the client is to pay the agency at the media's published rates and the agency, has the right to retain its commission allowed by the media. Any concession extended by the media is to be passed on to the client.

5) **Mutual Trust and Confidence:** There should be an attitude of mutual confidence and trust. The agency should be allowed to participate in planning and there should be no interference in its executive. The company should have the freedom to contribute creative ideas to the agency and the latter should accept them with due changes and considerations.

## 2.6 VISUAL LAYOUT:

### ELEMENTS OF A LAYOUT

An advertising copy is the means by which the advertiser's ideas are given expression to in a message to reduce. Regardless of its length and brevity copy refers to all the reading matters of an advertisement including the headlines sub-headings text or body and the name of the firm or the standard in fields of the.

As we have seen that advertising has so many immediate purposes but its ultimate goal is to stimulate sales. As a reader turns the pages of a magazine or newspaper, he notices so many advertisements but a great variation in copy. Some copy may be so sticking that the reader takes immediate action and rush to the nearest dealer to purchase it while there may be some other copy or copies that he does not like or it does not click to his mind. The first copy conforms to the requisites of a good copy. A copywriter must take pains in making up a sound advertisement copy containing its various components i.e. headlines subhead lines, illustrations etc. The following are the main components of an advertisement copy

1. Back ground
2. Border
3. Caption
4. Coupon



5. Decoration
6. Heading
7. Illustration
8. Mascot
9. Name plate
10. Price
11. Product
12. Slogan
13. Space
14. Sub-heading
15. Text
16. Trademark

### **1. BACK GROUND**

The background for the advertisements should be somewhat catchy and colorful. The arrangement of background differs from medium to medium and advertisement to advertisement. In short background should be suitable for the contents of the advertisement.

### **2. BORDER**

It is defined as the frame of the advertisement. Border is employed to impart the reading atmosphere. The border may be light or heavy obvious plan or fanciful. The border may also contain a logo.

### **3. CAPTION**

It refers to the subtitle. But in most of the advertisement it is converted into heading or sub-heading.

### **4. COUPON**

Coupon is that part of the advertisement which is intended for the convenience of the prospective customer in communicating with the advertiser. The coupon must contain the name and full postal address of the firm followed by the offer. The offer should be brief and clear. There should be space for name and address of the prospective customer. The usual shape of the coupon is triangular or rectangular.

### **5. DECORATION**

Advertisement decoration is the ornament of the advertisement. This is done to emphasize the advertisement message.

### **6. HEADING**

The heading or headline is defined as the title of the advertisement. The words in the heading should be short.

## **7. ILLUSTRATION**

Illustration is the part of layout that pictures the basic theme of the advertisement. It has the power to capture the attention of the reader. The advertisement becomes richer by the use of illustrations.

## **8. MASCOT**

It is known as the trade character or trade figure. It is an illustration of either a real or an imaginary figure or personality given in the advertisement.

## **9. NAME PLATE (LOGO)**

The name plate or name block is the signature of the advertiser. It represents the personality of the company and its product.

## **10.PRICE**

It is another part of layout. The price of the product should be featured clearly. The price is usually taken in the concluding lines of the copy.

## **11.PRODUCT**

It refers to the representation of the product offered for sale. A very popular practice is to show the product in use with illustrations.

## **12.SLOGAN**

Slogan is a sales argument. The arrangement of slogan in the layout is determined by the importance of its relation to the advertising message.

## **13.SPACE**

Space refers to the entire space left in the space hired by the advertiser. This depends on the design of the copy.

## **14.SUB HEADING**

It is a secondary heading. It is given to support the heading or to pick out the various selling points given in the text.

## **15.TEXT**

Text or body of the advertisement refers to the general reading matter. It is the subject matter of the copy. It should be neither too wide nor too narrow.

## **16.TRADE MARK**

It is a word or design by which a product is defined. If the trademarks are registered it can be included in the layout.

## **2.7 ARTWORK: AD ILLUSTRATIONS**

## INTRODUCTION

Advertisers are periodically called upon to decide whether or not their campaigns shall be illustrated. The most ardent supporters of pictures in advertising will admit that occasions arise and peculiar conditions develop which call for all type display. Both advertising and illustration share a common goal to persuade the viewer. Advertising is communication designed to convey a commercial political or ideological message.

Illustrations are graphic images that clarify text, direct the viewer's eye, and create an international lasting immersion. Illustration in advertising is referred to as art work. In that sense all illustration art is by definition advertising. It advertises and enhances the message of the text it accompanies and persuades the viewer to read the text. Both advertising text and editorial text can use illustration art to catch and direct the eye and create emotional context.

### ➤ OBJECTIVES OF ARTWORK

There are several specific strategic purposes for artwork which can greatly increase the chances of effective communication. The basic objectives of an artwork are following as,

#### **ATTRACT THE ATTENTION OF THE TARGET AUDIENCE**

One of the primary roles of an artwork is to attract and hold attention. With all the advertising clutter out there today this is not an easy task. In some advertising situations (for example the very early stages of a new a product launch or very low involvement repeat purpose items) just being noticed by consumers may almost be enough. In most cases however being noticed is a necessary but not sufficient goal. An artwork is made to communicate with a particular target audience and generally must support other components of the ad to achieve the intended communication impact.

#### **MAKE THE BRAND HEROIC**

One traditional role of art direction is to make the brand heroic. Very often this is done by the manner in which the brand is presented via illustration. Visual techniques such as back lighting, low angel shots and dramatic use of color can communicate heroic proportions and qualities.

#### **COMMUNICATE PRODUCT FEATURES OR BENEFITS**



Perhaps the most straightforward artwork is one that simply displays brand features benefits or both. Even though a print ad is static the product can be shown in use through an action scene or even through a series of illustration. The benefits of product use can be demonstrated with before and after shots or by demonstrating the result of having used the product.

### **CREATE A MOOD FEELING OR IMAGE**

Brand image is projected through artwork/illustration. The myriad of ways this is done is beyond enumeration but the illustration interacts with the packaging associated brand imagery (for example, the brand logo), and evoked feelings which all contribute. The mood of an ad can help this along. Whether these goals are achieved with a print ad depends on the technical execution of the illustration. The lighting color tone and texture of the artwork can have a huge impact.

### **STIMULATE READING OF THE BODY COPY**

Just as a headline can stimulate examination of the art work the artwork can stimulate reading of the body copy. Since body copy generally carries the essential selling message any tactic that encourages reading is useful. Artwork can create curiosity and interest in readers. To satisfy that curiosity readers may proceed to the body copy for clarification.

### **CREATE THE DESIRED SOCIAL CONTEXT FOR THE BRAND**

Advertisers need to associate or situate their brand within a type of social setting thereby linking with certain types of people and certain lifestyles. Establishing desired social contexts is probably the most important function of modern art direction.

#### **➤ COMPONENTS OF ARTWORK**

Various factors contribute to the overall presentation and impact of an artwork. Size color and medium affect viewers. Individual decisions regarding size, color and medium are matter of artistic discretion and creative execution.

#### **SIZE**

Does doubling the size of an artwork double the probability that the artwork will achieve its intended purpose? The answer is probably no. there is no question that greater size in an illustration may allow an ad to compete more successfully for the reader's attention especially in a cluttered media environment.

## **COLOR**

While not every execution of print advertising allows for the use of color (because of either expense or the medium being employed) color is a creative tool with important potential. Some products (such as furniture floor coverings or expensive clothing) may depend on color to accurately communicate a principal value, color can also be used to emphasize a product features or attract the reader attention to a particular part of an advertisement. But remember color has no fixed meaning so no hard rules can be offered.)

## **MEDIUM**

The choice of medium for an artwork is the decision regarding the use of drawing photography or computer graphics. Drawing represents a wide range of creative presentations from cartoons to pen and ink drawings to elaborate water color or oil paintings. Photos have an element of believability as representations of reality (even though they can be just as manipulated as any other form of representations). Further photos can often be prepared more quickly and at much less expense than other forms of art. Photographers all over the world specialize in different types of photography: Landscape portrait food or architecture.

### **➤ MEDIA OF ARTWORK**

The most commonly used types of media for artwork are as follows,

### **PENCIL, CRAYON, AND CHARCOAL DRAWINGS**

Sketch work type artworks are drawn with these pencil crayon and charcoal. These artworks are less difficult to execute and are less expensive. They are rarely used; they provide a kind of novelty as compared with line of wash drawings.

### **LINE DRAWINGS**

Line drawing consists black lines and black solids without intermediate tones. This contrasting makes them sharper and clearer. Line drawings or pen and ink drawings are simple and toneless. They are ideally suited for supplemental illustrations cartoons graphs, charts, simple sketches of people and merchandise.

### **WASH DRAWINGS**

Wash drawings are those which are drawn with paint brush and ink or black water color. Wash drawings are suitable for portraying the textures of materials. They are capable of conveying mood and feeling as they attract the attention of prospect.

### **SCRATCH BOARD DRAWINGS**

Scratch board drawings have the duplicate effect of work engravings. Scratch board is a board coated with a thick white clay surface and is covered with black poster paint or ink. This art work has a special quality giving an impression of fine workmanship almost similar to wood work.

### **PHOTOGRAPHS**

Photographs are the proofs of photography the wonder work of camera. Photography is the strongest and the latest in representation and the work of illustrator. Photographs have certain attributes.

### **CARTOONS**

The cartoon is used to amuse the public. It conveys the idea, message and advantages of the product in a funny way. For example, an ad for a milk product says. Eat me to be healthy, use me so that you may have happy children.

### **COLOUR**

Visual communication becomes very effective if multicolor are used to convey the message. Color has played an important role in advertising. It is now used to communicate complex ideas in a simple form.

## **2.8 PRODUCTS TRAFFIC COPY**



The production traffic copy is concerned with two department i.e. production and traffic department and used for the placement of advertisements. In some advertising agencies production and traffic are combined into a single department and in other they are separate. Regardless of arrangements these departments work so closely together that it is often difficult to determine exactly where one leaves off and other begins..

On print advertising the production staff works with the agency art and creative people and outside suppliers such as typographers and color separators. On radio and television commercials the production staff works with its own outside producers to create the final versions of the advertising.

### **PRODUCTION DEPARATMENT**

Once the copy layout illustration, and mechanical specifications have been completed and approved the advertisement is turned over to the production department. The production department may supervise the casting of people to appear in the ad and the setting for the scenes as well as choose an independent production studio. The department may hire an outside director to turn the creative concept into a commercial for example; several companies including Nike and Kmart have used film director Spike Lee to direct their commercial: air walk shoes have used John Glen who directed many of the James Bond films for its TV spots. An ad copy which is used by the production department for production purpose is known as production copy.

### **TRAFFIC DEPARTMENT**

A traffic department coordinates all phases of production to see that the ads are complied on time and that all deadlines for submitting the ads to the media are met. It is the department in which time tables and deadlines that govern agency activities are monitored. The traffic department maybe located in the creative services area of the agency or be part of media or account management or be separate.

Frequently this department consist one or two persons and a part of the program department; sometimes traffic is a branch of the commercial department. The traffic department's job is to funnel all broadcast material from all the various sources right into actual broadcast. Its chief function is to make up the daily work sheet sometimes called the log. This is a minute by minute and sometimes second by second time schedule of what is to be broadcast from the time of signing on the station until the star spangled banner is played at sign off time.

Good traffic planner's need above all to be orderly and well organized. They need to be able to manage a great amount of detail accurately. They must be able to track and manage multiple projects sat one time. Patience and quick thinking come in handy when directing advertising agency traffic.

Traffic employee must also be able to deal effectively with outside suppliers and with members of the creative team at the agency. Meeting deadlines often depends on the traffic person's ability to pushy other to complete work on time. A certain amount of finesse is essential in this job.

Traffic work can be demanding but for those who enjoy it and do it well, it provides the satisfaction of knowing that one is a part of the indispensable lubrication for the agency's gears. The production and traffic department collectively work to manage the ads production process.

## **2.9 Effective use of words in advertising**

- **Now**
- **Easy**
- **Free**
- **New**
- **saving**
- **Safe**
- **Proven**
- **Love**
- **Discovery**
- **Guarantee**
- **Healthy**
- **Results**
- **You**

**Now:**

A word that has been used so often that its slowly beginning to lose its power. Its power lies in the fact that it creates the feeling in a consumer that they must act urgently in order to take advantage of an offer. This is associated with the primordial fear of man not to lose something that could ensure survival. This principle is also called the scarcity principle, and is increasingly used in modern advertising, through messages like “only two vacancies remain” or “offer is valid only today”.

**Easy:-**

Believe it or not, it is embedded in the human consciousness not to do any work the hard way, if there is an easier way to do it. Thousands of years ago, a man would pick an apple from a tree from lower branches, just because it's easier that way. Today, this concept of ease and speed is even more important if one considers the lack of free time which modern man faces, which is why they tend to go with simple, easy solutions that will not require any additional effort.

**Free:-**

Consumers are not willing to take risks, because excessive consumption of money creates financial uncertainty. Therefore, the human brain learns towards a positive reaction when something is offered for free, because any dissatisfaction with the purchased product will not lead to financial imbalance, and the concept of free offers brings benefit to the brand as well because it creates a viral effect, positive reactions and the word of mouth.

**New:-**

Everyone wants to have something new, because the new is better than the old. It is improved and nicer. New products are not always more favorable or more useful, but when making the purchase decisions, users don't think rationally. Neurologists found that the pursuit of novelty is rooted deep in our consciousness. New things activate the center for rewards in the human brain, which may be related to several millennia of development of human civilization and the constant striving for progress and improving existing technology.

**Saving:-**



Saving money is another principle deeply embedded in our consciousness, because it is associated with the need for financial security. Of course, the willingness to spend money on our product depends on user's financial situation, but the experience of sellers say that even the wealthiest consumers are not immune to discounts and good deals.

**Safe:-**

Whether it comes to financial security, the safety of toys for a child, or airbag in the new car, it represents another basic human need.

**Proven:-**

The use of this word is associated with the elimination of the fear of risk and fear of the unknown. When you have a brand new product that you want to put on the market, you are facing a situation in which consumers are exposed to something that is unknown to them. In human consciousness, new types of products, or products from unknown manufactures, create a feeling of fear and suspicious.

**Love:-**

From advertisements for diapers that “protect the ones you love most”, to the message “you will love the floral notes of your new perfume”, associations with love give the product a strong emotional basis on which the later rational purchase decision is based.

**Discovery:-**

When copywriters use this word, their goal is to encourage the feeling that consumer will get something new to learn, and that the product is worth ones attention and time. Like opening a gift, discovering something unknown causes excitement in users and the desire for adventure. This is further connected with the fact that the insistence on discovery brings users back to childhood, the period of security and new knowledge.

**Guarantee:-**

In advertising, a guarantee is a promise that the company gives to the consumer, and that gives credibility to your offer. This sort of thing is especially effective when it comes to financial guarantees that promise a refund if the product does not meet the expectations, as it further reduces consumer's fear of risk and fear of adverse outcomes.

**Healthy:-**

This not only refers to physical health, but also in general the wellbeing in the sense of physical and mental, financial, emotional... the concept of health is linked to the issues of life, because the instinct for survival is the essence of the most basic physiological needs.

**Results:-**

This is a word whose power lies in the fact that the consumer has the feeling that this purchase is rational “I will buy it because it gives results, then it makes sense to invest in such a product”. A result is a confirmation that the product has a clear function and brings a change in one’s life, because it’s not about mere meeting of some desire, but there is a clear intention and positive consequences. This word tells the consumer what they will gain from this purchase, what will happen after use of the product and why it is important that they buy the product and achieve the results.

**You:-**

When the message contains the word “you”, it is personal, because it speaks directly to the consumer. This word addresses the persons personal desire, need, offers solutions for personal dilemma and every man wants a product that is designed exactly for them, for their tastes and habits. The follow-up of this personal address is the creation of many portals, micro sites and blogs whose names begin with “my”, which further encourages the feeling that the product or service is something owned.

**2.10 DEVICES TO GET GREATER READERSHIP INTERRELATION****➤ READERSHIP IN PRINT ADVERTISING**

Readers are an estimate of the number of people who read newspaper and magazines and the figures result from surveying a sample of the reading public. Circulation is the average audited net sale or the number of copies actually sold at the full cover price, other copies being deducted from the total number printed.

The devices used to get grater readership interrelation can be classified broadly into two i.e. newspapers and magazines.

**1. READERSHIP INTERRELATION THROUGH NEWSPAPERS**

Like any product with declining sales newspapers must a number of strategic and tactical decisions to reverse the trends they are seeing. At the same time newspapers are finding it more difficult to maintain the broad base of readership that has made them such a powerful medium for more than 200 years.

In the last 25 years newspapers have taken a number of steps to identify their customers and advertisers as well as the preferences of both. This process starts with marketing research. It is rare for any newspaper not to conduct at least one readership or market survey each year.

Newspapers are fully aware that they cannot reverse the decline in advertising share unless they first address the problem of falling readership. However most news papers will continue to depend on a broadly based audience and high household penetration for their financial success.

It is obvious that the current problems facing newspapers advertising are caused by a number of factors. Consequently publishers must address several issues if they are to compete with other media in the future. Some of the primary steps are given below.

### **INCREASEING CIRCULATION**

Make circulation growth the highest priority with constant tests of pricing promotional and sales techniques and new distribution methods. Newspapers should place renewed emphasis on getting newspaper into the hands of younger readers.

### **FREEDOM OT EDITORS AND REPORTERS**

Editors and reporters should be free of control by marketing departments. To do so will undermine the newspaper's editorial credibility; this is one of its major strengths.

### **INCREASING NATIONAL ADVERTISING**

Go after the opportunities in national advertising. Newspapers should move aggressively to gain new national advertising dollars. Too many newspapers simply accept be diverted to newspaper thus making it a self fulfilling prophesy.

### **USE OF INTERNET**

More newspapers should follow the lead of some innovative newspapers and consider their web sites as a distinctive product rather than a mere spin off from the printed paper. The internet can reach specific readers (add non newspaper readers) with selective news and



advertising and properly marketed make it a profit centre rather than a value added to both readers and advertisers.

## **OFFERING CHOICES**

Give readers a choice and market to new audience segments. For example, some newspapers have developed youth oriented sections within the general newspaper. The marginal costs are often worth the expense even if only relatively few new readers are added.

## **ENCOURAGING R&D ACTIVITIES**

Take a long view toward profitability. Invest in research and new sections that will allow the newspaper to remain competitive over the long term even though it may not contribute to short term profits.

## **2. READERSHIP INTERRELATION THROUGH MAGAZINES**

Many advertisers and even magazines publishers are concerned about the use of readership as a substitute for paid circulation. Nevertheless publishers want to keep readership surveys to take into account fairly their total readers.

It would seem that total readership accurately measured would be a reasonable approach to ensuring magazine audience. The problem arises from the fact that many media buyers regard pass along readers of consumer magazine as inherently inferior to paid circulation. However regardless of the value that one places on readership most acknowledge that it is different from paid circulation.

There are still ways to increase print magazine sales in today's changing environment. Compelling content is still the biggest factor in increasing sales but a mix of promotions wide distribution and well planned public relations can give magazine an extra boost.

## **LEVERAGE YOUR WEBSITE**

Virtually all magazines should maintain a robust online outlet for article editorials and community engagement. Cross promote both outlets to peak online reader's interest in your print version. Offer sneak peeks of in depth print editorials on your website to stir up interest in each new issue.

## **UTILIZE FREE TRIALS**

Run regular free trial promotions to get magazines into as many readers' hands as possible. Even though you will not a subscription from each free trial reader you can still boost sales enough to cover the cost of the promotion and increase long term subscriber number. Consider working with a mass mail marketing firm to send free trial offer letters to your target audience or create television and radio advertisements for the promotion if you can justify the cost.

### **INCREASE YOUR DISTRIBUTION**

The distribution equation is simple for magazines the more outlets you are in the more sales you will have. Make distribution an ongoing priority for your publications and always work to increase the reach of your distribution network. Give copies of new issue to libraries doctors' offices and other institutions in your target area that cater to your target audience.

### **MAKE CONNECTIONS WITH PUBLIC RELATIONS:**

Make personal connections with your target audience to build brand loyalty. Brand loyalty is crucial for print publications, as it guarantee continued sales to existing readers while stimulating word-of – mouth buzz. Invest in your community in very public ways, such as hosting a live broadcast at a major charity event.

### **3. GUIDELINES FOR INCREASING PRINT ADVERTING READERSHIP**

Following guidelines should be kept in mind for increasing print advertng readership:

#### **COMMUNICATE ON TWO LEVELS:**

The most effective print advertisements are those that 'work 'in two ways

- (i) at a glance , in which a 3-5 second scan conveys both the branding and the main idea ;
- (ii) On a deeper level, in which an additional 10 second "investment "of reading time conveys key support points.

Unfortunately, many print ads "bury "their key messages and require in-depth involvement to get their point across. These executions may "test "well in focus groups, but they are less likely to work within magazine clutter.

#### **COMMUNICATE BRANDING THROUGH THE MAIN VISUAL:**

Many print ads use bold visuals to break through clutter and gain initial attention. The implication is that it's OK to use a celebrity in our ad, but make sure that she's got your logo or slogan tattooed across her arm. A subtler alternative is to adopt a very consistent look (such as the charts in oracle prints ads) that immediately conveys branding without requiring readership.

### **CREATE A DOMINANT VIEWING PATTERN**

The best way to hold readers attention is to create a clear path throughout the execution by actively leading them from one element to the next. This can be done through effective layout and/or use of visual devices such as hand pointing or a football flying.

The single most important point to consider is the positioning of the main visual relative to main messages of the advertisement. For example, when the main visual placed in the centre of a page, with different elements surrounding it (a headline above a copy block below, etc) readers are pulled in different directions.

Conversely when the main visual borders the advertisements (at the top or left side) it leads readers directly through the advertisement and helps increase involvement.

### **KEEP IT SIMPLE AND DIRECT**

On television advertisers have far more time and tool thus more flexibility to be subtle and perhaps even a bit abstract. In print where readers must get it within 5-10 seconds it pays to be clear direct and literal. On a more general level it is critical to focus on conveying a singular message or benefit and not try to do too much within a single advertisement.



**(17E00317) ADVERTISING AND SALES PROMOTION MANAGEMENT**

**Objective:** The objective of the course is to provide students with detailed knowledge of some of the marketing mixes such as Sales and Promotion.

1. **Advertising:** Meaning, Role of advertising, types of advertisement, industrial, institutional, retail, trade and professional, marketing mix, Advertising department and advertisement manager.
2. **Organizing for Advertising:** Objectives and functions - Role and functions of advertisement agencies. Advertising agency and services, client agency relationship. Visual layout, art work, production traffic copy, effective use of words, devices to get greater readership interrelation.
3. **Advertisement budgets and effectiveness:** Types, optimal expenditure, decision models, sales response and decay, competitive share, Pre-testing, post testing, experimental designs.
4. **Sales Promotion:** Importance and scope; Need and objectives of sales promotion; Consumer promotion; channel promotion; Timing of sales promotion; Measurement of impact of sales promotion; sales promotion budgeting.
5. **Publicity and public relations:** Scope and importance. Methods of publicity, Power of Publicity, advantages and disadvantages of Publicity, Process of Public Relations-Marketing public relations functions; Public relations officer- role and functions.

**Text Books:**

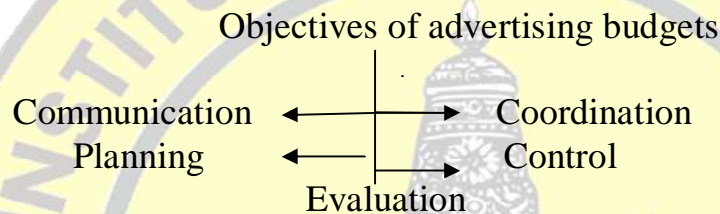
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- Sengupta, Subroto: Brand Positioning, Strategies for Competitive Advantages, Tata McGraw Hill

**UNIT - III****ADVERTISEMENT BUDGETS AND EFFECTIVENESS****Definition:**

Advertising budget is an estimated amount an organization decides to invest in its promotional expenditure over a period of time. An advertising budget is the money a company set aside to accomplish its marketing objectives.

**Objectives:****➤ Communication:**

In budgeting process Managers in every department justify the resources they need to achieve their goals. Subordinates explain to their superiors the scope and volume of their activities as well as how their tasks will be performed. The communication between superiors and subordinates helps to support their mutual commitment to company goals.

**➤ Coordination:**

Different units in the company must also coordinates the many different tasks they performed. For example, the number and types of products to be marketed must be coordinated with the purchasing and manufacturing departments to ensure goods are available. Advertising promotions may need to be planned and implemented and all tasks have to be performed at the appropriate times.

**➤ Planning:**

A budget is ultimately the plan for the operations of an organization for a period of time. Many decisions are involved and many questions must be answered. Managers ask what resources are available and what additional resources will be needed.

➤ **Control:**

Once a budget is finalized, it is the plan for the operations of the organization. Managers have authority to spend within the budget and responsibility to achieve revenues specified within the budget. Budgets and actual revenues and expenditures are monitored constantly for variations and to determine whether the organization is on target.

➤ **Evaluation:**

Manager is to compare the budget with actual performance did the manager reach the target revenue within the constraints of the targeted expenditures. Other factors such as market and general economic conditions affect the managers performance.

**Factors affecting advertising budget:**

Advertising is one of the variables which affect sales and hence the profit earned. It is therefore difficult to calculate the amount to be allocated for advertisement budget. Also the budgeting depends on various other factors like:

➤ **Degree of competitiveness in market: Monopoly/Duopoly/Oligopoly:**

A monopoly firm does not have to worry about the promotional spends as it is the only player in the market. For duopoly, where market is dominated by two dominant players, the promotional budgets would be high to outperform each other. In an Oligopolistic market, where the market is cluttered and there are many players, promotional spends has to be higher as the frequency of advertisements has to be increased to get noticed among so many players. Thus depending upon the competition the advertising budget is set.

➤ **Market Share: Market leader/Market Follower:**

The advertising budget for a market follower will be decided by the tactics of the market leader. To improve market share one of the investment is to increase promotional spent. Thus, where a company stands is a deciding factor in advertising budget

➤ **Product life-cycle stage: Introduction/growth/maturity/decline**

The advertisement budget would be higher at the introduction and growth stages as it has to introduce the product in the market and establish itself among the competitors so the frequency of advertisements would be high and so would be the budget. As the product reaches maturity and decline stages the promotional spent would be lower.



➤ **Advertising Frequency:**

An ad can be played only once or can be multiple times. Also, it can be daily, weekly, fortnightly, monthly etc. Depending upon the requirement, the advertising budget is altered.

**Types / Methods of Advertisement Budgets:**

1. Percentage of Sales Budget
2. Competitive Parity Approach
3. Objective and Task Approach
4. All Organization can Afford Approach
5. Market Share Approach
6. All Available Fund Approach
7. Managerial Judgment Approach

➤ **Percentage of Sales Budget**

According to this approach the business organization have to set their advertising spending at a fixed percentage of either past or anticipated sales. This Approach can be followed by organizations operating in markets with stable and predictable sales pattern. As it is simple in application, it is most commonly used by small business organizations. This approach has some disadvantages, as sales is not directly related to advertising, it get affected by different variables too.

➤ **Competitive Parity Approach**

This approach is followed by organizations whose product is well established and operating in market with predictable sales pattern. Organizations following this approach compare their advertising spending with that of its competitors. As the organization is aware of how much its competitors are spending in advertising, it can logically decide its advertising budget either equal, more, or less to that of the competitors. Here considering competitors advertising budget organization should consider its objectives too, as the competitors objectives may not be similar or comparable.

➤ **Objectives and Task Approach**

This approach is followed by big organizations having well defined marketing objectives, and business goals. Following this approach advertiser can correlate its advertising spending to marketing objectives. In long term this correlation is important to keep organizational spending focused on business goals.

➤ **All organization can afford approach**

It is difficult for small business organizations to invest heavily in advertising. Small business organization's advertising spending depends more on their affordability. According to this approach advertisers base their advertising budget on what they can afford.

➤ **Market Share Approach**

Similar to competitive parity approach, the market share approach bases its advertising spending on external market trends. With this method a business equates its market share with its advertising expenditures.

➤ **All Available Fund Approach**

According to this approach all available profit is used in advertising spending. It can be too risky for any size of organization as the all available fund is used in advertising and no fund is allocated to help business grow in other ways like- technology up-gradation, or work force development. This approach is useful for new business organizations trying to develop its brand.

➤ **Managerial Judgment Approach**

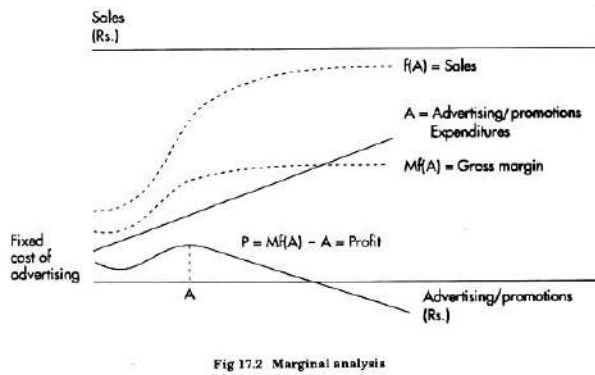
In long run managers gain expertise in their field of operation. Similarly, some of the marketing managers working over the years develops a feel for the market that permits them to arrive at appropriate decisions. According to this approach the organizations advertising spending depends on the judgment of experienced managers.

**Determining Optimal Expenditure / Marginal Analysis:**

A logical approach to determine the advertising appropriation is to select the point at which an additional rupee spent on advertising would bring an additional profit of one rupee in economic terms. Fig. 17.2 represents the concept of marginal analysis.

As the advertising expenditure increases, sales and gross margins also increases to a point then they level off. Profits are the result of the gross margin minus advertising expenditure. Under this theory for establishing a budget, a firm would continue to spend on advertising as long as marginal revenues created by these expenditures exceeded the incremental advertising costs.

Referring to Figure the optional expenditure level is the point where marginal costs equal to the marginal revenue they generate (Point A). If sum of advertising expenditure exceeds the revenue these efforts generate, it can be inferred that the appropriations are too high and the reduction in advertising budget is to be made. If revenues are higher, a higher budget is required.



While the marginal analysis concept looks like to be very logical, but there are certain weaknesses to this approach.

These weaknesses are the assumptions which it incorporates:

- (a) Sales are a direct result of advertising expenditure and this effect can be measured.
- (b) Advertising & promotional expenses are the only responsible factors for sales.

In overall perspective, the economic approach to advertising is logical but the difficulties associated with determining the effects of promotional efforts on sales and revenues limits its applicability. Marginal analysis is seldom used as a basis for budgeting.

### Decision Models for advertising Budgets:

The decision models for advertising budgets are as follows:

- i) Sales response and Decay model.
- ii) Competitive share model.
- i) Sales Response and Decay Model:**

A very remarkable observation in the figure above is that the sales levels off after a certain point even though advertising and promotions efforts continue to increase. Hence there has been much research and discussions to design and determine the shape of the sales response curve or in other words the diagrammatic representation of the relationship of advertisement expenditure and sales have been under much debate. Out of the total discussions two models



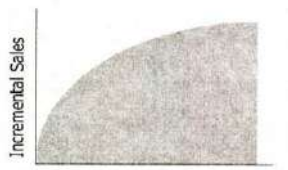
have been conceptualized under Advertising Sales Response Models viz. the concave-downward function or the S-shaped response curve.

### 1. The concave-downward function:

Julian Simon and Johan Arndt reviewed more than 100 studies of the effects of advertising on sales and concluded that the effects of advertising budgets follow the microeconomic law of diminishing returns. In other words increase in advertisement expenditure lead to decrease in its value. From the marketing point of view, those customers, who are willing to make the purchase do so initially after getting exposed to the early advertisements.

Repetition of the advertisements and increase in advertisement expenditure do not stimulate purchase among those people who do not want to buy. With every repetition of the advertisement there is no additional information supplied to the already potential buyers, which may persuade them to go ahead and make the purchase. According to the concave-downward function model, the effects of advertising begin to diminish and hence low advertising expenditure may be needed to create the optimal influence on sales.

FIGURE 11.2: CONCAVE-DOWNWARD RESPONSE CURVE



Advertising Expenditures

### 2. The S-shaped response curve:

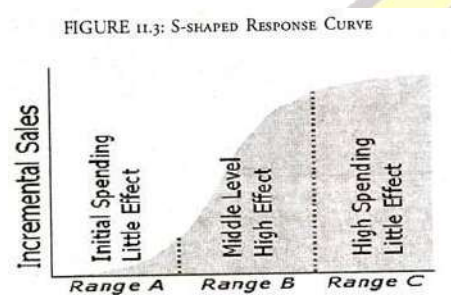
The second set of opinions is depicted in the S-shaped response curve, which projects an S-shaped response function to the budget outlay. Initial advertising budget have little impact on the sales as is shown in the flat shape of zone A. After a certain amount of expenditure has been made i.e. the firm is in range B, advertising and promotional efforts begin to have an effect, as additional increments of expenditures result in increased sales. But this increase in sales continues only to a point and after that in range C additional expenditures results in almost no or very little sales.

Though these appear to be very academic and theoretical in nature and readers might be in doubt about its use in the real world, these models inspite of their limitations render an

insight to the practicing managers into a theoretical basis of how the budgeting process should work. Moreover some studies have proved the practical relevance of these models.

Also two important considerations can never be forgotten.

1. There will be some sales even if the marketer does not advertise.
2. Culture and competition impose saturation limits and beyond this no amount of advertising can increase sales.



### Advertising Expenditures

In practice the firms rarely go for the theoretical models. Their decisions regarding advertisement expenditure are based on their experiences and learning from past practices and decisions. They come up with their own methods, which are exclusively suitable for them. Many firms employ more than one method, and budgeting approaches vary according to the size and sophistication of the firm.

#### ii) **Competitive parity / Competitive Share method:**

- Budget is based on competitors expenditure, advertisers decide budget matching competition's % of sales allocation.
- Information of competitor's budget is available in trade journal and business magazine.
- The basis is that collective wisdom of many firms may generate an advertising budget optimum or close to optimum.
- It leads to competitive stability.
- It minimizes chances of promotional wars.

### Disadvantages

- Each firm allocates budget according to its own specific goals.
- It ignores the contribution of media and creative executions.
- Information is gathered when money is spent.

**PRE-TESTING:**

Pre-Testing follows the universal law "Prevention is better than cure". Advertising can be pretested at several points in the creative development process. Pre-Testing helps the advertiser to make a final go or no go decision about finished or nearly finished advertisement. Pre-Testing method refer to testing the potentiality of a communication message or ad-copy before printing, broadcasting, or telecasting. Following are the types of pre-testing methods:

**A. Qualitative Methods of Pre-Testing****Focus Group:**

Focus group involves exposing the ad to a group of 8 to 12 respondents. Focuses groups are used with surprising frequency for making final go or no go decision. A moderator facilitates the discussion and walk s the group through a series of issues that are outlined in discussion guide.

**In-depth Interview:**

In-depth interview involves one on one discussion with respondents. Interviews are very effective when a researcher has a good idea of critical issues but does not have a sense of the kind of responses one will get. This method can be effectively used to generate new ad concepts and ideas.

**Projective Techniques:**

In this technique the respondent is instructed to project himself into the situation and verbalizes the thoughts. Projective technique can be very effective for evaluating ad concepts and for generating new ad concepts. But, it cannot be used for making final decisions.

**B. Quantitative Methods of Pre-Testing****Checklist Method:**

Checklist method is used to test the effectiveness of ad-copy. The purpose of this method is to ensure that all elements of the ad-copy are included with due importance in the advertisement. As it is a pre-test method any omitted element of ad can be included in the copy before release of the advertisement.

**Consumer Jury Method:**

This method involves the exposure of alternative advertisements to a sample of jury or prospects. This test is designed to learn from a typical group of prospective customers. Advertisements which are unpublished are presented before the consumer jury either in personal interviews or group interviews and their reactions are observed and responses are recorded.



**Sales Area Test:**

Under this method advertising campaign is run in the markets selected for testing purposes. The impact of the campaign is evaluated by actual sales in the selected markets. The market with high sales is considered the best market for effective sales campaign. In other markets suitable changes are made in the advertising campaign.

**Questionnaire Method:**

It is a list of questions related to an experiment. The draft of an advertisement along with some relevant questions is to be sent to a group of target consumers or advertising experts. Their opinions are collected and analyzed to find out whether the proposed advertisement is satisfactory or not.

**Recall Test:**

Under this method, advertising copies are shown to a group of prospects. After few minutes they are asked to recall and reproduce them. This method is used to find out how far the advertisements are impressive.

**Reaction Test:**

The potential effect of an advertisement is judged with the help of certain instruments, which measure heartbeats, blood pressure, pupil dilation etc. Their reactions reveal the psychological or nervous effects of advertising.

**Readability Test:**

All the listeners of advertisements cannot read it equally. So respondents are drawn from different socio economic and geographical backgrounds. This method is used to find out the level of effectiveness when an advertisement is read.

**Eye Movement Test:**

The movements of eyes of the respondents are recorded by using eye observation camera when advertisements are shown to them in a screen. This helps to find out the attention value of advertisement.

**Benefits of Pre-Testing:**

- To check clerical, grammatical, printing or technical errors.
- To make communication more effective from readers points of view.
- Minimize waste in advertising.
- To make it more meaningful and effective.
- It is simple, less time consuming, and less costly.

**POST-TESTING:**

Tests that are applied after the commencement of the advertising campaign are called post-tests. Post-testing enables to study the impact of advertising on the effective sales promotion. The following are the methods of Post-testing:

**Recognition Tests:**

Under this method the respondents are asked to point out the contents of those advertisements which they might have seen. The objective of this test is to know the degree of effective impact of advertisement.

**Recall Tests:**

Under recall tests the entire advertising campaign is considered as against recognition tests. Where only specific advertisements are considered Recall tests are applied to measure the attention, interest and memory value of advertisements after they have been launched.

**Inquiry and Coupon Response:**

Under inquiry testing, the advertiser sends a free sample to the reader, on request. The reader is expected to mail the coupon to take advantage of the offer. It is quite likely that such advertisements are given simultaneously in different publications of the newspaper or magazine. The advertisements are keyed in order to know which of the several advertisements resulted into more response. It is assumed that the advertisement which brings largest number of inquiries is superior to others.

**Split-Run Test:**

It is a modification of inquiry test. An advertiser takes two advertisements in magazine offering split-run facilities. The two advertisements differ in one respect only e.g., one advertisement presents the cold drink in a transparent bottle and the other advertisement presents the cold drink in a nontransparent bottle. The advertisement is keyed. Now, in two different markets i.e., cold drink marketed in transparent bottle is more, it is taken for granted that this advertisement has been more successful compared to the second one.

**Psychological Tests:**

A variety of psychological tests are used which include storytelling, word association, sentence completion, depth interviewing etc. This test attempts to find out what the respondent has been in different advertisements and what they mean to him. These tests can be conducted only by trained interviewers.

**Focus Interviews:**

In this method some selected consumers are called and are asked to deliberate discussion on the advertisements presented to them. The attention of the members of the panel is focused on certain aspect of the advertisement. The opinion expressed by the participants becomes the basis to study the effectiveness of advertising.

**Readership Test:**

This method attempts to study the impact of advertising in increasing the product awareness by the consumers. Readership test facilitates the relative importance and effectiveness of advertisement published in national press.

**Benefits of Post-Testing:**

- To find out the extent to which the ad has been noticed, seen or read.
- To find the extent to which the message is understood by the readers.
- To measure the memory value of advertising.
- To find the impact of advertising on consumer buying behavior.
- To see whether ad is accomplishing its objectives.
- To evaluate the comparative effectiveness of different ads in terms of appeals, layout illustration etc.
- To improve future advertising efforts.

**EXPERIMENTAL DESIGNS:****BASIC PRINCIPLES OF EXPERIMENTAL DESIGNS****1. RANDOMIZATION**

Randomization is a random process of assigning treatments to the experimental units. The random process implies that every possible allotment of treatments has the same probability. An experimental unit is the smallest division of the experimental material and a treatment means an experiential condition whose effect is to be measured and compared. The purpose of randomization is to remove bias and other source of extraneous variation which are not controllable.

**2. REPLICATION**

Replication is a repetition of the basic experiment. In other words it is a complete run for all the treatments to be tested in the experiment. This type of variation can be removed by using a number of experimental units. Researchers therefore perform the experiment more than once, i.e. they repeat the basic experiment.

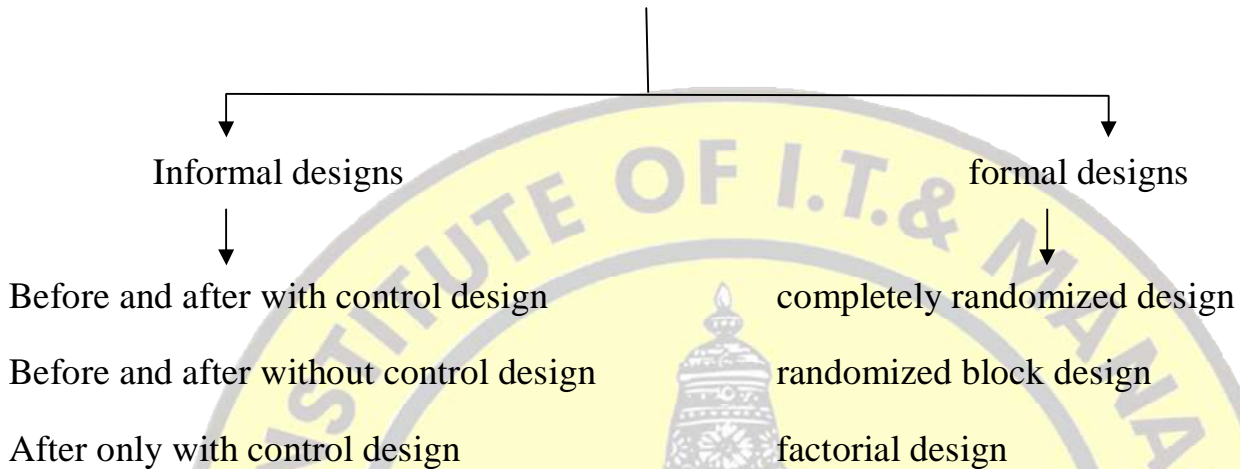
**3. LOCAL CONTROL**

It has been observed that all extraneous sources of variation are not removed by randomization and replication. This necessitates a refinement in the experimental technique. For this purpose local control is used a term referring to the amount of balancing blocking and grouping of the experimental units.



## CLASSIFICATION OF EXPERIMENTAL DESIGN

The types of experimental research design are as follow,  
Classification of experimental design

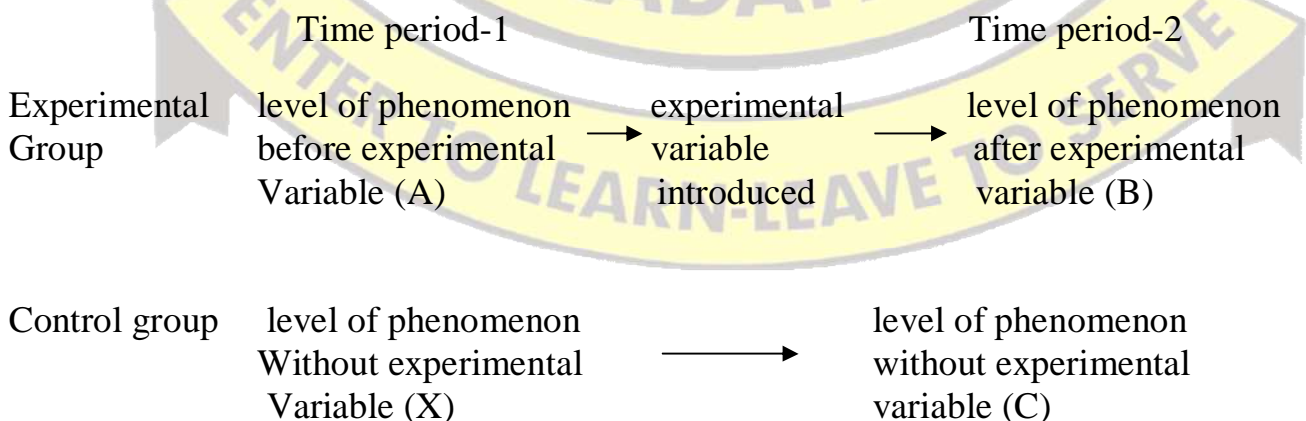


### 1. INFORMAL DESIGN

When these designs are used many of the effects related to the experiment can be quantified. But because of the fairly loose way in which they are structured the changes specifically caused by the treatment cannot be isolated by statistical tests. Informal designs include the followings,

#### (i) BEFORE AND AFTER WITH CONTROL DESIGN

This design involves establishing two samples or groups of respondents an experimental group that would be exposed to the marketing variable and a control group which would not be subjected to the marketing variable under study. The same can be illustrated as:



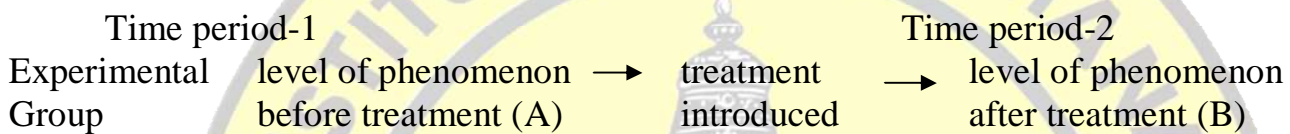
Experimental variable effect →  $(B-A) - (C-X)$

**(ii) BEFORE AND AFTER WITHOUT CONTROL DESIGN**

In such a design a single test group or areas is selected and the dependent variable is measured before the introduction of the treatment. The treatment is then introduced and the dependent variable is measured again the treatment has been introduced. The design can be represented thus,

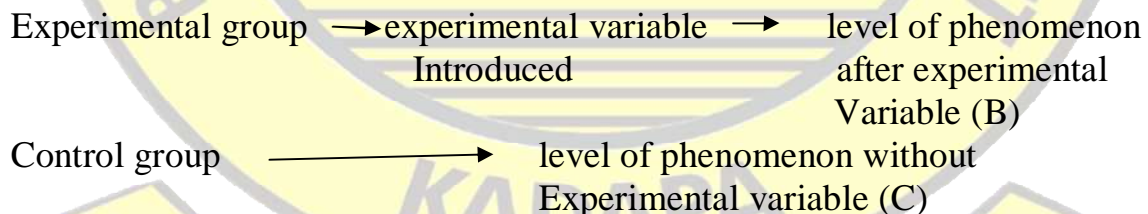
$$\text{Treatment effect} = (B) - (A)$$

Where treatment is the experimental variable

**(iii) AFTER ONLY WITH CONTRL DESIGN**

This design involves establishing two matched samples or groups of respondents. There is no measurement taken from either group of before the experimental variable is introduced and the control group is not subsequently subjected to the experimental variable. The design can be illustrated as:

$$\text{Experimental variable effect} = (B) - (C)$$

**2. FORMAL DESIGN**

In formal designs the researcher randomly assigns treatments to randomly selected test units, whereas in informal design careful assignment of treatments was not adopted. Thus statistical tests such as analysis of variance can be applied to the observations of formal designs. The four types of formal experimental designs are described below,

**(i) COMPLETELY RANDOMISED DESIGN**

The main feature of this design is that the experimental treatments are assigned to the test units completely at random. No prior precaution is needed to some extraneous variable before the assignments are randomly made.

**(ii) RANDOMISED BLOCK DESIGN**

The term randomized block design has originated from agricultural research. In this design several treatment of variables are applied to different blocks of land to ascertain their effect on the yield of particular crop. The production of each plot is measured after the treatment is given. These data are then interpreted and inferences are drawn by using the analysis of variance technique to study the impact of treatment on the agricultural output.

**(iii) LATIN SQUARES DESIGN**

This design suggests that test will form a square because there will be as many test units as treatments. This design is used to control important extraneous influence. Three blocks three treatments four blocks four treatments and so on. This is the reason why it is called a square design.

**(iv) FACTORIAL DESIGN**

The factorial experiment design allows the researcher to test two or more variable at the same time. It determines whether the variables interact to produce an independently to produce the response. The main features of this design are that the impact of various variables can be examined.

**SIGNIFICANCE OF EXPERIMENTAL DESIGN****(i) CAUSE AND EFFECT**

The primary advantage of the experimental research is that the researcher can determine the cause of something. None of the other research methods allows knowing something about the cause of behavior. If an experiment is done properly using random assignment and participants blind to their condition then it can be known that any difference in their behavior was because of the difference manipulated by the experimenter.

**(ii) RELIABLE RESULTS**

The other benefit of experimental design is that the utilization of quantitative measurement levels, allocation procedures controlled environment and random selection promote high reliability of the outcomes as well as better generalisability of results.

**(iii) PROVIDES HELPFUL INSIGHT**

Experimental research offers beneficial insight that can be utilized for providing results to immediate concerns. For example, through experimenting on various methods of teaching an instructor can create teaching plan. The teacher can use result got from different teaching techniques and establish the most suitable option to use thus benefiting the students.

**(iv) CONTROL OVER VARIABLES**

Despite inconsistencies in experimental research the researcher has control over the variable increasing the possibility of more precisely determining individual effects of each variable. Also determining interaction between variables is more possible.



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- Advertising, Sales and Promotion Management, S.A.Chunawalla, Himalaya.
- Sengupta, Subroto: Brand Positioning, Strategies for Competitive Advantages, Tata McGraw Hill

**UNIT – IV****SALES PROMOTION****Definition:**

According to American Marketing Association, “Those marketing activities, other than personal selling, advertising and publicity that stimulate consumer purchasing and dealer effectiveness, such as displays, show and exhibitions, demonstration and various non-recurrent selling efforts not in an ordinary routine.”

According to W.J. Stanton, “Sales promotion defined as demand stimulating devices to supplement advertising and facilitate personal selling.”

**IMPORTANCE OF SALES PROMOTION:**

Sales promotion acts as a bridge between advertising and personal selling. Due to the diversity of the market, the importance of sales promotion has increased tremendously. Sales promotion helps to remove the consumer's dissatisfaction about a particular product and manufacturer. It creates a brand image in the mind of the consumers and the users. Sales promotional devices are the only promotional devices available at the point of purchase. The sales promotional devices at the point of purchase stimulate the customers to make purchase promptly on the spot.

The importance of sales promotion in business organization can be briefly shown below:

**Spreads information:**

The first function sales promotion is to spread the important information about the availability, characteristics and uses of a particular product. Spreading the information about the product helps to do the marketing activities easily. It is important to provide the information about the product in the market.

**Stimulates demand:**

Sales promotion helps in stimulating the demand for the product in the market. Sales promotion activities are designed to create interest in new products and to persuade people to buy them.

**Customer satisfaction:**

Sales promotion helps in satisfying the consumers. In the promotion of selling activities, the new product is available in the market. The consumer has the desire to have a

new product. If they consume the new product, they will get satisfied in it. The new product in the market provides satisfaction to the customer.

**Stabilization of sales volume:**

Sales promotion helps to stabilize the sales volume. It is an important purpose of sales promotion to help in establishing sales volume by reassuring the customers about the quality and price of the product. It is possible that a customer using a particular brand may buy another because another brand is promoted in an effective manner.

**Performance appraisal or marketing control:**

Sales promotion helps in the marketing control too. It is important to have market control about the performance of the situation of the market. Performance in the market helps to raise the condition of the market which is approved by the customer.

**SCOPE OF SALES PROMOTION:**

The scope of sales promotion can be visualized in the following manner:

**Exposure:**

The important objective is simply to expose an adequate number of target consumers to it. Managers must choose promotional media that will reach adequate number of target co-planning for exposure, marketers should take the following steps:

- i) Define target consumers.
- ii) Determine their numbers.
- iii) Choose the promotion media.
- iv) Determine the promotion budget needed to acquire the number of exposures.

**Attention:**

The term attention refers to the state of focusing one's mind upon something. Marketers are faced with the need to take steps to make their promotion stand-out and something to attract consumer attention.

**Comprehension / Understand:**

To understand or to receive communicated knowledge. The objective is achieved when consumers interpret the message in the manner intended by the marketer. Consumers often fail to understand promotional message when the messages are poorly designed or simply not able to create interest.

**Attitude Change:**

It involves readiness to respond in a particular way. When a message promises a reward, it will change the attitude of the customer. **For example** a strong cleaning powder or a detergent will increase the chances of attitudinal change.



**Behaviour / Action:**

Including behavior or action is especially important in personal selling and sales promotion. Many managers encourage consumers to:

- i) Buy the brand for the first time
- ii) Continue to buy the brand
- iii) Buy more of the brand
- iv) Motivate the friends to buy the brand
- v) Visit a retail store
- vi) See a demonstration of the brand
- vii) Try-out the brand

**NEED AND OBJECTIVES OF SALES PROMOTION:**

The main objective of sales promotion is to bring about a change in the demand pattern of products and services. Basically, sales 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, sales promotion is meant to act as a powerful tool of competition. The specific objectives of sales promotion are as follows:

**To introduce new products or services:**

Sales promotion is often used to motivate prospective consumers to try new products and services. Dealers are also induced to introduce new products and services in the market. Usually, free samples are provided through dealers during such introduction. Similarly, discounts in cash or goods may also be offered to dealers to stock new products or deal with new services. Free samples, trade discounts, cash discounts are basically sales promotion measures.

**To attract new customers:**

Sales promotion measures also play an important role in attracting new customers for an organization. Usually, new customers are those persons that are won away from other firms. Samples, gifts, prizes, etc. are used to encourage consumers to try a new brand or shift their patronage to new dealers.

**To induce existing customers to buy more:**

Sales promotion devices are most often used to induce the existing customers of a firm to buy more. Product development, offering three products at the cost of two, discount coupons, are some of the sales promotion devices used by firms to motivate the existing buyers to buy more of a specific product.

**Helps the firm to remain competitive:**

Most of the companies undertake sales promotion activities in order to remain in the competitive market. Therefore, in the modern competitive world no firm can escape the responsibility of undertaking sales promotion activities.

**To increase sales in off-seasons:**

Many products like air-coolers, fans, refrigerators, air-conditioners, cold drinks, room heaters, etc. have seasonal demand. Manufacturers and dealers dealing with such type of goods make every effort to maintain a stable demand throughout the year.

In other words, firms try to encourage the purchase of such goods in off-seasons also. That is the main reason behind discounts and off-season price reductions of such items in the market during slack seasons.

**To add to the stock of the dealers:**

Dealers like wholesalers and retailers usually deal with a variety of goods. Their selling activity becomes easier when the manufacturer supplements their efforts by sales promotion measures. When a product or service is well supported by sales promotion, dealers are automatically induced to have more of such items.

**To increase Loyalty**

Loyalty to a product or service is much more subjective and personal in nature than repeat purchase. Loyalty keeps the product moving even when the company is facing problems in terms of price, distribution etc.

1. Long term collectors' promotion where a wide range of merchandise branded with product or service can be collected.
2. Factory visits or exhibition stall visits which bring old and regular customers into direct contact with the company's product or services as well as company's officials.
3. Mailing letters to few regular customers inviting them for product show.

**To Widen Usage**

Very often it would be seen that one product is widely used in one sector and not so in other sectors. The trend could be changed by educating consumers about the other uses of products. A detailed list of objectives is given for the benefit of the students.

In spite of the several objectives of sales promotion, there are three objectives which are fundamental, viz., informing, persuading and reminding. These objectives are attained through effective communication.

**Informing**

Informing refers to educating the consumers about the product, its features and uses. Free samples may be distributed to leading consumers who may be a source of advertisement for other prospective consumers.

**Persuading**

Salesmen persuade consumers to buy their products. They develop or reinforce a favorable set of attitudes and influence their buying behavior. They supply comparative information on various products so that consumers may be willing to purchase the products promoted by them.

**Reminding**

Reminding leads the firms to reinforce the previously satisfactory behavior of the customer. It provides suitable knowledge for recollection. Reminding the consumers of their



past satisfaction will persuade them to stay with the product and prevent them from shifting to competitors.

### **CONSUMER PROMOTION:**

Sales promotion aimed at consumers is called 'consumer sales promotion'. It aims at stimulating consumers. The main consumer promotion tools include samples, coupons, demonstration, contests; cash refund offer, premium, etc.

#### **Types of Consumer Sales Promotion tools**

##### **Samples**

Samples are one of the most important tools of sales promotion. Samples are defined as offers to consumers of a small amount of a product for trial. Free samples are given to consumers to generate their interest in the product. Samples help consumers verify the quality of the product.

Samples are delivered at the doors of consumers. They are also sent by mail or given to customers in the retail store itself. Sometimes, samples are attached to another product.

Though sampling is effective, producing numerous samples of a product is quite expensive. Moreover, distributing samples to customers also involves expenditure.

Sampling is not justified in case of

- Well established product.
- A product that is not superior in some way to competing products.
- A product with a slow turnover.
- A product with a narrow margin of profit.

##### **Coupons**

A coupon is a certificate that fetches buyers a saving when they purchase a specified product. Coupons are generally issued along with the product. They entitle the holder to either a specified saving on a product or a cash refund.

Coupons are designed

- to introduce a new product
- to promote the sale of an established product
- to sell a product in large sizes
- to stimulate customers to switch brands; and
- to encourage repeat sales.

Coupons are used for consumer convenience goods. They may be distributed door to door, by mail or they may be inserted in packages. Sometimes, coupons may be part of magazine or newspaper advertisements.



**Demonstration / Presentation**

Demonstration is required when products are complex and of a technical nature. Customers are educated as to how to make proper use of the product. Demonstration of products induces customers to buy. Demonstrations are provided free of cost.

**Contests**

Contests are the promotion events that give consumers the chance to win something such as cash, trips or goods. Contests are conducted to attract new customers. They introduce new product by asking the prospects to state the reasons for the purchase of the product.

The buyer purchases the product and submits the evidence of purchase with entry form for contest. Entry forms are duly filled by the buyers. A panel of judges selects the best and buyers are given prizes.

**Cash refund offer**

Cash refund offers are rebates allowed from the price of the product. It is an offer to refund part of the purchase price of a product to consumers who send a proof of purchase to the manufacturer.

Moreover, if the purchaser is not satisfied with the product, the whole price or part of it will be refunded. Cash refunded offer is stated on the package.

**Premium**

Premium refers to goods offered either free or at low cost as an incentive to buy a product. A premium may be inside the package, outside it or received through mail. The reusable package itself serves as a premium.

Premium is generally offered for consumer goods such as soap, toothpaste, etc. Premium may be of several kinds — direct premium, reusable container free in mail premium, a self liquidating premium, trading stamps, etc.

Direct premium can be inside the pack or outside it. A reusable container can be reused after the product is reused. Free in mail premium means a premium item will be sent by mail to consumers who present proof of purchase to the manufacturer.

A self liquidating premium is the extra quantity offered at the normal price. Trading stamps are given by the seller to consumers. These are redeemable at the stamp redemption centers.

**‘Price off’ offer**

Goods are sold at reduced prices during slump season. Reduction in prices stimulates sale of goods.

**Consumer sweepstakes**

A sweepstakes calls for consumers to submit their names for a draw. Names of consumers are included in a list of prize winning contest. The lots are drawn and the winners get prizes.

**Buy back allowances**

Allowances are granted to buyers on the basis of their previous purchases. In other words, buy back allowances are given for new purchases, based on the quantity of goods bought previously.

**CHANNEL PROMOTION / TRADE PROMOTION:**

If the promotional activities are directed at trade partners or channel members, like distributors, wholesalers or retailers, it is known as trade promotion. The basic purpose of trade promotion is to build 'push' in the channels so that they sell the manufacturers products with great enthusiasm. It is carried out by the manufacturers by providing various incentives to trade partners to make them work for the success of their brands.

**Methods of Trade Promotion**

The method of trade promotion can be briefly shown below:

**Dealer premiums:**

Dealer premium is one of the methods for trade promotion. In some cases, certain premiums are offered to the retailers. Certain units of the products are given free to the retailers for keeping large stocks of goods. In addition to dealer premiums, the other sales promotion activities may also be undertaken.

**Advertising material:**

Advertising of products also helps in the promotion of trade. It is usual practice with many producers of goods to supply advertising material to their dealers, e.g. sign boards, banners, etc. seen mostly for Pepsi, coke, etc.

**Store demonstration:**

Store demonstration also helps in the promotion of trade. Under it, sales personnel of the manufacturer carry out a special demonstration of their products for the benefit of dealers and consumers. Both dealers and consumers are involved in it. It helps to increase the trading activities in a rapid way.

**Special displays:**

Special displays about the products also help in the promotion of trade activities. During trade fairs or exhibitions, special displays and shows of the company's products may be arranged to popularize them.

### Special discounts:

Special discounts on the products also help in the promotion of trade system. During the promotion campaign, a manufacturer may offer special discounts on purchase made by the retailers. Special discounts increase the profit margin of the dealer who gets encouragement to push up the sales of the product.

### Push money:

Push money also helps in the trade promotion. The dealers may be given a specific amount of money to push the sales of the manufacturer's products. A cash reward is given for pushing the product among the buyers when there is tough competition in the market.



### TIMING OF SALES PROMOTION:

Sales promotions are a great way for your organization to incentivize potential customers to purchase. However, if you choose to invest in a sales promotion without fully understanding the elements that determine its success, your business runs the risk of losing more than just a few clients. Here are five essential elements of a successful sales promotion, and how you can use these elements to transform your organization.

When done correctly, sales promotions can transform a business. Take digital coupons for example: According to a survey by Mobile Commerce Daily, approximately 96% of mobile-device users will use smart devices to search for digital coupons in 2015. Online coupons also have 10 times the redemption rate of conventional coupons.

With digital coupons, customers can enjoy discounts and special offers without dealing with the excess of conventional paper mailers. Consumers can easily locate and redeem offers from hundreds of sites on an as-needed basis, eliminating the need for bulky 'coupon folders' or coupon-stuffed wallets and purses. Digital coupons are a great example of sales promotions that generate significant return for little investment, with 44.5% of businesses expected to be investing in digital coupons for marketing purposes by 2016.



## **Marketing Pressure**

Sales promotion methods that make use of digital coupons are generally successful for a reason. According to the American Marketing Association, a sales promotion is defined as “media and non-media marketing pressure applied for a predetermined, limited period of time in order to stimulate trial, increase consumer demand, or improve product quality.” While this definition covers the broad details of sales promotion, the truth is that sales promotion is all about incentives. In essence, sales promotion gives potential customers an additional reason (or reasons) to consider doing business with you and your company.

The idea behind this is that once customers are willing to take that first leap of faith and try your product—whether through limited trial periods, discounts, special offers, free shipping, branded gifts, loyalty programs, or the aforementioned digital coupons—they’ll be satisfied enough with the results to be willing to invest further. Sales promotions allow businesses of all shapes and sizes to get a foot in the door, with the common end goal of boosting short-term and long-term sales numbers.

### **What Makes Sales Promotions Work?**

That said, not all sales promotion is successful. For whatever reason, some promotions fail to capture the interest of prospective clients. While this may occasionally be the result of a mediocre product or service, more often than not the cause of this failure can be attributed to the campaign itself. To effectively motivate customers into doing business with your organization, your sales promotion strategy should include five elements:

#### **A Target Audience**

Over the course of a lifetime, loyal customers spend upwards of 10 times the amount spent by average customers. The difficulty of any marketing effort lies in locating individuals who will eventually develop into brand advocates. Many marketers believe that by casting a large enough net, they’ll be able to locate those individuals simply by virtue of percentages. After all, if enough prospects are contacted, a percentage of those prospects is bound to journey through the sales funnel and become paying customers, and a smaller percentage of those customers will become loyal customers.

The problem with this mentality is that it’s remarkably inefficient, with only a small fraction of prospects and leads “paying off” to offset the initial investment. By predetermining a target audience, businesses can put their own finite marketing resources to better use. Through this process, businesses can target those most likely to become loyal customers without wasting any resources on those who aren’t.

The same can be said for sales promotion campaigns. In order to understand the best target audience for your promotion, you first need to understand more about the customers you already have. Send out a simple survey or questionnaire (or have one built directly into your site) that allows customers to share demographic data. Offer an incentive up front in order to get customers to take the time to share personal information.

**Measurable Goals**

There's no denying the importance of setting goals. In fact, in a study performed by the Harvard MBA program, those who made and recorded clear goals went on to earn on average 10 times the amount of those who didn't. When designing a sales promotion campaign, your goals need to be more specific than 'increasing sales.'

So, what's your strategy? Ask yourself what the most important objective of your promotion should be. Are you hoping to draw in new customers, or are you more inclined to focus on customer retention? Do you want your customers to purchase more frequently, or would you like for them to increase the average amount that they spend on a purchase? Are you attempting to increase the business that your organization gets during slower seasons or times of the day? Are you interested in regaining the attention of former customers who have taken their business elsewhere?

Determine exactly what you would like to accomplish with your sales promotion, and when possible, translate that goal into a specific number. This will allow you to chart your failure or success as the campaign progresses, and to identify aspects of your campaign that need to be amended or further developed.

**Limited Availability**

Behavioral psychologists have found that human beings tend to assign greater value to things they perceive as being scarce. In a classic study performed in 1975, researchers had participants assign perceived value to identical cookies located in two identical jars. The only difference between the two jars was that one held 10 cookies, while the other held only two. The study discovered that while there was no apparent difference between the cookies or the jars, participants assigned greater value to the jar of two cookies.

When something seems limited, we naturally assign it greater value. We tend to want things we can't have or that we fear that we won't be able to have in the near future. At base, we're animals that have a keen sense of regret, and we hate missed opportunities. The best marketers have learned how to take advantage of this very human phenomenon by offering limited-time deals. A sales promotion—such as a free gift with purchase—may seem like an attractive incentive for motivating sales, but unless that promotion is only available for a limited time or in limited quantities, then a large majority of customers will not be interested. On the other hand, if those customers are faced with the possibility of missing the promotion if they don't act quickly, they'll be far more likely to commit.

**Sufficient Promotion**

Your promotion is an effort to draw customer attention to your organization's product or service. But what about drawing attention to the promotion itself? In order for a promotion to be effective, it needs to be seen and understood by the same target audience.

**Value**

When all is said and done, the customer is interested in just one thing from your organization: value. If your sales promotion doesn't offer your prospective clients real value, then all of the limited-time offers and targeted marketing in the world isn't going to make your sales promotion a success.



Ask yourself what kind of offer your potential customers will find most interesting, and then determine whether or not you can afford to give it to them. If you can, then you may have found the perfect sales promotion. If you can't, then scale it back until you come to a compromise that will be interesting to your target audience, while still remaining cost effective for your organization

### **A Word of Warning**

An effective sales promotion requires careful planning and budgeting, and is not something that should be undertaken casually. Businesses that have overreached with their sales promotions have been known to suffer significant losses due to the disparity between increased sales and the cost of the promotions themselves. To this end, it may be better to err on the side of caution. Before you invest a significant portion of your budget towards an extreme promotion, first test the waters with smaller, more cost-effective promotions. You'll get a better feel for how your potential customers might respond, and you won't risk the future of your company to do so.

Whether you decide to offer digital coupons, give special gifts with every purchase, or invest in any other promotional campaign, be sure to take your time to do it right. Remember: A successful promotional campaign is one in which everyone benefits. If either you or your customers are coming away from the experience feeling unsatisfied, then you need to revisit and reevaluate how you are incorporating these five elements into your promotional strategy.

### **MEASUREMENT OF IMPACT OF SALES PROMOTION:**

- ❖ Advertising certain items in web advertisements, seasonal catalogues, sales flyers, magazines and/or other print media, with or without discounting the item.
- ❖ Offering special price discounts to targeted customers for a limited timeframe.
- ❖ Offering discounted pricing on a targeted item for a limited timeframe.
- ❖ Promoting certain targeted items directly to certain targeted customers for a defined timeframe, with or without discounting the item.
- ❖ How do you measure the effectiveness of these activities, particularly if your system is unable to capture which promotion the item was purchased under at the point of sale?

Here are 5 techniques that any small or middle market company can deploy:

1. Compare the sales and gross margins for the promoted item or customer prior to the promotional period, during the promotional period, and after the promotional period. The best way to do this is to compute the average sales per day for each of these timeframes. Did



your average sales per day increase during the promotional period? When comparing the sales per day prior to the promotional period, to the sales per day after the promotional period, did it look like the promotion just pulled in future sales you would have otherwise received at normal margins? Or did the promotion give you a true sales and margin "lift"?

2. Compare the overall average order size and the lines per order during the promotion periods to those same metrics during non-promotion periods. Did the promotion increase your average order size or add to your lines per order? Compare these metrics against those of your industry, if available. Do they compare favorably?
3. Compare the total sales per day of all items during promotional periods (including the items not promoted), to the total sales per day of all items during non-promotional periods. Does it appear that the promotions impacted your total sales, due to the added buzz that the promotional activity provided in the marketplace? (Note to consider seasonality, if applicable.)
4. Compare the results for the various promotions against each other. Rank which promotions provided the best sales and gross margin lift for your company. Compare the results against those in prior years to see if the trends are favorable, or if certain promotional activities are getting stale. Pull or revamp those promotions that are becoming less effective.
5. If possible, compare the added gross margins generated by each promotion, to the underlying incremental cost of each promotion, to determine the overall net profit generated by each program. Did the promotion have a net positive impact on earnings?

The above assessments are simple, yet effective indicators of the effectiveness of your promotional activities. However, many small and middle market companies do not perform such assessments due to the laborious effort needed to pull and compile the data. Today's business intelligence solutions can make the underlying data needed to complete such an assessment more readily available. For example, these assessments are pre-built and come ready to use in Grand Metrics BI, and make the process as easy as a click of the mouse.

I encourage you to assess the effectiveness of your company's sales promotion activities – you may be surprised by your findings! Regular fine-tuning of such activities is certain to enhance your company's profitability.

**SALES PROMOTION BUDGETING:**

The allocation of monetary resources to sales promotion is determined by the promotional strategy of the firm.

In most cases, first the total amount of money for promotion is determined then it is budgeted for different activities. Before deciding the money allocated to sales promotion, the management should evaluate relevant factors such as type of product, its stage in PLC, the market situation, level of competitive activity, etc. All these factors, alone or in combination, can significantly affect the promotional budget. There are five important techniques that are commonly used to allocate funds to sales promotion.

**Percentage of sales method**

The percentage of sales method to allocate the funds is probably most popular among companies. In this approach, the budget is determined by taking a fixed percentage of sales. The sales figure taken could pertain to the previous year, or the average of several past years. This percentage could also be based on the forecasted sales of the year under consideration.

**Unit of sales method**

This method is commonly used by companies dealing in high-priced products, generally consumer durable goods such as four and two wheeler auto-manufacturers, refrigerators, washing machines, microwave ovens, entertainment electronics and many other items.

Instead of rupee value of sales, as in the previous method, the base is the physical volume of either the past or anticipated sales. This figure of units is then multiplied by a fixed amount of money to reach the budget amount. For example, the manufacturer might allocate Rs. 2000/- per unit for sales promotion.

**Competitive parity method**

Many marketers match or base their sales promotion budget to that of the major competitors. The logic attributed to this method is that the collective minds of the companies in the industry probably generate promotion budget that are close to optimal and any departure from the industry norms may lead to promotion war.

**All you can afford method**

In using this approach to budget allocation, the amount that is leftover after all other relevant allocations have been made, is earmarked for sales promotion. This approach is used, generally, by companies with small budget, or by some other companies, large as well as small, when they are introducing a new product. It is merely an availability oriented budget and quite unsophisticated. Apparently, there is no realization that in a competitive market situation, sales promotion mainframe sales in many ways.





**(17E00317)ADVERTISING AND SALES PROMOTION MANAGEMENT**

**Objective:** The objective of the course is to provide students with detailed knowledge of some of the marketing mixes such as Sales and Promotion.

- 1. Advertising:** Meaning, Role of advertising, types of advertisement, industrial, institutional, retail, trade and professional, marketing mix, Advertising department and advertisement manager.
- 2. Organizing for Advertising:** Objectives and functions - Role and functions of advertisement agencies. Advertising agency and services, client agency relationship. Visual layout, art work, production traffic copy, effective use of words, devices to get greater readership interrelation.
- 3. Advertisement budgets and effectiveness:** Types, optimal expenditure, decision models, sales response and decay, competitive share, Pre-testing, post testing, experimental designs.
- 4. Sales Promotion:** Importance and scope; Need and objectives of sales promotion; Consumer promotion; channel promotion; Timing of sales promotion; Measurement of impact of sales promotion; sales promotion budgeting.
- 5. Publicity and public relations:** Scope and importance. Methods of publicity, Power of Publicity, advantages and disadvantages of Publicity, Process of Public Relations-Marketing public relations functions; Public relations officer- role and functions.

**Text Books:**

- Advertising & Promotion: George E.Belch, THM
- Advertising and Promotion- An Integrated Marketing Communication approach, Shimp, Cengage

**References:**

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- Advertising & Sales Promotion, SHHKazmi, Satish Batra, Excel.
- Advertising Management with integrated Brand Promotion, O'Guinn, Allen, Semenik, Cengage.
- Advertising Management, Jethwaney, Jain, Oxford.
- Contemporary Advertising, Arens, TMH.
- Advertising, Sales and Promotion Management, S.A.Chunawalla, Himalaya.
- Sengupta, Subroto: Brand Positioning, Strategies for Competitive Advantages, Tata McGraw Hill

**PUBLICITY AND PUBLIC RELATIONS****Definition:**

According to the **American Marketing Association** “Publicity is any form of non-paid commercially significant news or editorial comment about ideas, products and institutions”.

**SCOPE AND IMPORTANCE OF PUBLICITY:**

1. Publicity is an effective medium to disseminate message to the mass with more credibility. People have more trust on news given by publicity.
2. The credibility level of publicity is much higher than advertising and other means of market promotion. People express more trust on what the third party independently says. It appears directly through newspapers, magazines, television, or radio by the third party. It is free from bias.
3. It provides more information as the valuable information is free from space and time constraints. Similarly, publicity takes place immediately. No need to wait for time or space in mass media. It enjoys priority.
4. The firm is not required to pay for publicity. The indirect costs related to publicity are much lower than other means of promotion.
5. It is a part of public relations. It is free from exaggeration; it carries more factual information about company. It is more trustable. It helps establish public relations.
6. Generally, publicity covers the varied information. It normally involves name of company, its goods and services, history, outstanding achievements, and other similar issues. The knowledge is more complete compared to advertisement.
7. Publicity directly helps middlemen and sale persons. Their tasks become easy. Publicity speaks a lot about products on behalf of middlemen and salesmen. Sellers are not required to provide more information to convince the buyers.
8. It is suitable to those companies which cannot effort the expensive ways to promote the product.
9. Publicity increases credit or fame of the company. Publicity on company's assistance in relief operations during flood, earthquake, draught, and other natural calamities highlights its name and social contribution in mass media. People hold high esteem to this company.
10. Publicity can be used by non-commercial organizations/institutes like universities, hospitals, associations of blinds or handicaps, and other social and missionary organizations. They can publicize their noble works by the medium of publicity.



**Scope of Public Relations:**

Public relations are the management function that identifies, establishes, and maintains mutually beneficial relationships between an organization and the various publics on whom its success or failure depends.” Public relations (PR) are the practice of managing the spread of information between an individual or an organization (such as a business, government agency, or a nonprofit organization) and the public. Public relations may include an organization or individual gaining exposure to their audiences using topics of public interest and news items that do not require direct payment. This differentiates it from advertising as a form of marketing communications. Public relations are the idea of creating coverage for clients for free, rather than marketing or advertising. But now advertising is also a part of greater PR Activities

Public relations can do the following:

- (a) Help win friends, influence people, persuade individuals, groups and in difficult situation bring about goodwill where needed and maintain goodwill where it is existing.
- (b) Create and build up image and reputation of individual, organization and nation.
- (c) Public relations can bring out reward of mutual understanding and risks involved in misunderstanding between individuals, groups, government and nation.
- (d) Help the public to love life and work for better or for worse without condition.
- (e) Forestall attacks by opponents or competitors.
- (f) Counsel employees to recognize that as human beings they are more of a complete structure.
- (g) The possible areas where public relation plays its role. Promotional opportunity, new image, competitive challenge, rumor, crisis, conflict of interest, ineffective communication.

**Importance of Public relations**

Most business executives dub PR as 'free advertising.' This could not be farther from the truth. It neither is advertising, nor is free. As a matter of fact, it may be costly, VERY costly, depending upon how it is used, because it's a time consuming and labor intensive process. Today PR may make the claim that it'll give your business the best return for its marketing budget.

**Public relations works through intermediaries**

Due to it being compared with advertising, PR is maybe the least understood of all marketing tools. The basis of PR includes using intermediaries to communicate with your audience and influence them. Those intermediaries may be industry spokespersons, stock analysts, investors, trend setters, industry analysts, customers, employees, and even the electronic and print media. Typically your business has very little control over those influencers, or intermediaries, which will make public relations so difficult.

**Public relations is messy**

Advertising, on the other hand, provides you that control. You won't just get to create your organization's messages, match them with a supporting graphic, then place them where you desire your audience to read them and as you desire them to read them. Plus, you'll pay



for that control. In order to get individuals to hear you, you must persuade many important influencers that your business, its services or products are worth their time to consider. You must have your act together. They do not have time to spend on incomplete ideas. Getting your act together for a key influencer will mean that you:

**Public relations is personal**

You might have demographics for your audience in advertising. You might even have performed focus groups and market research to pin down their necessities. However, as individuals the audience remains mainly anonymous to you. You'll communicate to them more as a circle that shares common interests, instead of as individuals. Advertising, by its nature, includes a mass communication.

**Public relations build up credibility**

Public relations boost an organization's credibility, because it'll operate through numerous trusted intermediaries. Plus, these intermediaries communicate to a certain audience which looks to them to filter out all nonsense. If messages are chosen to be communicated, they'll gain credibility due to the intermediaries' credibility.

**Public relations is precise**

With advertising, it's possible to calculate the responses and audience impact which you have. It is similar to a controlled experiment which is being done repeatedly. Public relations are less predictable due to you having to get the intermediary to comprehend your important message points and reiterate them in his/her messages. It means cautiously aligning them with an intermediary's messages. It'll mean knowing his needs and your audience's needs and where your business and its messages fit within that environment.

**Public relations is based on relationships**

Great public relations mean setting up ongoing relationships with many important influencers (and therefore their audiences) and knowing how your business may become an excellent data source for the influential. However, this relationship is based on your organization's capability of providing these things:

**Public relations is opportunistic**

Your public relations communications with influencers do not always need to be about your business. Offering accessibility to your consumers in order for the influencer to see how they're solving issues using your organization's services and products is a vital method of offering more data. Absolutely the influencer understands that you are not going to give him a consumer who is unhappy, yet without your assistance, he isn't likely to gain access. Plus, he'll have the chance to speak with your customer about your competitors and see what they're doing more broadly than only your business.

**Public relations is not free advertising**

It is a time consuming and labor intensive effort. It'll mean opportunistically thinking and evaluating 'what is news worthy' concerning your business with a keen eye. If your business is able to do this, PR may help it look more influential, bigger and more important.

**METHODS OF PUBLICITY:****Focus your coverage**

Choose carefully exactly what you want to cover and your target media. Whether it's the launch of a new product, a significant anniversary or a competition win, make sure it is relevant to the readership of your targeted media- be it traditional or online.

**Use of social media**

You can set up a face book page or a twitter account at no cost. Social media is an excellent way to build relationships with your customers and encourage word of mouth publicity.

**Viral marketing**

Whether it's a you tube video with thousands of views, or a photo that is tweeted and re-tweeted. If you're promotional material goes 'viral' it can give your public profile a huge boost. There is no magic formula to viral marketing – but something quirky, interesting and funny is more likely to capture people's imaginations.

**Write a great press release**

Press releases serve two purposes – you can add them to the news section of your site, link to them from your social media accounts, and send them to journalists. Ensure you have an eye-catching headline and a strong, summarizing opening paragraph before getting into the details.

**Get back to basics**

Traditionally small firms aimed to get editorial coverage by sending press releases to newspapers or magazines in the hope that journalists would write about their new product or service. Journalists want to write about something that is newsworthy, particularly if it will appeal to their readership. If it's linked with famous people or places, controversial or amusing, you are more likely to get the coverage you want.

**Advertising promotions**

These can be a double-edged sword - although you are guaranteed editorial coverage, paid promotions can be expensive and potential customers may skip the feature. Weigh up whether the potential results are worth the cost.

**Go for gold**

Winning an award is a fantastic way to get publicity – not only does it recognize your talent and increase your prestige; award ceremonies are a good place to network and are usually covered by trade or local press. Many awards are free to enter. Look for one that is well respected in your industry and is likely to generate press coverage.



**Get philanthropic**

You could get involved with a local charity to increase your standing in the community. Offer to speak at industry events or to write a column for a trade magazine or website.

**Dealing with bad publicity**

Not all publicity is beneficial. One negative comment can undo months of hard work. If a customer complains, contact them directly with a full apology and suggested solution. If you see negative and anonymous comments online, respond honestly in the same forum, explaining the solution from your perspective. Do not ignore negative feedback or bad publicity- it may be the first thing a prospective customer sees if they decide to search for you online.

**Keep it in perspective**

Publicity is a great way to increase footfall but don't neglect other aspects of your business in a bid to boost your profile. If you are spending a lot of time and energy on PR without much success, sit back and work out another strategy.

**POWER OF PUBLICITY:**

Publicity is the least expensive form of marketing, especially compared to print or TV advertising. Now in the age of the internet, people are wondering if publicity is still the best way to get new clients, especially with other performance based advertising metrics available, like Google pay-per-click ads, banner ads and sponsorships.

Publicity is more powerful than advertising or sales promotion or even other forms of public relations. The following factors make publicity is more powerful element.

**Publicity is highly credible:**

Publicity is highly credible, as it is not usually perceived as being sponsored by the company. Therefore, consumers perceive publicity information as more objective and place more confidence in it than information given by other elements of IMC programme. In fact, consumer reports the medium responsible for ad campaign designed to promote its credibility.

**Publicity information perceived as certified:**

Publicity information may be perceived as certified by the medium in which it appears. **For example**, publicity regarding a breakthrough in the durability of golf balls will go far to promote them if it is reported by Golf magazine.



**News Value and Frequency of Exposure:**

Still another reason for the publicity's power is its news value and the frequency of exposure it generates. Every local television station covered the event some with live reports from the scene. Publicity thus results in a significant amount of free, credibility, word-of-mouth information regarding the firm and its products.

**Publicity can Make or Break a product:**

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

**Advantages and Disadvantages of Publicity:****Advantages of publicity:**

The Advantages of Publicity

**Cost**

Publicity and marketing are often used interchangeably to describe a company's promotional activity, but there are significant differences. Whereas companies generate their own marketing materials, publicity is granted by outside sources, such as the media. One of the biggest advantages of publicity is that it is usually free. A marketing staff and promotional activities can cost a company a significant amount of money. However, publicity -- ranging from unsolicited newspaper reviews to social media word-of-mouth -- typically costs nothing.

**Credibility**

Consumers expect a certain level of bias or exaggeration in the commercials or advertisements a company produces about its products. However, third-party sources, such as magazine articles or online reviews, are often considered less biased. This is particularly true with reputable sources, such as longstanding publication houses or well-regarded professional reviewers. As opposed to company-generated claims, publicity from non-affiliated parties can often seem more credible in the eyes of your potential customers. While professional marketing can be effective, particularly if you offer high-quality products, positive third-party publicity can enhance your company's reputation.

**Branding**

Many companies that are successful over the long haul rely on the strength of their brand to cultivate new sales. If you can offer your customers a series of quality products that meet or exceed expectations, they may be more likely to give any new products you develop a try, simply by hearing the name of your brand. Successful branding typically takes time. Consistent publicity can help you strengthen your brand by repeatedly putting your company's name in front of potential customers. Over time, the public may grow to think of your company as a household name, which could set you apart from your competitors.

**Generating Publicity**

Although publicity comes from outside sources, it rarely comes about spontaneously. To get the ball rolling with possible sources of publicity, you'll have to pitch your company directly to various media outlets -- perhaps through a public relations professional, whose services can be contracted for a fee. Newspapers, magazines and social media sites can't write about something they don't know about, so you'll have to provide them with information that gets them interested in learning more about your company and spreading the word to their readers or followers. To be effective, you must target your message to the appropriate audience. To get repeat or ongoing coverage, you will need to have something new. The good news is that publicity often feeds on itself. If good reviews or comments about your business start popping up, it often gets other sources interested.

**Disadvantages of Publicity:**

The Disadvantages of bad publicity

**Damage to public image**

A person or corporation suffers damage to its public image or brand when negative reports come out. Many people respect and trust actors, athletes, musicians and politicians spend millions of dollars cultivating brands that they want people to see as reliable and high quality. When public figures or corporations receive bad publicity, public opinion of them can turn negative. Public figures and corporations find it is damaged because they must regain the public's trust.

**Loss of sales or job offers**

Bad publicity can also hurt the financial positions of public figures and corporations. A public figure can be fired or forced to resign over one bad report. He can find it difficult to get another job, even if it turns out that bad report was a mistake or fabrication. Corporations can lose millions or even billions of dollars in potential sales and business contracts and must spend more money to regain its sales volume.

**Boost to competition**

Bad publicity can help the competition. A competitor can use the other person's bad publicity to enhance her or his own image from the person with the bad image. An actor can lose a role to another actor because of bad publicity. An incumbent politician can lose



ground in the polls to her opponent. A corporation's competitor can use its bad publicity in their ads to make themselves look better by comparison.

**Increased scrutiny and punishment**

Bad publicity can bring increased government scrutiny and even criminal charges against a person or corporation. Journalists sometimes uncover an illegal or unprofessional act by a public figure or corporation before police or other government entities do. Once the is out, government officials may feel pressured or may be legally obligated to take action, especially if the bad news concerns a corporations product or service that could then suffer criminal punishment.

**PROCESS OF PUBLIC RELATIONS:**

Public Relation (PR) is the practice of managing the flow of information between an organization and its public's. Keeping this in mind, one can safely say that the process of Public Relations involves four steps. They are Research or information gathering, Planning, communication and evaluation

**Research:**

The first step of the process of public relations is Research. Research is conducted to become fully aware of the situation at the grass root level. For the purpose of research, the role of social/community mobilizes is very important at the field level depending upon the type of project. Research is launched in the form of opinion surveys of public and study of economic and social trends. Research requires very careful and diligent search for discovery of facts because it is the first step towards planning or policy formulation. Opinion surveys by gallop international are very popular. Surveys are also done on regional level by various media groups or national and international NGO's on various issue

**Planning:**

Once research is done in a careful manner, the second step in the process of Public relations is planning. Data collected during research helps in determining objectives and policies of PR besides a complete program of communication. To achieve those objectives, various steps may be taken e.g. formation of core groups, work breakdown structure, precedence, assigning responsibilities to personals; all these are part of planning.

**Communication:**

The third and most important step in the process of Public Relation is Communication. Lack of communication and coordination among the entire stake holders of an organization leads to failure. Coordination between different elements is necessary for success. These elements may include management staff, field staff, administrative staff, and technical staff in fact all those who in one way or the other are associated with the organization.



**Evaluation:**

It is the final step of the process of public relations. In this step, an evaluation is being done of the practical and concrete steps which were taken to launch the program of communication. It is the point of culmination of public relations.

**MARKETING PUBLIC RELATIONS FUNCTIONS:**

The use of two important business functions, marketing and public relations (PR), to generate awareness and positive responses to products, services and businesses. Marketing PR has developed due to increased saturation of markets and the difficulties this creates in reaching customers. Traditional forms of marketing are yielding lower and lower returns, requiring companies to use more innovative methods of reaching potential customers.

Marketing PR is often seen on the internet, a highly saturated market. Crucially the internet is an integrated marketplace, which means there's no clear distinction between commercial content and non-commercial content. Companies increasingly use buzz marketing and innovative campaigns to drive awareness of their products and their companies, at the same time as promoting a particular product or service.

It's also seen commonly on TV – an advert telling consumers that a company has reduced its environmental impact is a public relations message but the company is hoping its ethical credentials will increase positive perceptions of its products, position itself as a moral choice and ultimately drive sales.

Another driver of Marketing PR has been consumers and other businesses increasingly demanding that organizations behave and think in certain ways – a failure to conduct themselves in these ways can have a detrimental effect on the organization's standing within both the industry and the public sphere.

In this way, the structure, values and actions of the organization are now marketable commodities that can be used to drive perception of the business itself and its products. This has coincided with a rise in the importance of 'brand,' which is now a commonly used metric to judge an organization's worth. This contrasts to 50 years ago, when profit was the main – if not only – metric used.

Public Relations specialized functions are categorized by the publics with which relationships are established, and to whom appeals are made to understand and/or accept certain policies, procedures, individuals, causes, products or services. Practitioners who perform specialized functions may play a management role, operate as a communications technician, or function in a dual role.

**Community Relations**

A public relations function consisting of an organization's planned, active and continuing participation with and within a community to maintain and enhance its environment to the benefit of both the organization and the community. This can involve partnerships, volunteer activities, philanthropic contributions and public participation.

**Employee Relations**

Dealing and communicating with the employees of an organization. This can include team building and employee empowerment.

**Government Relations**

Dealing and communicating with legislatures and government agencies on behalf of an organization.

**Financial Relations**

Dealing and communicating with firms and interest groups within the organization's industry.

**Media Relations**

Dealing and communicating with the news media when seeking publicity or responding to reporters' questions. It also involves setting up and maintaining a professional and mutually beneficial working relationship with news gatherers and gatekeepers, in part by becoming known as a credible source and as a provider of factual, expert information whether or not that information results in media coverage.

**Public Affairs**

Dealing and communicating with government and groups with regard to societal (public) policies, action and legislation. Unlike government relations, where the practitioner works strictly on behalf of an organization, public affairs also is concerned with the effect of public policies, actions and legislation on its publics.

**PUBLIC RELATIONS OFFICER (PRO):**

A public relations officer is someone who is responsible for maintaining the reputation of the company she or he works for. Small companies may have a single staffer who handles public relations, while others may have an entire public relations department. In addition to representing companies, public relations officers can also have public relations for individuals such as politicians, celebrities, and other prominent figures who want to maintain a good reputation with the public.

Public relations officers plan, develop, put into place and evaluate information and communication strategies that present an organization to the public, clients and other stakeholders. They also promote good information flow within their organization. Public relation officer is a person who is responsible for communications with the public.



**ROLE AND FUNCTIONS OF PUBLIC RELATIONS OFFICER:**

Public relations officer performs the following functions:

- Monitor public opinion regarding an organization or particular issues.
- Develop and implement communication strategies for an organization and advise management on communication issues and strategies.
- Plan public relations programmes, including the preparation of cost budgets. Present arguments on behalf of an organization to government, other organizations and special interest groups.
- Respond to enquiries from the public, media and other organizations.
- Arrange interviews with journalists prepare and distribute media releases, and liaise with and make statements to the media.
- Write, edit and arrange production of newsletters, in-house magazines, pamphlets and brochures.
- Assist with preparing organizational documents such as annual reports, corporate profiles and submissions.
- Write speeches, prepare visual aids and make public presentations.
- Oversee production of visual, audio and electronic material, including managing websites.
- Organize special events such as open days, visits, exhibitions and functions.
- Conduct internal communication courses, workshops and media training.
- Develop risk assessments and implement crises management plans to ensure an organization's reputation is maintained.
- Organize and management events, exhibitions, conferences and product launches.
- Ensure that details of the institute activities, appointments and awards are publicized and communicated appropriately to the membership and to the wider market as necessary.
- Decide what is the "appropriate" vehicle for communication; website, newsletter, professional publication (including CII Journal or Network News), e-mail, flyer, personal letter or telephone.
- Agree with council the strategy for publicity and formulate a plan for implementation.
- Report regularly to council on both the communications and success rate, recommending any revision to the plan.
- Deal with the media on behalf of the local institute ensuring that details of any such media involvements and immediately communicated to the CII.

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