
Unit-1

Marketing Mix

Structure

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Marketing Mix

1. Learning objectives

After going through this Unit, you will be able to understand the:

- To explain the concept of marketing mix and its components
- To discuss the meaning of product and its classification
- To state the various factors affecting pricing decisions
- To describe different methods of pricing
- To state the meaning of channels of distribution
- To identify the various channels of distribution
- To state the factors affecting the choice of a channel of distribution
- To explain the concepts of promotion and promotion mix

1.1. Introduction

In the previous lessons, we discussed the core concepts of marketing and how that get affected by different environmental factors. As per the definition, the role of marketing is to identify consumers' needs and supplies various goods and services to satisfy those needs most effectively. So the businessman needs to: (a) produce or manufacture the product according to consumers' need; (b) make available it at a price that the consumers' find reasonable; (c) supply the product to the consumers at different outlets they can conveniently approach; and (d) inform the consumers about the product and its characteristics through the media they have access to.

So, the marketing manager concentrates on four major decision areas while planning the marketing activities, namely,

- i. Products
- ii. Price
- iii. Place (distribution) and
- iv. Promotion

These 4 ‘P’s are called as elements of marketing and together they constitute the marketing mix. All these are inter-related because a decision in one area affects decisions in other areas. In this unit, we shall learn about the fundamental aspects relating to these 4‘P’s viz., product, price, place and promotion.

Customer is the king

Now a day, the customer is considered as the king of the market. Thus all the firms should concentrate on customers’ requirement and satisfaction. Companies are shaping separate and innovative offers, services and messages to individual customers. Many companies collect information on customers’ past transactions, demographics, psychographics, and media and distribution references. They hope to achieve profitable growth through capturing a larger share of each customer’s expenditure by building high customer loyalty and focusing on customer lifetime value.

1.2. Concepts and elements of marketing mix

Marketing involves a number of activities. To begin with, an organisation may decide on its target group of customers to be served. Once the target group is decided, the product is to be placed in the market by providing the appropriate product, price, distribution and promotional efforts. These are to be combined or mixed in an appropriate proportion so as to achieve the marketing goal. Such mix of product, price, distribution and promotional efforts is known as ‘Marketing Mix’.

According to Philip Kotler “Marketing Mix” is the set of controllable variables that the firm can use to influence the buyer’s response”. The controllable variables in this context refer to the 4 ‘P’s [product, price, place (distribution) and promotion]. Each firm strives to build up such a composition of 4‘P’s, which can create the highest level of consumer satisfaction and at the same time meet its organisational objectives. Thus, this mix is assembled keeping in mind the needs of target customers, and it varies from one organisation to another depending upon its available resources and marketing objectives. Let us now have a brief idea about the four components of the marketing mix.

Product

Product refers to the goods and services offered by the company. A pair of shoes, a plate of noodles, lipstick, all are products. All these are purchased because they satisfy one or more of our needs. We are paying not for the tangible product but the benefit; it will provide. So, in simple words, the product can be described as a bundle of benefits which a marketer offers to the consumer for a price. While buying a pair of shoes, we are buying comfort for our feet, while purchase of a lipstick we are paying for beauty because lipstick is likely to make us look good. The product can also take the form of a service like an air travel, telecommunication, etc. Thus, the term product refers to goods and services offered by the organisation for sale.

Price

Price is the amount charged for a product or service. It is the second most important element in the marketing mix. Fixing the price of the product is a tricky

job. Many factors like demand for a product, cost involved, consumer's ability to pay, prices charged by competitors for similar products, government restrictions, etc. have to be kept in mind while fixing the price. In fact, pricing is a very crucial decision area as it has its effect on demand for the product and also on the profitability of the firm.

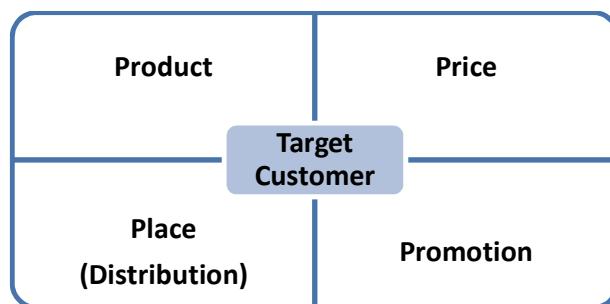
Place

Goods are produced to be sold to the consumers. They must be made available to the consumers at a place where they can conveniently make a purchase. Sambalpuri Sarees are manufactured on a large scale in Western Odisha, and you purchase them at a store from the nearby market in your town. So, it is necessary that the product is available at shops in your town. This involves a chain of individuals and institutions like distributors, wholesalers and retailers who constitute firm's distribution network (also called a channel of distribution). The organisation has to decide whether to sell directly to the retailer or through the distributors/wholesaler etc. It can even plan to sell it directly to consumers. The choice is guided by a host of factors about which you will learn later in this chapter.

Promotion

If the product is manufactured keeping the consumer needs in mind, is rightly priced and made available at outlets convenient to them but the consumer is not made aware of its price, features, availability, etc., its marketing effort may not be successful. Therefore, promotion is an important ingredient of the marketing mix as it refers to a process of informing, persuading and influencing a consumer to make choice of the product to be bought. Promotion is done through means of personal selling, advertising, publicity and sales promotion. It is done mainly to (or "intending to") providing information to prospective consumers about the availability, characteristics and uses of a product. It arouses potential consumer's interest in the product, compares it with competitors' product and makes his choice. The proliferation of print and electronic media has immensely helped the process of promotion.

Fig-1.1: Elements of Marketing Mix



Having familiarised ourselves with the broad nature of the four components of the marketing mix, let us now learn some important aspects of each one of these in detail in the following sections.

1.3. Concept of Product and its Classification

As stated earlier, product refers to the goods and services offered by the organisation for sale. Here the marketers have to recognise that consumers are not simply interested in the physical features of a product but a set of tangible and intangible attributes that satisfy their wants. For example, when a consumer buys a washing machine he is not buying simply a machine but a gadget that helps him in washing clothes. It also needs to be noted that the term product refers to anything that can be offered to a market for attention, acquisition, or use. Thus, the term product is defined as “anything that can be offered to a market to satisfy a want”. It normally includes physical objects and services. In a broader sense, however, it not only includes physical objects and services but also the supporting services like brand name, packaging accessories, installation, after sales service, etc. Look at the definitions by Stanton and McCarthy as given in the box.

Product

“Product is a set of tangible and intangible attributes including packaging, colour, price, manufacturer’s prestige, retailer’s prestige and manufacturer’s and retailer’s services which buyer may accept as offering satisfaction of wants and services”.

..... William J. Stanton

“A product is more than just a physical product with its related functional and aesthetic features. It includes accessories, installation, instructions on use, the package, perhaps a brand name, which fulfils some psychological needs and the assurances that service facilities will be available to meet the customer needs after the purchase”.

..... Jerome McCarthy

Product Classification

Product can be broadly classified by

1. Use
2. Durability and
3. Tangibility

Let us have a brief idea about the various categories and their exact nature under each head, noting at the same time that in marketing the terms ‘product’ and ‘goods’ are often used interchangeably.

1. Based on “Use”, the product can be classified as:

a) Consumer Goods

Goods meant for personal consumption by the households, or ultimate consumers are called consumer goods. This includes items like toiletries,

groceries, clothes, etc. Based on consumers' buying behaviour the consumer goods can be further classified as:



i. Convenience Goods

Do you remember, the last time when did you buy a packet of butter or a soft drink or a grocery item? Perhaps you don't remember, or you said last week or yesterday. The reason is, these goods belong to the categories of convenience goods which are frequently bought without much planning or shopping effort and are also consumed quickly. Buying decision in the case of these goods does not involve much pre-planning. Such goods are usually sold at convenient retail outlets.

ii. Shopping Goods

These are goods which are purchased less frequently and are used very slowly like clothes, shoes, household appliances. In the case of these goods, consumers make choice of a product considering its suitability, price, style, quality and products of competitors and substitutes, if any. In other words, the consumers usually spend a considerable amount of time and effort to finalise their purchase decision as they lack complete information before their shopping trip. It may be noted that shopping goods involve much more expenses than convenience goods.

iii. Speciality Goods

Because of some special characteristics of certain categories of goods people put special efforts to buy them. They are ready to buy these goods at prices at which they are offered and also put in extra time to locate the seller to make the purchase. The nearest car dealer may be ten kilometres away, but the buyer will go there to inspect and purchase it. In fact, before making a trip to buy the product he/she will collect complete information about the various brands. Examples of speciality goods are cameras, TV sets, new automobiles, etc.

b) Industrial Goods

Goods meant for consumption or use as inputs in the production of other products or provision of some service are termed as 'industrial goods'. These are meant for non-personal and commercial use and include (i) raw materials, (ii) machinery, (iii) components, and (iv) operating supplies (such as lubricants, stationery, etc.). The buyers of industrial goods are supposed to be knowledgeable, cost conscious and rational in their purchase and therefore, the marketers follow different pricing, distribution and promotional strategies for their sale. It may be noted that the same product may be classified as consumer goods as well as industrial goods depending upon its end use. Take for example the case of coconut oil. When it is used as a hair oil or cooking oil, it is treated as consumer goods and when used for manufacturing a bath soap it is termed as industrial goods. However, the way these products are marketed to these two groups is very different because purchase by the industrial buyer is usually large in quantity and bought either directly from the manufacturer or the local distributor.

2. Based on "Durability", the product can be classified as:

a) Durable Goods

b) Non-Durable Goods

Non-durable goods are products that are normally consumed in one go or last for a few uses. Examples of such products are soap, salt, pickles, sauce, etc. These items are consumed quickly, and we purchase these goods more often. Such items are made available by the producer through a large number of convenient retail outlets. Profit margins on such items are usually kept low and heavy advertising is done to attract people towards their trial and use.

3. Based on “Tangibility”, the product can be classified as:

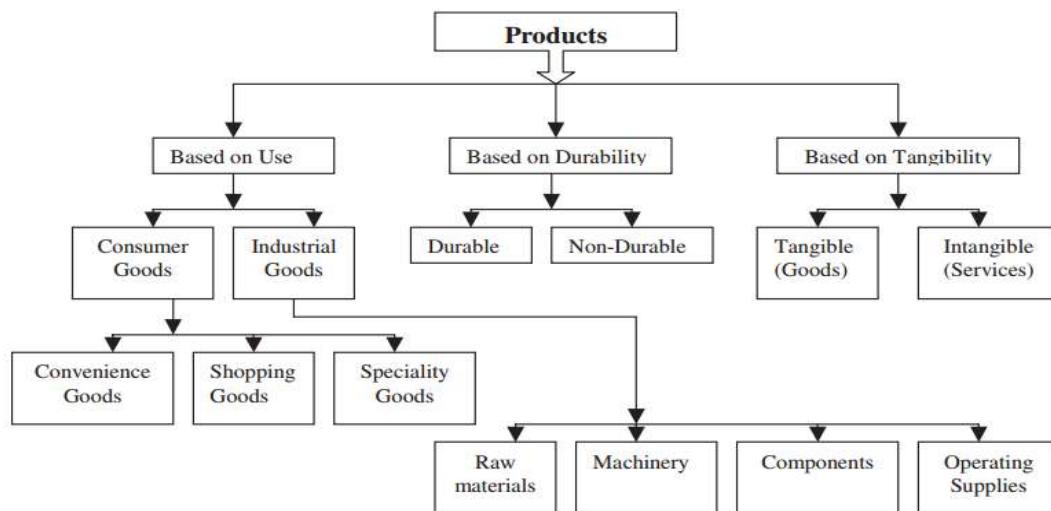
a) Tangible Goods

Most goods, whether these are consumer goods or industrial goods and whether these are durable or non-durable, fall in this category as they have a physical form, that can be touched and seen. Thus, all items like groceries, cars, raw-materials, machinery, etc. fall into the category of tangible goods.

b) Intangible Goods

Intangible goods refer to services provided to the individual consumers or the organisational buyers (industrial, commercial, institutional, government, etc.). Services are essentially intangible activities which provide want or need satisfaction. Medical treatment, postal, banking and insurance services, etc., all fall into this category.

Figure-1.2: Hierarchical classification of Product



Components of Product Mix

To optimise the product requirements by the consumers, importance should be given to the following elements or components of product mix:

1. Branding

It is the process of using a name, sign, symbol or design to a product. A brand is an identification of a product. The part of the brand which can be spoken is called the brand name, e.g., Dettol, Nike, etc. The part of a brand which cannot be spoken but can be recognised is the brand mark. e.g. arrow sign of Nike, star of Mercedes, etc. A brand that is given legal protection against its use by other firms is called trade mark. e.g., is the trade mark of State Bank of India. Customers demand the product by calling its brand name. For e.g. give one Lux, one Coke, etc. Thus, it helps in product differentiation. Branding help companies to adopt differential pricing for its product. Customers are ready to accept that price because of its quality. Companies which use their brand name find it easy to market a new product.

2. Packaging

It is the act of designing and producing appropriate container or cover for the product. The different levels of packaging are as follow:

- a) **Primary package:** It refers to the immediate packing of the product. e.g., a tube of ointment.
- b) **Secondary package:** It refers to additional packaging which gives protection to the product. e.g., Cardboard box used to keep ointment tube. Such containers and boxes are dispensed units where we start using the inside material from the primary package.
- c) **Transportation packaging and final packaging:** It refers to further packaging components necessary for storage or transportation. For example, boxes of ointments are transported in corrugated boxes each containing 50/100 items.

Packaging protects the product from damage. It helps to identify a product. It enables convenient handling of the product. As package increases the sale of a product, it acts as a silent salesman.

3. Labelling

The label is a part of the cover of the product which will devote its name, contents, ownership, expiry date, manufacturing date, etc. A label helps in identifying the product. It is full of information about the product. It helps in grading the product. It attracts customers because of its colourful packing.

1.4. Pricing and Factors Affecting Pricing Decisions

As discussed earlier, price is the consideration regarding money paid by consumers for the bundle of benefits he/she derives from using the product/service. In simple terms, it is the exchange value of goods and services



regarding money. Pricing (determination of the price to be charged) is another important element of the marketing mix, and it plays a crucial role in the success of a product in the market. If the price fixed is high, it is likely to have an adverse effect on the sales volume. If on the other hand, it is too low, it will adversely affect the profitability. Hence, it has to be fixed after taking various aspects into consideration. The factors usually taken into account while determining the price of a product can be broadly described as follows:

1. **Cost:** No business can survive unless it covers its cost of production and distribution. In a large number of products, the retail prices are determined by adding a reasonable profit margin to the cost. Higher the cost, higher is likely to be the price, lower the cost lower the price.
2. **Demand:** Demand also affects the price in a big way. When there is a limited supply of a product, and the demand is high, people buy even if high prices are charged by the producer. But how high the price would be is dependent upon prospective buyers' capacity and willingness to pay and their preference for the product. In this context, price elasticity, i.e. responsiveness of demand to changes in price should also be kept in view.
3. **Competition:** The price charged by the competitor for a similar product is an important determinant of price. A marketer would not like to charge a price higher than the competitor for fear of losing customers. Also, he may avoid charging a price lower than the competitor. Because it may result in a price war which we have recently seen in the case of soft drinks, washing powder, mobile phone, etc.
4. **Marketing objectives:** A firm may have different marketing objectives such as maximisation of profit, maximisation of sales, bigger market share, survival in the market and so on. The prices have to be determined accordingly. For example, if the objective is to maximise sales or have a bigger market share, a low price will be fixed. Recently one brand of washing powder slashed its prices to half, to grab a bigger share of the market.
5. **Government regulations:** Prices of some essential products are regulated by the government under the Essential Commodities Act. For example, before liberalisation of the economy, cement and steel prices were decided by the government. Hence, it is essential that the existing statutory limits, if any, are also kept in view while determining the prices of products by the producers.

Methods of Price Fixation

Methods of fixing the price can be broadly divided into the following categories.

1. Cost based pricing

Under this method, the price of the product is fixed by adding the amount of desired profit margin to the cost of the product.

For example,

If a particular soap costs the marketer Rs. 8 and he desires a profit of 25%, the price of the soap is fixed at $Rs\ 8 + (8 \times 25/100) = Rs.\ 10$. While calculating the price in this way, all costs (variable as well as fixed) incurred in manufacturing the product are taken into consideration.

2. Competition based pricing

In the case of products where the market is highly competitive, and there is negligible difference in the quality of competing brands, the priceis usually fixed closer to the price of the competing brands. It is called ‘Young rate pricing’ and is a very convenient method because the marketers do not have to worry much about demand and cost and effect the change as per the changes by the industry leaders.

3. Demand-based pricing

At times, prices are determined by the demand for the product. Under this method, without paying much attention to cost and competitors prices, the marketers try to ascertain the demand for the product. If the demand is high, they decide to take advantage and fix a high price. If the demand is low, they fix low prices for their product. At times they resort to differential prices and charge different prices from different groups of customers depending upon their perceived values and capacity to pay. Take the case of cinema halls where the rates of tickets differ for the different sets of rows in the hall.

4. Objective based pricing

This method applies tointroduction of new (innovative) products. If at the introductory stage of the products, the organisation wishes to penetrate the market, i.e., to capture large parts of the market and discourage the prospective competitors to enter the fray, it fixes a low price. Alternatively, the organisation may decide to skim the market, i.e., to earn a high profit by taking advantage of a group of customers who give more importance to their status or distinction and are willing to pay even a higher price for it. In such a situation they fix quite a high price at the introductory stage of their product and market it to only those customers who can afford it.

1.5. Place or Channels of Distribution

We are aware of the fact that while a manufacturer of a product is located at one place, its consumers are located at innumerable places spread all over the country or the world. The manufacturer has to ensure the availability of his goods to the consumers at convenient points for their purchase. He may do so directly or, as stated earlier, through a chain of middlemen like distributors, wholesalers and retailers. The path or route adopted by him for the purpose is known as a channel of distribution. A channel of distribution thus refers to the pathway used by the manufacturer for transfer of the ownership of goods and its physical transfer to the consumers and the user/buyers (industrial buyers).

Stanton has also defined it as “A distribution channel consists of the set of people and firms involved in the transfer of title to a product as the product moves from producer to ultimate consumer or business user”. It refers to the vital links connecting the manufacturers and producers and the ultimate consumers/users. It includes both the producer and the end user and also the middlemen/agents engaged in the process of transfer of title of goods.

Primarily a channel of distribution performs the following functions:

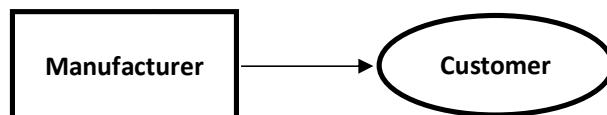
- i. It helps in establishing a regular contact with the customers and provides them with the necessary information relating to the goods.
- ii. It provides the facility for inspection of goods by the consumers at convenient points to make their choice.
- iii. It facilitates the transfer of ownership as well as the delivery of goods.
- iv. It helps in financing by giving credit facility.
- v. It assists the provision of after sales services, if necessary.
- vi. It assumes all risks connected with the carrying out the distribution function.

Types of Channels of Distribution

We do not buy goods directly from the producers. The producers/manufacturers usually use services of one or more middlemen to supply their goods to the consumers. But sometimes, they do have direct contact with the customers with no middlemen in between them. This is true more for industrial goods where the customers are highly knowledgeable, and their individual purchases are large. The various channels used for distribution of consumer goods can be described as follows:

1. Zero stage channel of distribution

Zero stage distribution channel exists where there is a direct sale of goods by the producer to the consumer. This direct contact with the consumer can be made through door-to-door salesmen, own retail outlets or even through the direct mail. Also in the case of perishable products and certain technical household products, the door-to-door sale is an easier way of convincing the consumer to make a purchase. Eureka Forbes, for example, sells its water purifiers directly through their own sales staff.



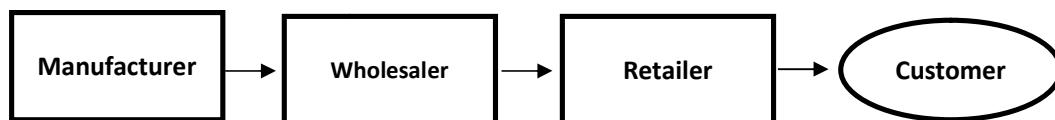
2. One stage channel of distribution

In this case, there is one middleman, i.e., the retailer. The manufacturers sell their goods to retailers who in turn sell it to the consumers. This type of distribution channel is preferred by manufacturers of consumer durables like a refrigerator, air conditioner, washing machine, etc. where individual purchase involves large amount. It is also used for distribution through large-scale retailers such as departmental stores (Big Bazaar, Reliance Digital etc.) and super markets.



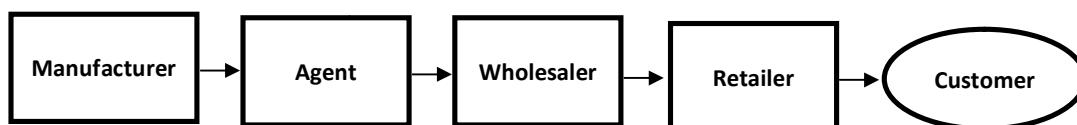
3. Two-stage channel of distribution

This is the most commonly used channel of distribution for the sale of consumer goods. In this case, there are two middlemen used, namely, wholesaler and retailer. This applies to products where markets are spread over a large area, the value of the individual purchase is small, and the frequency of purchase is high.



4. Three stage channel of distribution

When the number of wholesalers used is large, and they are scattered throughout the country, the manufacturers often use the services of mercantile agents who act as a link between the producer and the wholesaler. They are also known as distributors.



Factors Affecting the Choice of Distribution Channel

Choice of an appropriate distribution channel is very important as the pricing as well as promotion strategy are dependent upon the distribution channel selected. Not only that, the route which the product follows in its journey from the manufacturer to the consumer also involves certain costs. This in turn, affects not only the price of the product but also the profits. Choice of inappropriate channels of distribution may result in lesser profits for the manufacturer and higher price from the consumer. Hence, the manufacturer has to be careful while finalising the channel of distribution to be used. He should pay attention to the following factors while making his choice.

1. Nature of market

There are many aspects of the market which determine the choice of the channel of distribution. Say for example, where the number of buyers is limited, they are concentrated at few locations and their individual purchases are large as is the case with industrial buyers, the direct sale may be the most preferred choice. But in the case where some buyers are large with the small individual purchase, and they are scattered, then need may arise for the use of middlemen.

2. Nature of product

Nature of the product considerably affects the choice of the channel of distribution. In case the product is of technical nature involving a good amount of pre-sale and after-sale services, the sale is done through retailers without involving the wholesalers. But in most of the consumer goods having a small value, frequently bought in small quantities, a long channel involving agents, wholesalers and retailers are used as the goods need to be stored at convenient locations. Items like toiletries, groceries, etc. fall in this category. As against this in the case of items like industrial machinery, having large value and involving specialised technical service and long negotiation period, the direct sale is preferred.

3. Nature of company

A firm having enough financial resources can afford to have its distribution force and retail outlet, both. But most business firms prefer not to create their distribution channel and concentrate on manufacturing. The firms who wish to control the distribution network prefer a shorter channel.

4. Middleman consideration

If right kind of middlemen having the necessary experience, contacts, financial strength and integrity are available, their use is preferred as they can ensure the success of newly introduced products. Cost factors also have to be kept in view as all middlemen add their own margin of profit to the price of the products. But from experience, it is learnt that where the volume of sales is adequate, the use of middlemen is often found economical and less cumbersome as against direct sale.

1.6. Promotion

Promotion refers to the process of informing and persuading the consumers to buy a certain product. By using this process, the marketers convey a persuasive message and information to its potential customers. The main objective of promotion is to seek buyers' attention towards the product to (or "intending to"):

- Arouse his interest in the product
- Inform him about its availability and
- Inform him as to how is it different from others

It is thus a persuasive communication and also serves as a reminder. A firm uses different tools for its promotional activities which are as follows:

1. Advertising
2. Public Relations
3. Personal selling
4. Sales promotion

These are also termed as four elements of a promotion mix. Let us have a brief idea about these promotion tools.

1. Advertising

Advertising is the most commonly used tool for informing the present and prospective consumers about the product, its quality, features, availability, etc.

It is a paid form of non-personal communication through different media about a product, idea, a service or an organisation by an identified sponsor. It can be done through print media like newspaper, magazines, billboards, electronic media like radio, television, etc. It is a very flexible and comparatively low-cost tool of promotion.



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Mix**

2. Public relations

A public is any group that has an actual or potential interest in or impact on a company's ability to achieve its objectives. Public relations (PR) includes a variety of programs to promote a company's image or individual products. Most companies have PR department that monitors the attitudes of organization's publics and distribute information and communications to build goodwill. You may have seen articles in newspapers about an organisation, its products and policies. The other tools of publicity are a press conference, publication and news in the electronic media, etc. It is published or broadcasted without charging any money from the firm. Marketers often spend a lot of time and effort in getting news items placed in the media for the creation of a favourable image of the company and its products. Broadly, the PR department of a company perform the functions like press relations, product publicity, corporate communication, lobbying and counselling etc.

3. Personal selling

You must have come across representatives of different companies knocking at your door and persuading you to buy their product. It is a direct presentation of the product to the consumers or prospective buyers. It refers to the use of salespersons to persuade the buyers to act favourably and buy the product. It is a most effective promotional tool in case of industrial goods.

4. Sales promotion

This refers to short-term and temporary incentives to purchase or induce trials of new goods. The tool includes contests, games, gifts, trade shows, discounts, etc. Sales promotional activities are often carried out at retail levels.

1.7. Let's Sum-up

- The mix of product, price, place (distribution) and promotional efforts is known as 'Marketing Mix'.
- Product is defined as anything that can be offered to a market to satisfy a want. It not only includes physical objects and services but also the supporting services like packaging, installation, after sales services etc.
- Based on use, products can be classified as consumer goods and industrial goods.
- Based on durability, products can be classified as durable and non-durable goods.
- Based on tangibility, they are classified as tangible goods and intangible goods.
- Price is the consideration in terms of money, paid by consumers for the bundle of benefits he/she derives from use of product/services. The factors

- determining price of a product are- cost, demand, competition marketing objectives and government regulation.
- The different methods of price fixation are: Cost based pricing; Competition based pricing; Demand based pricing; and Objective based pricing.
 - Channels of distribution are a vital link between manufacturers/producers and the ultimate consumers/users. It includes the middlemen/agents engaged in the process of transfer of title of goods. It helps in establishing regular contact with customers, facility for inspection of goods, transfer of ownership and delivery, it helps in financing, provision of after sales services and it assumes all risks connected with the distribution function.
 - The various channels used for distribution of consumer goods are:
 - Zero stage channel: Manufacturer → Consumers
 - One stage channel: Manufacturer → Retailer → Consumers
 - Two stage channel: Manufacturer → Wholesaler → Retailer → Consumers
 - Three stage channel: Manufacturer → Agent → Wholesaler → Retailer → Consumers
 - Factor affecting choice of distribution channel: Nature of market; Nature of product; Nature of the company; and Middlemen consideration.
 - Promotion is an applied communication used by marketers to convey persuasive messages and information between the firm and its potential customers.
 - The different tools used for promotional activities are: Advertising; Public relations; Personal selling; and Sales promotion.

1.8. Key Terms

Marketing Mix	Convenience goods	Advertising Sales
Product	Non-durable	promotion
Price	goods	Public relations
Place	Shopping	Personal selling
Promotion	goods	Packaging
Consumer goods	Tangible	Labelling
Durable goods	goods	
	Industrial goods	

1.9. Self-Assessment Questions

Q1: What is meant by Marketing Mix? Describe the four components of marketing mix.



Marketing Mix

Q2: Describe the classification and sub-classification of products on the basis of their use.

1.10. Further Readings

- i. Kotler, P., Armstrong, G., & Cunningham, M. H. (2005). *Principles of marketing*. (6th edition), Toronto: Pearson Prentice Hall.
 - ii. Kotler, P., Keller, K. L. (2009). *Marketing Management*. (13th edition), New Jersey: Pearson Prentice Hall.
 - iii. Kotler, P., Armstrong, G., Agnihotri, P. Y., and Haque, E. (2010). *Principles of Marketing*. (13th edition), Prentice Hall, US
 - iv. Ramaswamy, V. S. and Namakumari, S. (2010). *Marketing Management*. (3rd and 4th Edition), Macmillan India.

1.11. Model Questions

Q1: ‘Developing the product according to customer needs is an important concept of marketing management’. Explain briefly.

Q2: "Channels of distribution are a vital link between manufacturers and consumers". Describe this statement with the help of diagrams by mentioning the four types of channels of distribution

Unit-2

Segmentation, Targeting and Positioning



Segmentation, Targeting and Positioning

Structure

- 2.0 Learning objectives
- 2.1 Introduction
- 2.2 The rationality of segmentation
- 2.3 Criteria for Segmentation
- 2.4 Segmentation Analysis - Steps
- 2.5 Segmenting the consumer market
- 2.6 Segmenting the industrial market
- 2.7 Market Targeting
- 2.8 Positioning
- 2.9 Positioning Identities
- 2.10 Differentiation across the consumption chain
- 2.11 Let's sum up
- 2.12 Key Terms
- 2.13 Self-Assessment Questions
- 2.14 Further Readings
- 2.15 Model questions

2.0. Learning objectives:

In this lesson, we will introduce the activities like segmentation, targeting and positioning, that are collectively referred to as marketing strategy. At the end of the session, you should be able to:

1. Segment the markets based on several segmentation variables
2. Target a segment by identifying the fit between segment profitability and organizational capability.
3. Position your product/service so that it occupies a distinct and valued place in the target customers' minds.

In this lesson, we will discuss the following:

1. The bases of segmentation
2. Segmentation analysis
3. Segmentation variables for consumer markets
4. Targeting approaches
5. Positioning identities
6. Differentiation across the consumption chain

2.1. Introduction

Development of a successful marketing strategy begins with an understanding of the market for the good or service. A market is composed of people or institutions with need, sufficient purchasing power and willingness to buy. The market place is heterogeneous with differing wants and varying purchase power. The heterogeneous marketplace can be divided into many homogeneous customer segments along several segmentation variables. The division of the total market into smaller relatively homogeneous groups is called market segmentation.



Segmentation, Targeting and Positioning

Products seldom succeed by appealing to everybody. The reasons are simple: not every customer is profitable nor worth retaining, not every product appeals to every customer. Hence the organizations look for a fit between their competencies and the segments' profitability. The identified segments are then targeted with clear marketing communications. Such communications are referred to as positioning the product or service in the mind of the customer so as to occupy a unique place. This involves identifying different points of differentiation and formulating a unique selling proposition (USP). In today's marketplace, differentiation holds the key to marketing success. This lesson is about marketing strategy formulation which consists of market segmentation, targeting and positioning.

2.2. The rationality of segmentation

The concept of market segmentation has helped marketing decision making since the evolution of marketing. The goal of market segmentation is to partition the total market for a product or service into smaller groups of customer segments based on their characteristics, their potential as customers for the specific product or service in question and their differential reactions to marketing programs. Because segmentation seeks to isolate significant differences among groups of individuals in the market, it can aid marketing decision making in at least four ways:

1. Segmentation helps the marketer by identifying groups of customers to whom he could more effectively 'target' marketing efforts for the product or service
2. Segmentation helps the marketer avoid 'trial-and-error' methods of strategy formulation by providing an understanding of these customers upon which he can tailor the strategy.
3. In helping the marketer to address and satisfy customer needs more effectively, segmentation aids in the implementation of the marketing concept.
4. On-going customer analysis and market segmentation provides important data on which long-range planning (for market growth or product development) can be based.

Although it is a very useful technique, segmentation is not appropriate in every marketing situation. If, for instance, a marketer has evidence that all customers within a market have similar needs to be fulfilled by the product or service in question (i.e. an undifferentiated market), one 'mass' marketing strategy would probably be appropriate for the entire market.

2.3. Criteria for segmentation

If segmentation has to be useful in marketing decision making, then it must possess the following characteristics:

1. Segments must be internally homogeneous --- consumers within the segment will be more similar to each other in characteristics and behaviour than they are to consumers in other segments.
2. Segments must be identifiable --- individuals can be 'placed' within or outside each segment based on a measurable and meaningful factor 3.



Segmentation, Targeting and Positioning

- Segments must be accessible --- can be reached by advertising media as well as distribution channels. Only then, the segments can be acted upon.
3. Segments must have an effective demand --- the segment consists of a large group of consumers and they have the necessary disposable income and ability to purchase the good or service.

2.4. Segmentation analysis – Steps

Here is a list of few general steps, referred to as segmentation analysis, that will be most often followed after the decision to employ market segmentation has been made. Examples of questions to be answered during each step are also given.

Step-1 Define the purpose and scope of the segmentation

- What are our Marketing Objectives?
- Are we looking for new segments or determining how to better satisfy existing ones?
- Will we use existing data or invest time and money in new research?

Step-2 Analyse total Market Data

- What is the character of the total market? (e.g. size)
- Are there basic differences between users and non-users of the product class?
- Are there any factors which clearly distinguish users from non-users or users of different brands?
- What is our competitive position in the market now?

Step-3 Develop segment profiles

- What factor seems to differentiate groups of consumers most clearly?
- Are the profiles of each segment internally consistent?

Step-4 Evaluate segmentation

- What are the major similarities and differences among segments?
- Should the number of segments described be reduced or increased?
- How sensitive is this segmentation of the market to growth?

Step-5 Select target segment(s)

- Which segment(s) represent our best market opportunity?
- What further details do we know about the target segment's characteristics and market behaviour?
- If complete data on market behaviour for the target segment are not available, can we make reasonable assumptions?
- Are we alone in competing for this target segment?

Step-6 Designing the marketing strategy for the target segment

- What type of product do these consumers want?
- What kinds of price, promotion or distribution tactics will best suit their needs?
- Would other segments react positively to a similar strategy? (if so, the segments should probably be merged)

Step-7 Reappraisal of segmentation

- Do we have the resources to carry out this strategy?



Segmentation, Targeting and Positioning

- If we wish to broaden or change our target definition in the future, how flexible is the strategy?
- If we wish to change some element of the strategy in the future, how would that change probably influence the target segment?
- Does the target segment/strategic plan meet our objective? Does it fit our corporate strengths?

2.5. Segmenting the consumer market

Consumer markets are those where consumers purchase the products for their personal use. Buyers in any market differ in their wants, resources, locations, buying attitudes, and buying practices. Therefore, there is no single way to segment a market. A marketer has to try different segmentation variables, alone and in combination, to find the best way to view the market structure. Table-2.1 outlines the major variables that might be used in segmenting the consumer markets. Here we look at the major geographic, demographic, psychographic and behavioural variables.

Table 2.1.: Major Segmentation variables for consumer markets

GEOGRAPHIC	
World region or country	India, Pakistan, Srilanka, Bangladesh, Canada, Mexico, America, Europe, Middle East, China etc.
Country Region	East, West, South, North
City or Metro Size	Tier1: major cities (Population: over 4 Million); Tier 2: Mainstream cities (Population: over 1 Million); Tier 3 Cities (Population: over 5,00,000)
Density	Urban, Sub-urban, Rural
Climate	Northern, Southern
DEMOGRAPHIC	
Age	Under 6, 6-11, 12-19, 20-34, 35-49, 50-64, 65+
Gender	Male, Female
Family Size	1-2, 3-4, 5+
Family Lifecycle	Young, Single; Married, no children; Married with children; Single parents; Unmarried couples; Older married; No children under 18; Older single; Others
Income	Deprived (Less than Rs. 90, 000); Aspirers (Rs. 90,000 to Rs. 2,00,000); Seekers (Rs. 2,00,000 to 5,00,000); Strivers (Rs. 5,00,000 to 10,00,000); Global Indian (Rs. 10,00,000 +)



Occupation	Professional and technical; Managers, officials and proprietors; Clericals; Sales; Crafts people; Supervisors; Farmers; Retired; Students; Home makers (Housewife); Unemployed
Education	Illiterate; Literate but no formal schooling; School up to 4 th Standard; Standard 5 th to 9 th ; SSC/HSC; College (Including Diploma); Graduate; Postgraduate; Doctorate; Professional
Religion	Catholic; Protestant, Jewis, Hindu, Muslim, Sikh, Parsi, Buddhist, others
Nationality	Indian, Pakistani, Bangladeshi, North American, South American etc.
PSYCHOGRAPHY	
Social Class	Lower-Lower; Upper-Lower; Working class; Middle class; Upper-middles; Lower-upper; Upper-uppers
Lifestyle	Achievers, Strivers, Survivors
Personality	Compulsive; Authoritarian; Ambitious
BEHAVIOURAL	
Occasion	Regular occasion; Special occasion; Holiday; Seasonal
Benefit	Quality; Service; Economy; Convenience; Speed
User Status	Non-user; ex-user; Potential user; First-time user; Regular user
Loyalty Status	None; Medium; Strong; Absolute
Readiness Stage	Unaware; Aware; Informed; Interested; Desirous; Intending to buy
Attitude towards product	Enthusiastic; Positive; Indifferent; Negative; Hostile

Source: Principles of Marketing by Kotler, et al. (2010), 13th Edition, Prentice Hall, US

Example-1: Segmentation of watch market based on “Benefit” (Behavioural segmentation)

The Rich	The Middle	The Lower
<ul style="list-style-type: none"> • Time is the Secondary Need • The Price tag does not matter for these group 	<ul style="list-style-type: none"> • Time is the Primary Need • For them, Price should be Reasonable 	<ul style="list-style-type: none"> • Time is the Primary Need • Price should be Economic
<ul style="list-style-type: none"> • Wanted Fashion accessories as a part of their Lifestyle 	<ul style="list-style-type: none"> • Look for Fashion and good design too 	<ul style="list-style-type: none"> • Consider a watch as a Time-Telling Device
<ul style="list-style-type: none"> • Some look for precious jewelry. 	<ul style="list-style-type: none"> • Women in this segment look for beautiful design 	<ul style="list-style-type: none"> • They also look for style with less price
<ul style="list-style-type: none"> • The Young star among the women look for different Value – We Want a beautiful Bracelet around our wrist 	<ul style="list-style-type: none"> • Men expect the watch to be a durable one 	
<ul style="list-style-type: none"> • Some are sporty in nature and wanted a casual wear watch with high quality 	<ul style="list-style-type: none"> • These segment also look for varieties suiting to their personality and attire 	
<ul style="list-style-type: none"> • Some look for Designer watch like that of great Swiss brand 		
<ul style="list-style-type: none"> • Some need more than one watch to suit their dress colour and occasion 		
<ul style="list-style-type: none"> • Children look for Fun and Play in their watch 		

2.6. Market Targeting

Market segmentation reveals the firm's market segment opportunities. The firm now has to evaluate the various segments and decide how many and which segments it can serve best. We now look at how companies evaluate and select target markets.

2.6.1. Evaluating Market Segments

In evaluate different market segments, a firm must look at the following three factors:

1. Segment size and growth
2. Segment structural attractiveness
3. Company objective and resources

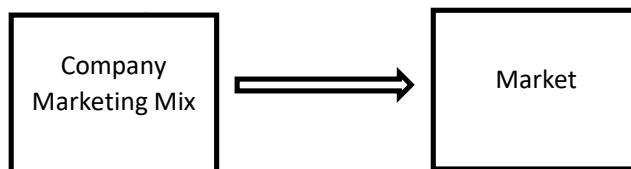
The company must first collect and analyse data on current segment sales, growth rates, and expected profitability for various segments. It will be interested in segments that have the right size and growth characteristics. Even if the segment has the right size and growth and is structurally attractive, the company must consider its own objectives and resources.

2.6.2. Selecting the Target Market Segments

Target market selection is the next logical step following segmentation. Once the market-segment opportunities have been identified, the organization has to decide how many and which ones to target. Lot of marketing effort is dedicated to developing strategies that will best match the firm's product offerings to the needs of particular target segments. The firm should look for a match between the value requirements of each segment and its distinctive capabilities. Marketers have identified four basic approaches to do this:

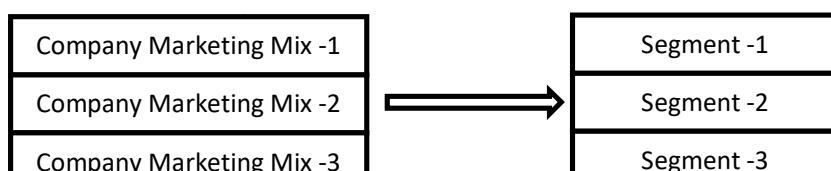
1. Undifferentiated Marketing

A firm may produce only one product or product line and offer it to all customers with a single marketing mix. Such a firm is said to practice undifferentiated marketing, also called mass marketing. It used to be much more common in the past than it is today. A common example is the case of Model T built by Henry Ford and sold for one price to everyone who wanted to buy. He agreed to paint his cars any colour that consumers wanted, 'as long as it is black'. While undifferentiated marketing is efficient from a production viewpoint (offering the benefits of economies of scale), it also brings in inherent dangers. A firm that attempts to satisfy everyone in the market with one standard product may suffer if competitors offer specialized units to smaller segments of the total market and better satisfy individual segments.



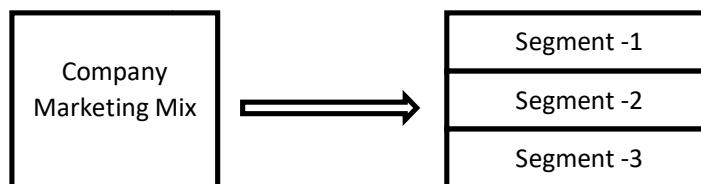
2. Differentiated Marketing

Firms that promote numerous products with different marketing mixes designed to satisfy smaller segments are said to practice differentiated marketing. It aims at satisfying a large part of the total market. Instead of marketing one product with a single marketing program, the firm markets a number of products designed to appeal to individual parts of the total market. By providing increased satisfaction for each of many target markets, a company can produce more sales by following a differentiated marketing approach. In general, it also raises production, inventory and promotional costs. Despite higher marketing costs, a company may be forced to practice differentiated marketing in order to remain competitive.



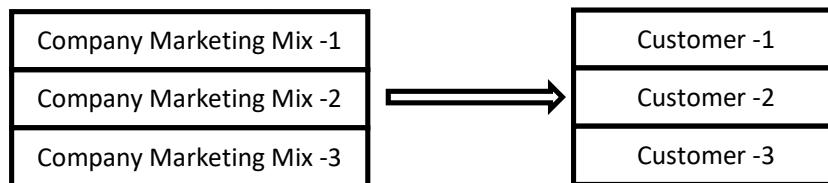
3. Concentrated Marketing

Rather than trying to market its products separately to several segments, a firm may opt for a concentrated marketing approach. With concentrated marketing (also known as niche marketing), a firm focuses its efforts on profitably satisfying only one market segment. It may be a small segment, but a profitable segment. This approach can appeal to a small firm that lacks the financial resources of its competitors and to a company that offers highly specialized good and services. Along with its benefits, concentrated marketing has its dangers. Since this approach ties a firm's growth to a particular segment, ranges in the size of that segment or in customer buying patterns may result in severe financial problems. Sales may also drop if new competitors appeal successfully to the same segment. Niche marketing leaves the fortunes of a firm to depend on one small target segment.



4. Micro Marketing

This approach is still more narrowly focused than concentrated marketing. Micro marketing involves targeting potential customers at a very basic level, such as by the postal code, specific occupation or lifestyle. Ultimately, micromarketing may even target individuals themselves. It is referred to as marketing to segments of one. The internet allows marketers to boost the effectiveness of micromarketing. With the ability to customize (individualization attempts by the firm) and to personalize (individualization attempts by the customer), the internet offers the benefit of mass customization – by reaching the mass market with individualized offers for the customers.



2.7. Positioning

Having chosen an approach for reaching the firm's target segment, marketers must then decide how best to position the product in the market. The concept of positioning seeks to place a product in a certain 'position' in the minds of the prospective buyers. Positioning is the act of designing the company's offer so that it occupies a distinct and valued place in the target customers' minds. In a world, that is getting more and more homogenized differentiation and positioning hold the key to marketing success!



The positioning gurus, Al Ries and Jack Trout define positioning as: Positioning is ... your product as the customer thinks of it. Positioning is not what you do to your product, but what you do to the mind of your customer. Every product must have a positioning statement. A general form of such a statement is given below:

Product X is positioned as offering (benefit) to (target market) with the competitive advantage of (competitive advantage) based on (basis for competitive advantage) For example, the positioning statement of toothpaste X may read as follows:

"Toothpaste X is positioned as offering to kids a toothpaste made especially for those kids who don't like to brush with the competitive advantage of a mild fruit taste and lower foaming".

Segmentation, Targeting and Positioning

One way to think about positioning is to imagine a triangle, with the baseline anchored by the organization and competitor concerns and the apex, the customers. The marketer's job is to find a positioning of the product or service that is both possible and compatible with organization constraints, which uniquely places the product/service among competitive offerings to be most suitable to one or a number of segments of customers.

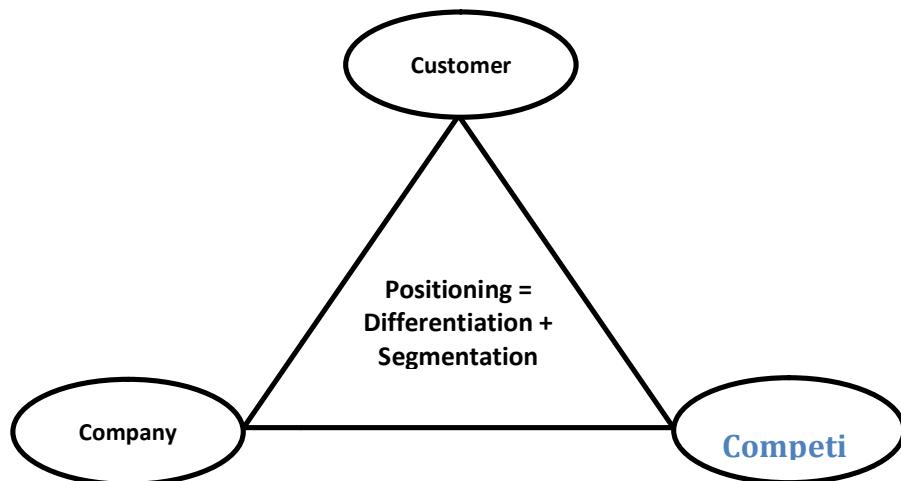


Figure-2.1.: Positioning triangle

Positioning can be done along different possibilities. Attribute positioning is when the positioning is based on some attribute of the product. Benefit positioning is when a derived benefit is highlighted as the unique selling proposition. Competitor positioning is when a comparison is drawn with the competitor and a differentiation from the competitor is emphasized. Product category positioning is when a product is positioned to belong to a particular category and not another category, which probably is crowded. Quality/price positioning is when the product is positioned as the best value for money. For example, a Pizza may be positioned on its taste or its natural contents or as an easy meal or with a thicker



Segmentation, Targeting and Positioning

topping or as the lowest priced offering the best value for money. Each one of them offers a distinct positioning possibility for a pizza.

In the positioning decision, caution must be taken to avoid certain positioning errors: Under positioning is done when a unique, but not so important attribute is highlighted. As a result, the customer does not see any value in such a position. Over positioning is done when the product performance does not justify the tall claims of positioning. Confused positioning is when the customer fails to categorize the product correctly and the product ends up being perceived differently from what was intended. Doubtful positioning is when the customer finds it difficult to believe the positioning claims.

Positioning map is a valuable tool to help marketers to position their products by graphically illustrating consumers' perceptions of competing products within an industry. For instance, a positioning map might present two different characteristics, price and quality, and show how consumers view a product and its major competitors based on these traits. Marketers can create a competitive positioning map from information solicited from consumers or from their accumulated knowledge about a market.

2.8. Positioning Identities

Positioning is creating an identity to your product. This identity is a cumulative of the following four positioning identities.

1. **Who am I:** It refers to the corporate credentials like the origin, family tree and the 'stable' from which it comes from. For instance, think of the mental associations when a buyer buys a Japanese car and it is a Honda!
2. **What am I:** It refers to the functional capabilities. The perceived brand differentiation is formed using the brand's capabilities and benefits. For instance, the Japanese cars are known for their fuel-efficiency, reasonable-price and utility-value.
3. **For whom am I:** It refers to the target segment for the brand. It identifies the market segment for which his brand seems to be just right and has competitive advantage. For instance, the Japanese car makers have traditionally focused on the quality conscious, value-seeking and rather-serious car buyer.
4. **Why me:** It highlights the differential advantage of the brand when compared to the competing brands. It gives reasons as to why the customer should select this brand in preference to any other brand. For instance, Japanese car makers have tried to score a competitive advantage on the lines of quality and technology.

2.9. Positioning and Differentiation

Positioning is a mean by which goods and services can be differentiated from one another and give customers a reason to buy. These differentiations may be in the form of:

- Ingredients of the product (Vatika with herbal ingredient)
- Functional Features (All out Total with Pest Protection)
- Packaging (Kurkure engage consumer through packaging)
- Design / Styling (Titan Watch, Bajaj Pulsar)
- Product Quality / Technology (Godrej Lock, Apple i-Phone)
- Customer Care or Service (Dell, Maruti Service Stations)

2.10. Developing a positioning statement

Company and brand positioning should be summed up in a positioning statement. The statement should follow the form: To (target segment and need) our (brand) is (concept) that (point of difference).

For example, “To busy, mobile professionals who need to always be in the loop, Reliance Jio is a wireless connectivity solution that gives you an easier, more reliable way to stay connected to high speed (4G) data and voice, and other resources while the go at an affordable price.”

In the above example, positioning first states the product's membership in a category (wireless connectivity solution) and then shows its point of difference from other members of the category (Data speed at lesser cost). Therefore, placing a brand (Reliance Jio) in a specific category suggests similarities that it might share with other products in the category. But, the case for the brand's superiority is made on its point of difference.

More examples:

1. Company : Nestle
Brand : Maggie
Positioned as the Young Urban Mothers' evening snack for her kids

Claim: Good to eat – Fast to cook – Anytime Snack



 Company: Kellogg Positioned as Cereal for breakfast food	 Company: Colgate-Palmolive India Pvt. Ltd. Positioned as "Yeh Hai hamariSurakshya Chakra"	 Company: HUL Positioned as "DaagAccha Hai"
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Segmentation, Targeting and Positioning

2.11. Let's sum up

- ❖ The division of the total market into smaller relatively homogeneous groups is called market segmentation.
- ❖ Segmentation helps the marketer by identifying groups of customers to whom he could more effectively ‘target’ marketing efforts for the product or service
- ❖ Segmentation helps the marketer avoid ‘trial-and-error’ methods of strategy formulation by providing an understanding of these customers upon which he can tailor the strategy.
- ❖ In helping the marketer to address and satisfy customer needs more effectively, segmentation aids in the implementation of the marketing concept.
- ❖ On-going customer analysis and market segmentation provides important data on which long-range planning (for market growth or product development) can be based.
- ❖ Segments must be internally homogeneous, identifiable and must have an effective demand.
 - The segmentation analysis steps include:
 - Step-1 Define the purpose and scope of the segmentation
 - Step-2 Analyse total Market Data
 - Step-3 Develop segment profiles
 - Step-4 Evaluate segmentation
 - Step-5 Select target segment(s)
 - Step-6 Designing the marketing strategy for the target segment
 - Step-7 Reappraisal of segmentation
- ❖ Major segmentation variables include geographic, demographic, psychographic and behavioural.
- ❖ Each segment can be evaluated on the basis of their size and growth, structural attractiveness and Company objective and resources
- ❖ The approaches to selecting target markets are
 - Undifferentiated Marketing
 - Differentiated Marketing
 - Concentrated Marketing
 - Micro Marketing
- ❖ Positioning is the act of designing the company’s offer so that it occupies a distinct and valued place in the target customers’ minds.
- ❖ Positioning identities include “who am I?”, “what am I?”, “for whom am I?”, and “why me?”.
- ❖ Positioning is a mean by which goods and services can be differentiated from one another and give customers a reason to buy.
- ❖ These differentiations may be in the form of Ingredients of the product, Functional Features, Packaging, Design / Styling, Product Quality / Technology, or Customer Care or Service.
- ❖ Company and brand positioning should be summed up in a positioning statement. The statement should follow the form: To (target segment and need) our (brand) is (concept) that (point of difference).

2.12. Key Terms

Segmentation	Concentrated
Targeting	Marketing
Positioning	Micro
Geographic	Marketing
Demographic	Positioning
Psychographic	identities
Behavioural	Positioning
Undifferentiating marketing	differentiation
Differentiated Marketing	



Segmentation , Targeting and Positioning

2.13. Self-Assessment Questions

Q1: List and discuss the major bases for segmenting consumer market.

Q2: Explain how companies identify attractive market segments and choose a market targeting.



2.14. Further Readings

- Kotler, P., Armstrong, G., & Cunningham, M. H. (2005). *Principles of marketing*. (6th edition), Toronto: Pearson Prentice Hall.
- Kotler, P., Keller, K. L. (2009). *Marketing Management*. (13th edition), New Jersey: Pearson Prentice Hall.
- Kotler, P., Armstrong, G., Agnihotri, P. Y., and Haque, E. (2010). Principles of Marketing. (13th edition), Prentice Hall, US
- Ramaswamy, V. S. and Namakumari, S. (2010). Marketing Management. (3rd and 4th Edition), Macmillan India.

2.15. Model questions

- a) What is segmentation? Write a short note on different components of demographic segmentation.
- b) Discuss how companies differentiate and position their products for maximum competitive advantage in the market place
- c) Define the major steps in designing a customer-driven marketing strategy: Market segmentation, targeting, differentiation and positioning.



Unit-3

Advertising and Sales Promotion

Structure

- 3.0 Learning objectives
- 3.1 Introduction
- 3.2 Origin and development of advertising
- 3.3 Defining advertising
- 3.4 Types of advertising
- 3.5 Steps in advertising decision
- 3.6 Advertising objectives decision
- 3.7 Advertising budget decision
- 3.8 Advertising copy decision
- 3.9 Advertising media decision
- 3.10 Evaluation of advertising campaign
- 3.11 Concept and objectives of sales promotion
- 3.12 Types of sales promotion
- 3.13 Pull and push strategy of sales promotion
- 3.14 Let's sum up
- 3.15 Key Terms
- 3.16 Self-Assessment Questions
- 3.17 Further Readings
- 3.18 Model questions

3.1. Introduction

Advertising is only one element of the promotion mix, but it often considered prominent in the overall marketing mix design. Its high visibility and pervasiveness made it as an important social and economic topic in Indian society. Promotion may be defined as “the co-ordination of all seller initiated efforts to set up channels of information and persuasion to facilitate the sale of a good or service.” Promotion is most often intended to be a supporting component in a marketing mix. Promotion decision must be integrated and co-ordinated with the rest of the marketing mix, particularly product/brand decisions, so that it may effectively support an entire marketing mix strategy. The promotion mix consists of four basic elements. They are:

- i. Advertising
 - ii. Personal Selling
 - iii. Sales Promotion, and
 - iv. Public relation
-
- i. Advertising is the dissemination of information by non-personal means through paid media where the source is the sponsoring organization.
 - ii. Personal selling is the dissemination of information by non-personal methods, like face-to-face, contacts between audience and employees of the sponsoring organization. The source of information is the sponsoring organization.

- iii. Sales promotion is the dissemination of information through a wide variety of activities other than personal selling, advertising and publicity which stimulate consumer purchasing and dealer effectiveness.
- iv. Public relation is the disseminating of information by personal or non-personal means and is not directly paid by the organization and the organization is not the source.



Advertising and Sales Promotion

3.2. Origin and development of advertising

It has been wrongly assumed that the advertising function is of recent origin. Evidences suggest that the Romans practiced advertising; but the earliest indication of its use in this country dates back to the Middle Ages, when the use of the surname indicated a man's occupation. The next stage in the evolution of advertising was the use of signs as a visual expression of the tradesman's function and a means of locating the source of goods. This method is still in common use.

The seller in primitive times relied upon his loud voice to attract attention and inform consumers of the availability of his services. If there were many competitors, he relied upon his own personal magnetism to attract attention to his merchandise. Often it became necessary for him to resort to persuasion to pinpoint the advantages of his products. Thus, the seller was doing the complete promotion job himself.

Development of retail stores, made the traders to be more concerned about attracting business. Informing customers of the availability of supplies was highly important. Some types of outside promotion were necessary. Signs on stores and in prominent places around the city and notices in printed matters were sometimes used.

When customers were finally attracted to the store and satisfied with the service at least once, they were still subjected to competitive influences; therefore, the merchant's signs and advertisements reminded customers of the continuing availability of his services. Sometimes traders would talk to present and former customers in the streets, or join social organizations in order to have continuing contacts with present and potential customers.

As the markets grew larger and the number of customers increased, the importance of attracting them also grew. Increasing reliance was placed on advertising methods of informing about the availability of the products. These advertising methods were more economical in reaching large numbers of consumers. While these advertising methods were useful for informing and reminding and reminding, they could not do the whole promotional job. They were used only to reach each consumer personally. The merchant still used personal persuasion once the customers were attracted to his store.

The invention of hand press increased the potentialities of advertising. By Shakespeare's times, posters had made their appearance, and assumed the function of fostering demand for existing products. Another important event was the emergence of the pamphlet as an advertising medium. The early examples of

these pamphlets disclose their sponsorship by companies want to generate goodwill for their activities. The low cost of posters and handbills encouraged a number of publishers to experiment with other methods.



3.3. Defining advertising

The word advertising originates from a Latin word advertise, which means to turn to. The dictionary meaning of the term is “to give public notice or to announce publicly”. Advertising may be defined as the process of buying sponsor-identified media space or time in order to promote a product or an idea.

The American Marketing Association, Chicago, has defined advertising as:

“Any form of non-personal presentation or promotion of ideas, goods or services, by an identified sponsor.”

Advertising and Sales Promotion

What advertisement is?

Advertisement is a mass communicating of information intended to persuade buyers to buy products with a view to maximizing a company's profits.

The elements of advertising are:

- i. It is a mass communication reaching a large group of consumers.
- ii. It makes mass production possible.
- iii. It is non-personal communication, for it is not delivered by an actual person, nor is it addressed to a specific person.
- iv. It is a commercial communication because it is used to help assure the advertiser of a long business life with profitable sales.
- v. Advertising can be economical, for it reaches large groups of people. This keeps the cost per message low.
- vi. The communication is speedy, permitting an advertiser to speak to millions of buyers in a matter of a few hours.
- vii. Advertising is identified communication. The advertiser signs his name to his advertisement for the purpose of publicizing his identity.

What is included in advertisement?

- i. The information in an advertisement should benefit the buyers. It should give them a more satisfactory expenditure of their rupees.
- ii. It should suggest better solutions to their problems.
- iii. The content of the advertisement is within the control of the advertiser, not the medium.
- iv. Advertising without persuasion is ineffective. The advertisement that fails to influence anyone, either immediately or in the future, is a waste of money.
- v. The function of advertising is to increase the profitable sales volume. That is, advertising expenses should not increase disproportionately.

What is excluded in advertisement?

Advertising is not an exact science. An advertiser's circumstances are never identical with those of another; he cannot predict with accuracy what results his future advertising efforts will produce.

- i. Advertising is not a game, because if advertising is done properly, both the buyer and the seller benefit from it.
 - ii. Advertising is not a toy. Advertiser cannot afford to play with advertising. Advertising funds come from sales revenue and must be used to increase sales revenue.
 - iii. Advertisements are not designed to deceive. The desire and hope for repeat sales insures a high degree of honesty in advertising.



3.4. Types of advertising

It is conceptually more interesting and analytically more important to classify advertising. The basis of classification however, can be diverse, as will be evident from below.

3.4.1. On the basis of geographical spread

On the basis of geographical spread, advertising can further be classified as:

- a) National, b) Local and c) Global

a) National advertising

Some manufacturers may think that their target is the entire country. They select media with a countrywide base. Generally, large companies belong to this category. Among them are Hindustan Unilever Ltd. (HUL), Procter and Gamble (P&G), L&T, Escort, Tata, Coca Cola, Pepsi, Amazon, Flipkart, Microsoft, IBM, Intel and the like.

b) Local advertising

Small firms may like to restrict their business to state or regional level. For example, Ruchi and Gribasti (GribastiUdyogPvt. Ltd.) in the spices or masala categories in Odisha. Some big companies also first localise their marketing efforts and once success has been achieved, they spread out to wider horizons. A classic example was Nirma washing powder. Initially it was sold only in Gujarat state and subsequently entered to other states and positioned its detergent product successfully at the low and medium income segment of the population. Some large firms also adopt local or regional level advertisement strategies when they customize their products according to the need of the customers belong to a particular segment of the society or the geography. For example, brands like Mahindra, New Holland and other farm equipment based products go for customized advertising according to the demographic, psychographic as well as behavioural properties of the target population.

c) Global Advertising

Multinational firms treat the world as their market. Companies like Microsoft, Sony, IBM, Google, Facebook and like companies come up with advertising at mass level to promote their brand at both product as well as corporate level globally, irrespective of country and regional disparities.

3.4.2. On the basis of target groups aimed at, advertising can be classified as:

a) Consumer advertising

Most of the consumer goods producers engage in consumer product advertising. Marketers of pharmaceuticals, cosmetics, scooters, detergents and

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soaps, cigarettes and alcoholic beverages are examples. Baring a few, all these products are all package goods that the consumer will often buy during the year. There is a heavy competition among the advertisers to establish an advantage for their particular brand.



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b) Industrial advertising

Industrial executives have little confidence in advertising. They rely on this form of promotion merely out of fear that their competitors may benefit if they stop their advertising efforts. The task of the industrial advertiser is complicated by the multiple buying influence characteristics like, the derived demand, etc. The objectives vary according to the firm and the situation. They are:

- To inform
- To bring orders
- To induce inquiries
- To get advertiser's name in the buyer's list of source for procurement
- To provide support for salesman
- To reduce selling cost
- To help get items in the news column of a publication
- To establish recognition for the firm or its product
- To motivate distributors
- To recognition for the firm or its products
- To motivate distributors, to create or change a company's image and
- To create or change a buyer's attitude

c) Trade advertising

Advertisements which are directed by manufacturer to the distribution channel members, such as retailers and wholesalers, are called trade Advertisements. The objective of such Advertising is to promote sales by motivating the distribution channel members to stock more or to attract new retail outlets. These are of following types.

i. Retail advertising

This may be defined as “covering all advertising by the stores that sell goods or services directly to the consuming public. It includes, also advertising by establishments that sell services to the public, such as beauty shops, petrol pumps and banks.”

Advertising agencies are rarely used. The store personnel are usually given this responsibility as an added task to be performed, together with their normal functions. The result is that advertising is often relegated to a secondary position in a retail store. One aspect of retail advertising is co-operative advertising. It refers to advertising costs between retailers and manufacturers. From the retailer's point of view, co-operative advertising permits a store to secure additional advertising that would not otherwise have been available.



ii. Wholesale advertising

Wholesalers are, generally, not advertising minded, either for themselves or for their suppliers. They would benefit from adopting some of the image-making techniques used by retailers - the need for developing an overall promotional strategy. They also need to make a greater use of supplier promotion materials and programmes in a way advantageous to them.

d) Professional advertising

There are certain products and services for which the consumers themselves are not responsible for the buying choice. For example, in the field of construction, architects, civil engineers and to certain extent the contractors are responsible to take the decision for purchasing the necessary products. Therefore, firms operating in such markets, target such professionals through advertisements to make a choice in favour of their brands. Such advertisements are called professional Advertisements.

3.4.3. Other categories of advertising

- A. Product advertising
- B. Service advertising
- C. Institutional advertising
- D. Public relation advertising
- E. Public service advertising
- F. Financial advertising

A. Product advertising

Each marketer wants to create a specific position for its product among many competitive products, and advertising is effectively employed to achieve this end. To be successful, an advertiser must create a niche in the prospect's mind. The niche or "position" involves not only the strength or the benefits to be derived from the product, but also the manner in which it differs from the products of other competitors. However, product advertisements are of three types.

a. Pioneering advertising

This type of advertising is used in the introductory stages in the life cycle of a product. It is concerned with developing a "primary" demand. It conveys information about, and selling a product category rather than a specific brand. For example, the initial advertisement for black & white television and colour television, for mobile phones, and even the initial advertisements for smart phones etc. Such advertisements appeal to the consumer's emotions and rational motives.

b. Competitive advertising

It is useful when the product has reached the market-growth and especially the market-maturity stage. It stimulates "selective" demand. It seeks to sell a specific brand rather than a general product category. It is of two types:

Direct Type	: It seeks to stimulate immediate buying action.
Indirect Type	: It attempts to pinpoint the virtues of the product in the expectation that the consumer's action will be affected by it when he is ready to buy.



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Example: Airline advertising

Air India attempts to bid for the consumer's patronage either immediately direct action-in which case, it provides prices, time tables and phone numbers on which the customer may call for reservations; or eventually – indirect action – when it suggests that you mention Air India's name when talking to your travel agent.

c. Retentive advertising

This may be useful when the product has achieved a favourable status in the market - that is, maturity or declining stage. Generally, in such times, the advertiser wants to keep his product's name before the public. A much softer selling approach is used, or only the name may be mentioned in "reminder" type advertising.

Relation of product advertising to product life cycle

When a new product is being introduced in to a market, it normally undergoes a series of step in the market; these steps are introduction, growth, maturity and lastly the decline stage. These steps follow each other chronologically and thus referred to as the product life cycle (PLC). The PLC sequence or series is closely linked with the dynamics in the market environment and has subsequent effects on the product marketing mix strategies such as advertising along with other Ps like product, price and place. Here, we will discuss the relationship between advertising strategies at different stages of PLC. A PLC is normally plotted between the revenue or sales against the time or stages of the product as shown in Figure 3.1. As mentioned in the figure, the advertising strategies at each stages of the PLC are indicated as below.

- a. Informative product advertising – Product Introduction Stage
- b. Persuasive product advertising – Product growth stage
- c. Reminder oriented product advertising – Product maturity and decline stage

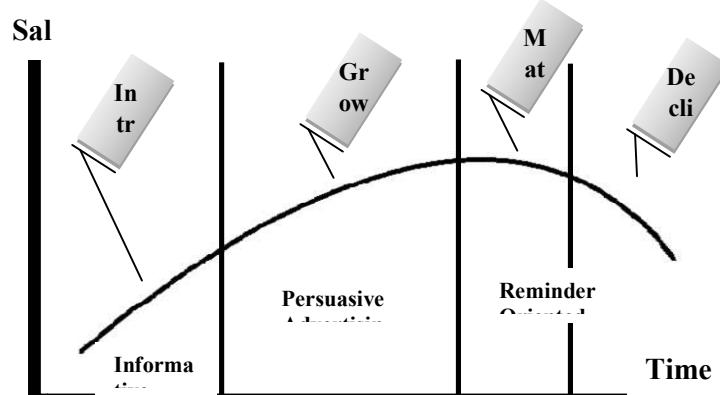


Fig-3.1: Relationship between advertising and Product Life Cycle (PLC)



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a. Informative product advertising – Product Introduction Stage

This form of advertising tends to characterize the promotion of any new type of product to develop an initial demand. It is usually done in the introductory stages of the product life cycle. It was the original approach to advertising. The basic objective is to create an awareness about the existence and availability of the product.

b. Persuasive product advertising – Product growth stage

Persuasive product advertising is to develop demand for a particular product or brand. It is a type of promotion used in the growth period and, to some extent, in the maturity period of the product life cycle. It is a competitive type of promotion. It is also used at the maturity stage of the PLC.

c. Reminder oriented product advertising – Product maturity and decline stage

The goal of this type of advertising is to reinforce previous promotional activity by keeping the brand name in front of the public. It is used in the maturity period as well as throughout the declining phase of the product life cycle.

B. Service advertising

Services belong to a special type of product category where benefits or satisfaction are offered for sales. For example, the service of a doctor, beauty salon, teacher, restaurant, theatre, and like. They are having characteristics like intangibility, inseparability, variability, and perishability. Services when place their advertisements, they normally emphasize on both the institution and the person offering that service. The promotion of a service also emphasizes the location aspect. For example, banks are looking at new ways to distribute their services, for example, use of ATM, Net and Mobile banking etc.

C. Institutional advertising

As the name itself suggests, in the form of advertising, the institute presents its own story to build up an image or itself in the public mind. It is a public relation approach advertising. The institute may present its viewpoint about a national cause, say, prevention of blindness and the efforts it has taken to help this cause as a part of its corporate social responsibility. Therefore, institutional advertising aims at building a positive image for the firm in the eyes of both internal (e.g. employee, shareholders) as well as external (e.g. The Govt., customer, suppliers, community) public.

D. Public relation advertising

It is a part of institutional advertising. The most widely accepted definition of public relation (PR) is “the deliberate, planned and sustained efforts to establish and maintain mutual understanding between an organization and the public”. PR



advertising should therefore be objective. PR advertising generally precedes the share issues these days to create a favourable climate for the investing public like the shareholders and suppliers. This type of advertising also helps in building the corporate reputation of a company or a brand in long term.

E. Public service advertising

Public service advertising is done as a part of social responsibility by business organizations or government or social service institutions. It seeks to promote important social issues. Some examples of such Public service advertising which have promoted are: Handicapped children and their help, female foeticide, national integration, drug addiction, blood donation, prevailing system of education etc. Public service advertising is also known by other names such as:

- Public awareness advertising
- Social service advertising
- Social awareness advertising

F. Financial advertising

As a student of commerce and management, you are aware that listed companies in the stock exchanges like National Stock Exchange (NSE) and Bombay Stock Exchange (BSE), companies invite the general public to subscribe share capitals of the company. This may be for the interest of market expansion or diversification of the company. Therefore, to attract the attention of the public from other competitive players, they showcase their balance sheet as well other profit and loss statements as a part of advertisement in national, international as well as local newspapers along with other mode of advertisements in the internet.

3.5. Steps in Advertising Decisions

Marketing managers must make four important decisions when developing an advertising program (see Figure 3.1):

- i. Setting advertising objectives
- ii. Setting advertising budgets
- iii. Developing advertising strategy (Copy decisions and media decisions)
- iv. Evaluating advertising campaigns

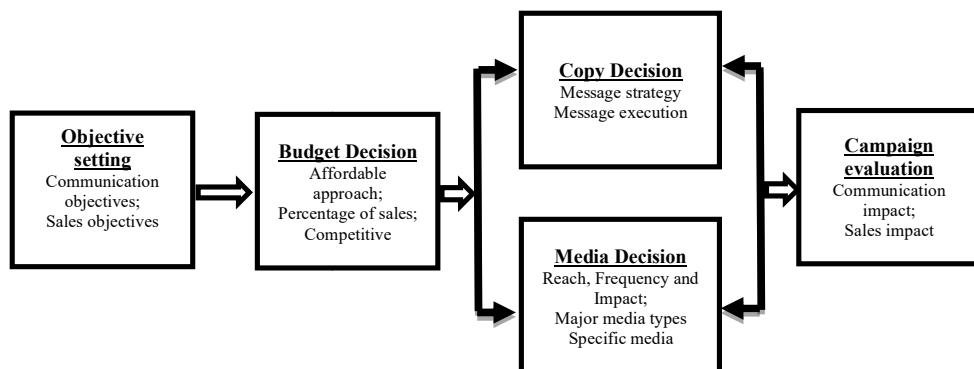


Figure-3.2: Major advertising decisions



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3.6. Advertising objectives

The first step is to set *advertising objectives*. These objectives should be based on past decisions about the target market, positioning, and marketing mix, which define the job that advertising must do in the total marketing program.

An advertising objective is a specific communication *task* to be accomplished with a specific *target audience* during a specific period of *time*. Advertising objectives can be classified by primary purpose—whether the aim is to *inform, persuade, or remind*. Table 3.1.enlists examples of each of these objectives.

Table-3.1: Advertising objectives

To Inform	
Telling the market about a new product	Describing available services
Suggesting new uses for a product	Correcting false impressions
Informing the market of a price change	Reducing buyers' fears
Explaining how the product works	Building a company image
To Persuade	
Building brand preference	Persuading customers to purchase now
Encouraging switching to your brand	Persuading customers to receive a sales call
Changing customer perceptions of product attributes	
To Remind	
Reminding customers that the product may be needed in the near future	Keeping the product in customers' minds during off-seasons
Reminding customers where to buy the product	Maintaining top-of-mind product awareness

Importance of advertising from the sales prospective

In general, advertising can secure leads or prospects for salesmen and middlemen by convincing readers to request more information and by identifying outlets handling the product. It can force middlemen to stock the product by building consumer interest. It can help train dealers' salesmen in product uses and applications. It can build dealer and consumer confidence in the company and its



products by building familiarity. Therefore, in summing up, advertising is to stimulate market demand.

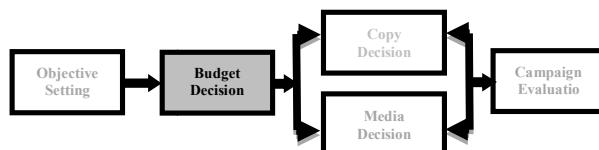
While sometimes advertising alone may succeed in achieving buyer acceptance, preference, or even demand for the product, it is seldom solely relied upon. Advertising is efficiently used with at least one other sales method, such as personal selling or point-of-purchase display, to directly move customers to buying action.

3.7. Advertising budget Decision

In any company, for a given marketing program or objective, an adequate advertising input is necessary. In other words, a required level of advertising support is needed. When media choices are made, the size of the advertising expenditure available with the company acts a limiting factor for the decision on advertising budget. Therefore, advertising budgeting can be achieved with proper planning. The major consideration of this budget planning is how much the company is forecasting or compel to consider on the basis of its marketing objectives, in terms of spending on each product, or product lines, on each of its markets, on each of its advertising media, and on what time schedule during the year.

Summarizing the discussion so far, we should seek answer to the following questions while undertaking the advertising budget exercise. These are:

- How much would be the advertising input in order to achieve agreed marketing objectives?
- How much would be the amount of money the company can afford to spend on advertising and still achieve the agreed profit objectives?
- How much would be the appropriation of the total advertising expenses on each individual product or product group?
- How much would be the advertising budget allocation on new product?



Methods of determining the advertising budget

Broadly, two major considerations a marketer undertake before making a choice of the advertising budgeting approach. These considerations are:

- A. Percentage of sales concept, and
- B. The advertising task or objective



Example, Advertising Allocation = (%) X (Sales)

Though it looks simple, it is not an effective way of achieving the objectives. Arbitrary percentage allocation fails to provide for the flexibility. This method ignores the real nature of the advertising job. It is not necessarily geared to the needs of the total marketing programme. But this method is widely used. Its wide use reflects the prevailing uncertainty about the measurement of advertising effectiveness. It is an easy way of minimizing the difficulties of annual budgeting negotiations. It is also safe method as long as competitors use a similar method. The fixed sum per unit approach differs from the percentage of sales approach in only one respect that it applies a pre-determined allocation to each sales or production unit.

B. The advertising task or objective

The most desirable method is the objective and task approach. It is goal oriented. The firm agrees on a set of marketing objectives after intensive market research. The costs of advertising are then calculated. When the resulting amount is within the firm's financial means, it is the advertising budget. It involves the following two steps:

- ❖ First, the organization must define the goals the promotional mix is to accomplish. For example, a 5 per cent increase in market share, or a 10 per cent rise in gross sales, or a 3 per cent addition to net profit, or more likely, a combination of several items.
- ❖ Second, it must determine the amount and the type of promotional activity required to accomplish the objectives set. The sum of these becomes the firm's promotion budget.

A crucial assumption underlies the objective and task approach is that the productivity of each advertising rupee is measurable. The task approach starts by asking what the objectives of the advertising campaign are. The "advertising ability" of the product is more sharply defined. This approach requires that assumptions about media, copy, and all the other parts of a campaign be co-ordinated to achieve a specific set of objectives. The task approach has special merit in the introduction of a new product.

The main problem with this approach is that it is not easy to determine the cost of fulfilling an objective or to decide whether an objective is worth fulfilling. The task method forces advertising managers to engage in advance planning.

The other methods of advertisement budgeting

Competitive parity approach



competitions. This approach tries to match the competitor's outlays and meet competition either on absolute or relative basis. It involves an estimate of industry advertising for the period and the allocation of an amount that equal to its marketshare in the industry. Meeting competition's budget does not necessarily relate to the objective of promotion and is inappropriate for most marketing programmes.

It is a defensive approach. It assumes that the promotion needs of the organization are the same as those of its rival and makes it easy for analysing the realities of its own competitive situation and to ignore the possibility of other strategies. But the needs will never be the same. It also assumes that budgets arrived at by competitors are correct, but they may have arrived at in a haphazard manner. Besides, their marketing strategies may also be different from our organization. Therefore, this method may be recommended only as a supplement to others. However, to imitate-competitor's strategy is most applicable in industries where competition is in order to prosper and even to survive. In a way, it is better than the per cent of sales method as it recognizes that the competition as a key element in marketing and promotes stable relationships.

Competitive parity budgets can be determined in several ways; but all are based on spending approximately the same amount or percentage of sales as one's competitors. Some of the ways include:

- Spend the same rupee amount on advertising as a major competitor does.
- Spend the same percentage of sales on advertising as a major competitor does.
- Spend the same percentage of sales on advertising as the average for the entire industry.
- Use one of these "rules of thumb" in a particular market.

All these have one common characteristic, that is, the actions of competitors determine the company's advertising budget. But under this situation, a company faces several risks. Sufficient information may not be readily available to estimate the competitor's advertising budget. Such information is derived from secondary sources for some products than others. When only partial information can be obtained, such as expenditure on media, competitive parity may be misleading. It implies that all firms in an industry have the same opportunities but not so in practice. For example, a company introduces a new product to compete with a competitor's already established brand, the opportunity for advertising for these two brands would be entirely different.

Affordability Approach

It involves the income statement and the balance sheet. It asks how much is available to the firm. This question is partially answered by anticipated sales and margins. The decisions based wholly on them ignore the requirements of advertising. The basic weakness is that it does not solve the problem of "how much should we spend" by asking: "What can we profitably spend?" In some instances, companies adopt pricing policies or other strategies intended to yield more advertising rupees. Some may spend whatever rupees are available for promotion, the only limit being the firm's need for liquidity. This approach does ensure that advertising expenditures are assessed in the light of the profit

objectives. It does put advertising in perspective with other corporate functions as contributors to the achievements of objectives.

Judgement Approach

This method relies upon the judgment of experienced managers. Over the years, some of these individuals develop a feel for the market that permits them to arrive at appropriate decisions, given the organization's objectives and limitations. It is a vital input for the determination of the budget. When the management uses other methods, it should temper them with the judgmental evaluations made by experienced managers. Judgment is subject to error and bias. Other methods should supplement this technique. To conclude, promotion may be viewed as a long-run process. Joel Dean has indicated that advertising should be seen as a business investment, in the same sense as opening a new plant or spending additional funds on improved package design.



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Administering the advertising budget

After the budget is decided, the next logical step is to distribute it on various products / product lines, media market (segments and geographical territories) etc. After this detailed allocation of the fund, it is essential to have an adequate monitoring and control mechanism. The budget should have the adequate flexibility to accommodate uncertain environmental changes.

Therefore, it is worth suggesting that, the company should spend a small portion of their budget on systematically testing the efficacy of advertising, particularly a post testing of an advertising effort. With adequate and meaningful research, the process of setting the advertising budget will be more scientific and sound. The distribution of advertising budget is shown in Figure-3.3.

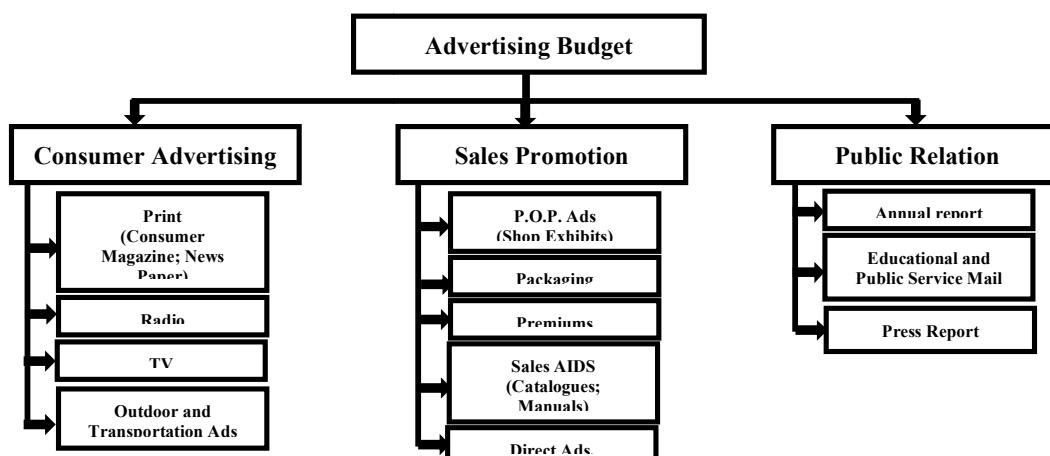
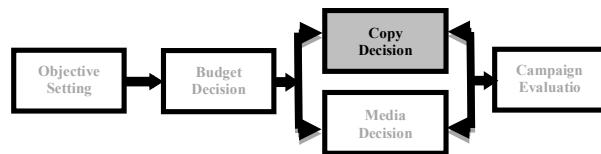


Figure-3.3: Distribution of advertising expenditure

3.8. Advertising Copy decision

This section of the advertising copy decision includes the visualization part of the advertisement which we see, listen, read and experience the innovativeness within the advertisement. Therefore, the creation of an advertising copies with respect to its verbal and non-verbal presentation plays significant role in the success and failure of an advertising initiative. This is indicated in the highlighted section in the advertisement decision process.



In this section, we will learn the following elements of designing an effective copy of an advertisement.

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- **Advertisement Layout and**
- **Creativity in advertising**

3.8.1. Advertisement Layout

Layout is the logical arrangement of components of an advertisement in the copy. It refers to the overall structure, the position assigned to the various elements of the copy and illustrations. It is deciding on the placement of headlines, copy, illustrations, marketer's name, logo and the amount of free space in an advertisement copy. Thus, the physical arrangement of all the elements of an advertisement is called layout. It is concerned with placing all the elements of the advertisement more attractively within the allotted space and time. The pattern of layout varies according to the medium to be used.

Preparing a Layout:

A layout is a plan or a blue print for the guidance of the layout designer in arranging the units of an advertisement. Usually the layout man or visualizer prepares a rough layout which is submitted to the client for approval and he draws the finished layout for the guidance of the printer. In the creation of television commercials, the layout is known as a "Storyboard" which a series of pictures is of frames that coincides with the audio or sound script. A Radio does not utilize illustrations, except those that the medium can create with a description. Television, of course makes an extensive use of illustrations. A well-conceived layout can be instrumental in obtaining attention comprehension, attitude change and behaviour change. Advertisers employ various layout techniques to attain their objectives.

The advertisement layout carries the following functions:

- a. **Assembling different parts:** The main function of layout is to assemble and arrange the different parts or elements of an advertisement illustration, headline sub headlines, slogans, body text and the identification mark etc. And boarder and other graphic materials – into a unified presentation of the sales message. In all the layouts present these elements in the same size, form, shape, position and proportion as desired by the advertiser in the final ad, proof, thus layout gives both creative personals (copywriter and artists) and the advertiser who pays for it a good idea of how the finished ad will finally appear.
- b. **Opportunity of modification:** The layout offers an opportunity to the creative teams, agency management and the advertiser to suggest modification before its final approval and actual construction and production begins.



- c. **Specification for costs:** The layout provides specification for estimating costs and it is a guide for engravers typographers and other craft workers to follow in producing the advertisement.

Elements of a layout:

An advertising copy is the means by which the advertiser's ideas are given expression to in a message to readers. Copy refers to all the reading or visual matters of an advertisement, including the headline, sub-headlines, text or body, and the name of the firm or the standard initials of the advertiser. 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.

- a) **Background:** The background for the advertisements should be somewhat catchy and colourful. 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.
- b) **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, plain or fanciful. The border may also contain a logo.
- c) **Caption:** It refers to the subtitle. But in most of the advertisement it is converted into heading or sub-heading.
- d) **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.
- e) **Decoration:** Advertisement decoration is the ornament of the advertisement. This is done to emphasize the advertisement message.
- f) **Heading:** The heading or headline is defined as the title of the advertisement. The words in the heading should be short.
- g) **Illustration:** Illustrations are the part of layout that pictures the basic theme of the advertisement. It has the power to capture the attention of the reader. The advertisements become richer by the use of illustrations.



- h) **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.
- i) **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.
- j) **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.
- k) **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.
- l) **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.
- m) **Space:** Space refers to the entire space left in the space hired by the advertiser. This depends on the design of the copy.
- n) **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.
- o) **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.
- p) **Trademark:** It is a word or design by which a product is defined. If the trade, marks are registered it can be included in the layout.

3.8.2. Creativity in advertising

The creative part of advertising involves the process of selecting and presenting the messages. The business of idea conceiving, writing, designing and producing these messages is called “advertising creativity” and the key wordsmith this called a copywriter or copy chief or copy supervisor. The success of advertising depends to a great extent on the quality of the message or copy of advertisement rather than the money spent on advertising.

The conventional theory of advertising includes the concept of AIDA(Attention, Interest, Desire and Action). Most of the advertisers believe that the message in advertisement copy must attract the attention and interest of the consumer if buying is to result. But they forget that only good advertisement copy or good message can attract the attention and interest of the receiver until and unless the much advertised product attributes have a strong impact on consumers. The consumers come to know the existence of the product only through the advertisement. Advertising tries to persuade the consumers that they need the product. But if the product attributes fail to satisfy the need of buyers, good creativity will not pay.

Creativity is an art. An artiste, writer, poet, novelists, play writer takes wellknown ideas, words and phrases and relates them in a fresh, often brilliant mannerwhile preparing an advertising copy. They combine the product attributes and theideas, words and phrases in such a manner that persuades the consumers to buy theproduct. This combination really represents and art or a creativity. A child candraw a smiling picture of a woman, but it does not carry a creative message of someworth.



The advertising copy writer writes with a purpose to achieve client's objectives to express features or attributes of particular products and services,presented in terms of consumer benefits and in the language most appropriate todefined target audience. Thus advertising messages should present merchandise inways that interest people in buying. Print ads and broadcast commercials portrayproducts as problem solvers or methods whereby wants and needs may have fulfilled. When creating, copy writer builds messages according to specific plans, to fulfil specific objectives, and he should follow a disciplined way in creating them. In the words of Alfred Polite - "Advertising creativity has to follow rules which are guidedby a well-defined purpose, by an analysis of thoughts supplied by imagination, by aselection of the useful ones which meet the purpose. However, a good advertisement possesses the following characteristics or qualities or values.

- a. **Attention value:** An advertisement copy must attract the attention of the potential consumers. If it fails in this mission, the whole money and efforts will go waste though it possesses all other values because everything else follows this. So, it must have display value. The copy should be planned, drafted and displayed so ingeniously that it may compel even the most casual or involuntary reader to notice it and read it with interest. It should be designed in such a fashion that the attention of a busiest person may be drawn immediately. Various tools can be used to make the copy more attentive. Some of these tools include: use of picture; use of display type of headings; Boarder; Price quotation; reply coupon etc.
- b. **Suggestive value:** The next task would be to offer a suggestion about the use and the utility of the product that may remain inscribed on the mind of the reader even when he forget where he really saw the advertisement. Slogans, Pictures, phrases and suggesting may be used for this purpose. They should be drafted and used as to drive home to the reader the utility of the product in everyday situation.
- c. **Memorising value:** The copy of the advertisement should be so drafted and laid out that the product will stick to the mind of the individual reader. Repetition of advertisement with slogan is an effective method of creating a memorising value. Pictures and photographs confirming to the suggestion will have tremendous memorizing value.
- d. **Conviction value:** An advertisement copy can prove effective and achieve the desired end when the suggestion contained in it is backed by convincing arguments. The advertiser must be careful to include the statement in the advertisement copy which does not conform to the product.



- e. **Sentimental appeal value:** Sentiments play a very important role in advertising, particularly in the case of food articles. Sentiments reflect the personal feelings and attitudes of an individual towards various things. They indicate reactions of a person in favour or against a particular product. The advertiser or manufacturer should make a sincere attempt to make an appeal to the sentiments of as many prospects as possible.
- f. **Education value:** A good copy of advertisement must possess educative value because the object of modern advertising is not merely to satisfy the existing demand but to create future demand. So a good copy of advertisement should educate the general public about the uses of the new product or the new uses of the same product. It will certainly increase the demand of the product and demand creation is one of the most important objectives of the advertisement.
- g. **Instinctive value:** Human thoughts and actions are guided by instincts and inclination. All that one thinks or does has its roots in one instinct or the other. Instincts are the underlying forces which compel the men to act in certain ways. The most important function of an advertisement copy is to induce, persuade and motivate the prospects to think "well of a product and to take to its use. Advertising, essentially, is the motivation of the potential consumer and for this purpose; the advertiser should attempt to make an appeal to some basic instincts to get success in motivating the prospects. Generally speaking, the following are the basic instincts which an advertiser should keep in his mind:
 - ❖ **Self-Preservation Instinct:** Inspired by our anxiety to preserve our person, our health, our family and our belongings. The sale of products like medicines, clothes etc., may be promoted by appeal to this anxiety.
 - ❖ **Hoarding Instinct:** Banking institutions, insurance companies and other government and non-government saving organizations serve the hoarding instinct of the people. Slogans like „Up and Up go your Savings“ may be used for this purpose.
 - ❖ **Parental Instinct:** Parental instinct takes the form of love and affection for the children. Those advertisers who deal in children requirements like garments, toys, baby food etc. May promote this instinct in parents i.e., motherly feelings of women or parental sentiments of men through their advertisement copy.
 - ❖ **Self-Display Instinct:** Instinct of self-display is promoted by the advertisers of readymade clothing, women's dresses, Jewellery etc. An advertisement copy drafted for these products must be directed towards the aesthetic sense of the people by showing happy and likeable people in dresses and jewellery that are being advertised.
 - ❖ **Something for Nothing Instinct:** Everybody has a vague desire to get something without paying anything for it. This desire is, more or less, present in everybody irrespective of the status or income. An advertisement copy that contains an offer of a prize or a gift is



likely to tempt quite a many of the customers. This instinct is widely used by lottery ticket sellers by offering one free ticket with the purchase of 10 tickets or by drycleaners by the offering “three for two” bargain.

On the basis of the above basic instincts, the following themes or central ideas may be laid down for advertisement copies meant to advertise different types of products:

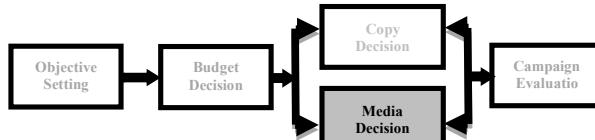
- ❖ **Pride:** This theme can be used to popularize luxury articles among riches, the possession of which gives them a distinctive status and a feeling of pride.
- ❖ **Beauty:** This theme is used in advertisements for cosmetics, perfumeries, toilet soaps etc., for men and women.
- ❖ **Health:** In drugs and food products advertisement they use of this theme is used.
- ❖ **Economy:** It is central theme in advertisement of clearance sales or bargain purchases.
- ❖ **Comfort:** The advertisements for fans electric appliance refrigerators etc. generally contain this feeling of comfort.
- ❖ **Fear:** Themes stressing the fear of death accident personal loss through burglary frenetic. and other untoward happenings in life are generally used by insurance companies or banking companies. The traffic police are also using this theme in their notes of caution i.e. “life is short Don’t make it shorter”.
- ❖ **Parental Affection:** All advertisement copies of products meant for children such as toys body foods and dresses etc. use this feeling.
- ❖ **Patriotism:** This theme may be used in advertisement for those who use foreign products.
- ❖ **Achievement:** This theme is used generally by large concerns engaged in the production of goods necessary for the development of country’s economy.
- ❖ **Emulation and Imitation:** This theme is used where people buy more not to satisfy their genuine requirement, but as their neighbours happen to possess them.

Thus, a good advertisement copy must possess the above qualities to make it an ideal advertisement.

3.9. Advertising media decision

Each medium has its merits and its handicaps. The suitability and profitability of any one type varies from manufacturer to manufacturer and may vary for a single manufacturer too. Changes are the only rule. The buyers constitute his market; they are to receive his advertising coverage consists of the advertiser’s reaching the maximum number of these buyers include both his current and prospective customers. The advertiser has to determine how many there are and where they are. Then the selection process involves how to send an effective advertising message economically to the group of buyers, the length of the campaign period

and the cost which he can afford-at a figure which will make the advertising effort profitable.



Selection of Media Types

The selection of media types to be used in an undertaking, therefore, deserves and even demands, the very best thought and judgment of on the part of the top management. The points to be considered are:

- ❖ **Availability:** Regional markets may be so limited that national circulation of magazines should not be used. A product may have so slight a market that a medium such as the radio would not be indicated for use.
- ❖ **Selectivity:** Some ideas demand visual presentation and others demand oral presentation. The radio cannot accommodate stories requiring a physical form, and outdoor advertising cannot accommodate long stories.
- ❖ **Competition:** It is a matter which the advertiser cannot ignore. A company may select media types not used by its competitors, based on distinctiveness and domination.

Selection of individual media

Selection of individual media to carry advertising requires the consideration of the points like circulation; the quality and quantity of a medium's circulation, Prestige, Influence, Readership, etc.

The advertising schedule: What is the optimum schedule? There is no agreement; there is no formula: there is only judgment. It appears that more advertisers make the mistake of using too many than the mistake of using too few. The manufacturer's proposed advertising plans are consolidated into a schedule which contains the following information:

- List of publications, broadcast stations, markets
- Dates of appearance of advertisements
- Size of advertisements (space or time)
- Costs of advertisements.

Duplication: An advertiser must have coverage or else his message will not reach as many buyers as he must reach. As an advertiser adds magazine after magazine to his list to increase his coverage; he finds duplication inevitable. One way of averting duplication is to use only one of the magazines; another is to run a different advertisement. The duplication limits an advertiser's coverage. The points in favour of duplication are repetition and frequency.

Frequency: The term frequency refers to the number of advertisements of the same size appearing in an individual medium for a given period such as per day, per week, per month, or per campaign. There is no formula to



determine the ideal frequency. The two factors are the size of the advertising fund and the size of the advertisement to be run. If these are known, frequency can be derived. The two other factors are the number of media and the advertising period. As the number of media increases, there is pressure for a lower frequency, or to shorten the advertising period. The other possibilities are to enlarge the fund, or to reduce the size of the advertisement. Manufacturers cannot ignore the fact that what the competitors are doing in respect of frequency. The more often a message is repeated, the greater the proportion of it the consumer remembers.

Timing: The crucial questions under timing is when should a campaign start, and when should it stop? For this purpose, the seasonal angle and festival seasons should be considered. Advertising can be scheduled heavily just before and during the heavy buying season. Off-season advertising is used profitably during the off-season to level out the. For example, tourists can be motivated through advertising to visit tourist areas during the off-season.

Positioning: It involves the development of a marketing strategy for a particular segment of the market. It is primarily applicable to products that are not leaders in the field. These products are more successful if they concentrate on specific market segments than if they attack dominant brands. It is best accomplished through an advertising strategy, or theme, which positions advertisements in specified market segments.

3.10. Advertising campaign evaluation

All advertising efforts are directed mainly towards the achievement of business, marketing and advertising objectives i.e., to increase the sales turnover and thus to market the maximum profit. The advertiser spends lakhs of rupees in this advertising activity. In the background of all these efforts, is an attempt to attract the customer towards the product through advertising. As soon as the advertising campaign is over, a need is generally arisen to measure the effectiveness of the campaign. Whether, it has achieved the desired results i.e. desired sales profitability or results in terms of the change in customer's behaviour in favour of the company's product which will naturally, affect the future sale of the product.

In order to measure the effectiveness of advertising copy, two types of tests - pre-tests and post-tests - can be undertaken. Pre-tests are generally conducted in the beginning of the creation process or at the end of creation process or production stage. There are several pre and post-tests techniques to measure the effectiveness of the advertising copy.

The effectiveness of advertising in a particular media may also be measured in any of the following ways:

- a) By giving different addresses to different media
- b) Different newspapers may be selected for advertisements of different departments
- c) Coupon blank etc. May be provided with the advertisement



- d) Enquiry from consumers should mention the name of the source of information. This technique is known as keying the advertising.

Thus in measuring the effectiveness of advertising we include measuring of the effectiveness of advertising campaign, advertising copy and the effectiveness of individual media. This chapter deals these three problems. However, the importance to measure the advertising are:

- a) It is an act of safety measure before failure
- b) It provides feedback for remedial measures
- c) To justify the Investment in Advertising
- d) To know the communication Effect
- e) Compare two markets

Methods to measure advertisement

Advertising is aimed at improving the sales volume of a concern so its effectiveness can be evaluated by its impact on sales. Most of the managers believe that the advertisement directly affects the sales volume and hence they evaluate the effectiveness of the advertising campaign by the increase in the sales volume. Broadly, there are two types measure. They are:

- A. Direct measures
- B. Indirect measures

A. Direct measures

Under direct measures, a relationship between advertising and sales is established. A comparison of sales of two periods or two periods or two markets may be done and the corresponding changes may be noted. The following are some of the methods that are generally used in measuring that advertising effects.

- a) **Historical Sales Method:** Some insights into the effectiveness of past advertising may be obtained by measuring the relationship between the advertising expenditure and the total sales of the product by using different statistical tools like regression analysis, trend analysis etc.
- b) **Experimental Control:** In this method, a causal (cause-effect) relationship between advertising and sales is established. This method is quite expensive when related to other advertising effectiveness measures yet it is possible to isolate advertising contribution to sales. Moreover, this can be done as a pre-test to aid advertising in choosing between alternative creative designs. Media schedules expenditure levels or some combination of these advertising decision areas.

B. Indirect measures

As it is very difficult to measure the direct effect of advertising on company's profits or sales, most firms rely heavily on indirect measures. These measures do not evaluate the effects of advertisements directly on sales or profits but all other factors such as customer awareness or attitude or customer recall of a advertising message affect the sales or profits or goals of the business indirectly.



Despite the uncertainties about the relationship between the intermediate effects of advertising and the ultimate results, there is no other alternative but to use indirect measures. The most commonly used measures are explained below.

- a) **Exposure to Advertisement:** Marketers or advertisers may obtain an idea of exposure generated by the medium by examining its circulation or audience data which reveal the number of copies of the magazine, newspaper or journal sold the number of persons passing the billboards or riding in transit facilities, or the number of persons living in the television viewing or radio listening area, and the number of persons switching on their T.V. and radio sets at various points of time. This number can be estimated by interviewing the numbers of the audience for different media.
- b) **Attention or Recall of Advertising Message Content:** Under this measure, a recall of the message content among a specified group or groups or prospective customers is measured within 24 hours of the exposure of the advertisement. Attention value is the chief quality of the advertising copy the advertisements cannot be said to be effective unless they attract the attention of the target consumers. There are two methods for evaluating the attention getting value of the advertisements. They are: Pre-test Post-test.

In a pre-test evaluation, the consumers are asked to indicate the extent to which they recognise or recall the advertisement, they have already seen. This test is conducted in the laboratory setting. Here consumers read, hear or listen to the advertisement and then researchers ask question regarding the advertisement just to test the recall and then evaluate it.

In post-test method, the consumers are asked questions about the indication of recognition or recall after the advertisement has been run.

- c) **Brand Awareness:** The marketers who rely heavily on advertising often appraise its effectiveness by measuring the customer's awareness about the particular product or brand. The assumption of this type of measure is that there is a direct relationship between the advertisements and the awareness.

This type of measure is also subject to the same criticisms as is applicable to direct measures of effectiveness (sales measures). It is because awareness is also not the direct result of the advertisements. It is also affected by many other factors. But, for new products, changes in awareness can often be attributed to the influence of advertising.

- d) **Comprehension:** Consumers generally use advertisements as a means of obtaining information about the product, brand or the manufacturer. They cannot be informed unless they comprehend the message (grasp



the message mentally and understand it fully). Various tests for evaluating comprehension are available:

- i. One is recall tests: an indicator of comprehension because it is evident that consumers recall what they comprehend.
 - ii. Another measure of the variable is to ask questions about subjects how much they have comprehended a message they have recently heard or seen. One may employ somewhat imprecise test of the comprehension of a newspaper and radio advertisement. One may ask typical target consumers from time to time such questions like “what did you think of our new commercial?” and “Did it get the message across?” The answers of these questions will provide sufficient insight into advertising decision making.

e) **Attitude Change:** Since advertising is considered to be one way of influencing the state of the mind of the audience towards a product, service or organisation, the results are very often measured in terms of attitudes among groups exposed to advertising communication. Several measures are used ranging from asking the questions about willingness to buy the likelihood of buying to the measurement of the extent to which specific attributes (such as modern or new) are associated with a product.

f) **Action:** One objective of advertisement may be assumed to be to stimulate action or behaviour. The action or intention to take an action may be measured on the intention to buy measuring instrument. Under this type of measure, consumers are asked to respond why they are interested in purchasing the product or brand.

One type of action that advertisers attempt to induce is buying behaviour. The assumption is that if an increase in sales follows a decrease in advertising expenditure, the change in sales levels are good indicators of the effectiveness of advertising. Logic suggests that measurement of sales is preferable to other measurements.

Thus, these above measures (direct or indirect) are used to evaluate the effectiveness of advertisements. It seems from the analysis of the above methods of measuring effectiveness that directly or indirectly changes in sales or profits are taken as the measuring rod of the effectiveness of the advertising.

Sales Promotion

3.11. Concept and objectives of sales promotion

Sales promotion is one of the most loosely used terms in the marketing vocabulary. We define sales promotion as demand stimulating devices designed to supplement advertising and facilitate personal selling. In other words, sales promotion signifies all those activities that supplement, co-ordinate and

make the efforts of personal selling and advertising more effective. It is non recurrent in nature which means it can't be used continuously.



Sales promotion consists of diverse collection of incentive tools, mostly short-term designed to stimulate quicker and / or greater purchase of a particular product by consumers or the trade. Whereas advertising offers a reason to buy, sales promotion offers an incentive to buy. Sales promotion includes tools for consumer promotion (for example samples, coupons, prizes, cash refund, warranties, demonstrations, contest); trade promotion (for example buying allowances, free goods, merchandise allowances, co-operative advertising, advertising and display allowances, dealer sales contests); and sales-force promotion (for example bonuses, contests, sales rallies).

Sales promotion efforts are directed at final consumers and designed to motivate, persuade and remind them of the goods and services that are offered. Sales persons adopt several techniques for sales promotion. Creative sales promotion can be very effective. It is the marketing manager's responsibility to specify promotion objectives and policies.

Definition of sales promotion

According to American Marketing Association, sales promotion activities are termed as "*those marketing activities other than personal selling, advertising and publicity that stimulate consumer purchasing and dealer effectiveness such as display shows and exhibitions, demonstrations and various non-recurrent selling efforts not in the ordinary routine.*"

W.J. Stanton defines sales promotion as:

"All those activities other than advertising, personal selling, public relations and publicity that are intended to stimulate customer demand and improve the marketing performance of sellers".

Rationale of sales promotion

Rationale of sales promotion may be analysed under the following points.

- a) **Short-term results:** Sales promotion such as coupons and trade allowances produce quicker, more measurable sales results. However, critics of this strategy argue that these immediate benefits come at the expense of building brand equity. They believe that an over emphasize on sales promotion may undermine a brand's future.
- b) **Competitive Pressure:** If competitors offer buyers price reductions, contests or other incentives, a firm may feel forced to retaliate with its own sales promotions.
- c) **Buyers' expectations:** Once they are offered purchase incentives, consumers and channel members get used to them and soon begin expecting them.
- d) **Low quality of retail selling:** Many retailers use inadequately trained sales clerks or have switched to self-service. For these outlets, sales

promotion devices such as product displays and samples often are the only effective promotional tools available at the point of purchase.



Objectives of sales promotion

- i. To introduce new products
- ii. To attract new customers
- iii. To induce present customers to buy more
- iv. To help firm remain competitive
- v. To increase sales in off season
- vi. To increase the inventories of business buyers

3.12. Types of sales promotion

While using sales promotion, a company must fulfil the objectives of the organization. Sales promotion objectives are derived from broader promotion objectives, which are derived from more basic marketing objectives developed for the product. The specific objectives set for sales promotion will vary with the type of target market.

- ❖ For consumers, objectives include encouraging purchase of larger-size units, building trial among non-users and attracting switches away from competitor's brands.
- ❖ For retailer's objectives include inducing retailers to carry new items and many sales promotion tools are available to accomplish these objectives at the consumer level, and at the middle men level. For the purpose of convenience, the types of sales promotion methods may be grouped under three categories such as:
 - A. Types of sales promotion directed at consumers
 - B. Types of sales promotions directed at distribution channel members (trade members like retailer, dealers and distributors)

A. Consumer related promotion tools

- a. **Samples:** Samples are offers of a free amount or trial of a product to consumers. The sample might be delivered door to door sent in the mail, picked up in a store, found attached to another product or featured in an advertising offer. Sampling is the most effective and most expensive way to introduce a new product.
- b. **Coupons:** Coupons are certificates entitling the bearer to a stated saving on the purchase of a specific product. Coupons can be mailed, enclosed in or on other products or inserted in magazine and newspaper advertisements. Coupons can be effective in stimulating sales of a mature brand and inducing early trial of a new brand.
- c. **Cash refund offers or rebates:** These are like coupons except that the price reduction occurs after the purchase rather than at



the retail shop. The consumer sends a specified “proof of purchase” to the manufacturer, who in turn „refunds” part of the purchase price by mail. Cash refunds have been used for major products such as automobiles as well as for packaged goods.

- d. **Price Packs:** These are offers to consumers of savings off the regular price of a product, flagged on the label or package. They may take the form of a reduced-price pack which is single packages sold at a reduced price (such as two for the price of one) or a banded pack, which is two related products banded together (such as a tooth brush and tooth paste). Price packs are very effective in stimulating short term sales, even more than coupons.
- e. **Premiums or gifts:** These are merchandise offered at a relatively low cost or free as an incentive to purchase a particular product. Sometimes the package itself, is a reusable container may serve as a premium. A self-liquidating premium is an item sold below its normal retail price to consumers who request it.
- f. **Prizes:** These are offers of the chance to win cash, trips or merchandise as a result of purchasing something. Pepsi-cola offered the chance to win cash by matching numbers under the bottle cap with numbers announced on television. Sometimes the prize is a person, offering the winner either cash or dinner with actor Sharuk Khan.
- g. **Patronage award:** These are values in cash or in other forms that are proportional to one's patronage of a certain vendor or group of vendors. Most airlines offer “frequent flyer plans” providing points for miles travelled that can be turned in for free airline trips. Cooperatives pay their members dividends according to their annual patronage. Le Meridian adopted an “honoured guest” plan that awards points for users of their hotels.
- h. **Free trials:** Free trials consist of inviting prospective purchasers to try the product without cost in the hope that they will buy the product. Thus, often we see, auto dealers encourage free test drives to stimulate purchase interest.
- i. **Product warranties:** These are an important tool, especially as consumers become more quality sensitive. When My TVS offered a two-year car warranty, substantially longer than other competitors’ customers took notice. They inferred that My TVS quality must be good or else the company would be in deep trouble. Companies must carefully estimate the sales-generating value against the potential costs of any proposed warranty programme.



- j. **Tie-in promotion:** These are becoming increasingly popular. In a tie in promotion two or more brands or companies team up on coupons, refunds and contests to increase their pulling power. Companies pool funds with the hope of broader exposure, while several sales forces push these promotions to retailers, giving them a better shot at extra display and ad space.
 - k. **Point-in-Purchase display (POP):** These take place at the point of purchase or sale. Display of visible mark or product at the entrance of the store is an example. Unfortunately, many retailers do not like to handle the hundreds of displays, signs and posters they receive from manufacturers. Hindustan Lever often use this tool to promote its products in the retail market.
 - l. **Product demonstrations:** Products are being shown in action. Consumers can visit the store and see the usage of product in live action so that doubts of the consumers can be clarified in the store itself. When a new product is introduced in the market, the sales promotional tool is often used. For example, ultra-modern grinder mixture being used by the company to demonstrate its speciality than the other product.

B. Trade promotion tools

More sales promotion rupees are directed to the trade than to consumers. Manufacturers seek the following objectives in awarding money to the trade:

- ❖ Trade promotion can persuade the retailer or wholesaler to carry the brand.
 - ❖ Trade promotion can persuade the retailer or wholesaler to carry more than it normally carries.
 - ❖ Trade promotion can induce the retailers to promote the brand through featuring, display, and price reduction.
 - ❖ Trade promotion can stimulate retailers and their sales clerks to push the product.

Manufacturers use several promotion tools. Some of which are mentioned below.

- a. **Price-off:** Manufacturers may offer a price – off, which is straight discount off the list price on each case purchased during a stated period of time. The offer encourages dealers to buy a quantity or carry a new item that they might not ordinarily buy. The dealers can use the buying allowance for immediate profit or price reductions.

- b. **Allowance:** Manufacturers may offer an allowance in return for the retailer's agreeing to feature the manufacturer's products in some way. An advertising allowance compensates retailers for advertising the manufacturer's product. A display



- allowance compensates them for carrying a special display of the product.
- c. **Free goods:** Manufacturers may offer free goods, which are extra cases of merchandise to middlemen who buy a certain quantity of items.
 - d. **Push money:** Manufacturers may offer push money which is cash or gifts to dealers or their sales force to push the manufacturer's goods.
 - e. **Speciality advertising items:** Manufacturers may offer free specialty advertising items to the retailers that carry the company's name such as pens, pencil, calendars, paper weights, and memo pads.

3.13. Pull and push strategy of sales promotion

The push and pull promotional strategies may be used to enhance sales.

The push strategy concentrates on middlemen or retailers who push the sale of the product to the final consumers. This strategy covers cooperative advertising, attractive terms of sale, coupons and discount facilities.

The pull strategy is directed toward the final buyers. It persuades the buyers to go to the sellers to buy. Sales promotion, particularly customer promotion, is an important form of the pull strategy. Customer promotion, may call for the offer of samples, money-refund offers, prices-off, premiums and so on.

The push strategy asks the sellers or retailers to attract the layers. Trade promotion is thus the main form of the push strategy. Trade promotions refer to buying allowances, free goods, co-operative advertising, push money, sales contests and so on. The marketing manager has to adopt both these strategies to promote sales.

3.14. Let's sum up

- 1. Advertising is considered to be one of the most important promotional mix element. The other elements are sales promotion, public relation and personal selling.
- 2. Advertisement is defined as the dissemination of information by non-personal means through paid media where the source is the sponsoring organization.
- 3. Advertisement is a mass communicating of information intended to persuade buyers to buy products with a view to maximizing a company's profits.
- 4. On the basis of geographical spread, advertising can be classified as: National, local and global advertising.
- 5. On the basis of target groups aimed at, advertising can be classified as, Consumer advertising, industrial advertising, trade advertising, and professional advertising.



6. Trade advertising further classified into retail and wholesale related advertising.
7. Some other categories of advertisements include: Product advertising, Service advertising, institutional advertising, public relation advertising, public service advertising, financial advertising
8. Product advertising is again classified into: pioneering advertising, competitive advertising and retentive advertising.
9. Relation between advertising to different stages of product life cycle has been explained. These are:
 - a. Informative advertising - at product introduction stage
 - b. Persuasive advertising - at product growth as well as maturity stage
 - c. Reminder oriented advertising - at product maturity and decline stage of the PLC.
10. The steps include in the decision making process related to advertisement are: Objective setting, budget decision, copy decision, media decision, and campaign evaluation.
11. The fundamental objectives of advertising include: to inform, to pursue and to remind.
12. Different methods of advertisement budgeting include, percentage of sales method, the task or objective method, competitive parity method, affordability method, judgement method.
13. Advertising copy decision includes the visualization part of the advertisement which we see, listen, read and experience the innovativeness within the advertisement.
14. Important elements of advertising copy are layout and creativity of the copy.
15. The function of an advertising layout includes: Assembling different parts of the advertising content, opportunity of modification and specification for cost.
16. The different elements of the layout of the advertising copy include: background, boarder, caption, coupon, decoration, heading, illustration, mascot, logo, price, product information, slogan, space, sub-headings, texts and trademark.
17. The creative part of advertising involves the process of selecting and presenting the messages with the following value propositions. They are: attention value, suggestive value, memorising value, conviction value, sentimental appeal value, educational value, and instinctive value.
18. The creativity of the copy in an advertising campaign are based on certain central innovative ideas of the message that the company want to convey its target audiences. These ideas are: pride, beauty, health, economy, comfort, fear, parental affection, patriotism, achievement, emulation and imitation.
19. The selection of the media types to communicate the intended information to the target audience is based on certain criteria such as availability of that media category in the targeted market segment; type of the media based on the communication mode, for example TV, Print or radio; and the media type which is not used or using by its competitors.
20. The selection of individual media to carry advertising requires the consideration of the points like circulation; the quality and quantity of a medium's circulation, Prestige, Influence, Readership, etc.



21. The importance to measure the advertising campaigns are:
 - f) It is an act of safety measure before failure
 - g) It provides feedback for remedial measures
 - h) To justify the Investment in Advertising
 - i) To know the communication Effect
 - j) Compare two markets
22. The advertising campaigns can be evaluated both by direct and indirect methods.
23. The direct method of evaluation includes, historical sales method and experimental control method.
24. The indirect measures include exposure to advertisement, recall of advertising message content, brand awareness, consumer comprehension test, attitude change study and intention to buy measurement study.
25. Sales promotion are the stimulating devices designed to supplement advertising and facilitate personal selling.
26. Sales promotion includes tools for consumer promotion (for example samples, coupons, prizes, cash refund, warranties, demonstrations, contest); trade promotion (for example buying allowances, free goods, merchandise allowances, co-operative advertising, advertising and display allowances, dealer sales contests); and sales-force promotion (for example bonuses, contests, sales rallies).
27. The rationality of sales promotion includes: to gain short-term result, to face competition, to meet buyers' expectation, and to stock-out from the retailer or the wholesalers.
28. The major objectives of sales promotion include: to introduce new products, to attract new customers, to induce present customers to buy more, to help firm remain competitive, to increase sales in off season, to increase the inventories of business buyers.
29. Sales promotions can be categorized into consumer promotion and trade promotion.
30. Consumer related promotional tools include: samples, coupons, cash refund offers, price packs, premium gifts, prizes, patronage awards, free trials, product warranties, tie-in promotion, point-in-purchase display and product demonstration.
31. Trade related promotional tools include: price-off, dealer or retailer allowance, free goods, push money and speciality advertising items.
32. The pull strategy is directed toward the final buyers. Sales promotion, particularly customer promotion, is an important form of the pull strategy.
33. The push strategy asks the sellers or retailers to attract the layers. Trade promotion is thus the main form of the push strategy.

3.15. Key Terms

Advertising	Reminder
Promotion mix	PLC
Sales promotion	Advertising budget
Public relation	Advertising copy
Informative	Advertising media
Persuasive	

Advertisement
evaluation

Consumer promotion
Trade promotion



3.16. Self-Assessment Questions

Q1: Define advertising. Discuss different steps an advertiser follows to take advertising decisions.

Q2: What is sale promotion? Discuss briefly different types of consumer and trade promotions with examples.

3.17. Further Readings

- Kurti Shah and Alan D'Souza, (2009), Advertising and Promotions: An IMC Perspective, Tata McGraw-Hill, New Delhi.
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- J. V. Vilanilam& A. K. Varghese, Advertising Basics: A Resource Guide for Beginners: Response Books, Sage Publications.

3.18. Model questions

- a) Discuss the process of setting advertising objectives
- b) What is advertising budget. Discuss different methods available for budgeting an advertising campaign.
- c) Explain the methods of evaluating effectiveness of advertising?



Unit-4

Public Relations

Structure

- 4.0 Learning objectives
- 4.1 Introduction
- 4.2 Role of public relations
- 4.3 Strength of public relations
- 4.4 Understanding the public
- 4.5 Tools of public relations
- 4.6 The Process of Public Relations
- 4.7 Publicity
- 4.8 Corporate advertising
- 4.9 Let's sum up
- 4.10 Key terms
- 4.11 Self-assessment questions
- 4.12 Further readings
- 4.13 Model questions

4.1. Introduction

As in the case of the other elements of the communication mix, public relations (PR) too has as many definitions as authors. In India, PR has very often been understood to be equivalent to press relations. Public relations are indeed a management function. The term management should be used in its broadest sense; it is not limited to business managements but extends to other types of organizations, including non profit institutions. In this definition, public relations require a series of stages, including:

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

This process does not occur all at once. An effective public relations program continues over months or even years. Finally, this definition reveals that public relations involve much more than activities designed to sell a product or service.

According to Public Relations Society of America:

"Public relations is a philosophy and function of management expressed in policies and practices which serve the public to secure its understanding and goodwill".

According to Paul Garret (Pioneer of Modern PR):

“Public Relations is a fundamental attitude of mind, a philosophy of management, which deliberately and with enlightened selfishness places the broad interests of the public first in every decision attracting the operation of a business”.



The PR program may involve some of the promotional program elements previously discussed but use them in a different way. However, PR is much more than that. It is a process of engaging the target segment in an interesting way so that it responds favourably to the intended communication and thus develops a favourable image of the brand and/or the company. This can be achieved through traditional media such as print, television, radio, internet or through events and exhibitions, lobbying, social activities etc. For example, press releases may be sent to announce new products or changes in the organization, special events may be organized to create goodwill in the community, and advertising may be used to state the firm's position on a controversial issue.

4.2. Role of Public Relations (PR)

Public relations, as we have seen, began as “corporate publicity” But it soon became apparent to both public relations people and management that there was a much broader role for PR to play. Business has bitter experiences and had suffered serious reverses as the result of actions that had not taken into account the public interest or the effects on public opinion. Management began to see that the public interest had to be considered when important decisions were made. The essential role of PR is to correct a negative image and enhance the positive image of the company or its brands in the mind of its target segments, through the use of various tools that are available. For example, the company may want its employees to see it as a humane organization, another may want it to be seen as an aggressive fast paced organization, yet a third may want to see the company as an ethical one. Therefore, depending upon the objective of the desired image, the company may adopt different PR tools.

Another form of PR that is becoming increasingly important these days is known as lobbying. It is an activity, the company attempt to influence people in the corridor of power in order to generate positive decision in favour of the company. The government of one country also practice lobbying sometimes to promote their national interest with other countries. Therefore, Public relations is the attempt by information, persuasion and adjustment to engineer public support for an activity, cause, movement or institution.

4.3. Strength of public relation

Public relations can be an effective tool of communication if used appropriately. It has several strengths as well as weaknesses as mentioned below.

A. Strengths

- a) **Personal touch:** PR efforts results in the company or brand talking with the consumer with a personal touch. For example, a piece of communication through a newspaper through an advertisement versus a favourable write up in the same newspaper by a journalist. Another example, in an exhibition held at a conference of doctors, where a



- company manufacturing says, stethoscope, and other medical equipment, put their stall to promote its products.
- b) **Diversity of tools:** PR is one form of communication where diverse tools can be brought into play. One can use the traditional media such as press, TV, radio etc., one can use promotional materials such as leaflets, fliers, posters, video films etc. Also, special events can be arranging by organizing social activities like addressing a social cause.
 - c) **Cost effectiveness:** The cost effectiveness of a PR initiative depends upon the objective of the PR efforts. A good PR strategy can help a company to achieve by running a TV commercial in another country through lobbying with the government agencies in that country.

B. Weaknesses

- a) **Measurability of result:** It is difficult to isolate the impact of PR, just as much as it is difficult to do in the case of advertising, sales promotion, direct marketing etc.
- b) **Recency of domain:** There are no proper training schools present in most of the nations like India for providing specialised PR training. Theories in PR are hard to find. Candidates getting into PR therefore are learning the art of PR n their respective jobs.
- c) **Paucity of good professionals:** As mentioned above, good professionals are hard to find. Given the fact that clients are now beginning to see the importance of PR, the crunch for good professionals in this domain is going to increase in time to come.

4.4. Understanding the public

Public relations practitioners recognize that there are no such things as one homogeneous "public." Not only do we live in a pluralistic society; we also live in a complex one in which each one of us may be, at the same time or at various times, an employee, a consumer, a stockholder, h member of an industrialized community, a voter, a parent, or a member of any of several other groups.

Often, the comprehensive term "the public" may be used to denote different groups, rather than the entire populace. Therefore, we speak of "publics" rather than of "the public". From the point of view of business and industry, the major publics that need to be addressed include the following:

- a. **Employees:** Good public relations begins at home, and employees are part of the business family.
- b. **Shareholders:** They are the owners of the corporation - the capitalists, whose investments provide the funds with which corporations are founded, maintained, and caused to grow.
- c. **Communities:** The areas in which the corporation maintains offices, factories, or services facilities. The people of the community are the corporation's neighbours, whose friendship, loyalty, and support it needs.



- d. **The Government:** At all levels- the government of the nation and the state, act as the “the voice of the people”, has the power to tax, regulate, and in one way or another supervise the operations of corporations under its jurisdiction.
- e. **The investment community:** In particular, the people and institutions that analyse and evaluate the performance of corporations and both invest themselves and make recommendations to others based on their findings.
- f. **Suppliers and Customer:** They are the entities at the individual and institutional level who purchase or influence in the purchase decision of the products of the company. They are directly or indirectly related with the company. An organization wishes to maintain goodwill with its suppliers as well as its consuming public. If consumers think a company is not socially conscious, they may take their loyalties elsewhere. Suppliers may be inclined to do the same.
- g. **The Media:** Perhaps one of the most critical external publics is the media, which determine what you will read in your newspapers or see on TV, and how this news will be presented. Because of the media's power, they should be informed of the firm's actions. Companies issue press releases and communicate through conferences, interviews, and special events. The media are generally receptive to such information as long as it is handled professionally; reporters are always interested in good stories.
- h. **Educators:** A number of organizations provide educators with information regarding their activities. The Direct Marketing Association, the Promotional Products Association, and the Yellow Pages Publishers Association (YPPA), among others, keep educators informed in an attempt to generate goodwill as well as exposure for their causes. These groups and major corporations provide information regarding innovations, state-of-the-art research and like. YPPA provides materials specifically designed for educators. Educators are a target audience because, like the media, they control the flow of information to certain parties—in this case, people like you. BusinessWeek, Fortune, and other company magazines attempt to have professors use their magazines in their classes, as does The Fortune India, Business Today, Business World, Indian Today Forbes India etc. Among others. In addition to selling more magazines, such usage would also lend credibility to the mediums.

4.5. Types of PR tools

In the understanding of public relations, it is very important to understand the reason why a particular PR campaign is being carried out, the target segment towards which it has been aimed and interviewing tools and media that is being used. Depending on this, we can define different kinds of PR tools that need to be appreciated for an effective program.

A. Meeting: Meetings mean different things to different people. The meeting should be structured with the message following logically and covering all relevant points. The use of supplementary material helps to overcome one of the fundamental short coming of meetings or printings, that of the message



becoming distorted as it. The level of any meeting or briefing is improved if those can be encouraged to ask questions, since this often shows organizers what truly concern those attending.

B. Circular and notices: Circulars are the most basic communication of all, which are easy to produce, requiring no skills other than the ability to communicate effectively in standard English, or whatever the local language maybe. The prime quality is to ensure that they are circulated properly and read by the entire target audience. Circular should all be dated and given a serial number, and if one regularly has to restrict circular to a specific target audience, these much be separately identified from those on general circulation. Consistent numbering helps with identification and also has the advantage that the recipients can readily see whether or not they have missed a circular. Typed information is best suited to circulars is that which is likely to date quickly and which has some urgency. Actually circular is a very cheap tool, which can be targeted more easily than many more sophisticated media. One important point is that every branch, location or department as head should file a copy of each circular, so that there is a complete record to hand if anyone wishes to refer back to a point.

C. Periodicals: Periodicals for employees may be one, or more, of several different types of publication, such as newsletters, newspapers or magazines, which will vary considerably depending not only on the size of the organisation and the funds available, or even the nature of the audience, most importantly on the task which the employee publication is expected to achieve.

a. **The employee Newspaper:** Almost every organisation has a publication of some kind. They range in quality all the way from gossip sheets published by secretaries to highly professional publications that are in every way equal in quality to some of the best newspapers and magazines. Objective and philosophies underlying company newspapers are about as varied as the newspapers themselves. Generally speaking, an employee newspaper should at least contain the following.

- i. News about the company's products.
- ii. The company's financial releases.
- iii. Stories about plant expansion, acquisitions etc.
- iv. News of management changes, promotions etc.
- v. Features articles about employees whose performance has been unusually outstanding.
- vi. Articles which encourage participation in community.
- vii. Articles supporting safety & similar programs.

b. **New Letter:** Newsletters are in effect 'mini' newspapers, although an A4 front page can be difficult to fill in an interesting manner – not large enough for the big, bold, splash headline or for a good selection of front page stories. Other hand, this format is easier to handle and for readers to file than a tabloid style newspaper.

D. Photography: Photography is important not only in employee publications but also in all other aspects of public relations. Good photographs enhance



communications. Like all other PR activities, good photography requires advance planning.

Photography is a highly specialized activity. However, from an editorial standpoint, photographs often get more attention than the written word. Therefore, the PR man involved in editing an employee newspaper or in publicity work should develop some “feel” for photography. Photography is a highly specialized activity. However, from an editorial standpoint, photographs often get more attention than the written word. Therefore, the PR man involved in editing an employee newspaper or in publicity work should develop some “feel” for photography. Some of the things to remember include the following:

- a. Photographs are used to illustrate a story.
- b. If time and money permit, a number of photographs from which a few are to be selected should be taken.
- c. Natural, rather than posed, effects usually communicate more effectively.
- d. Outlining photographs needed in “Script” form helps bring good results.
- e. The photographs should be allowed a reasonable length of time to make a photograph.
- f. A photograph taken at a press conference is meant to emphasize two particular men in conversation.
- g. In product publicity photographs, it is acceptable to use a beautiful thing if it fits into the picture.

E. Audio and Video programmes: Organizations are looking at audio or video tape for messages. Employees are accustomed to listening to radio programmes and watching television, so this is the way to transmit information today. This is an over implication, nevertheless, since the impact of both these types of communication is enhanced if the message tends itself to the medium. Both have more life than the written work, and create more sense of the personality of whoever is giving the written work, and create more sense of the personality of whoever is giving the message, but neither replaces the written word completely. Video production costs can be cut by using different type of recording material, and although the costs of tapes do not vary much, the availability and cost of the editing suites do.

Costs can also be controlled by keeping an eye on the crewing of the video team. Television news gathering teams are far smaller than their counterparts preparing documentaries. One must also be sure that the audience can listen to or watch the programmes being sent out using either have to ensure that equipment is provided at the place of work and that time is provided for all staff to listen to or see the message.

A major advantage for video, and to a lesser extent audio, programmes is that it brings the audience closer to the management personalities being interviewed. The advantage of satellite broadcast is that what are in effect television programmes can be broadcast, with the necessary immediacy. To obtain the maximum benefit, a television studio is necessary, and professional

support becomes essential. A good time to introduce satellite broadcasting to internal communications comes when the video equipment needs to be replaced, spending the money on satellite dishes instead.



F. Conferences: Annual or half yearly conferences for employees are often limited either to the sales forces or to managers alone. Many organizations see merit in ensuring that a conference is held away from the organization's own locations. The venue and form of the conference to meet the communications needs of the organization. The venue can be used to communicate a message in itself, since taking the sales team to a resort abroad can be interpreted as a sign of appreciation for an outstanding performance. Specialist assistance with meetings & conferences is readily available, and this is especially important for those organizations who place great emphasis on special effects.

G. Special Employee Programs: Public relations personnel often are given the responsibility in many companies for helping out with special programs. These programs accomplish the following:

- a. Attempt to show the employee, as an individual, has a personal responsibility to do his job right.
- b. Such programs explain that the economic well-being of a company is inextricably tied in with his own career.
- c. Recognition and rewards of some type should be given to those employees who excel in such programs.
- d. Such programs have tendency to be aimed at factory workers as much at the office workers as at the hourly employees.
- e. The standard methods of communications are used in such programs. Usually, announcement of their inception is made by the company president in a letter to employees, in the employee newspaper, and on bulletin boards.
- f. Report of the results of the program are feedback to employees.
- g. Normally, these programs attempt to appeal to the employee natural pride in doing a good job.

H. Addressing to Special Problems: Almost every company is at one time or another with a major, nonrecurring problem. Such a problem is illustrated by the relocation of the firm's headquarters for example, mid-town New York. Relation involves many problems for the average family. Children have to be taken out of school, old friends and neighbours are left behind; new places of worship must be found. Therefore, a PR program to inform employees about all details of the move is usually necessary. Such a program could take the following course:

- a. Announcement of the move.
- b. Public interest in the move.
- c. Material should be prepared explaining the financial aspects of the move to the employee.
- d. Booklets, and movies, if possible, should be prepared showing the advantages of the new community.
- e. Booklets and brochures and the company newspaper can't be depended on entirely in the informational program. Direct personal contact is necessary.



- f. The new community should be informed about the company.
- g. Timing the move is important. Months are most convenient and changing schools in mid-session is avoided.
- h. After the move, the informational program should be continued during a reasonable transition period.

The most important thing a PR man can do in helping management communicate with employees.

I. Community Relations: A modern corporation has certain citizenship responsibilities. There are many reasons for this. One is that today's company, particularly a large one, although private, actually has a public character since it affects so many lines. Good community relation starts with good employee relations. A good company wants the towns in which it has plants to have the best in the way of schools, recreational facilities, religious institutions, medical services etc., because its employees will be happier and therefore the company should be able to hire better people and keep them. Obviously, employee relations are very closely interwoven with community relations.

4.6. The Process of Public Relations

In order that a PR function of a company may be professionally managed, it is important to identify who will perform this role in the company. In smaller companies, where there is no PR function, this role is normally performed by the chief executive officer (CEO) or any other individual designated by him. In large corporations, there is normally a full-fledged PR department to perform this role. Some companies take the help of a PR firm to perform this function. Some of the more prominent PR firms that exist in the country are Genesis Burson and Mastellar, Good Relations, Hanmer and Partners and Perfect Relations. Some advertising agencies too have developed PR divisions within the agency to give their clients 360 degree communications solutions for their companies and brand. The steps to perform the PR functions are described below.

A. Determining and evaluating public attitudes

It is understood that public relations are concerned with people's attitudes toward the firm or specific issues beyond those directed at a product or service. The first question you may ask is why. Why is the firm so concerned with the public's attitudes? One reason is that these attitudes may affect sales of the firm's products. A number of companies have experienced sales declines as a result of consumer boycotts. Procter & Gamble, Nestle, Reliance, Pepsi and Coca Cola are just a few companies that responded to organized pressures. Due to their concerns about public perceptions, many privately held corporations, publicly held companies, utilities, and media survey public attitudes. The reasons for conducting this research are many. Some of them are given below.

- a. **It provides input into the planning process:** Once the firm has determined public attitudes, they become the starting point in the development of programs designed to maintain favourable positions or change unfavourable ones.
- b. **It serves as an early warning system:** Once a problem exists, it may require substantial time and money to correct. By conducting research, the



firm may be able to identify potential problems and handle them effectively before they become serious issues.

- c. **It secures support internally:** If research shows a problem or potential problem exists, it will be much easier for the public relations arm to gain the support it needs to address this problem.
- d. **It increases the effectiveness of the communication:** The better it understands a problem, the better the firm can design communications to deal with it.

B. Establishing a PR plan

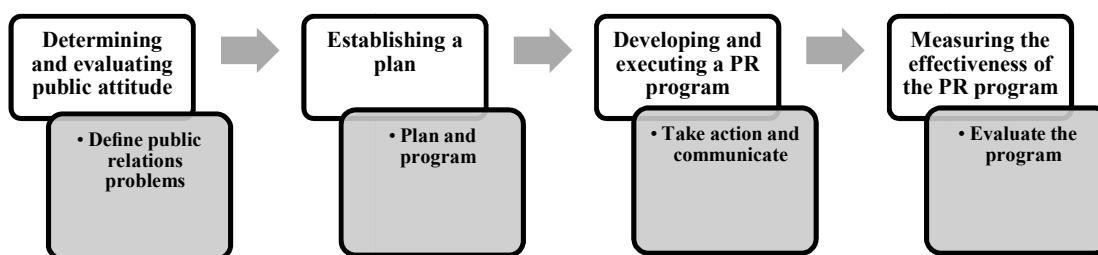
In a survey of 100 top and middle managers in the communications field, over 60 percent said their PR programs involved little more than press releases, press kits for trade shows, and new product announcements. Further, these tools were not designed into a formal public relations effort but rather were used only as needed. As we noted earlier, the public relations process is an ongoing one, requiring formalized policies and procedures for dealing with problems and opportunities. Just as you would not develop an advertising and/or promotions program without a plan, you should not institute public relations efforts haphazardly. Moreover, the PR plan needs to be integrated into the overall marketing communications program.

Below given some questions marketers should ask to determine whether their PR plan is workable.

- a. Does the plan reflect a thorough understanding of the company's business situation?
- b. Has the PR program made good use of research and background sources?
- c. Does the plan include full analysis of recent editorial coverage?
- d. Do the PR people fully understand the product's strengths and weaknesses?
- e. Does the PR program describe several cogent, relevant conclusions from the research?
- f. Are the program objectives specific and measurable?
- g. Does the program clearly describe what the PR activity will be and how it will benefit the company?
- h. Does the program describe how its results will be measured?
- i. Do the research, objectives, activities, and evaluations tie together?
- j. Has the PR department communicated with marketing throughout the development of the program?

However, these questions and the following stages of the PR process has been followed throughout this chapter. These are shown in figure 4.1.

Figure 4.1: The Public Relations Process





C. Developing and Executing the PR Program

Because of the broad role that public relations may be asked to play, the PR program may need to extend beyond promotion. A broader definition of the target market, additional communications objectives, and different messages and delivery systems may be employed based on the member the public relation audience as discussed in the section 4.3. under the heading ‘understanding the public’.

Implementing the PR Program

Once the research has been conducted and the target audiences identified, the public relations program must be developed and delivered to the receivers. A number of PR tools are available for this purpose which are already mentioned in section 4.4. of this chapter.

D. Measuring the Effectiveness of PR

As with the other promotional program elements, it is important to evaluate the effectiveness of the public relations efforts. In addition to determining the contribution of this program element to attaining communications objectives, the evaluation offers other advantages:

- a. It tells management what has been achieved through public relations activities.
- b. It provides management with a way to measure public relations achievements quantitatively.
- c. It gives management a way to judge the quality of public relations achievements and activities.

A number of criteria may be used to measure the effects of PR programs. Raymond Simon suggests additional means for accomplishing this evaluation process, including the following:

- a. **Personal observation and reaction:** Personal observation and evaluation by one's superiors should occur at all levels of the organization.
- b. **Matching objectives and results:** Specific objectives designed to attain the overall communications objectives should be related to actions, activities, or media coverage. For example, placing a feature story in a specific number of media is an objective, quantitative, and measurable goal.
- c. **The team approach:** Harold Mendelsohn suggests that one way to achieve attitude and behaviour modification through public information campaigns is the team approach, whereby evaluators are actually involved in the campaign. By using research principles and working together, the team develops and accomplishes goals.
- d. **Management by objectives:** Executives and their managers act together to identify goals to be attained and the responsibilities of the managers. These goals are then used as a standard to measure accomplishments.



- e. **Public opinion and surveys:** Research in the form of public opinion surveys may be used to gather data to evaluate program goal attainment.
- f. **Audits:** Both internal and external audits may be used. Internal audits involve evaluations by superiors or peers within the firm to determine the performance of the employee (or his or her programs). External audits are conducted by consultants, the client (in the case of a PR agency), or other parties outside the organization.

In summary, the role of public relations in the promotional mix is changing. As PR has become more marketing oriented, the criteria by which the programs are evaluated have also changed. At the same time, non-marketing activities will continue to be part of the public relations department and part of the basis for evaluation.

4.7. Publicity

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

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

However, both positive and negative publicity often originates from sources other than the firm. In most organizations, publicity is controlled and disseminated by the public relations department. In this section, we discuss the role publicity plays in the promotional program and some of the ways marketers use and react to these communications.

4.8. Corporate advertising

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

Consumers are not interested in this form of advertising: Report in the Advertising Age found that consumers were 35 percent less interested in corporate ads than in product-oriented advertising. This may be because consumers do not understand the reasons behind such ads. Of course, much of this confusion results from ads that are not very good from a communications standpoint.

It's a costly form of self-indulgence: Firms have been accused of engaging in corporate image advertising only to satisfy the egos of top management. This argument stems from the fact that corporate ads are not easy to write. The message to be communicated is not as precise and specific as one designed to

position a product, so the top managers often dictate the content of the ad, and the copy reflects their ideas and images of the corporation.



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

Corporate advertising is a waste of money: Given that the ads do not directly appeal to anyone, are not understood, and do not promote anything specific, critics say the monies could be better spent in other areas. Again, much of this argument has its foundation in the fact that corporate image ads are often intangible. They typically do not ask directly for a purchase; they do not ask for investors. Rather, they present a position or try to create an image. Because they are not specific, many critics believe their purpose is lost on the audience and these ads are not a wise investment of the firm's resources.

Despite these criticisms and others, corporate advertising has increased in use. Since the term corporate advertising tends to be used as a catchall for any type of advertising run for the direct benefit of the corporation rather than its products or services, much advertising falls into this category. For purposes of this text (and to attempt to bring some perspective to the term), we use it to describe any type of advertising designed to promote the organization itself rather than its products or services.

Objectives of Corporate Advertising

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

More specific applications include:

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

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

4.9. Let's sum up

1. In this definition, public relations require a series of stages, including: The determination and evaluation of public attitudes; The identification of policies and procedures of an organization with a public interest; The development and execution of a communications program designed to bring about public understanding and acceptance.



2. According to Public Relations Society of America, “Public relations is a philosophy and function of management expressed in policies and practices which serve the public to secure its understanding and goodwill”.
3. The essential role of PR is to correct a negative image and enhance the positive image of the company or its brands in the mind of its target segments, through the use of various tools that are available.
4. Public relations can be an effective tool of communication if used appropriately. It has several strengths like personal touch, diversity of tools, cost effectiveness,
5. The weakness of PR includes, measurability of results, recency of domain, and paucity of good professionals.
6. The public for a PR program include, employees, shareholder, communities, the media, the government, the investment community, supplier and customers, and the educators.
7. Different types of PR tools include, meetings, circular and notice, periodicals, photography, audio and video programs, conferences, special employee programs, addressing to special problems, community relations and like.
8. The process of PR includes four stages. They are A) Determining and evaluating public attitudes; B) Establishing a PR plan; C) Developing and Executing the PR Program and D) Measuring the Effectiveness of PR.
9. Publicity refers to the generation of news about a person, product, or service that appears in broadcast or print media.
10. Corporate advertising is actually an extension of the public relations function and does not promote any one specific product or service. Rather, it is designed to promote the firm overall, by enhancing its image, assuming a position on a social issue or cause, or seeking direct involvement in something.
11. Corporate advertising may be designed with two goals in mind: (1) Creating a positive image for the firm and (2) Communicating the organization’s views on social, business, and environmental issues.

4.10. Key terms

Public relations	Media
Publicity	Government
Corporate advertising	Supplier
Employees	Customers
Shareholder	Educators
Communities	

4.11. Self-assessment questions

Q1: Define public relations. Enumerate the strength and weaknesses of public relations.



Q2: Why PR is important. What are the steps involved in implementing a good public relations program?

4.12. Further readings

1. Kurti Shah and Alan D'Souza (2009), Advertising and Promotions: An IMC Perspective, Tata McGraw-Hill, New Delhi.
2. Kurth Shah (2014), Advertising and integrated marketing communications, Tata McGraw-Hill, New Delhi.
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4. S. A. Chunawala and K. C. Sethia (2004), Foundation of advertising: Theory and practice, Himalaya Publishing House, Mumbai.

4.13. Model questions

1. What is corporate advertising? Why it is important for a marketer?
2. Give a brief idea about the publics for conducting a public relation program.
3. Briefly explain different tools used in public relations.