

# ADVERTISING

## MODULE 2

### STRATEGY AND PLANNING PROCESS IN ADVERTISING

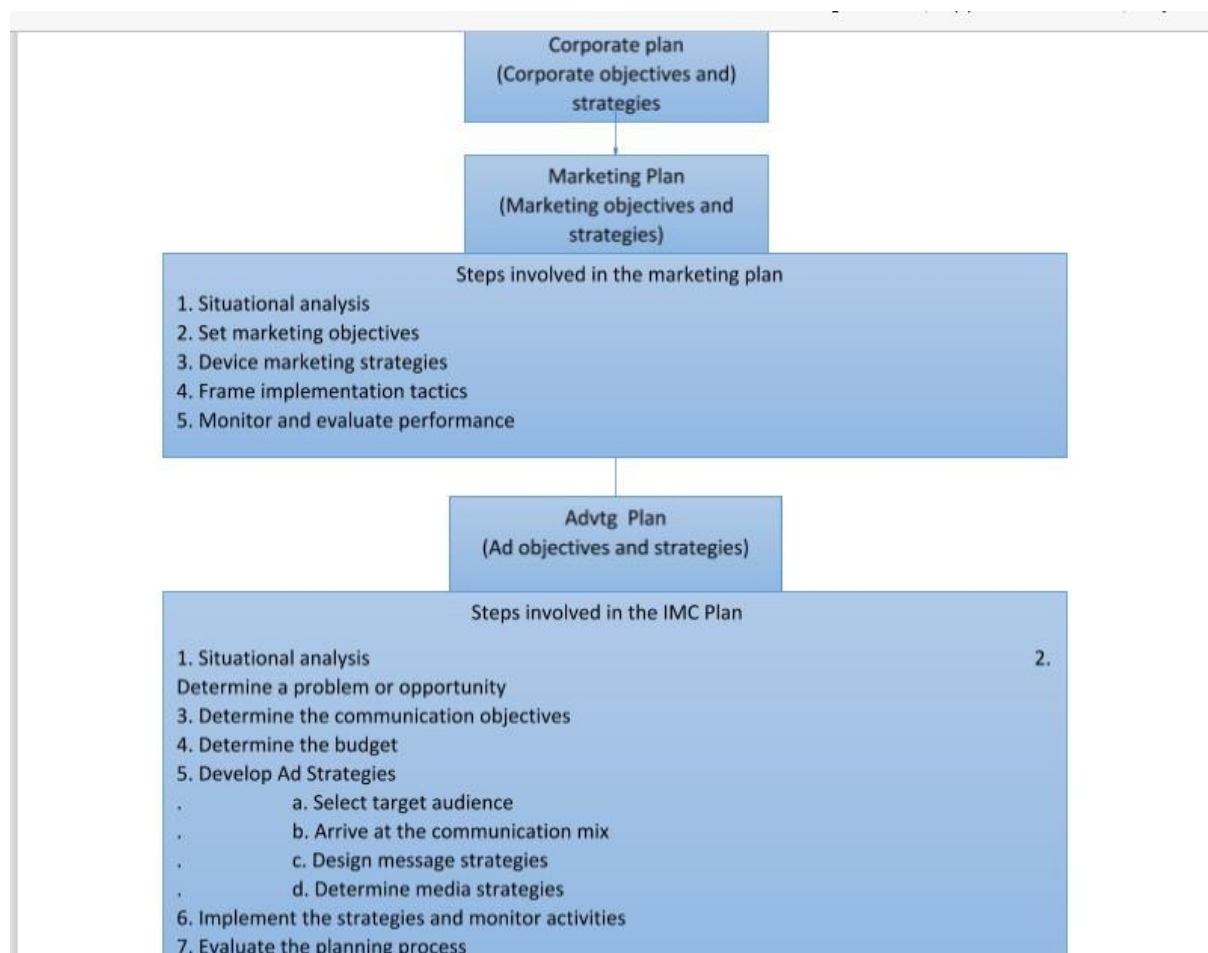
-BY MS. ADITI KAPOOR

Marketing has never been more important or more pervasive than it is today.

**MARKETING PLAN** - A marketing plan is a written document which the marketers need to understand and prepare that describes the overall marketing strategy and programs developed for an organization, a particular product line, or a brand. A marketing plan is **the advertising strategy that a business will implement to sell its product or service**. The marketing plan will help determine who the target market is, how best to reach them, at what price point the product or service should be sold, and how the company will measure its efforts.

It details objectives, strategies and tactics for marketing department.

Marketing plan is made based on in depth understanding of firm's internal and external environment- industry, competition, product's current positioning and its customers.



## The 6 – Step Marketing Plan



The marketing plan outlines how the organization will employ the marketing mix—product, promotion, location, and price—to achieve its marketing objectives in a competitive market. The marketing strategy also concentrates the company's resources on attracting and motivating target customers to take action.

### Alignment with Company Goals

The company's senior leadership is responsible for developing the framework that coordinates and concentrates employees' work: the company's mission, objectives, and strategy. The mission of the company defines why it exists and what it is for. The company goals and high-level plans that marketing efforts should support are defined by the executive leadership.

Marketers construct marketing objectives to serve the broader company goals, guided by corporate goals and strategies. They can cover a wide range of topics, including corporate growth, revenue, market share, profitability, customer perceptions, and market penetration. The marketing objectives are a collection of measurable goals connected to marketing activities that match with the company's corporate mission and goals and help it achieve them.

## THE MARKETING PLANNING PROCESS



## **Situation Analysis**

Aside from the company's mission and goals, the marketing strategy must consider a variety of internal and external aspects that can be rather complex. A situation analysis looks at both internal and external aspects that could influence a marketing strategy. The company's internal strengths and weaknesses, such as its products, workforce, market perceptions, and other factors that give it benefits or disadvantages in the market, will all influence the plan.

Outside the organization, competitors, economic forces, government laws, and other political variables present a variety of opportunities and challenges. The situation analysis aids in the refinement of business objectives and the development of a relevant set of marketing objectives. Profitability, cost savings, growth, market share improvement, risk containment, and reputation are all common company aims. These corporate goals can be broken down into particular, measurable marketing goals.

## **Strategic Planning**

After doing a situation analysis and determining the organization's marketing objectives, the next stage is to determine which strategies will be most effective, as well as the tactics that will be employed to carry them out. For now, think of strategy as the "big concept," or approach, and tactics as "the details"—the exact activities that will be performed to make the great idea a reality and assist the business achieve its goals.

A marketing plan, must include actual plans, which is where strategy and tactics come in. Though it's critical for a marketing plan to be linked with an organization's mission and to consider its target consumers, rivals, and other factors, it's also critical to have a plan of action that outlines how the organization's resources will be used to achieve its objectives. The important components of that action plan are strategies and tactics.

## **Implementation and Evaluation**

The organisation begins to implement the tactics after the plan is in place. Effective implementation is required for successful marketing strategies. For example, if the company wants to launch a social media campaign, it will take a lot of work to fine-tune the content, manage social media platforms, and persuade customers to participate. If the plan isn't adequately performed, it won't yield results.

How will you know whether it was done correctly? Marketing organizations must first decide what constitutes a successful marketing campaign, then assess the outcomes to see if the campaign had the desired impact.

## **Revisions and Amendments**

Periodically, the marketing plan should be changed and adjusted to reflect changes in the environment. The use of measurements, budgets, and timelines by marketing employees to track progress toward the marketing plan's goals is a continual process. A constant review should be conducted to ensure that the marketing plan's objectives are being met. Given the operating context, the marketing manager should be able to assess if the documented tactics are effective.

It is unreasonable for the marketing manager to discover abnormalities and wait until the end of the year to analyze them, when the situation may have already worsened. Changes in the environment may require a re-evaluation of plans, projections, tactics, and goals. As a result, a formal periodic review, such as monthly or quarterly, may be required. This could entail creating an annual marketing plan but evaluating it weekly to ensure that aims and plans remain closely connected with environmental changes.

It doesn't have to be complicated to function, fortunately. Here are some of the most important elements of a marketing strategy.

### **Objectives And Goals**

Your marketing plan's objectives and goals serve as a focal point, defining what the plan is all about. Include the company's mission statement as an introduction, as well as a representation of your aims for customers and staff before moving on to individual objectives.

### **Sales Objectives**

Compare your future sales potential to past performance or an industry-wide performance report. By comparing your performance to the industry average as well as your own, you'll show that you can look at your sector to see how you stack up against your competitors or what general challenges the industry as a whole may face in the future. Determine industry-wide issues and devise solutions to address them.

This will show that you have the insight to anticipate future issues. Using quarterly results, create "benchmarks" for your sales goals. This is a method of assessing the effectiveness of our marketing strategy. Indicate how much market share you plan to earn over the next three years to demonstrate that you plan to outperform your competitors by using a "individual" approach.

### **Profit Objectives**

Include after-tax profit forecasts for each of the next three years. Relate the contents of your operating budget costs and statistics in the Business Plan to this profit prediction. Indicate how you'll reinvest your profit margin, as well as any existing operations and start-up costs, in future strategies.

Because you need to defer the costs you now have, don't forget about the future of the Marketing Plan. A well-thought-out marketing strategy should be able to pay for itself and its operations in a variety of ways.

### **Pricing Objectives**

Focus on your competitors' shortcomings by providing greater quality at a lower price. Keep in mind your sentiments toward the services you use on a daily basis. Remember how you react when you are charged a high price for a product or service that is of low or marginal quality.

Justifying your service prices while thinking like a consumer will give you a competitive advantage. Ask a representative sample of your consumer base how they feel about competitors' offerings, industry prices, and any areas where you can improve.

### **Service Objectives**

Concentrate on your customers' and prospects' goals, needs, and perceptions. Determine whether your industry has any service issues. Demonstrate how you'll get more customers while keeping the ones you already have.

Determine the elements that influence a customer's preference for a service, such as pricing or societal issues like environmental effect, service quality, or convenience. Indicate your objectives for service quality, degree of service (speed and style), customer satisfaction, and your ability to respond to customer needs and requests.

### **Market Analysis**

The term "market analysis" refers to a quantitative and qualitative evaluation of a market. It examines the market's size, both in terms of volume and value, as well as the various consumer segments and buying behaviors, competition, and the economic climate in terms of entry obstacles and regulation. By analyzing your market, you will be able to determine the method you can achieve your goals.

### **The State of Your Market**

Examine whether your industry is expanding, maturing, or contracting. If it's on the decline, figure out what's causing it and do all you can to fix it. Demonstrate your ability to adjust to changes over which you have no control. Show how, as a company, you can react to external factors better than the competition if your sector is maturing. You must distinguish yourself from competition in a newly emerging and growing market. Show how you plan to increase your market share by taking a different approach to the business and incorporating cutting-edge technologies. Determine which of your product/previous service's techniques are being questioned.

### **ADVERTISING PLAN BACKGROUND:**

**Advertising** is a marketing communication that employs an openly sponsored, non-personal message to promote or sell a product, service or idea.[1]:465 Sponsors of advertising are typically businesses wishing to promote their products or services. Advertising is differentiated from public relations in that an advertiser pays for and has control over the message. It differs from personal selling in that the message is non-personal, i.e., not directed to a particular individual. Advertising is communicated through various mass media, including traditional media such as newspapers, magazines, television, radio, outdoor advertising or direct mail; and new media such as search results, blogs, social media, websites or text messages. The actual presentation of the message in a medium is referred to as an advertisement, or "ad" or advert for short.

## History

Egyptians used papyrus to make sales messages and wall posters.[9] Commercial messages and political campaign displays have been found in the ruins of Pompeii and ancient Arabia. Lost and found advertising on papyrus was common in ancient Greece and ancient Rome. Wall or rock painting for commercial advertising is another manifestation of an ancient advertising form, which is present to this day in many parts of Asia, Africa, and South America. The tradition of wall painting can be traced back to Indian rock art paintings that date back to 4000 BC.

In ancient China, the earliest advertising known was oral, as recorded in the Classic of Poetry (11th to 7th centuries BC) of bamboo flutes played to sell confectionery. Advertisement usually takes in the form of calligraphic signboards and inked papers. A copper printing plate dated back to the Song dynasty used to print posters in the form of a square sheet of paper with a rabbit logo with “Jinan Liu’s Fine Needle Shop” and “We buy high-quality steel rods and make fine-quality needles, to be ready for use at home in no time” written above and below is considered the world’s earliest identified printed advertising medium.

In Europe, as the towns and cities of the Middle Ages began to grow, and the general population was unable to read, instead of signs that read “cobbler”, “miller”, “tailor”, or “blacksmith”, images associated with their trade would be used such as a boot, a suit, a hat, a clock, a diamond, a horseshoe, a candle or even a bag of flour. Fruits and vegetables were sold in the city square from the backs of carts and wagons and their proprietors used street callers (town criers) to announce their whereabouts. The first compilation of such advertisements was gathered in “Les Crieries de Paris”, a thirteenth-century poem by Guillaume de la Villeneuve.

In the 18th century advertisements started to appear in weekly newspapers in England. These early print advertisements were used mainly to promote books and newspapers, which became increasingly affordable with advances in the printing press; and medicines, which were increasingly sought after. However, false advertising and so-called “quack” advertisements became a problem, which ushered in the regulation of advertising content.

Commercial ads often seek to generate increased consumption of their products or services through “branding”, which associates a product name or image with certain qualities in the minds of consumers. On the other hand, ads that intend to elicit an immediate sale are known as direct-response advertising. Non-commercial entities that advertise more than consumer products or services include political parties, interest groups, religious organizations and governmental agencies. Non-profit organizations may use free modes of persuasion, such as a public service announcement. Advertising may also help to reassure employees or shareholders that a company is viable or successful.

## SITUATIONAL ANALYSIS

- Industry situation: user base/ industry practice/growth rate/ factors
- Product situation: Info regarding product’s strengths

and weaknesses, sales and profit margins, market share and growth rate.

- **Competitive Situation:** Major competitors their S&W, strategies, market share and growth rate.
- **Socio Cultural Situation:** Consumer tastes and preferences, cultural norms target market etc.
- **Distribution Situation:** Channels of distribution/ modes of transportation.
- **Promotion situation:** Current campaigns, objectives/ media/ message/ budget/ results etc.
- **Macro Factors(PESTEL)**

**Situational analysis** is a process of examining a company and its competitors on the basis of size and share of the market, sales history including costs and profits, the use of advertising, the nature and types of customers and more. This analysis is similar to the SWOT analysis which evaluates the strengths, weaknesses, opportunities and threats of a company.

A situational analysis is **a review of activities both competitors as well as various things that are happening in the marketplace, such as trends.** A situational analysis brings a number of benefits:

You can do this in a robust way.

**MARKETING OBJECTIVES** - Marketing objectives are **the outcomes a brand wants to generate from its marketing activities.** They should be measurable (and realistic) so that you can map out your efforts in a strategic and focused way. Co wants to achieve

- **SMART- Specific/ Measurable/Achievable/ Realistic/ Time Bound**
- **Set implications for 4 Ps**

# Marketing Objectives, Strategies, and Tactics

## Marketing Objectives

- Goals of the marketing effort expressed in terms of the needs of specific target markets and specific sales objectives

## Marketing Strategies

- Statement of how the company is going to achieve its marketing objectives

## Marketing Tactics

- Specific short-term actions used to achieve marketing objectives

## SMART Marketing Objectives



### Specific

Is the detail in the information sufficient to pinpoint problems or opportunities? Is the objective sufficiently detailed to measure real world problems and opportunities?



### Measurable

Can a quantitative or qualitative attribute be applied to create a metric?



### Actionable

Can the information be used to improve performance? If the objective doesn't change behaviour in staff to help them improve performance, there is little point in it!



### Relevant

Can the information be applied to the specific problem faced by the marketer?



### Time-bound

Can the objective be set for different time periods as targets to review against?

**Advertising Objectives** - Advertising has three primary objectives: **to inform, to persuade, and to remind**. Informative Advertising creates awareness of brands, products, services, and ideas. It announces new products and programs and can educate people about the attributes and benefits of new or established products.

STP



## Market Analysis

### STP – Segmentation

#### **GEOGRAPHIC SEGMENTATION:**

Divided the market into different units of location

- Neighborhood,
- States, cities
- Regions, countries
- Adidas Bold 2009 have operated in urban and semi-urban cities of India.

#### **PSYCHOGRAPHIC SEGMENTATION:**

Divided different personalities of each consumers and only key is to be different.

- Achievers
- Well-experienced
- Hard workers
- Goal achievers

#### **BEHAVIORAL SEGMENTATION:**

Divided the consumers according to their attitude, knowledge, response and use of the product. Below are the behavioral segmentation for Adidas:

- Benefits
- Gym regular users
- Sports lovers
- Athletes
- Image seekers
- Brand freaks

#### **DEMOGRAPHIC SEGMENTATION:**

Divided into different segments based on the variables of family size, family life cycle, income, gender, age and etc. As follows:

- Age 15-36
- Income level: \$15,000
- Social Class: Upper middle, upper class and lower upper.
- Gender: Both male and female

## MARKETING STRATEGY

- Evaluate various options to achieve objectives.
- Increase 30% market expansion
- Increase variants/ intensify distribution/increase advertising/
- Selection of Target markets

### INTEGRATION OF ADVERTISING WITH IMC TOOLS:

Integrated marketing communications (IMC) **provide an approach designed to deliver one consistent message to buyers through an organization's promotions** that may span all different types of media such as TV, radio, magazines, the Internet, mobile phones, professional selling, and social media.

Any paid form of presenting ideas, goods, or services by an identified sponsor is advertising. Historically, advertising messages have been tailored to a group and employ mass media such as radio, television, newspaper, and magazines. Advertising may also target individuals according to their profile characteristics or behavior; examples are the weekly ads mailed by supermarkets to local residents or online banner ads targeted to individuals based on the sites they visit or their Internet search terms.

**In an integrated campaign, you can use advertising to raise awareness of a product and generate leads for the sales force.** By communicating the same information in press releases and feature articles, you reinforce the messages in the advertising.

### TARGET AUDIENCE:

A **target audience** is the intended audience or readership of a publication, advertisement, or other message catered specifically to said intended audience. In marketing and advertising, it is a particular group of consumer within the predetermined target market, identified as the targets or recipients for a particular advertisement or message.

A **target market** is a select group of potential or current consumers, which a business decides to aim its marketing and advertising strategies at in order to sell a product or service.<sup>[2]</sup> Defining a 'target market' is the first stage in the marketing strategy of a business, and is a process of market segmentation. Market segmentation can be defined as the division of a market into its select groups, based on a variety of factors such as needs, characteristics and behaviours, so that the application of the marketing mix can be appropriate to the individual.<sup>[1]</sup> Segmentation of the market gives a business the ability to define its target market for its product or service, and apply the marketing mix to achieve the desired results.

### BRAND

The word BRAND is derived from the old Norse brand meaning "to burn," which refers to the practice of producers burning their mark (or brand) onto their products

In ancient times, in order to identify the owner of the live stock , cattle breeders used hot ironing in order to identify the owner of the cattle and differentiate it from others

### **According to AMA (American Marketing Association)**

A brand is “name,term,sign,symbol, or design or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition”

Brands are different from products in a way that brands are “ what the consumers buy” , while products are “ what concern/company make”,. Brand is a promise that the product will perform as per customer’s expectations. It shapes customer’s expectations about the product.

Brand usually have a trademark which protects them from use by others. A brand gives particular information about the organization, good or service, differentiating it from others in marketplace. Brand carries an assurance about the characteristics that make the product or service unique. A strong brand is a means of making people aware of what the company represents and what are it’s offerings.

Brand Positioning can be defined as the positioning strategy of the brand with the goal to create a unique impression in the minds of the customers and at the marketplace. Brand Positioning has to be desirable, specific, clear, and distinctive in nature from the rest of the competitors in the market.

Effective brand positioning enables a firm’s brand to be readily distinguishable from competing brands in the marketplace. Distinguishing the brand from other brands can be in terms of associated brand attributes, benefits to users, and/or market segment emphasis, among other factors. Effective brand positioning further emphasizes elements of superiority along one or more distinguishing dimensions which are valued by consumers.

### **Steps to create Brand Position**

#### **1) Identify the current standing**

If the brand is new to the market, then this first step doesn’t apply to the new entrants to the market but if the brand is already an established player in the market and wishes to resurrect its Brand Positioning and the overall brand architecture, then it is vital for the management of the company and

the branding department to carefully understand and identify the current positioning of the brand and have an analysis how is it working in the favour of the brand and its attainment of the overall business aims and objectives.

If the answer is no, then the management of the company needs to figure out the loopholes in the current Brand Positioning and check if there is a need for the repositioning of the brand.

## 2) Identify the direct competition

The next step in the line of creating the Brand Positioning is identifying the brands in the marketplace that pose a direct threat to the brand. The brand needs to analyze and understand the core value, brand strengths, nature of products and services offered, ethos, and fundamentals of the competitive brands plus spot their unique selling propositions and the factors that make them different and unique in the market and in the minds of the customers.

## 3) Understand the standing of the competitor brands

The further step involves understanding the positioning of the competitor brands, basically figuring out their vision statement, mission statement, core values, brand fundamentals, and the entire brand architecture. It is very important to intricately study the positioning and brand strategies of the competitor brands in order to come up with the positioning that is unique and distinctive giving a competitive edge in the market.

## 4) Identify the uniqueness of the company

This step involves the in-depth introspection of the brand within and identify the core values, fundamentals on which the brand is formulated, strengths, value propositions, long-term vision, and the features and attributes that make the brand unique and different from the rest of the brands in the market offering the similar lines of products and services.

## 5) Develop the unique selling propositions

In continuation to the previous step, the next stage to the Brand Positioning encompasses developing the unique selling propositions depending on the features, objectives, attributes, core values, and strengths of the brand that will

give the brand a unique and distinctive identity in the market and in the customer's minds.

#### 6) Formulate the messaging statements

Next on the line is working on the messaging statements such as mission statement, vision statement, and the tagline or the brand slogan that is attached with the official logo of the brand. All the messaging statements should be clear, crisp, and unique in line with the attributes and inherent nature of the brand.

**BRAND EQUITY** – Brand equity is a **marketing term that describes a brand's value**. That value is determined by consumer perception of and experiences with the brand. If people think highly of a brand, it has positive brand equity.



**BRAND IDENTITY:** Brand identity is the visible elements of a brand, such as color, design, and logo, that identify and distinguish the brand in consumers' minds. Brand identity is distinct from **brand image**. The former corresponds to the intent behind the branding and the way a company does the following—all to cultivate a certain image in consumers' minds:

- Chooses its name
- Designs its logo
- Uses colors, shapes, and other visual elements in its products and promotions
- Crafts the language in its advertisements
- Trains employees to interact with customers

Brand image is the actual result of these efforts, successful or unsuccessful.

#### **BRAND PERSONALITY:**

The term brand personality refers to a set of human characteristics that are attributed to a brand name. An effective brand increases its brand equity by having a consistent set of traits that a specific consumer segment enjoys. This personality is a qualitative value-add that a brand gains in addition to its functional benefits. As such, a brand personality is something to which the consumer can relate.

Brand personality is a framework that helps a company or organization shape the way people feel about its product, service, or mission. A company's brand personality elicits an emotional response in a specific consumer segment, with the intention of inciting positive actions that benefit the firm.

Customers are more likely to purchase a brand if its personality is similar to their own. There are five main types of brand personalities with common traits:

1. Excitement: Carefree, spirited, and youthful
2. Sincerity: Kindness, thoughtfulness, and an orientation toward family values
3. Ruggedness: Rough, tough, outdoorsy, and athletic
4. Competence: Successful, accomplished, and influential, which is highlighted by leadership
5. Sophistication: Elegant, prestigious, and sometimes even pretentious

**CREATIVE STRATEGY:** Being creative is essential in producing an effective and memorable advertisement. Consumers are bombarded with thousands of ads a day. These ads come from the radio, television, social media, and signage outside of the home. How can you make sure your brand stands out from the rest? There are many ways marketing teams can get creative with their advertising campaigns. The most important and effective way is to implement a creative strategy in your advertising. A creative strategy is a business' outline in developing and implementing steps that support the business' goals, objectives, and overall growth.

A creative strategy's purpose is to align your brand, product, and marketing to steer your business towards growth. It will also outline your primary objectives, budget, calls to action, content, more.

Having a creative strategy in place is crucial to a successful marketing campaign.

Think of it as a blueprint of innovative approaches to meet larger company goals.

Implementing this long-term approach will put your business ahead of the curve.

Here are some steps to developing a good creative strategy:

### **It Determines Your Target Audience And Their Needs**

A creative strategy will help you to identify the components of your marketing message and to who your message is being conveyed.

### **It Solidifies Your Message And Call To Action**

When creating your marketing message, it's important to align it with your brand's identity, but it also needs a focal point.

What do you want your message to focus on? Product or service-based businesses should have their message focus on how they can best serve their audience or solve a specific problem.

### **It Outlines Objectives And Success Metrics**

To gain proper insights into your campaign, it has to be measurable.

What metrics will you use to determine success? Will it be bounce rate, ROI, or customer retention? More importantly, breaking down goals into detailed objectives will not only clearly outline what needs to be done to reach the company's overarching goal

## **It Explains The Style, Voice, And Tone Of Your Brand**

A large part of running a business and creating and identifying your brand and its personality.

## **It Outlines Timeline And Stakeholders**

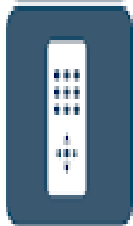
The purpose of implementing a creative strategy is to align the needs and goals of the business, which is why it requires high levels of collaboration.

**A message strategy guides your communications.** It aligns every message with your customer's needs. A good messaging strategy should have a clear goal, differentiate your brand from the competition, provide personalized messages for a specific audience, and tell the brand story at each stage of the customer journey.

**MEDIA STRATEGY:** A good media strategy can help your business reach its target audience and improve the overall customer experience and conversion rate. Let's meet the face behind Penquin's media strategy.

Media strategy and planning is a core part of any digital marketing agency and it's one of the essential components to building a successful brand. From defining overall media goals and objectives to giving a company a sense of purpose, a media strategy highlights the key elements you should have in place before you start marketing to an audience.

# Media Strategy



## Channel Capabilities

Each channel contributes to specific objectives and goals that need to be achieved.

		Awareness	Credibility	Information	Call-To-Action	Purchase/Decision	Reinforcement	Advocate
IN-STORE	In-Store/POS			LIMITED				
	Partner/Family			LIMITED				
WORD OF MOUTH	Friends/Colleagues			LIMITED				
	Website/SMO							
DIGITAL	Search							
	Social Paid							
	Social Own	LIMITED TO EXPANSION						
	Display/Video							
	Native			LIMITED	LIMITED			
	Email	LIMITED						



# Media Strategy



## Audience Media Profile

Identify the media platforms the audience would have access to and when in their journey they access the media platforms. It is also important to note which emotional state the audience is in during these stages, because it will influence how they receive the message.

Example:



Audience wakes up in the morning to radio alarm and then immediately checks social media.

**EMOTIONAL STATE:**  
Refreshed



Audience climbs into car where they listen to radio and passes by billboards.

**EMOTIONAL STATE:**  
Rushed



At work the audience browses the internet.

**EMOTIONAL STATE:**  
Focused



From work the audience is stuck in traffic paying more attention to out-of-home billboards.

**EMOTIONAL STATE:**  
Tired and stressed



The audience relaxes at home in front of the tv after work.

**EMOTIONAL STATE:**  
Relaxed

## ROLE OF ADVERTISING IN MARKETING MIX:

- Marketing mix consist of four important variables of marketing, i.e.
- **4Ps-Product, Price, Promotion and Place.**
- Apart from the traditional 4 Ps, there are also other variables, i.e.
- **Price, Packaging, Postion, and Pace.**
- Advertising is an element of promotion.
- 1. Advertising and Product : A product is normally a set of physical elements, such as quality, shape, size, colour and other features. The product may be of very high quality .At times, the product is so designed that it requires careful handling and operations. Buyers must be informed and educated on the various aspects of the product. This can be effectively done through advertising. Thus, advertising plays the role of information and education.

2. Advertising and Price : The price is the exchange value of the product. A marketer may bring out a very high quality product with additional features as compared to competitors. Advertising can convince buyers regarding the superiority of the brand and thus its value for money

3. Advertising and Place : Place refers to physical distribution and the stores where the goods are available. To facilitate effective distribution and expansion of market, advertising is of great significance. Thus advertising do help in effective distribution and market expansion.

4. Advertising and Promotion : Promotion consists of advertising, publicity, personal selling and sales promotion technique. Advertising can play a significant role to put forward the claim of seller, and to counter the claims of competitor also help to develop brand image and brand loyalty.

5. Advertising and Packaging : The main purpose of packaging is protection of the product during transit, and preservation of quality and quantity. Nowadays, marketers take lot of efforts to develop and design attractive packages as they carry advertising value. It also carries an assurance of quality and creates confidence in the minds of customers to buy the product.

6. Advertising and Product Branding:

a) **Advertising Creates Brand Awareness**

It provides information to the customers about the brand name, the product, price, etc. By highlighting the unique characteristics of the brand, advertising helps to distinguish the brand in the mind of consumers.

b) **Advertising Sends Across Persuasive Messages**

Another role advertising plays in brand management is to convey the unique worth proposition that their brand has, so consumers will recognize its value over competing products.

c) **Advertising Acts Like a Reminder**

Reminding the customer about a brand's presence in the market is another crucial role played by advertising. For instance, the Raymond campaign – 'Raymond – the complete man' was designed to remind the customers of the brand's presence.

d) **Advertising Lead to a Good Image of the Brand**

It helps in building a good image by creating brand awareness, increasing engagement, and supporting brand loyalty.

e) **Advertising Supports Brand Loyalty**

Loyalty is hard to come around as it is. And when it comes to brand loyalty, customers need a little extra to commit to its products/services.

Advertising is the way in. It can help your brand reach out to customers to show them how they are valued. It can also help establish a connection between the brand and customer, where both parties know that they matter to each other.

f) **Advertising Influences Customers**

The primary reason behind advertising is to influence customers into buying the brand's product/service.

## Elements of Promotion

Advertising is defined as any paid form of non-personal presentation and promotion of ideas, goods, and services by an identified sponsor. It is a way of mass communication. It is the most popular and widely practiced tool of market promotion. Major part of promotional budget is consumed for advertising alone. Various advertising media – television, radio, newspapers, magazines, outdoor means and so forth – are used for advertising the product.

1. **Sales Promotion:** Sales promotion covers those marketing activities other than advertising, publicity, and personal selling that stimulate consumer purchasing and dealer effectiveness. Sales promotion mainly involves short-term and non-routine incentives, offered to dealers as well consumers. The popular methods used for sales promotion are demonstration, trade show, exhibition, exchange offer, seasonal discount, free service, gifts, contests, etc.
2. **Personal Selling:** Personal selling includes face-to-face personal communication and presentation with prospects (potential and actual customers) for the purpose of selling the products. It involves personal conversation and presentation of products with customers. It is considered as a highly effective and costly tool of market promotion.
3. **Public Relations:** The public relations is comprehensive term that includes maintaining constructive relations not only with customers, suppliers, and middlemen, but also with a large set of interested publics. Note that public relations include publicity, i.e., publicity is the part of public relations.

William Stanton defines: "Public relations activities typically are designed to build or maintain a favourable image for an organisation and a favourable relationship with the organization's various publics. These publics may be customers, stockholders, employees, unions, environmentalists, the government, and people in local community, or some other groups in society." Thus, public relations include organization's broad and overall communication efforts intended to influence various groups' attitudes toward the organisation. Some experts have stated that the public relations are an extension of publicity.

4. **Direct Marketing.** A form of advertising aimed directly at target customers (usually in their homes or offices) that asks the receiver to take action, such as ordering a product, clipping a coupon, phoning a toll-free number or visiting a store. Catalogs, coupon mailers and letters are common forms of direct marketing.
5. **E - marketing:** E commerce advertising includes the methods through which you actually promote your product. In terms of online or ecommerce marketing and selling, these ads may come in the form of display ads, banner ads, or rich media ads.

Ability to target your customers faster and cheaper. Reduction of marketing costs through automation of electronic media. Near real-time interaction between the marketer and the end user. Ability to quantify and collect user data. One-to-one marketing experience. Increased interactivity. Ability to implement marketing strategies in a short time-frame. Ability to scale with the market.

6. **Trade fairs and exhibitions -** Fairs and exhibitions constitute the means of presenting goods and services in an attractive manner with the aid of colour, light and motion in order to catch the imagination of the visitor, attract his attention and get him interested

in the goods or products displayed. They help in reaching the public who may not be reached in any other way or who by nature would disregard other media of publicity.

7. **Sales Promotion:** Sales promotion covers those marketing activities other than advertising, publicity, and personal selling that stimulate consumer purchasing and dealer effectiveness. Sales promotion mainly involves short-term and non-routine incentives, offered to dealers as well consumers. The popular methods used for sales promotion are demonstration, trade show, exhibition, exchange offer, seasonal discount, free service, gifts, contests, etc.
8. **Personal Selling:** Personal selling includes face-to-face personal communication and presentation with prospects (potential and actual customers) for the purpose of selling the products. It involves personal conversation and presentation of products with customers. It is considered as a highly effective and costly tool of market promotion.

9. **Public Relations:** The public relations is comprehensive term that includes maintaining constructive relations not only with customers, suppliers, and middlemen, but also with a large set of interested publics. Note that public relations include publicity, i.e., publicity is the part of public relations.

William Stanton defines: "Public relations activities typically are designed to build or maintain a favourable image for an organisation and a favourable relationship with the organization's various publics. These publics may be customers, stockholders, employees, unions, environmentalists, the government, and people in local community, or some other groups in society." Thus, public relations include organization's broad and overall communication efforts intended to influence various groups' attitudes toward the organisation. Some experts have stated that the public relations are an extension of publicity.

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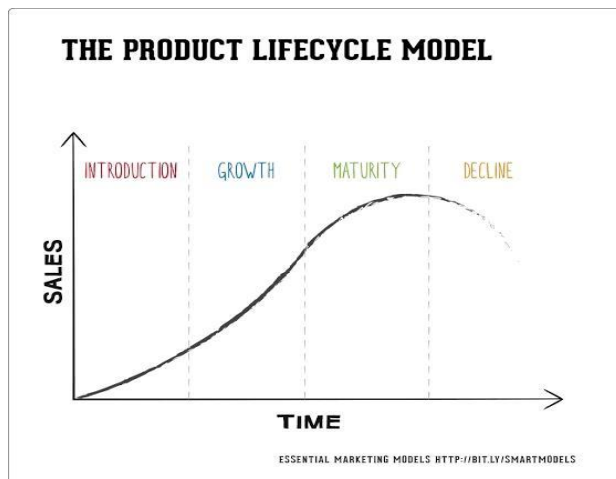
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## ROLE OF ADVERTISING AND PRODUCT LIFE CYCLE

### The Product Life Cycle

There are four stages in the product life cycle: introduction, growth, maturity and decline. Each stage informs the business where they should invest their money. The life cycle begins when the product is first introduced to the market and ends once it is removed.



### Introduction stage of PLC

The need for immediate profit is not a pressure. The product is promoted to create awareness. If the product has no or few competitors, a skimming price strategy is employed. Limited numbers of product are available in few channels of distribution. Advertising differentiates the product.

### Growth stage of PLC

Competitors are attracted into the market with very similar offerings. Products become more profitable and companies form alliances, joint ventures and take each other over. Advertising spend is high and focuses upon building brand. Market share tends to stabilise. Advertising establishes participation with the marketplace.

### Maturity stage of PLC

Those products that survive the earlier stages tend to spend longest in this phase. Sales grow at a decreasing rate and then stabilise. Producers attempt to differentiate products and brands are key to this. Price wars and intense competition occur. At this point the market reaches saturation. Producers begin to leave the market due to poor margins. Promotion becomes more widespread and use a greater variety of media. Advertising puts price ahead of the competition.

## Decline stage of PLC

At this point there is a downturn in the market. For example more innovative products are introduced or consumer tastes have changed. There is intense price-cutting and many more products are withdrawn from the market. Profits can be improved by reducing marketing spend and cost cutting. Defensive advertising or for revitalization.

## ADVERTISING AGENCIES

*“The work of a tailor is to collect the raw material, find matching threads, cut the cloth in desired shape, finally stitch the cloth and deliver it to the customer.”*

Advertising Agency is just like a tailor. It creates the ads, plans how, when and where it should be delivered and hands it over to the client. Advertising agencies are mostly not dependent on any organizations.

These agencies take all the efforts for selling the product of the clients. They have a group of people expert in their particular fields, thus helping the companies or organizations to reach their target customer in an easy and simple way.

The first Advertising Agency was William Taylor in 1786 followed by James “Jem” White in 1800 in London and Reynell & Son in 1812.

Thus, an advertising agency is a service organization which performs the function of preparing, planning and checking advertisements for its clients. It has its own specialized & creative staff including visualizes, copywriters, artists, painters, models, etc. It also places advertisements in media. Thus, an agency is a link between the clients & media owners.

### FUNCTIONS OF ADVERTISING AGENCY:

#### 1- Attracting clients

- Advertising agency needs clients (advertisers). Without them, it cannot survive.

#### 2- Account Management

- Within an advertising agency the account manager or account executive is tasked with handling all major decisions related to a specific client.
- The account manager works closely with the client to develop an advertising strategy.

### 3- Creative Team

- The principle role of account managers is to manage the overall advertising campaign for a client, which often includes delegating selective tasks to specialists.
- Advertising agency put the advertising-plan into action under its creative function. Creation of ads is the most important function of an ad agency. Generally, it involves activities like:
- Copy writing, Drawing photographs, Making illustrations, layouts, an effective ad message, etc.
- These jobs are done by experts like copy writers, artists, designers, etc. These people are highly skilled and creative. They make an advertisement more appealing. Attractive ads help to increase the sales of the product.

### 4- Researchers

- Full-service advertising agencies employ market researchers who assess a client's market situation, including understanding customers and competitors, and also are used to test creative ideas.
- Advertising agency gathers information related to the client's product. It collects following information about a product under its research function:
- Features, quality, advantages and limitations of a product, Present and future market possibilities, Competition in the market, Situation in the market, Distribution methods, Buyers' preferences, so on
- Ad agency analyses (studies) all this collected information properly and draws conclusions for its research. It helps in planning an advertising campaign, selecting proper media and creation function.

### 5- Media Planners

- Advertising agency helps an advertiser to select a proper media (ad platform) to promote his advertisement effectively.
- Media selection is a highly specialized function of an ad agency. It must select the most suitable media for its client's ad.
- Advertising agency plans the entire ad campaign of its client. Advertising planning is a primary function of an ad agency. It is done when its research function is completed. That is, after analyzing the client's product, its competitors, market conditions, etc. It is done by experts who use their professional experience to make a result-oriented advertising-plan.
- Once an advertisement is created, it must be placed through an appropriate advertising media.

- Each advertising media, of which there are thousands, has its own unique methods for accepting advertisements, such as different advertising cost structures (i.e., what it costs marketers to place an ad), different requirements for accepting ad designs (e.g., size of ad), different ways placements can be purchased (e.g., direct contact with media or through third-party seller), and different time schedules (i.e., when ad will be run). Understanding the nuances of different media is the role of a media planner, who looks for the best media match for a client and also negotiates the best deals.

#### 6- Advertising budget

- Advertising agency helps an advertiser to prepare his ad budget. It helps him to use his budget economically and make the best use of it.
- Without a proper advertising budget, there is a risk of client's funds getting wasted or lost.

#### 7- Coordination

- Advertising agency brings a good coordination between the advertiser, itself, media and distributors.

#### 8- Sales promotion

- Advertising agency performs sales promotion. It helps an advertiser to introduce sales promotion measures for the dealers and consumers. This helps to increase the sales of the product.

#### 9- Public relations

- Advertising agency does the public relations (PR) work for its clients. It increases the goodwill between its clients and other parties like consumers, employees, middlemen, shareholders, etc. It also maintains good relations between the client and media owner.

#### 10- Non-advertising functions

- Advertising agency also performs many non-advertising functions:
- It fixes the prices of the product, It determines the discounts, It designs the product, It also designs its package, trademarks, labels, etc.

### ORGANISATIONAL STRUCTURE OF AN ADVERTISING AGENCY

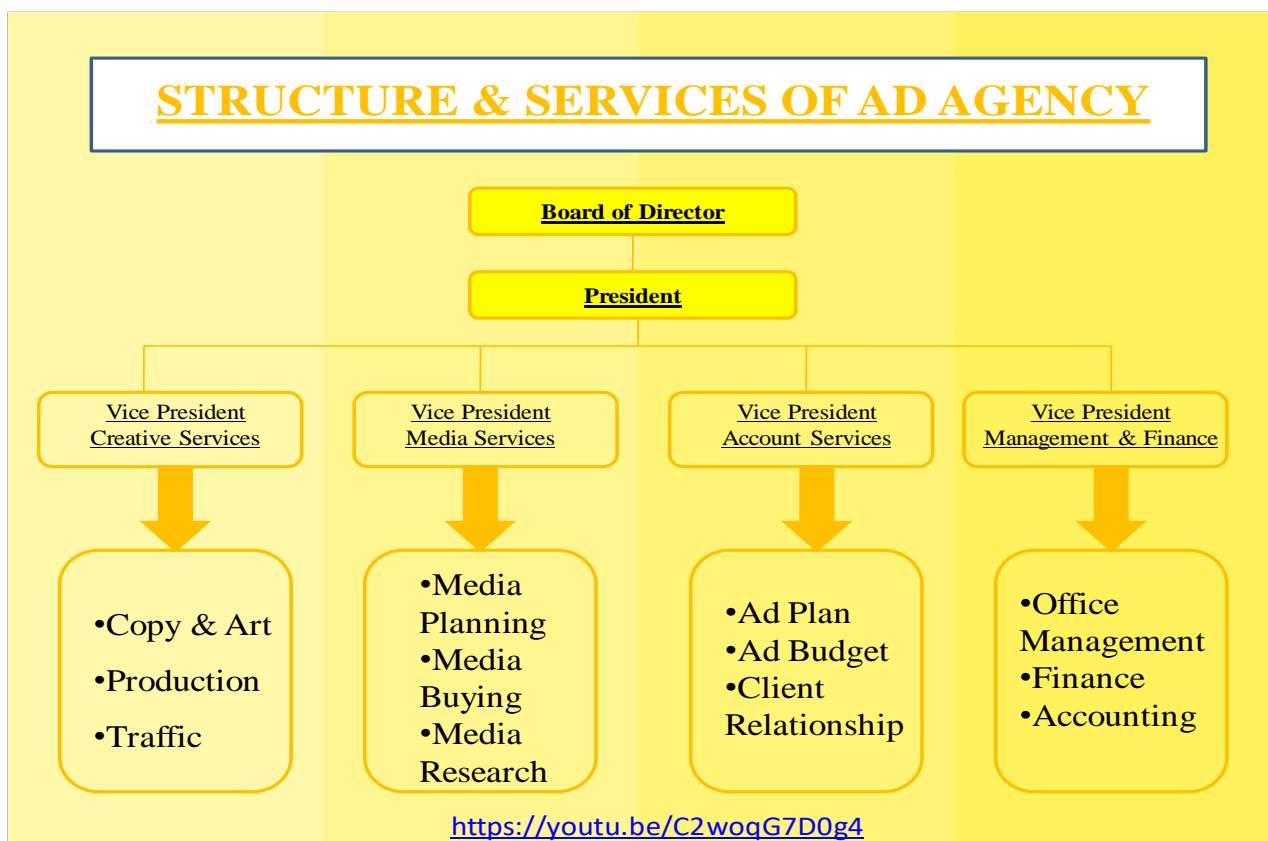
Advertising agency must have a suitable internal organizational structure to keep functioning properly with a smooth workflow.

When an advertising agency decides to establish its organizational structure, it must ask itself important questions like:

- What is the suitability and requirement of a department?
- How the span of control should be within an agency?

- Is there any mechanism or provision to make communication and coordination more effective within the organization? etc.

All advertising agencies don't have a same organizational structure. Their structure varies from one another. It is so, since, all organizations are unique, and their objectives, requirements, functional areas and specialized departments are not common. Following diagram is a typical example of the organizational structure of advertising agency.



\*In the above chart,

1. Board of Directors is a top administrative body of the XYZ advertising agency.
2. The President or General Manager is its head.
3. The Vice President of Marketing Services looks after its Media, Research and Sales Promotions.
4. The Vice-President of Management and Finance manages its Finance Department and Office Management (Personal, Records, and Public Relations.)

5. The Vice-President of Creative Services takes care of its Copy Art, Production (TV and Radio, Press, etc.) and Traffic.
6. The Vice-President of Accounting Services handles its Account Supervisors and Account Executives.

With expansion and growth, the organizational structure of advertising agency becomes complicated. Small Agencies usually have a simple structure compared to giant ones who have ample funds and resources to carry out their large and growing operations in the field of advertising.

### **1. Creative services department**

The creative services departments are the heart and soul of advertising agency. Creativity differentiates one agency from another. This department is composed of the visualizers, copywriters, art directors, production manager and traffic manager. The functions performed by departments are:

- i) Copywriting: The visualizers and copywriters plan and prepare the copy of the advertisement. Some agencies have separate 'copy departments'.
- ii) Artwork: The art directors and artists prepare the artwork of the advertising which includes designing attractive illustration and layout. This is required in order to make the advertising copy attractive and appealing.
- iii) Production: The production manager looks after mechanical production of print advertisement and production of TV or radio commercial. The services of printers, typographers, script-writers and directors are required in this process of production of advertisements. At times, agencies hand over this function to outside independent units.
- iv) Traffic: Traffic means scheduling. Traffic people are concerned with routing, scheduling and supervising the work of each advertising department. The traffic department ensures that deadlines are met not only within the agency but also outside organizations such as media houses, suppliers, traders etc. The traffic manager monitors the production of finished advertising so that it is completed as per schedule.

### **2. Account services**

An account refers to client who desires agency services. This department is responsible for providing services to the client. The department comprises of accounts executive and accounts supervisors. An

accounts executive acts as the link between the agency and the clients. He is the person who carries the client brief and is also responsible for the approvals.

The main functions performed by this department are:

- i) Client servicing: This department handles the requirements and problems of the clients. It studies the client's product to be advertised and collects necessary information about the product and the organization.
- ii) Preparation of advertising plan: This department prepares the advertising plan and sends it to the client for approval.
- iii) Agency-client relations: This department acts as a link between the agency and its clients. It not only maintains cordial relationship between the clients but also with media owners.

### **3. Marketing services**

The marketing services department is composed of media team, marketing research executives and sales promotion executives. It performs the following functions:

- i) Media services: The main skill of media team is media planning, media buying and media scheduling. The media team organizes the timing and scheduling of the marketing communications campaign. They look at the range of media to be exploited and at the best slots in which to run advertising. They help a client to decide upon the duration of and individual slot, and how many of them to run. They are responsible for buying time/ space in media. They also prepare media schedule. A media schedule is a time-table showing dates and timing of execution of the advertising campaign in media.
- ii) Marketing research: An advertiser needs information on various aspects such as market trends, market competition, consumer behavior, new trends in media and so on. It is the responsibility of the marketing research department to provide such inputs to the client. In fact, the research department functions before and after a commercial is made for pre-testing and post-testing its effectiveness. Consumer insights and brand usages are also tested at times. Large agencies usually have research subsidiaries. For instance, Hindustan Thomson has Indian Marketing Research Bureau (IMRB) while Lintas has pathfinders.

- iii) Sales promotion: This department prepares sales promotion materials such as sales brochures, sales literature, dealer displays, point of purchase material etc. It also undertakes window displays, trade shows, fairs and exhibitions.

**4. Administration and Finance**

The administration and finance department is composed of office manager, accounts manager and clerical staff. It looks after the financial and accounting matters. The department performs the following functions:

- i) Office administration: The office manager is responsible for day-to-day office administration. He also looks after office management and handles issues relating to personnel i.e. recruitment, training, promotions, transfers, training etc. The clerical staff provides clerical services like typing, filing and record keeping.
- ii) Accounting: This department looks after maintaining proper books of accounts, receipts and payments etc. It collects bills from the clients and makes payment of media bills.
- iii) Budgeting: This section looks after internal budgets, cash flows, preparing investment plans etc.
- iv) Auditing: the account executive is responsible for getting the books of accounts audited from the agency’s chartered accountant. He also prepares necessary reports and statements.

**TYPES OF ADVERTISING AGENCIES**

FULL SERVICE AGENCY	full service advertising agency provides a wide range of services to meet a client’s complete advertising needs.
IN HOUSE AGENCY	An advertiser may establish his own department to perform the advertisement related services which are normally provided by an outside agency. is owned & operated by the advertiser

CREATIVE BOUTIQUE	These are agencies that provide only creative services. It specializes in developing creative concepts , creative text & artistic services
MEDIA BUYING AGENCY	These are independent agencies specializing in buying media time & space like radio , television etc
INTERACTIVE AGENCY	Interactive advertising agencies design advertising campaigns that allow businesses to interact with their customers.
MEGA AGENCY	It refers to the merger of the agencies worldwide to serve their clients in a much better way
SPECIALIST AGENCY	There are some agencies which undertake advertising work only in certain areas for eg. Some specialize in financial services, social advertising , medicine related etc.
MODULAR AGENCY	There are some agencies which undertake advertising work only in certain areas for eg. Some specialize in financial services, social advertising , medicine related etc.

## AGENCY COMPENSATION

### 1) COMMISSION

Commission is a traditional method . The agency is paid a fixed commission (accredited agency- usually

it is 15 %) from media. The rates for outdoor media are slightly higher -16.66%

For Example:

Ad agency prepares & places AD in a newspaper at an agreed charges of Rs. 5,00,000/-.

The agency will collect the said amount from its client but will pay Rs. 4,25000/- ( Rs. 5,00,000 less 15%)

to the media owner . The difference of Rs. 75,000/- is the commission Income to the agency.

### 2) AGENCY FEES

Agency negotiate with their client a flat sum to be paid to the agency for the

work done

Agency estimate the cost of servicing + a desired profit margin. The client either accepts or negotiates for a lesser amount . This method is more objective as compared to the commission method . It is fair to both the parties.

3) INCENTIVE BASED COMPENSATION

At times the client may give Incentives to the agency to meet its predetermined goals.

For instance, additional Incentive may be given when the Ad campaign meets with good success

4) COST PLUS SYSTEM

A fee based on cost of work + mutual agreed margin or profit .

Under this method the client agrees to pay the agency the cost of work i.e. employee cost & out-of-

pocket expenses plus a certain % of this amount say 20% to 25% to cover overheads as well as profits of the agency

5) AGENCY CHARGES

A part from cost incurred for booking time & space in media, an agency has to pay out-of-pocket

expenses such as on artwork, comprehensive layouts & printing , radio & tv , storyboards etc. In such

case , the agency charges its clients for such expenses. This method is profitable to the agency

**CLIENT TURNOVER** - Client Turnover means clients changing their advertising agencies. It means clients close their accounts with the existing agencies & switch over to other agencies. Client Turnover has negative effect on the agency as it adversely affects its image and also its revenue.

## **CLIENT AGENCY RELATIONSHIP**

The client-agency relationship starts when a client appoints an advertising agency for making his ad. It continues till the ad agency provides satisfactory services to him. Such a relation should always be cordial. There should be a mutual trust, confidence and understanding between the two parties. It is so, since, the primary objective of both sides is same, i.e. to make a successful advertising campaign.

Lack of mutual trust will be harmful to both parties. It is, therefore, necessary to maintain good relations between the client and ad agency as follows:

1. Meaningful two-way communication is required to maintain a friendly client-agency relationship.
2. Both parties should take special efforts to maintain a cordial relationship.
3. The approach of give-and-take is required to keep relations over a longer period.

Mentioned below are some significant guidelines (grouped under three categories) to maintain a cordial client-agency relationship in advertising:



### **Suggestions for a client and advertising agency to maintain their relations:**

1. There should be a mutual understanding between client and agency. Misunderstanding or confusion, if any, between the two parties, should be resolved quickly through direct talks.
2. The agency should work sincerely and honestly to bring a success to the client's ad campaign.
3. Both parties should properly follow the terms and conditions of the contract.
4. Good communication must be there between client and agency. Hence, regular meetings between them shall be arranged.
5. Both should take necessary efforts to maintain their relations friendly.

### **Guidelines for the client to preserve relationship with advertising agency:**

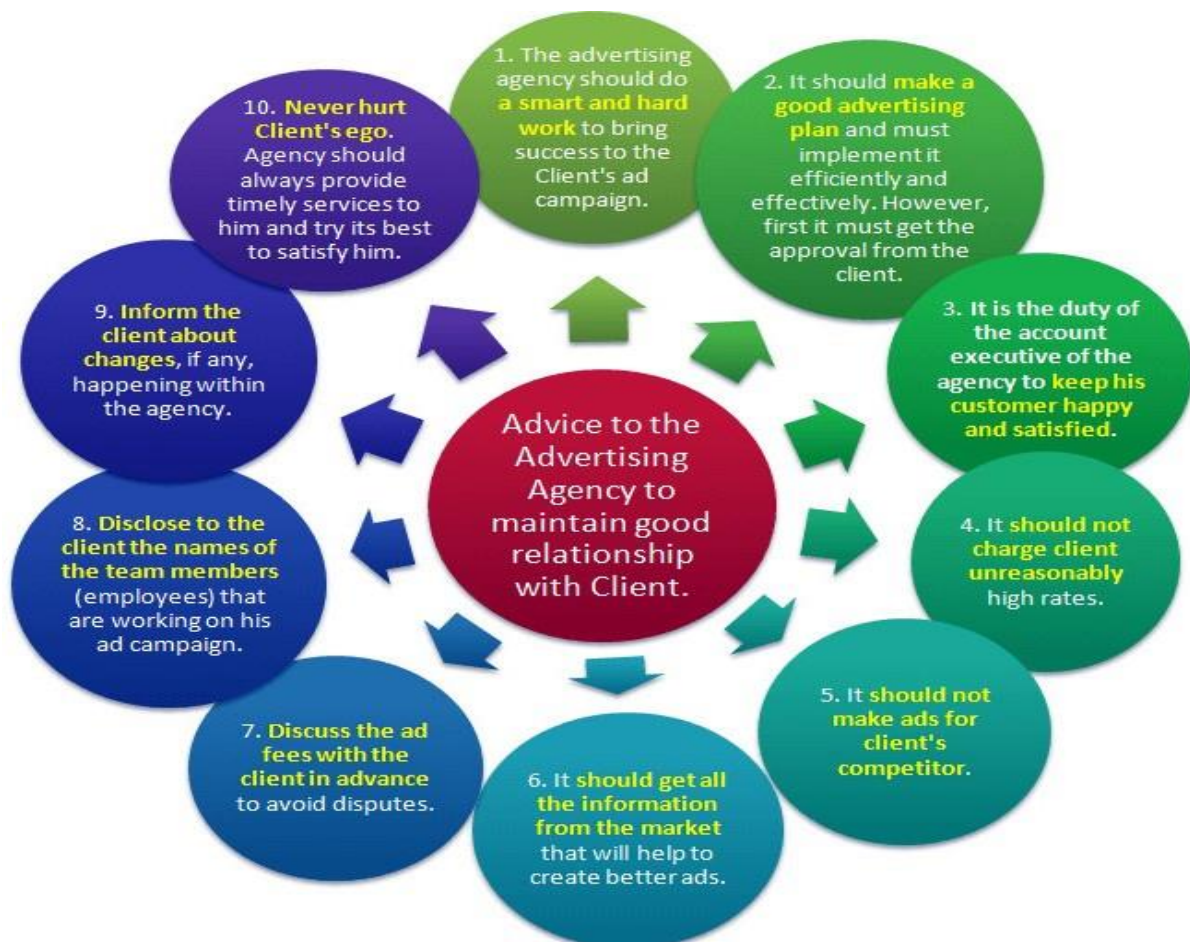
1. Treat the ad agency with courtesy at all times and never hurt its ego.
2. Provide all possible information about the product to be advertised and the organisation. A well-informed ad agency will make better ads.
3. Don't unnecessarily bargain for the fees charged by the ad agency as this may affect the quality of work.

4. Motivate the agency to do a good impactful work. Its charges such as media bills, fees and other costs must be paid well in time. The client should not wait for the ad agency to remind him about the payment dues.
5. Don't change the ad agency without a proper reason. If not satisfied, always first communicate your expectations and then wait for necessary changes to reflect.
6. The client should approve the proposals submitted by the ad agency. He must avoid making petty arguments and only highlight those crucial relevant matters that needs attention.
7. Give sufficient time to the agency to work on and develop an ad campaign. The client should not pressurize it to work quickly. He should avoid giving deadlines.
8. Reduce disputes to a minimum.
9. Finalize in advance the charges for a particular ad campaign.



## Advice to the advertising agency to maintain good relationship with client:

1. The advertising agency should do a smart and hard work to bring success to the client's ad campaign.
2. It should make a good advertising plan and must implement it efficiently and effectively. However, first it must get the approval from the client.
3. It is the duty of the account executive of the agency to keep his customer happy and satisfied.
4. It should not charge client unreasonably high rates.
5. It should not make ads for client's competitor.
6. It should get all the information from the market that will help to create better ads.
7. Discuss the ad fees with the client in advance to avoid disputes.
8. Disclose to the client the names of the team members (employees) that are working on his ad campaign.
9. Inform the client about changes, if any, happening within the agency.
10. Never hurt client's ego. Agency should always provide timely services to him and try its best to satisfy him.





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