# UNIT-I

Advertising

The world has become a global market. Modern market is more dynamic, competitive, and consumer-oriented. Entire marketing process is aimed at satisfying consumers more effectively than competitors. Consumer satisfaction can be achieved by receiving information from market and sending information to the market.

In order to inform, attract, and convince the valued customers, a marketer undertakes a number of promotional means. Advertising is one of the powerful means to inform about company's total offers. Advertising is a dominant element of market promotion. Many times, the entire promotional efforts are replaced by advertising alone.

Major portion of promotion budget is consumed by advertising alone. Advertising is so powerful and popular that it is taken as equal to marketing!! Mass media are used intensively to advertise various products. Marketing without advertising seems to be impossible. Advertising works like a magic stick to actualize marketing goals!

Definitions of Advertising:
 Philip Kotler:
"Advertising is any paid form of non-personal presentation and promotion of goods, services, or ideas by an identified sponsor."

## Characteristics of Advertising:

## 1. Tool for Market Promotion:
There are various tools used for market communication, such as advertising, sales promotion, personal selling, and publicity. Advertising is a powerful, expensive, and popular element of promotion mix.

## 2. Non-personal:

Advertising is a type of non-personal or mass communication with the target audience. A large number of people are addressed at time. It is called as non-personal salesmanship.

## 3. Paid Form:

Advertising is not free of costs. Advertiser, called as sponsor, has to spend money for preparing message, buying media, and monitoring advertising efforts. It is the costliest option of market promotion. Company has to prepare its advertising budget to appropriate advertising costs.

## 4. Wide Applicability:

Advertising is a popular and widely used means for communicating with the target market. It is not used only for business and profession, but is widely used by museums, charitable trusts, government agencies, educational institutions, and others to inform and attract various target publics.

## 5. Varied Objectives:

Advertising is aimed at achieving various objectives. It is targeted to increase sales, create and improve brand image, face competition, build relations with publics, or to educate people.

## 6. Forms of Advertising:

Advertising message can be expressed in written, oral, audible, or visual forms. Mostly, message is expressed in a joint form, such as oral-visual, audio-visual, etc.

## 7. Use of Media:

Advertiser can use any of the several advertising media to convey the message. Widely used media are print media (newspapers, magazines, pamphlets, booklets, letters, etc.), outdoor media (hoardings, sign boards, wall-printing, vehicle, banners, etc.), audio-visual media (radio, television, film, Internet, etc.), or any other to address the target audience.

## 8. Advertising as an Art:

Today's advertising task is much complicated. Message creation and presentation require a good deal of knowledge, creativity, skills, and experience. So, advertising can be said as an art. It is an artful activity.

## 9. Element of Truth:

It is difficult to say that advertising message always reveals the truth. In many cases, exaggerated facts are advertised. However, due to certain legal provisions, the element of truth can be fairly assured. But, there is no guarantee that the claim made in advertisement is completely true. Most advertisements are erotic, materialistic, misleading, and producer-centered.

## 10. One-way Communication:

Advertising involves the one-way communication. Message moves from company to customers, from sponsor to audience. Message from consumers to marketer is not possible. Marketer cannot know how far the advertisement has influenced the audience.

## Advertising Objectives:
## Introduction:

Advertising is aimed at achieving various objectives. Objectives may be commercial or social in nature. Prof. Kelly gave the concept of DAG MAR – Defining Advertising Goals for Measuring Advertising Results – in relation to advertising objectives. Broadly, advertising objectives can be categorized into three classes, such as informative objectives, persuasive objectives, and reminder objectives.

**Prof. Sew and Prof. Smith have classified objectives as:**

i. Sales objectives

ii. Aiding sales force

iii. Competition-related objectives

iv. Brand loyalty and reputation-related objectives

However, we will consider following objectives:

## 1. To Inform Buyers:

This objective includes informing customers regarding product's availability, price, features, qualities, services, and performance. Besides, it also includes informing them about changes made in the existing product and introduction of new products. Company also highlights its location, achievements, policies, and performance through advertising.
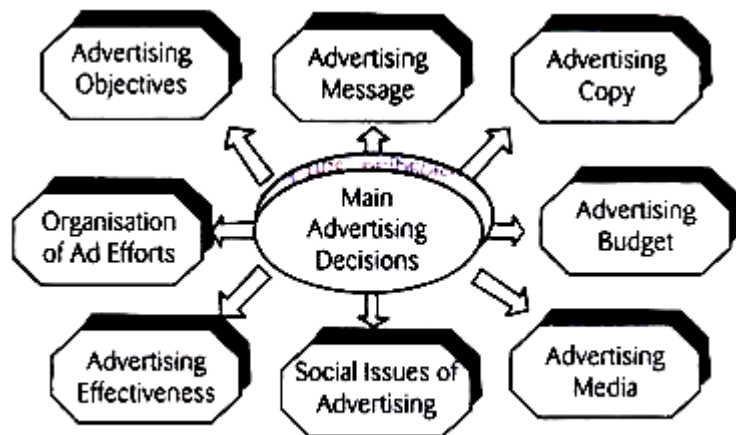
Figure 1: Main Advertising Decisions

## 2. To Persuade or Convince Buyers:

Company uses advertisement to persuade or convince the buyers about superior advantages offered by its product. Company communicates competitive advantages the product offers to induce customers buy it. Comparative advertising is used to prove the additional benefits of product at a given price.

## 3. To Remind Buyers:

Marketer uses advertising to remind the buyers regarding existence of company, products, maintenance of quality, superior services, and chasing customer-orientation. Mostly, the existing firms aim their advertising for this objective.

Here, the purpose is to inform that the company is still in existence and serving customers in a better way. Due to huge information bombarded by a number of companies, customers are more likely to forget name of company and/or products and services it offers.

## 4. To Face Competition:

Advertising is treated as the most powerful weapon to fight with competitors effectively. Advertising enables the firm to respond the competitors strongly. It helps the firm to distinguish its total offerings from competitors.

In brief, the firm can face competition, can prevent the entry of competitors, or can remove competitors away from the market. In competitive marketing environment, the firm cannot survive without an effective advertisement.

## 5. To Achieve Sales Targets:

Increase sales volume is one of the major advertising objectives. A company can advertise its products in various media to attract customers situated in

different parts of the world. National and international marketing is the result of advertising. Even, non-users can be converted into users and usage rate can be increased. Thus, company can achieve its sales objectives by advertisement.

## 6. To Build and Improve Brand Image:

Advertising is used for brand recognition and acceptance. A company can distinguish its brand by magnifying major benefits the product offers. Advertisement attracts customers toward the brand; they try it and accept it over time. In the same way, bad image related to brand can be changed by systematic presentation of facts and scientific evidences, and removing misunderstanding.

## 7. To Help or Educate People:

Advertising is not always used only for company's benefits. It is meant for helping customers to make the right choice of product. It educates people about availability of new products, its features and qualities, price, services, and other related aspects. Such information is instrumental for purchasing suitable products. Thus, it guides customers to choose the most appropriate product.

## 8. To Build Company Image and Reputation:

A company opts for advertisement to build prestige and reputation in the market. Most of the companies, though they are satisfied with the volume of sales, go for advertising to acquire fame in the market. Many companies advertise its policies, activities, and achievements to make a permanent place in the mind of people.

## 9. To Assist Sales Force and Middlemen:

Advertising is an aid to middlemen and salesmen. Advertising also popularizes the name of dealers. Likewise, advertising provides necessary information to the buyers. Middlemen and salesmen are not required to do the same. It eases the task of sellers. In the same way, advertising encourages sales force.

## 10. Other Objectives:
**There are certain minor objectives of advertising, such as:**

i. To promote new products.

ii. To build long-term relations.

iii. To remove misunderstanding.

iv. To expand of market.

v. To gain confidence of buyers.

vi. To request customers to compromise with unavoidable circumstances.

vii. To seek apology of the buyers for any undesirable events, etc.

Company has to select one or more objectives based on its situations. It should be clarified that the list is not exhaustive. New advertising objectives may emerge as per change in situations. However, the main objective of advertising is to increase sales and earn profits. Company must define it advertising objectives clearly and precisely.

## 4 Important Features of Advertising

### Paid Form:

Only that attempt of the seller on which he/she has spent some money to communicate information to the consumer is called advertising. If without incurring any expenditure some information relating to some product or service is published, it will not be called advertising.

For example, if an editor of some magazine, on his own, publishes news about a particular product, it will convey to the consumers necessary information regarding that product but no expenditure has been incurred by the seller for this publication.

As such, it cannot be called advertising. It may be called propaganda or publicity. Thus, any information about a product communicated free of cost cannot be termed as advertising.

### 2. Impersonal Presentation:
Advertising is non-personal presentation of information. In other words, the advertiser and the consumer do not come into personal contact. Advertising is a monologue and not a dialogue.

### 3. Speedy and Mass Communication:

Advertising is a speedy medium of communication. Besides being speedy, its operational area is very vast. In other words, it reaches millions of people simultaneously.

**4. Identified Sponsor:**
Another feature of advertising is that its sponsor can be identified. Whenever we come across an advertisement, its sponsor is easily recognized. Obviously, its sponsor can be either the seller or the producer of that product or service. If due to some reason it is difficult to identify the sponsor, then that information cannot be called advertising. It will be called propaganda or publicity.

**Role of advertising in promotional mix**

**1. Awareness:**
One of the important roles of advertising is to create awareness of the product or services such as brand name and price. The awareness of the product or services can be created through highlighting the unique features of the brand. Nowadays, due to intense competition it is not just enough to create awareness, but top of mind awareness is needed.

**2. Information:**
Advertising helps to inform the target audience about the product. Providing information is closely related to creating awareness of the product. Potential customers must know about a product, such as product features and uses.

Product information is very much required, especially when the product is introduced in the market, or when product modification is undertaken. Proper product information can help the consumers in their purchase decision.

**3. Persuasion:**
When business firms offer similar products, the firm must not only inform the customers about the product's availability, but also persuade them to buy it. Through persuasive messages, the marketers try to provide reasons regarding the superiority of their products as compared to others available in the market. Persuasion can be undertaken through creative advertising messages, product demonstration at trade fairs, offering free gifts, premium offers and organizing contests.

## 4. Attitudes:

Promotion is required to build or reinforce attitudes in the minds of target audience. The marketers expect the target audience to develop a favourable attitude towards their brands. Positive attitude towards the brand helps to increase its sales. Through promotional techniques like advertising, the marketer can correct negative attitude towards the product, if any. Negative attitude can also be corrected through public relations and advertising.

## 5. Reminder:

If target customers already have a positive attitude towards a firm's product or service, then a reminder objective may be necessary. The reminder objective is necessary because the satisfied customers can be targets for competitors' appeals. Well-established brands need to remind the customers about their presence in the market. For instance, 'Raymond – the complete man' campaign is designed to remind the customers.

## 6. Brand Loyalty:

Advertising helps to develop brand loyalty. Brand loyalty results in repeat purchases and favourable recommendations to others by existing customers. Sales promotion, effective personal selling, timely and efficient direct marketing, and other techniques help to develop brand loyalty.

## 7. Brand Image:

An advertiser helps to develop a good image of the brand in the minds of target audience. There are several factors that can be of help to audience. There are several factors, such as the character of the personality that endorses the brand, the content of the advertising message, the nature and type of packaging and the type of programmes or events sponsored, that can help to develop brand image in the minds of target audience.

## 8. Counter Competitors' Claims:

The marketer may counter the claims made by the major competitors. For instance, competitive advertising is undertaken to counter the claims made by competitors either directly or indirectly. With the help of creative advertising, the marketers can claim the superiority of their brand. The marketer may also undertake aggressive sales promotion to counter the competition in the market

### 9.Expansion of Markets:

Successful ads results in expansion of the markets. A marketer may intend to expand markets from the local level to the regional level, from the regional level to the national level, and from the national level to the international level. For this purpose, the marketer may undertake various techniques of promotion.

### 10. Educating the Customers:

Promotion may be undertaken to educate the customers. For instance, some of the advertising is undertaken to educate the audience regarding the use of the product, handling operations, and so on. Public awareness campaigns also educate the public regarding the negative effects of noise, air and dirt pollution, social evils, and so on.

## ADVETISING AND COMMUNICATION

### Meaning and Nature of Communication:

The exchange of information or passing of information, ideas or thought from one person to the other or from one end to the other is communication. According to McFarland communication is, "a process of meaningful interaction among human beings. More specifically, it is the process by which meanings are perceived and understandings are reached among human beings." Newman and summer defined communication as "an exchange of facts, ideas, opinions or emotions by two or more persons."

Communication is the process of passing information from one person to another. The purpose of communication understands of information. Whatever one wants to say to someone should be clearly understood by him else the very purpose of the communication would be defeated.

Communication thus helps understand people better removing misunderstanding and creating clarity of thoughts and expression. It also educates people. The communication may be written or oral, formal, informal, and upward, downward, horizontal, diagonal, interpersonal, intrapersonal, interdepartmental, intra-organisational.

The communication brings people together, closer to each other. The communication is an important management function closely associated with all

other managerial functions. It bridges the gap between individuals and groups through flow of information and understanding between them. Information is the most vital aspect for communication. It is the information which is transmitted, studied, analyzed and interpreted and stored. The manager therefore has to spare time to collect, analyze and store the information for decision-making and routine day to day business.

**Purpose of Communication:**
Management is getting the things done through others. The people working in the organisation should therefore be informed how to do the work assigned to them in the best possible manner. The communication is essential in any organisation.

The purpose of the communication can be summed up into the following:

**1. Flow of Information:**
The relevant information must flow continuously from top to bottom and vice versa. The staff at all levels must be kept informed about the organisational objectives and other developments taking place in the organisation. A care should be taken that no one should be misinformed. The information should reach the incumbent in the language he or she can understand better. The use of difficult words should be avoided. The right information should reach the right person, at right time through the right person.

**2. Coordination:**
It is through communication the efforts of all the staff working in the organisation can be coordinated for the accomplishment of the organisational goals. The coordination of all personnel's and their efforts is the essence of management which can be attained through effective communication.

**3. Learning Management Skills**:
The communication facilitates flow of information, ideas, beliefs, perception, advice, opinion, orders and instructions etc. both ways which enable the managers and other supervisory staff to learn managerial skills through experience of others. The experience of the sender of the message gets reflected in it which the person at the receiving end can learn by analyzing and understanding it.

## 4. Preparing People to Accept Change:

The proper and effective communication is an important tool in the hands of management of any organisation to bring about overall change in the organisational policies, procedures and work style and make the staff to accept and respond positively.

## 5. Developing Good Human Relations:

Managers and workers and other staff exchange their ideas, thoughts and perceptions with each other through communication. This helps them to understand each other better. They realize the difficulties faced by their colleagues at the workplace. This leads to promotion of good human relations in the organisation.

## 6. Ideas of Subordinates Encouraged:

The communication facilitates inviting and encouraging the ideas from subordinates on certain occasions on any task. This will develop creative thinking. Honoring subordinates' ideas will further motivate them for hard work and a sense of belonging to the organisation will be developed. It will provide them with the encouragement to share information with their superiors without hesitation. The managers must know the ideas, thoughts, comments, reactions and attitudes of their subordinates and subordinates should know the same from the lowest level staff of their respective departments.

## Importance of Communication:

Effective communication is vital for efficient management and to improve industrial relations. In modern world the growth of telecommunication, information technology and the growing competition and complexity in production have increased importance of communication in organisations large and small irrespective of their type and kind. A corporate executive must be in a position to communicate effectively with his superiors, colleagues in other departments and subordinates. This will make him perform well and enable him to give his hundred percent to the organisation.

## 1. Base for Action:

Communication acts as a base for any action. Starting of any activity begins with communication which brings information necessary to begin with.

## 2. Planning Becomes Easy:

Communication facilitates planning. Planning is made easy by communication. Any type of information regarding the human resource requirement of each department of the organisation with their qualifications, the type and kinds of job etc. can be collected through communication which helps in human resource planning. Policies and programmes for their acquisition can be prepared and implemented. In the entire process communication plays a vital role, it also facilitates managerial planning of the organisation.

## 3. Means of Coordination:

Communication is an important tool for coordinating the efforts of various people at work in the organisation.

## 4. Aids in Decision-Making:

The information collected through communication aids in decision-making. Communication facilitates access to the vital information required to take decisions.

## 5. Provides Effective Leadership:

A communication skill bring manager near to his subordinates and exchange ideas and submits appropriate proposals, knows their opinions, seeks advices and make decisions. This enables a manager to win confidence of his subordinates through constantly communicating with them and removing probable misunderstandings. In this way he leads his people to accomplish the organisational goal.

## 6. Boosts Morale and Motivation:

An effective communication system instills confidence among subordinates and workers ensuring change in their attitude and behaviour. The main cause of conflict and dissatisfaction is misunderstanding which can be removed through communication skills. The removal of misunderstanding makes manager and his subordinates understand each other and create good industrial relations. This boosts up the morale of the people and motivates them to work harder.

## Principles of Communication:

Lack of effective communication renders an organisation handicapped. So to have effective communication certain principles are to be followed.

They are as follows:

**1. Clarity**:

The principle of clarity means the communicator should use such a language which is easy to understand. The message must be understood by the receiver. The words used should be simple and unambiguous. The language should not create any confusion or misunderstanding. Language is the medium of communication; hence it should be clear and understandable.

**2. Adequacy and Consistency:**

The communicator must carefully take into account that the information to be communicated should be complete and adequate in all respect. Inadequate and incomplete message creates confusion and delays the action to be taken. The adequate information must be consistent with the organizational objectives, plans, policies and procedures. The message which is inconsistent may play havoc and distort the corporate interests.

**3. Integration:**

The principle **of** integration portrays that through communication the efforts of human resources of the organisation should be integrated towards achievement of corporate objectives. The very aim of communication is to achieve the set target. The communication should aim at coordinating the activities of the people at work to attain the corporate goals.

**4. Economy:**

The unnecessary use of communication system will add to cost. The system of communication must be used efficiently, timely i.e. at the appropriate time and when it is necessary. The economy in use of communication system can be achieved in this way.

**5. Feedback:**

The purpose of communication will be defeated if feedback is not taken from the receiver. The confirmation of the receipt of the message in its right perspective from its receiver fulfills the object of communication. The feedback is essential only in case of written communication and messages sent through messengers. In case of oral type of communication the feedback is immediately known.

## 6. Need for Communication Network:

The route through which the communication passes from sender or communicator to its receiver or communicate refers to communication network. For effective communication this network is essential. The managerial effectiveness will also depend upon the availability of adequate network.

## 7. Attention:

The message communicated must draw the attention of the receiver staff and ensure action from him in the right perspective. The efficient, sincere and prompt manager succeeds in drawing the attention of his subordinates to what he is conveying.

It is the psychology of the people that they watch their superiors closely and then respond to their orders or instructions. Lazy and insincere superiors fail to garner support for themselves and their instructions usually are not taken seriously by their subordinates. Adhering to the above principles shall make communication effective, minimize the human relations problems and increase the overall efficiency.

## ADVERTISING

## Functions of Advertising:

Advertising has become an essential marketing activity in the modern era of large-scale production and severe competition in the market.

It performs the following functions:

## (i) Promotion of Sales:

Advertising promotes the sale of goods and services by informing and persuading the people to buy them. A good advertising campaign helps in winning customers and generating revenues.

## (ii) Introduction of New Products:

Advertising helps in the introduction of new products in the market. A business enterprise can introduce itself and its products to the public through advertising. Advertising enables quick publicity in the market.

**(iii) Support to Production System:**

Advertising facilitates large-scale production. The business firm knows that it will be able to sell on a large-scale with the help of advertising. Mass production will reduce the cost of production per unit by making possible the economical use of various factors of production.

**(iv) Increasing Standard of Living:**

Advertising educates the people about the products and their uses. It is advertising which has helped people in adopting new ways of life and giving up old habits. It has contributed a lot towards the betterment of the standard of living of the society.

**(vi) Support to Media**:

Advertising sustains press. Advertising provides an important source of revenue to the publishers of newspapers and magazines and the producers of T.V. programmes.

**Significance of Advertising:**

Advertising helps in spreading information about the advertising firm, its products, qualities and place of availability of its products and so on. It helps to create a non-personal link between the advertiser and the receivers of the message.

The significance of advertising has increased in the modern era of large scale production and tough competition in the market. Advertising is needed not only to the manufacturers and traders but also to the customers and the society. The benefits of advertising to different parties are discussed in the following paragraphs.

**Benefits to Customers:**

Advertising offers the following advantages to customers:

(i) Advertising helps the customers to know about the existence of various products and their prices. They can choose from the various products to satisfy their wants. Thus, they cannot be exploited by the sellers.

(ii) Advertising educates the people about new products and their diverse uses.

(iii) Advertising increases the utility of existing products for many people adding to the amount of satisfaction which they are already enjoying.

(iv) Advertising induces the manufacturers to improve the quality of their products through research and development. This ensures supply of better quality products to the customers.

**Benefits to Society:**

The whole society is benefitted because of advertisement in the following ways:

(i) Advertising provides employment to persons engaged in writing, designing and issuing advertisements, and also those who act as models. Increased employment brings additional income with the people which stimulate more demand. Employment is further generated to meet the increased demand.

(ii) Advertising promotes the standard of living of the people by increasing the variety and quality in consumption as a result of sustained research and development activities by the manufacturers.

(iii) Advertising educates the people about the various uses of different products and this increases their knowledge. Advertising also helps in finding customers in the international market which is essential for earning foreign exchange.

(iv) Advertising sustains the press, and other media. It provides an important source of income to the press, radio and television network. The customers are also benefitted because they get newspapers and magazines at cheaper rates. The publishers of newspapers and magazines are benefitted because of increased circulation of their publications. Lastly, advertising also encourages commercial art.

## INTEGRATED MARKETING COMMUNICATION

Every promotional tool has a different role to play. When used individually by companies to communicate a message, they all portray different images.

Conflicting messages confuse brand positions and company images. Companies often fail to integrate their various communications channels and the result is a confused consumer.

An appropriate promotional mix must be created in order to meet the promotional objectives of any given promotion strategy. The promotional mix is the combination of different promotional channels that is used to communicate a promotional message. This will involve an appropriate selection from the

range of tools that are available for use as part of the promotional mix. This is known as Integrated Marketing Communications.

Today, more and more companies are adopting the concept of Integrated Marketing Communications (IMC). Under this concept, the company uses various communication channels to communicate the same clear, concise and crisp message to the target audience.

The possible driving or favouring forces of a move towards greater integration in marketing communication are:

1. Pressure on communication budgets.

2. Fragmentation of the media.

3. Growing internal communications.

4. Advantages of promotional combinations.

5. Shift from mass communication to selected media.

Integrated Marketing Communications unifies the company's image shaped by thousands of activities carried within the organisation. It leads to total marketing communication strategy aimed at communicating the company's products and image to the consumer. For instance, Cadbury's message runs parallel across all media, be it off-line or online, TV or newspaper, English or Hindi. This adds consistency to the entire campaign.
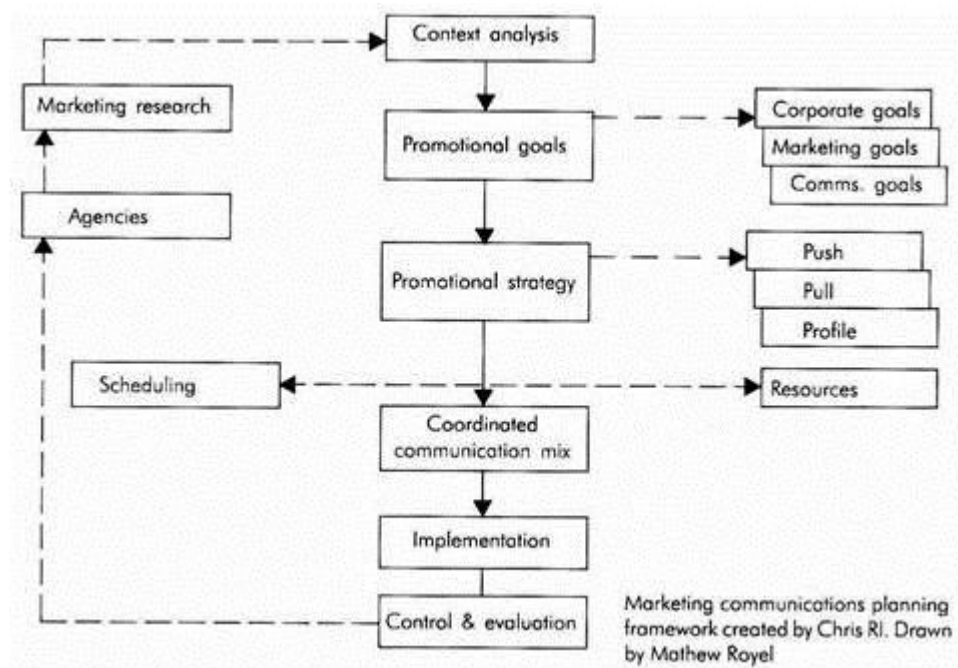
**Meaning of Marketing Communication:**
Marketing communication (or marcom) consists of the messages and related media used to communicate with a market. Those who practice advertising, branding, direct marketing, graphic design, marketing, packaging, promotion, publicity, public relations, sales, sales promotion and online marketing are

termed marketing communicators, marketing communication managers, or more briefly as marcom managers.

Traditionally, marketing communication practitioners focus on the creation and execution of printed marketing collateral; however, academic and professional research developed the practice to use strategic elements of branding and marketing in order to ensure consistency of message delivery throughout an organization.

Many trends in business can be attributed to marketing communication; for example, the transition from customer service to customer relations, and the transition from human resources to human solutions.



Marketing communications planning framework created by Chris RI. Drawn by Mathew Royel

It is a management concept designed to make all aspects of marketing communication such as advertising, sales promotion, public relations, and direct marketing work together as a unified force, rather than permitting each to work in isolation. 'Integrated Marketing Communication' (IMC) is the name of a body of academic and practical work centered on aligning organizational communications with the needs of customers.

The practice of IMC begins with an assessment of customer needs (both internal and external customers). These need to inform an overarching marketing strategy driven by advertising, public relations, direct marketing and other forms of external and internal communications.

As a matter of function, IMC often employs large datasets, advanced statistical analysis and sophisticated Return on Investment (ROI) models to make marketing more accurate and accountable.

**A Model for Integrated Marketing:**
Integrated Marketing Communication is more than the coordination of a company's outgoing message between different media and the consistency of the message throughout. It is an aggressive marketing plan that captures and uses an extensive amount of customer information in setting and tracking marketing strategy.

**Steps in an Integrated Marketing system are:**
**1. Customer Database:**
An essential element in implementing Integrated Marketing that helps to segment and analyze customer buying habits.

**2. Strategies:**
Insight from analysis of customer data is used to shape marketing, sales, and communications strategies.
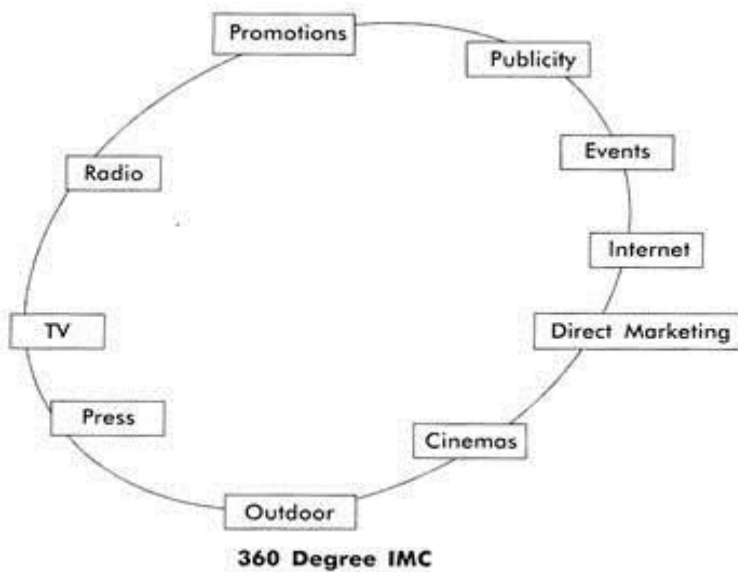
**3. Tactics:**
Once the basic strategy is determined the appropriate marketing tactics can be specified which best targets the specific markets.

**4. Evaluate Results:**
Customer responses and new information about buying habits are collected and analyzed to determine the effectiveness of the strategy and tactics.

**5. Complete the loop;**

**360 Degree IMC:**

360 Degree IMC

Integrated Marketing Communication Channels:

Malls need to advertise for the following four main reasons:

1. To raise customer awareness specially when it is a new property.

2. To remind customers about existing brands, new brand introduction when competition is intense among nearby malls.

3. To persuade customers switch from your rival malls.

4. To improve and maintain the image of the business.

5. To increase conversion.

The ultimate aim of these points is to attract more customers.

## ECONOMIC ,SOCIAL AND ETHICAL ASPECTS OF ADVERTISING

### The Economic Impact of Advertising

The economic effect of advertising is like the break shot in billiards or pool. The moment a company begins to advertise, it sets off a chain reaction of economic events. The extent of the chain reaction, although hard to predict, is related to the force of the shot and the economic environment in which it occurred. Let's consider the economic questions we posed earlier.

### Effect on the Value of Products

Why do most people prefer Coca-Cola to some other cola? Why do some people prefer Calvin Klein underwear to some other unadvertised brand Are the advertised products functionally better Not necessarily. But, in the mind of the consumer, advertising has given these brands added value. In the mid-1960s, a famous psychologist named Ernest Dichter asserted that a product's image, created in part by advertising and promotion, is an inherent feature of the product itself. Subsequent studies showed that while an ad may not address a product's quality directly, the positive image conveyed by advertising may imply quality. Moreover, by simply making the product better known, advertising can make the product more desirable to the consumer. In these ways, advertising adds value to the brand. That's why people pay more for Bufferin than an unadvertised brand displayed right next to it—even though all buffered aspirin, by law, is functionally the same.

## Effect on Prices

If advertising adds value to products, it follows that advertising also adds cost, right? And if companies stopped all that expensive advertising, products would cost less, right? Wrong. Some advertised products do cost more than unadvertised products, but the opposite is also true. Both the Federal Trade Commission and the Supreme Court have ruled that, by encouraging competition, advertising has the effect of keeping prices down. That again serves the consumer's self-interest. And that is why professionals such as attorneys and physicians are now allowed to advertise. Sweeping statements about advertising's positive or negative effect on prices are likely to be too simplistic.

## Effect on Competition

Advertising by big companies often has only a limited effect on small businesses because a single advertiser is rarely large enough to dominate the whole country. Regional oil companies, for example, compete very successfully with national oil companies on the local level. In fact, the freedom to advertise encourages more sellers to enter the market. And we've all seen non-advertised store brands of food compete very effectively withnationally advertised brands on the same grocery shelves

**Effect on Consumer**

Demand The question of advertising's effect on total consumer demand is extremely complex. Numerous studies show that promotional activity does affect aggregate consumption, but they disagree as to the extent. Many social and economic forces, including technological advances, the population's educational level, increases in population and income, and revolutionary changes in lifestyle, are more significant. For example, the demand for CD players, cellular phones, and personal computers expanded at a tremendous rate, thanks in part to advertising but more to favorable market conditions. At the same time, advertising hasn't reversed declining sales of such items as hats, fur coats, and manual typewriters.

**Effect on Consumer Choice :**

For manufacturers, the best way to beat the competition is to make their product different. For example, look at the long list of car models, sizes, colors, and features designed to attract different buyers. And grocery shelves may carry more than 100 different brands of breakfast cereals—something for everybody. The freedom to advertise encourages businesses to create new brands and improve old ones. When one brand reaches market dominance, smaller brands may disappear for a time. But the moment a better product comes along and is advertised skillfully, the dominant brand loses out to the newer, better product. Once again, the freedom to advertise promotes the existence of more sellers, and that gives consumers wider choices.

**Effect on the Business**

Cycle The relationship between advertising and gross domestic product has long been debated. John Kenneth Galbraith, a perennial critic of advertising, concedes that, by helping to maintain the flow of consumer demand (encouraging more buyers), advertising helps sustain employment and income. But he maintains that, despite declines in the value of the dollar, the U.S. trade deficit persists because advertising and marketing activities create consumer preference for certain foreign products.

**SOCIAL IMPACT OF ADVERTISING**

The Social Impact of Advertising Because it's so visible, advertising gets criticized frequently, for both what it is and what it isn't. Many of the criticisms focus on the style of advertising, saying it's deceptive or manipulative. Collectively we might refer to these as short-term manipulative arguments. Other criticisms focus on the social or environmental impact of advertising. These are long-term macro arguments. In our discussion of the economic impact of advertising, we focused primarily on the first two principles of free-market economics: self-interest and many buyers and sellers. The social aspect of advertising typically involves the last two principles: complete information and absence of externalities. In fact, social issue debates can be seen as instances where advertising tends to violate one or more of these basic economic principles. We can examine many issues from these two perspectives. Some of the most important are deception and manipulation in advertising, the effect of advertising on our value system, commercial clutter, stereotypes, and offensiveness. Let's look at some of these common criticisms of advertising, debunk some misconceptions, and examine the problems that do exist. Deception in Advertising One of the most common short-term arguments about advertising is that it is so frequently deceptive. Professor Ivan Preston notes that the essence of a marketplace lies in the willingness of buyers and sellers to enter commercial transactions. Anything that detracts from the satisfaction of the transaction produces a loss of activity that ultimately hurts both parties. If a product does not live up to its ads, dissatisfaction occurs—and in the long term that is as harmful to the advertiser as to the buyer. For advertising to be effective, consumers must have confidence in it. So any kind of deception not only detracts from the complete information principle of free enterprise but also risks being self-defeating. Even meaningless (but legal) puffery might be taken literally and therefore become deceptive. Puffery refers to exaggerated, subjective claims that can't be proven true or false, such as "the best," "premier," or "the only way to fly." Under current advertising law, the only product claims—explicit or implied—that are considered deceptive are those that are factually false or convey a false impression and therefore have the potential to deceive or mislead reasonable people. But puffery is excluded from this requirement because regulators maintain that reasonable people don't believe it anyway. Preston points out that since advertisers regularly use puffery and nonproduct facts to enhance the image of their products, they must think consumers do believe it. Nonproduct facts are not about the brand but about the consumer or the social context in which the consumer uses the brand. An

example is "Pepsi. The choice of a new generation." The fact is that advertising, by its very nature, is not complete information. It is biased in favor of the advertiser and the brand. People expect advertisers to be proud of their products and probably don't mind if they puff them a little. But when advertisers cross the line between simply giving their point of view and creating false expectations, that's when people begin to object. One problem is the difficulty of seeing the line, which may be drawn differently by different people. Papa John's Pizza no doubt thought it was just puffing when it advertised "Better ingredients. Better pizza." Pizza Hut saw it differently, though, and sued Papa John's for deceptive advertising. A U.S. District judge agreed and awarded Pizza Hut close to half a million dollars in damages. The judge then ordered Papa John's to stop using its "Better ingredients" slogan. This decision was later overturned on appeal, but the case still goes to show that there are limits on what an advertiser can safely puff. Preston points out, "Only puffs open to measurement lose their invisible shields. If Papa John's says it has better dough, you can attack it. But if Papa John's says it's better overall, that's OK. The bigger the lie, the bigger the protection. Isn't that amazing?" For more on this story and on puffery, see the Ethical Issue: "Truth in Advertising: Fluffing and Puffing," on page 72. Ivan Preston believes these kinds of problems can be avoided if marketers simply improve the kind of information they give in their advertising. He would require advertisers to have a reasonable basis for any claims they make, whether those claims are facts about the product, nonfacts such as "Coke is it," or nonproduct facts

## The Effect of Advertising on Our Value System

A related long-term argument, often voiced by certain professional critics—sociologists, journalists, consumer advocates, and government regulators—is that advertising degrades people's value systems by promoting a hedonistic, materialistic way of life.

Advertising, they say, encourages us to buy more cars, more CDs, more clothing, and more junk we don't need. It is destroying the essence of our "citizen democracy," replacing it with a self-oriented consumer democracy. Critics claim advertising manipulates us into buying things by playing on our emotions and promising greater status, social acceptance, and sex appeal. It causes people to take up harmful habits, makes poor kids buy $170 sneakers, and tempts ordinary people to buy useless products in the vain attempt to emulate celebrity endorsers. Again, they claim advertising is so powerful

consumers are helpless to defend themselves against it. Once again, this argument exaggerates the power of advertising. In fact, most Americans express a healthy skepticism toward it. One study showed that only 17 percent of U.S. consumers see advertising as a source of information to help them decide what to buy. Perhaps that's why more advertised products fail than succeed in the marketplace.

## The Social Impact of Advertising in Perspective

The Social Impact of Advertising in Perspective Marketing professionals earnestly believe in the benefits that advertising brings to society. Advertising, they say, encourages the development and speeds the acceptance of new products and technologies. It fosters employment. It gives consumers and business customers a wider variety of choices. By encouraging mass production, it helps keep prices down. And it stimulates healthy competition between producers, which benefits all buyers. Advertising, they point out, also promotes a higher standard of living; it pays for most of our news media and subsidizes the arts; it supports freedom of the press; and it provides a means to disseminate public informationabout important health and social issues.

# UNIT-II

In consumer insights, audience analysis refers to researching the interests, preferences, demographic, location, and other aspects of a group. This could be a broad audience like "all Tumblr users" or a much narrower group like "millennial female fans of The Bachelor in Massachusetts." The insights you gain from audience analysis depend on the depth of your research.

While your own audience is a great place to start with audience analysis, looking at your competitor's audience and comparing it to your own can help you gain insights into how to stay ahead of the competition.

Audience analysis can be branded or unbranded. Branded analysis means looking at the audience for a specific brand (Apple, Microsoft, etc) while unbranded analysis looks at the audience for the type of product and related topics (computers, tablets, technology, etc).

For businesses, the best audience analysis gives you deeper understanding of what compels consumers to support a brand or make a purchase. While understanding the basic demographics of an audience is helpful, it isn't as powerful of understanding the intricacies of consumer preferences related to your brand and product.

for example, if a coffee chain wants to attract and retain more customers, knowing the demographics of coffee drinkers in key locations is only the first piece of the puzzle. Analyzing the specific coffee preferences of that audience and how they have changed over time can give the brand much more actionable insights on how to engage consumers.
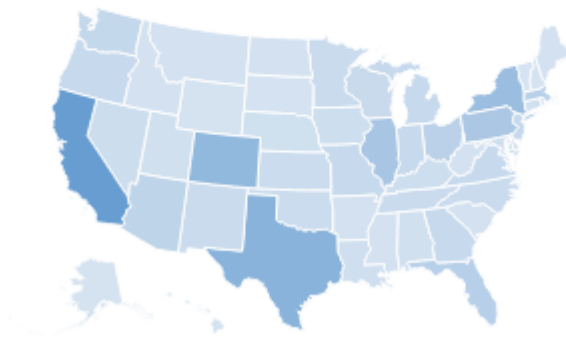
## Use Cases for Audience Analysis

Audience analysis can take many forms. For example, both sentiment analysis and image analysis could be used to gain a deeper understanding of your target audience.

**Locate an audience**

One of the simplest insights to gain about an audience is location. You can identify where people are discussing a brand, product, or any other topic. You can also filter other analysis results by location to better understand an audience in a specific place.

LOCATION

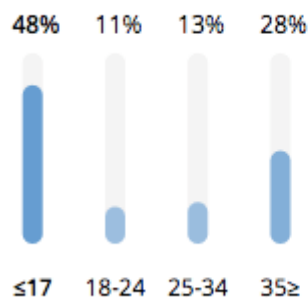| California | Texas | Colorado |
|:---:|:---:|:---:|
| 13% | 8.9% | 8% |

Coors conversation (U.S.)

**Understand key demographics**

Is the audience mostly male or female? What is the age breakdown for the audience? These questions help you gain some basic knowledge about the audience you are analyzing.
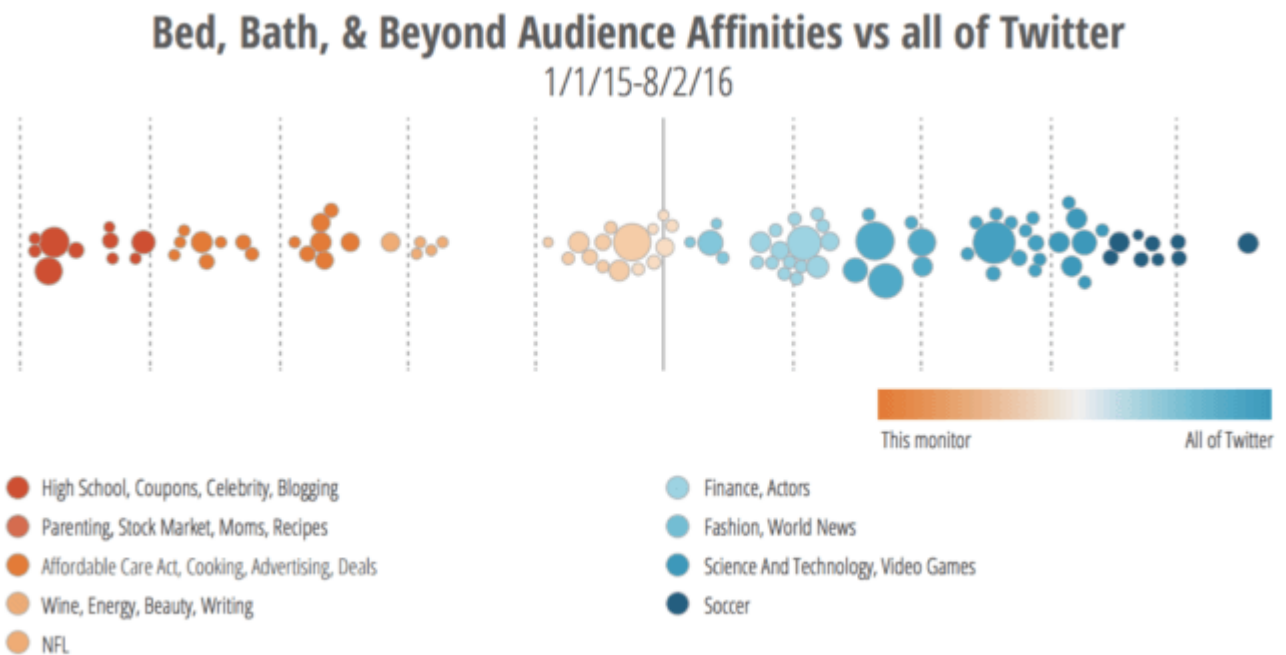
AGE

| 48% | 11% | 13% | 28% |
|:---:|:---:|:---:|:---:|
| ≤17 | 18-24 | 25-34 | 35≥ |

GENDER

45% Men
55% Women
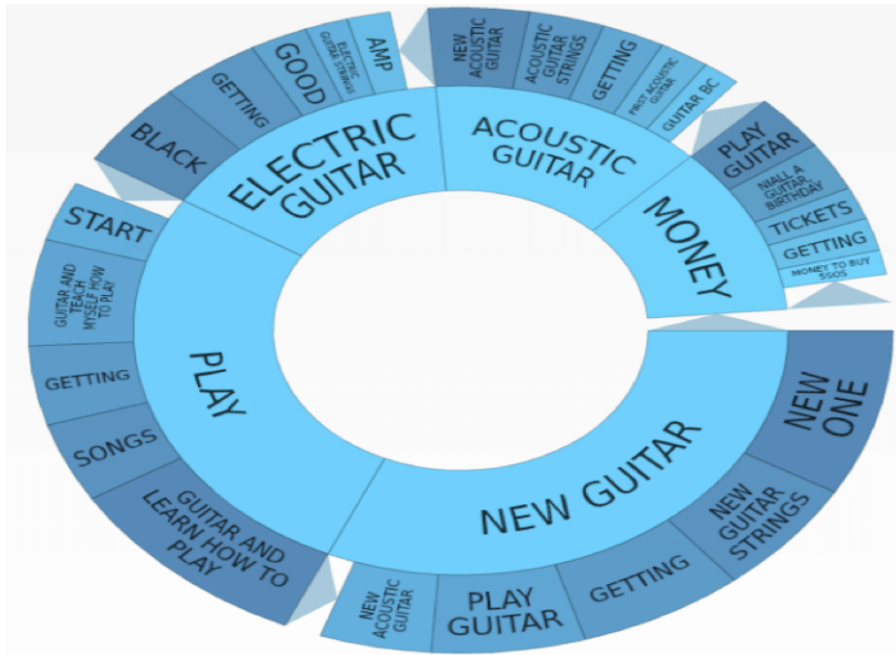
**Track affinities and interests**

Knowing location and demographics is a good start to understanding an audience, but it isn't enough for the full picture. Learning what an audience cares about is key to understanding its members. If you're looking at your own audience, you know that they are interested in your brand or products, but what else?



Bed, Bath, & Beyond Audience Affinities vs all of Twitter
1/1/15-8/2/16

This monitor — All of Twitter

- High School, Coupons, Celebrity, Blogging
- Parenting, Stock Market, Moms, Recipes
- Affordable Care Act, Cooking, Advertising, Deals
- Wine, Energy, Beauty, Writing
- NFL
- Finance, Actors
- Fashion, World News
- Science And Technology, Video Games
- Soccer

**Find new audiences**

Understanding your existing audience is the first step to identifying opportunities to expand your audience. For example, Fender know their audience was mostly older males. This led them to identify the opportunity to reach female guitar players.

After assuming that most guitar playing women would be interested in acoustic guitar, an analysis specifically looking at the guitar buying conversation among women showed something different. Many of the women are interested in electric guitars, punk rock, and finding the money to get to make a guitar purchase. Knowing this allowed Fender to effectively speak to this audience.

**segment your audience**

Determine how you want to break down your audience into the right segments for better targeting and measurement. Find the smaller segments within your larger audience that would benefit from different marketing and ads.

For example, many retailers might look at the back to school shopping audience as one big group. Our social analysis of the school shopping season showed three distinctly different categories of shoppers, those shopping for: supplies, backpacks, or clothes. Know this breakdown would allow retailers to target the audience for each product category differently.

**Identify influencers**

Who influences your audience? Who influences your potential new audiences? Identifying influencers within an audience can help you determine your strategy for engaging that audience. Is there an opportunity for paying the influencer to promote your brand? Are there specific celebrities that would resonate with your audience in an ad campaign? Having the answers to these questions will help you boost the performance of your campaigns by knowing who to partner with and how to connect with your audience.

Importance of Media Planning In the Process of Advertising a Product!

Media planning that requires knowledge of both marketing and mass communication skills is the process of determining deals with the biggest portion of the advertiser's budget in terms of cost for buying placement of advertisement.

Media planners have two main roles of analysing the market and evaluating media channel effectiveness in order to place the advertising message before a target audience. The findings from the research influence the creative and media plans for all aspects of marketing communication including advertising.

Traditionally, media planning was essentially based on a client's media strategy. The ad agency was responsible for developing the media plan, which was usually devised jointly by the agency's media department, the account and creative teams, and the marketer's brand management group

Once the plan was formed, a media buying unit, sometimes attached to the ad agency, executed it.

Some experts describe media planners as the hub or central point in the advertising wheel, where all campaign elements symbolized by the spokes of the wheel are joined.

he basis of this opinion is the sheer volume of data and information that media planners must gather, sort, and analyze before media decision-making can begin. In many ad agencies, account planners collect, gather, and analyse some of this market and creative information, especially if it relates to the target audience, message design, or brand image.

## Media Planning and Selection Process for Advertising

Media planning and selection are of top significance once the advertising goals and the organisation have been set. Media planning and selection deals with media identification, identification of factors governing media and vehicle

choices, laying down criteria for media selection and evaluation of each media against another, developing media-mix, resources allocation and media scheduling.

Media selection is possible when one knows about the 'reach' and 'impact' of each medium and media vehicle. Media planning, therefore, is the study of different advertising media and media vehicles in depth that facilitates media selection and development of media-mix that is most suitable for the firm in question.

A 'medium' is the carrier of advertising message. It is the means to deliver the advertising message. Each advertiser is to go in for right massage carrier or a set of carriers keeping in mind the cost, efficiency and specialties of the medium or media.

Every advertiser has good many media for his selection. Broadly, these can be classified as indoor, outdoor, direct and display. Each media has sub carriers called vehicles.

Following is the brief description of each media and media vehicles:
A. Indoor advertising media:
Indoor advertising media represents the use of those vehicles by the advertisers that carry the message right into the houses or indoors of the audiences.

These vehicles are:

1) Newspapers

(2) Magazines

(3) Radio

(4) Television and Film.

**1. Newspapers:**
Life without newspapers is like life without a cup of tea or coffee. Newspaper is one that gives news, views, interpretations, opinions, comments and explanation regarding social, economic, political, cultural, moral, ecological, meteorological

and wide variety of walks of fast changing life. In India, there are 21 major languages, published in 91 languages, India has 20,000 newspapers. For every 40 literate persons there is one paper.

he merits of news-paper as a medium of advertising are:
1. Wide coverage.

2. Quick response.

3. Regularity and frequency.

4. Flexibility and speed.

5. Economical.

The relative demerits are:
1. Shortest life.

2. Lack of quality reproduction.

3. Waste in circulation.

4. Possibility of duplication.

**2. Magazines:**
Magazines are the periodicals published weekly, fortnightly, monthly, quarterly and annually. They cover a wide variety of topics providing light leisure reading in easy chairs. Well known, though provoking and authentic articles from almost all branches of human knowledge are given along with entertaining items like puzzles, cartoons, comics and the like.

Indian magazine-world supplies at present 4,200 weeklies, 2,000 fortnightlies, 7,800 monthlies, 400 quarterlies and 10,000 annual numbers totaling 22,600. For every 35 literate persons, there is one such magazine.

The relative merits, are:
1. Longer life.

2. Visual display.

3. Selectivity.

4. Loyalty and prestige.

5. Geographic flexibility.

The relative demerits are:
1. Inflexibility.

2. Waste in circulation.

3. Costlier.

4. Restricted frequency.

## 3. Radio:

Radio advertising can be aptly called as 'word of mouth' advertising on a wholesale scale which was accepted in 1920. It has a history of 71 years to-date. India, as a late beginner, started commercial broadcasting only in 1967 by now radio has covered 100 per cent of population. At present, there are 175 medium wave transmissions, 60 short wave transmitters and 110 F.M. transmitters.

At present, there are 60 million sets which work out a set for every two people. The advertisements may be straight commercials dialogue, commercials dramatised , commercials integrated commercials and musical commercials.

The relative merits of radio advertising are:
1. Human touch.

2. Flexibility and timing.

3. Mass coverage.

4. Economy and

5. Selectivity.

The demerits are:
1. Message perishability.

2. Lack of illustration.

3. Limited time.

4. Wastage.

## 4. Television:
Radio ruled the scene between 1920 and 1970. Its greatest and latest rival has been television that smashed its supremacy from 1950s.

In India, it was commissioned for the first time in 1959 and went commercial in 1976 and transformed into colour in 1982. By now, 90 per cent of the population is covered by the way of television.

We have 10 million sets working in India giving a figure of one set for every 100 people. Television advertisements are called as television commercials lasting for 10, 15, 20 and 30 seconds. These may be 'stop motion', 'puppets', 'cartoons' or 'line-action type'.

The relative merits are:
1. Deep impact.

2. Selectivity and flexibility.

3. Mass communication media.

4. Upper hand in distribution and

5. Life like presentation.

The demerits are:
1. Shortest life.

2. Costlier.

3. The clutter problem.

4. Time taxing.

## 5. Film advertising:
Film advertising is yet another medium of publicity characterized by sound, motion, colour, vision and timeliness. This audio-visual medium has a wide

range of exhibits starting from an ordinary slide presentation to the ad films screening.

Slide is the protected glass piece covering ad message. The films shot and screened are 'filmlets', 'solus' and 'magazine' type. They are in the time range of 15 second to 300 seconds. In India, Blaze Advertising Agency takes film production and distribution.

The exhibition is done by theatre owners. There are 6,000 cinema towns with 15,000 permanent cinema houses with an average capacity of 1,000 seats. There are 3,000 touring theatres with the average capacity of 450 seats.

Of late, the importance of cinema has been reduced as India has more than 3 million sets of VCRs and VCPs. and 1 lakh video parlours.

The relative merits are:
1. Dramatic impact.

2. Selectivity and flexibility.

3. Mass publicity 4. Least waste and

5. Supplementary, the demerits are:

The demerits are:
1. Costlier.

2. Interjection.

3. Limited coverage.

4. Clutter problem.

**B. Outdoor advertising media:**
Outdoor advertising is the only one of its kind that has been carried for ages. This Is the media to reach the people when they are out of doors. The ad message is delivered to the audience like print and broadcast media; rather the message is placed in strategic places exposed to moving audience.

Its strength is tremendous because, 97 per cent of the total adult population moves out of doors every week. Its vehicles are: posters, printed displays, electric signs, travelling displays, sky writing, sandwich men and the like.

A 'poster' is a sheet of paper pasted on a wooden or a card or metal board depicting the ad massage. It can be standardized or non-standardised as to size and colours.

The success of poster rests on poster designing and the site of pasting. A 'printed display' is the painted bulletin and the wall painting. It is standardised metal sheet of rectangular shape hung on hoarding stands at strategic places.

An 'electrical sign' is a spectacular sign giving light effects, creating charming and enchanting scene in the dark. A 'travelling display' is an advertising sign seen in and outside travelling vehicles like train, buses, car, taxis, trams, autos and the like.

A 'sky writing' is a kind of publicity where message is spread in the sky in the form of a smoke or fire-workers nor the lights. A 'sandwich-men' advertising is the team of tall and dwarf men singing and spending the ad message and is the oldest and the simplest of all vehicles of outdoor advertising.

The relative merits are:
1. Wider and deeper appeal.

2. Greater flexibility.

3. Economy.

4. Easy accommodation and

5. Beautification.

The demerits are:
1. A reminder publicity.

2. Uglification.

3. Heavy investments.

4. Immeasurability.

## C. Direct advertising media:

Direct advertising is one of the oldest methods of reaching the consumers. Direct advertising covers all forms of printed advertising delivered directly to the prospective customers instead of indirect distribution like news-papers and magazines.

This printed matter is distributed house to house by personal delivery, handed to persons on the sidewalks, placed in the automobiles, stuck under the wind-screen of an automobile, handed over at the retail outlets or sent through post.

It takes different forms to deliver the sales message to the prospects through the medium of mail or person. These are post cards envelope enclosures, broad-sides, booklets, catalogues, sales letters, gifts novelties, stores publications, package inserts and free samples.

The merits are:
1. Highly selective.

2. Flexibility.

3. Personal touch.

4. Deeper impact and

5. Results measurability.

The demerits are:
1. High cost.

2. Low reader interest

3. Warrants special skill.

4. Limited span.

## D. Display advertising media:

Display advertising or promotional advertising is hinged on the concept of display. Display is the systematic arrangement of samples of saleable products to catch the imagination and the notice of the people.

Display demonstrates directly about the product or products by presenting them than by telling and selling the points indirectly. It is also called as P.O.A. or point of advertising.

The significance of display advertising lies in four points:
1. It allows the prospects to experience the product before buying,

2. It is an effective dealer aid,

3. It attracts the consumers to the shop, and

4. It makes possible impulse buying.

Promotional advertising has three vehicles namely, displays, showrooms and show- cases and exhibitions and fairs.

'Displays are basically of two types namely, 'window' and 'counter'. 'Window' display implies showing of goods in the front window of the shop. It is window showmanship.

The merits are:
1. Point of purchase impact.

2. Colourful life-size presentation.

3. Acts as a beauty mask. 'Counter' display or 'interior' display stands for all arrangement that is made in the sales hall of the shop. It is internal showmanship in the garb of storage.

The merits are:
1. Easy location of products.

2. Impulse buying.

3. Consumer loyalty.

However, there are some specific problems which are to be tackled for better results. These are:

1. Creativity.

2. Placement.

3. Wastage.

The success of display advertising depends on the perfect understanding of:

1. The shopping habits of consumers.

2. The needs of the store manager.

3. Forms of display.

4. The display idea and

5. Getting the displays used.

Coming to 'showrooms' and 'show cases', 'showroom' is a specially designed room or a room-cum-office, rented or owned, located in the prominent place of the sales territory used mainly for display, demonstration and after sale services.

On the other hand, 'show case' is a glass-box, a glazed case, a cabinet with glass-doors or glass-panes or a glass cupboard designed to display the products in an artistic way.

These are placed in the conspicuous places like railway stations, airports, bus terminals, cinema houses, or specially rented buildings, city squares, parks, post offices and other market places.

The merits of showrooms and show cases are:

1. The place to get orders.

2. The training ground.

3. The centre for after-sales services.

Coming to 'exhibitions and fairs', 'exhibition' is a congregation of showrooms of different manufacturers under as single roof. It is a huge gathering of manufacturers for the purposes of display, demonstration and booking orders.

On the other hand, 'trade-fairs' is a huge fair where the display and demonstrations are combined with entertainment. Trade fair is more than an exhibition.

The merits of exhibition and trade fair are:
1. The place for display and demonstration.

2. Deeper impact.

3. Market development.

However, the basic problems involved in success of these exhibitions and trade fairs are:
1. High cost and

2. Management, the success depends on sound planning as to size, site, design of exhibition spot, technical and sales staff and display and demonstration tactics and styles.

**Developing a Media Mix:**

The market diversities in terms of consumer preferences, competitive pressures, availability of media and the like necessitate the designing of a media-mix so as to meet the requirements of these diversities with view to maximize the message impact. That is, there is hardly any company that is happy with only one medium or media vehicle. This media mixing is also called as 'multimedia strategy'.

Basically, development of a media-mix is a problem of determining the optimum allocation of firm's advertising funds. The funds earmarked are to be so distributed over different media and media vehicles that the marginal returns from each component are equal.

In other words, the last rupee spent on any component should produce the same rupee return as the last rupee spent on other components.

This marginal or equimarginal concept of media-mix development therefore, is a matter of three broad steps namely:

1. Media-wise collection of data of past expenditure.

2. Analysis of data so as to get reasonably accurate representations of the net returns curves for each medium, together with sales results.

3. Subsequent adjustment of budget allocation to different media so that the slopes of the several net returns curves tend to equalize. This last step is trial and error approach in which one starts with a given feasible allocation, lest it locates profitable changes and brings changes leading to a raise in the net returns.

At a point when there are no further chances of rising net returns, one arrives at the optimum allocation of funds representing the optimum media mix. This trial and error method is like the linear programming model of media-mix which has been developed to help the advertising executives in making media-mix choices. The best examples of this kind are:

High Assay Model,

Simulation Model and

. Mediac Model

**Media Scheduling:**

Media scheduling is the very next managerial task, once the media-mix is developed. A media schedule is a time-bound detail of advertisements with reference to the media selected.

Media schedule portrays the total audience coverage, the message frequency and the continuity of the message. As noted earlier, coverage, reach, frequency and continuity are interrelated concepts and are to be carefully considered and weighed while developing media schedule.

Media scheduling decisions are extremely important for two reasons namely:
1. Purchases of radio and television time and news-paper and magazine space represent the largest elements of the cost in the advertising budget.

2. The success of an advertisement in achieving advertising objectives largely depends on how each show or magazine reaches the consumers in the target market segment.

Following are some of the media scheduling theories that assist the advertising executives in media schedule development. Though these provide quantitative tools of media scheduling, an advertising manager is expected to employ his judgment because, he has failed to measure accurately all the attributes of all the media open to him. Here, a mention is made of three theories of scheduling.

The first one is the Wave Theory, according to which the advertiser purchases time and space in different media for a relative short time and moves out of these media in 'waves' in the hope that the impact of his advertising will carry over from the periods of heavy concentration to those of no advertising. In essence, this theory sacrifices continuity and builds-up coverage and frequency.

The second one is Media Dominance Theory according to which an advertiser buys unusually large amounts of space in one medium; after building up coverage and frequency in that medium, he shifts another medium for a short period. Thus, it speaks of saturating one medium at a time before touching another.

The third one is Media Concentration Theory which states that the advertiser concentrates fully on only one medium than spending on different media for a short period. This theory values continuity for longer periods. The actual applicability of these theories depends on their relative merit in a given marketing situation.

**The Advertising Message:**
Formulation of advertising message is an integral part of media planning and selection.

The phrase 'advertising message' includes two basic elements namely:
1. The appeals (copy claims) that represent the central idea of the message.

2. The method of presentation (the style of execution) that is used to present the copy claims. Message formulation involves designing of the advertising copy and structuring the advertising layout so that the company's claims (USPs) can be presented effectively before the audience for appropriate product-

positioning. Let us know in brief these concepts namely, product positioning, unique selling proposition, copy and layout.

**Product Positioning:**
The phrase 'product-positioning' signifies an effort to find a new segment of the market, a unique niche not tightly controlled by a competitor. Thus, it refers to the placement of company product or products in the minds of target consumers relative to the competitive products, as having certain distinctive benefits and want-satisfying potential.

In other words, it is an attempt to capitalize on distinctive appeal not exploited by the competitor. Positioning represents more a state of mind or image than different ingredients or attributes; such a state of mind is derived from advertising, more than from product-planning and design.

Advertising is an instrument of positioning or repositioning a product or products of the company in the minds of the consumers by focusing their attention on 'claims' or 'unique selling proposition' or the 'theme' being conveyed through the message.

**Media mix decisions**

Marketing mix is a particular combination of the product, its price, the methods to promote it and the ways to make the product available to the customer. Based upon its understanding of customers, a company develops its marketing mix of product, price, place and promotion. The elements of the marketing mix are intricately and sensitively related to each other.

## 1. Product:

Product decision involves deciding what goods or services should be offered to customers. The product or service serves the basic need of the customer. The product provides the primary value to the customer. The customer gets interested in the company primarily because of the product or service it is producing or proposes to produce. All other elements should be reinforcing the value proposition of the product.

## 2. Price:

Price is the cost that customer is willing to bear for the product and the way it is made available to him. Price represents on a unit basis what the company receives for the product which is being marketed. All other elements of the marketing mix represent costs. Marketers need to be very careful about pricing objectives, methods to arrive at a price and the factors which influence setting of a price.

The company gives discounts and allowances to lure customers to buy its products, which means that a company's realized price is less than its list price. Therefore, if a company is generous in giving discounts and allowances, it should keep its list price high. The list price should always have negotiation margin built in it. Payment periods and credit terms also affect the real price,

and if a company has generous payment periods and credit terms, it should keep its list price high.

**3. Promotion**:
Decisions have to be made with respect to promotional mix advertising, personal selling, sales promotions, exhibition sponsorship and public relations. By these means, the target audience is made aware of the existence of the product and the benefits that it confers to customers.

The type of promotional tool used has to gel with other elements of the marketing mix. An expensive product, like machinery, with limited number of customers should be promoted through personal contacts between buyers and salespersons.

Advertising in the mass media would be wasteful as the number of customers is far too small, and it would be ineffective as the customer will not make a decision to buy such an expensive product based on a little information provided in an advertisement. He will require extensive information to be able to make a choice. But an inexpensive product bought by the mass market can be advertised in the mass media.

**4. Place:**
Place involves decisions concerning distribution channels to be used, the location of outlets, methods of transportation and inventory levels to be held. The product should be available in the right quantity, at the right time and place. Distribution channels consist of independent intermediaries such as retailers, wholesalers and distributors through which goods pass on their way to customers.

Distribution channels perform three distinct functions. They transfer products from the manufacturer to the customers, they pass information from the manufacturer to the customers, and they retrieve payment from the customers to the manufacturer.

It is possible to segregate these three functions as alternate means of delivering products, passing information and collecting money are developed. In internet marketing, information is provided on the manufacturer's website, the product

is sent from the manufacturer's store to the customer through courier service, and payment is collected by banks through credit cards.

**Role of Advertising in Promotion of a Product**

The 10 role of advertising in promotion of the product are as follows: 1. Awareness 2. Information 3. Persuasion 4. Attitudes 5. Reminder 6. Brand Loyalty 7. Brand Image 8. Counter Competitors' Claims 9. Expansion of Markets 10. Educating the Customers.

### 1. Awareness:
One of the important roles of advertising is to create awareness of the product or services such as brand name and price. The awareness of the product or services can be created through highlighting the unique features of the brand. Nowadays, due to intense competition it is not just enough to create awareness, but top of mind awareness is needed.

### 2. Information:
Advertising helps to inform the target audience about the product. Providing information is closely related to creating awareness of the product. Potential customers must know about a product, such as product features and uses.

Product information is very much required, especially when the product is introduced in the market, or when product modification is undertaken. Proper product information can help the consumers in their purchase decision.

### 3. Persuasion:
When business firms offer similar products, the firm must not only inform the customers about the product's availability, but also persuade them to buy it. Through persuasive messages, the marketers try to provide reasons regarding the superiority of their products as compared to others available in the market. Persuasion can be undertaken through creative advertising messages, product demonstration at trade fairs, offering free gifts, premium offers and organizing contests.

## 4. Attitudes:

Promotion is required to build or reinforce attitudes in the minds of target audience. The marketers expect the target audience to develop a favourable attitude towards their brands. Positive attitude towards the brand helps to increase its sales. Through promotional techniques like advertising, the marketer can correct negative attitude towards the product, if any. Negative attitude can also be corrected through public relations and advertising.

## 5. Reminder:

If target customers already have a positive attitude towards a firm's product or service, then a reminder objective may be necessary. The reminder objective is necessary because the satisfied customers can be targets for competitors' appeals. Well-established brands need to remind the customers about their presence in the market. For instance, 'Raymond – the complete man' campaign is designed to remind the customers.

## 6. Brand Loyalty:

Advertising helps to develop brand loyalty. Brand loyalty results in repeat purchases and favourable recommendations to others by existing customers. Sales promotion, effective personal selling, timely and efficient direct marketing, and other techniques help to develop brand loyalty.

## 7. Brand Image:

An advertiser helps to develop a good image of the brand in the minds of target audience. There are several factors that can be of help to audience. There are several factors, such as the character of the personality that endorses the brand, the content of the advertising message, the nature and type of packaging and the type of programmes or events sponsored, that can help to develop brand image in the minds of target audience.

## 8. Counter Competitors' Claims:

The marketer may counter the claims made by the major competitors. For instance, competitive advertising is undertaken to counter the claims made by competitors either directly or indirectly. With the help of creative advertising, the marketers can claim the superiority of their brand. The marketer may also undertake aggressive sales promotion to counter the competition in the market.

**9. Expansion of Markets:**

Successful ads results in expansion of the markets. A marketer may intend to expand markets from the local level to the regional level, from the regional level to the national level, and from the national level to the international level. For this purpose, the marketer may undertake various techniques of promotion.

**10. Educating the Customers:**

Promotion may be undertaken to educate the customers. For instance, some of the advertising is undertaken to educate the audience regarding the use of the product, handling operations, and so on. Public awareness campaigns also educate the public regarding the negative effects of noise, air and dirt pollution, social evils, and so on.

**Social media strategy and planning essentials**

A social media strategy defines how your organisation will use social media to achieve its communications aims and the supporting platform and tools it will use to achieve this. At a basic level it's a simple statement of intent, outlining the goals and measurable objectives for using social media, and the target outcomes you want to achieve. It does this in the context of the overall business and comms plan so that social media isn't in a silo but working in parallel with other channels. It isn't a detailed plan of action – you'll also need a plan but without a clear strategy, how do you prioritise the activities for a plan? Think strategy first, plan second.

Even if you're not actively involved in social media, other businesses are, including your competitors and most likely a significant proportion of your customers. Failing to understand that this is where many people hold conversations means you're not part of the discussion, and you can't influence what happens.

**1. The social web still is growing fast**

The latest research on social media usage shows that there are two key factors driving the social web according to a Global Web Index study:

- 1. Mobile – people accessing the internet via mobile increased by 60.3% to 818.4m between 2012 and 2014

- 2. Older user adoption – on Twitter the 55-64 year age bracket is the fastest growing demographic with 79% growth rate since 2012; the fastest growing demographic on Facebook and Google+ is the 45-54 year age bracket.

Improved mobile connectivity globally has increased 'on the go' social activity, from catching up on friends' updates to sharing content and watching a video. Social media usage research in the US from Ruder Finn measures the reasons why people go online and socialising is one of the key drivers:

## 2. Purchasing decisions are influenced by social media

If the first era of social was audience building and engagement, the current era is focused on commerce and personalization. All major platforms have heavily invested in their advertising solutions to lure marketers with the promise of improved APIs and smart targeting, including the ability to upload email lists to run personalised remarketing campaigns.

For example, through the Facebook API marketers can:

- Manage audience data for custom audience targeting

- Create campaigns and ads

- Build custom dashboards and run analytics

- Manage campaign assets: pages, accounts etc.

- Research from Crowdtap revealed that 64% of 3,000 people surveyed use social to find inspiration for shopping (up 51% vs. prior year). This is driven by retailers targeting consumers with personalised offers and deals on social networks.

Nearly half (46%) of social media users are already using social platforms while thinking about making a purchase. 40% of users are actively deciding what to buy based on what they have seen on social media platforms, including reviews and recommendations, and this is only set to grow.

Peer recommendation has the most influence on holiday gift purchases, more than blogger or celebrity endorsement. Given the importance of peak trading to the overall sales target, you need to plan how to encourage people to share and talk about your products.

There are subtle differences between the role each social network plays in the purchase cycle. For example, Pinterest is a great place for people to find inspiration and works well as a visual product storyboard. Facebook is well suited to people looking to share content and find promotions.

### 3. Lack of strategy hands the advantage to competitors

It's uncommon to find an organisation without a social presence and increasingly companies are developing clear social strategies aligned with business goals.

A marketer with a strategy has a framework through which to plan, prioritise, execute, measure and optimise. This typically will lead to better results because the activity has direction, even if the direction needs to evolve and change as the marketer learns from real data.

if you invest in a social presence without a clear strategy, you won't know whether or not your campaigns are successful.

### 4. Your customers are active on social media

Mobile, social and the underlying technology have combined to provide an environment in which people can access, use and share information on their terms. Friends of mine rarely read blogs or emails; they use Facebook as their content stream. The disintermediation of content means that you have to understand the role social plays in customer communication.

Even though it's only a subset of your total audience, it's likely that some of your customers will want to get information from you via a social network. A good example is the rise of Twitter for customer service, with brands like BT embracing it as an effective customer enquiry and problem resolution channel.

That doesn't mean ignore traditional forms of customer service, it means updating your customer service framework to factor in social interactions.

This is why you need a strategy. Deciding how to connect with a customer is not a tactical decision, it requires strategic thinking. Social needs to align with the other communication channels so its role is defined and understood, and there are processes and tools in place to cope with demand. If you let a social marketing team simply get on with it, without the strategic vision above it, you risk inefficiency and inaccuracy.

## 5. There are key influencers in every social network

Social media channels have influencers, from the obvious celebrities to self-made social stars like video bloggers. High street retailers often employ trending influencers to amplify their marketing messages. For example, Topshop worked with five rising Instagram stars to help shoot its London Fashion Week show.

If you're not part of their world, you're not relevant. You risk losing mindshare to more socially aware competitors who are willing to be bold and innovative in their marketing campaigns. And if none of the key social influencers for your target audience are interested in your company and its products, it's much harder to get your message across to the end customer.

## 6. Reputations can be enhanced or destroyed on social networks

There are good things that we can attribute to social media, primarily in terms of providing a voice to people and groups who previously struggled to be heard and of making information transparent and portable. However, it also amplifies the voice of discontent and vitriol is not uncommon. Jumping on angry bandwagons is also something that social seems to fuel periodically.

The example below is from a genuine marketing campaign that the Aldi social team launched but it attracted a lot of negative tweets and trolling.

## Effective Copywriting

Many people misinterpret the uniqueness of effective copywriting. I can't count the number of times I've heard freelance writers say they want to shift from

article writing to copywriting as if it's simply an extension of their existing abilities. Copywriting does come naturally to some people, but for most, it's a foreign landscape they do not know how to navigate. Copywriting is about more than writing the hard sell sales letter that many short copywriting courses offer. In fact, I cringe when I see those over-the-top sales letters, which do little more than provide an ugly representation of copywriting, sales and marketing.

Well-crafted copywriting doesn't need to beat a person over the head. It doesn't have to drown in bold typeface and capitalization. The message should stand on its own without an overabundance of heavy-handed sales language and design embellishments. I associate many sales letters that are guilty of this technique with a writer who doesn't truly understand the basic purpose of copywriting. However, successful copywriting can be achieved in 10 easy steps.

**1.ExploiTyouRproduct's benefits.**
The first step of the copywriting outline is the foundation for your advertising campaigns. A benefit is the value of your product to a customer. In other words, a benefit is what the product can do for a customer or how the product can help a customer. You need to put into words the reasons your product is the best available and better than your competitors' products based on the added value it provides to your customers. The key to success is for you to fully understand all the benefits of your product. Only then can you ensure that the audience knows them and can relate to them.

**2. Exploit your competition's weaknesses.**
To write compelling copy, it is essential that you know what differentiates your product from the competition. Once you know your competitors' weaknesses, you must make sure your audience knows them and understands why buying your competitors' products would be a terrible mistake. Get started by thoroughly researching your competition and understanding what they offer in terms of products and services. Next, list the elements of their offerings that are inferior to your own. Feel free to tear the competition apart but be realistic in your comparisons. You want to be able to support your claims if you are challenged.

## 3. Know your audience.

Every person in the world is not going to see every ad in the world. Each ad has a specific audience that will see it, and it's the marketer's job to find the best placement to ensure the target audience will see it. For example, an ad for skateboards placed in a local senior citizen housing association newsletter is not likely to generate a lot of sales. In fact, it would be a waste of advertising dollars. The target audience for skateboards is teenagers or young adults. The vast majority of senior citizens do not use skateboards, and it is not a product category in which they typically purchase gifts. Before you buy ad space, make sure you're spending your money in the right place to get the biggest bang for your buck in terms of exposure and building awareness of your product or service.

First, take the time to research your customers thoroughly. In most businesses, 20 percent of customers are responsible for 80 percent of sales (this is called the 80/20 rule in case you're curious about the official marketing terminology for this phenomenon). That 20 percent represents your best customer, and your job is to determine who that 20 percent is. Evaluate your customers and put together a demographic profile of your most valuable customer, so you can advertise in the best places to find similar people who are likely prospects. If you're a small business owner, you probably don't have a budget set aside to conduct a thorough research study and analysis of your customer base, so you'll have to improvise by using your own communication skills and visual investigation. Remember, you're trying to develop a basic profile of your target customer, not a CIA profile of each individual who buys your product. Do your best with the information you have.

There are many attributes you can use to develop a demographic profile of your customers. Following is a list of examples of traits to help you start your own demographic profiling initiative:

- Gender
- Age
- Ethnicity
- Family Status
- Income
- Occupation

- Interests

## 4. Communicate W.I.I.F.M. (What's In It For Me?)

There are a variety of reasons to create an advertisement or marketing piece. Before you write copy for your promotional piece, you need to understand your goals for that piece. What do you want to get in return? The copy you use in each ad or marketing piece will vary based on your goals for that promotion. While this book does not focus on the development of marketing plans and strategies, I will offer some examples of different objectives for ads or marketing pieces that, in turn, will affect the copy you use:

- Communicate a special offer
- Share information and raise awareness
- Generate leads

## 5.Understand your medium.

As you write your copy, be aware that each different medium where an ad is placed requires a different tone or style. Depending on where you're placing your ad, the copy you use changes based on the audience who will see the ad. Are you placing your ad in a local newspaper or on a billboard? Are you placing your ad in a woman's magazine or in a news magazine? Different media require different copy to most effectively persuade a particular audience to act. Furthermore, different types of marketing pieces require different types of copy. Remember, there are many ways to use copy to promote your business other than traditional advertisements. Use every possible and appropriate opportunity to communicate your marketing messages to your customers.

## 6. Avoid T.M.I. (Too Much Information)

Never risk losing the attention of your audience by providing too much detail in your copy. Effective copywriting tells your audience what they need to know to act and make a purchase or how to contact you for more information. Extraneous details clutter the minds of your audience, which increases the possibility of them forgetting the most important aspects of your advertisement or marketing program. Unless you're advertising a prescription drug, highly technical equipment, or an exceedingly regulated or complicated product, the best rule to follow is K.I.S.S. (Keep It Simple, Stupid). You're spending a substantial amount of your advertising budget on placing each ad. With each ad,

you only receive a small amount of space to get your message across to your audience. Wisely use that pricey real estate to ensure you get the highest return on your investment.

**7. Include a call to action**.
The goal of any ad or marketing piece is to elicit some kind of response from the audience who sees it. A call to action is the element of copy that tells an audience how you want them to respond to your advertisement or marketing piece. Typically, the call to action creates a sense of urgency around a message and provides instructions on what to do next. For example, a call to action might tell the audience to call the advertiser or visit their store or website

The second step in creating an effective call to action in your copy is developing a sense of urgency. Your goal in advertising is to create awareness of your product or service and, ultimately, boost sales. When do you want to do that? Do you want your customers to act tomorrow, next month, or next year? If you're spending money on advertising now, you most likely want your customers to act now. If that's the case, your copy needs to tell them to get off the couch and get into your store now. There are many words and phrases you can add to your copy to create a sense of urgency.

8. C.**Y.A. (Cover Your Ass)**
While large companies have legal departments that review copy to ensure it does not expose the company to potential problems, smaller companies don't usually have the budget to seek the opinion of an attorney for each ad they run or marketing piece they print. However, that doesn't mean small business owners have any less responsibility for producing ads and marketing pieces that are honest and not considered deceptive. Most small business owners are sole proprietors meaning if they lose a lawsuit, not only can their business assets be used to satisfy a plaintiff's claim, but their personal assets can be targeted as well. When you're writing copy, consider if claims that you can't prove in your copy (or can't provide appropriate disclaimers for) are worth it once you weigh the risk vs. the potential reward.

Be careful of using words superlatives such as the examples in the following list:

- Free
- Guaranteed

- Best, lowest, fastest, etc.
- Or your money back
- Risk-free
- No risk
- No purchase necessary
- No cost
- No obligation
- No investment
- 100 percent
- Promise
- No questions asked

## 10. Proofread.

It is critical that you accurately proofread your copy. One of the quickest ways to lose credibility in advertising is to allow grammatical or spelling errors to appear in your advertisement or marketing pieces. Customers translate carelessness in ads into carelessness in products and service. They ask themselves, "If this company doesn't care enough to produce an ad without errors, how likely are they to care about taking care of me?" Professional businesses produce professional quality ads and ad copy, and that means their copy has been proofread again and again and is error free.

## 11.It Really Is That Simple

Copywriting is truly easy. If you do your research and prep work, your copy will shine. Don't be afraid to take calculated risks and learn from your mistakes, but don't waste your limited advertising budget. By doing the legwork first and thoroughly completing your copywriting outline, you'll have a working document you can use as a tool to produce all your copywriting projects now and in the future. Spend some time up-front to develop a first rate copywriting outline, and you'll reap the rewards later with a boost in sales and profits and a higher return in your advertising investments. Now kick some ass.

## Steps Involved in Creative Process of Advertising

People tend to think of a creative person as someone who sits around waiting for an idea to strike. In comic books that is the point where the light bulb comes on above the character's head. Rarely do great ideas just come from out of the

blue. In reality, most people who are good at thinking up new ideas will tell you that it is hard work, as the "Inside Story" suggests.

They read, study, analyze, test and retest, sweat, curse, and worry, and sometimes they give up. The unusual, unexpected, novel idea rarely comes easily-and that's as true in science and medicine as it is in advertising. According to Alex F Osborn, former head of BBDO agency who established the Creative Education Foundation, the creative process involves the following seven steps.

**1. Orientation:**
**Pointing out the problem**

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1. Orientation:
Pointing out the problem

2. Preparation:

3. Analysis:
Breaking down the relevant material

4. Ideation:
Piling up alternative ideas

5. Incubation:
Putting the problem aside to invite spontaneous ideas at some later, unguarded time.

6. Synthesis:
Putting the pieces together

7. Evaluation:

judging the resulting ideas.

The creative process, called ideation, usually is portrayed as a series of steps. English sociologist Graham Wall as usually is credited with identifying the steps in the creative process: preparation, incubation, illumination, and verification.i8 Alex Osborn, former head of the BBDO agency and founder of the Creative Education Foundation, suggests a more comprehensive process.

His list of seven steps includes a creative process starting with orientation, then moving to preparation, analysis, ideation, incubation, synthesis, and finally ending with evaluation. These various approaches to ideation share a number of the key steps shown in figure below.

Many creative people admit that often their creative ideas just don't work and sometimes the idea they thought was wonderful does not seem so great a day or week later. Part of evaluation involves the personal go/no go decision. Craig Weather-up, Pepsi president and CEO explained, "You must have a clear vision and have the nerve to pull the trigger." BBDO's president, Phil Dusenberry says, "On Pepsi, the kill rate is high" He explains, "For every spot we go to the client with, we've probably killed nine other spots."

The stages of the creative process
**process commonly include:**
**i. Immersion:**
It involves reading, conducting research and learning everything about the given problem.

**ii. Ideation:**
This stage looks at the problem from every angle in order to develop ideas and generate as many alternatives as possible

**iii. Brainfog**:
At this stage, the creative person is quite frustrated and quite willing to give up.

**iv. Incubation:**
The creative person decides to give a rest to his/her conscious mind and let the unconscious mind to take over.

**v. Illumination:**

This is the unexpected moment when the idea comes suddenly like a flash.

### vi. Evaluation:
This is the last stage that evaluates the feasibility and novelty of the new idea.

Commercial and print ads use some form of appeal to reach potential customers. Advertisers use appeal to influence a customer to purchase a product or support a cause. Appeals speak to an individual's need, wants or interest. The most common advertising appeals include use of fear, humor, rational, sex or bandwagon propaganda.

### Fear

Fear appeals focus on the negative outcomes that can happen because of an action or inaction. Advertisers use fear appeals to promote an immediate behavior change such as eating healthier or not smoking. Another fear tactic involves isolation. People will purchase a product to avoid isolation from others because of bad hygiene. Deodorant and toothpaste ads often employ this tactic. Government agencies appeal to an individual's fear of death or incarceration to prevent drinking and driving. Fear appeals work when the recommended action is specific, effective and plausible. For example, ads geared toward smokers can be ineffective if the person does not believe quitting is within reach.

### Humor

Humor appeals make consumers laugh and create an emotional link with the product. A well-executed humor appeal enhances recollection, evaluation and the intent to purchase the product. Advertisers link the product with the humor. For example, a humorous insurance ad hits the mark when the humor shows the consumer why having insurance is beneficial. Using humor at the expense of one group may lead to resentment. Senior citizens may resent a product that portrays them as grumpy, while women may refuse to purchase a product that portrays them as overbearing. Humorous ads work best with established and commonly purchased products such as cellphones, fast food and alcoholic beverages.

### Rational

Rational or logical appeals focus on the consumer's need for practicality and functionality in a product. Advertisers relay this message by focusing on

product features and cost. These ads tell consumers the benefits associated with the purchase of a product. The advertiser then provides proof to back up the claims. An automobile advertisement focuses on gas efficiency, mileage and prices to reach consumers who want a cost-efficient, reliable vehicle. Household appliance manufacturers may place emphasis on features that lower home utility costs and protect the environment. Printed and business-to-business advertisements are better suited for rational appeals.

## ensuality

Sex appeals capture attention, but seldom promote product consumption. Effective sex appeal ads convey a specific message to the target demographic group. Beer advertisers often use sex appeal to promote their product to men. The typical scene involves several young, average-looking men in a bar. The men purchase the beer and gain the attention of an attractive young woman. Fragrance products use sex appeal to convey romance to women by indicating the use of the product will help her find the man of her dreams. Generally done by showing the woman spraying the fragrance and then capturing the attention of an attractive male who passes her on the street. Overly overt images subtract from the overall message the advertiser wants to convey.

## Bandwagon

A bandwagon appeal makes consumers believe they are missing out by addressing the consumer's need to belong. Food and drink ads show hip young adults enjoying a product and ignoring the individual who chooses the less popular product. Medical products show consensus by indicating the number of medical professionals who support the product. For example, a cold medicine ad may say, "Eight out of 10 doctors recommend this product" to show product effectiveness. Automobile dealers and cellphone providers give sales and user statistics to indicate why their product is the more preferred. This type of message says buy this product because everyone does. If done correctly, the consumer will purchase the product. Bandwagon appeals can backfire in that the consumer's desire to fit in can conflict with the ability to make a rational decision.

Several methods are used for setting advertising budget. Depending upon internal situations of the company, the suitable method is followed. Every method has its merits, demerits, and applicability.

**Commonly practiced methods have been briefly discussed in this part:**
## 1. Percentage of Sales Method:

It is a commonly used method to set advertising budget. In this method, the amount for advertising is decided on the basis of sales. Advertising budget is specific per cent of sales. The sales may be current, or anticipated. Sometimes, the past sales are also used as the base for deciding on ad budget. For example, the last year sales were Rs. 3 crore and the company spent Rs. 300000 for advertising. It is clear that the company has spent 1% of sales in the last year.

Company has the tendency to maintain certain per cent (or percentage) of sales as ad budget. Based upon the past, the current and the expected sales, amount for advertising budget is determined. This method is based on the notion that sales follow advertising efforts and expenditure. It is assumed that there is positive correlation between sales and advertising expenditure. This is not the scientific method to decide on advertising budget.

**Merits:**
The method offers following merits:
(a) It is based on sales volume. Therefore, cost of advertising can be offset against profits earned from the sales. It satisfies financial management.

(b) This method encourages marketing manager to think in terms of relationship between promotional costs, selling price, and profits per unit.

(c) It maintains competitive parity. All firms in the industry spend approximately the same percentage of sales for advertising.

(d) It keeps the company in constant touch with the sales target to be achieved.

**Demerits:**
The method has been criticized on following grounds:
(a) In absence of specific guidelines, it is not possible to decide the appropriate per cent of sales. It lacks a scientific base.

(b) Long-term planning is not possible because a long-term sales forecasting seems difficult.

(c) It neglects other objectives of advertising. Only sales are given priority. It doesn't consider the need of advertising.

(d) Stage of product life cycle is not considered.

(e) It is, to some extent, inflexible.

(f) It is assumed that only advertising affect sales. It is erroneous.

## 2. Objectives and Task Method:

This is the most appropriate ad budget method for any company. It is a scientific method to set advertising budget. The method considers company's own environment and requirement. Objectives and task method guides the manager to develop his promotional budget by

(1) defining specific objectives,

(2) determining the task that must be performed to achieve them, and

(3) estimating the costs of performing the task. The sum of these costs is the proposed amount for advertising budget.

The method is based on the relationship between the objectives and the task to achieve these objectives. The costs of various advertising activities to be performed to achieve marketing objectives constitute advertising budget.

**Under this method, following steps are to be followed to set advertising budget:**

1. Determine main objectives of marketing department.

2. Set advertising objectives in terms of sales, profits, brand loyalty, competitive stability, etc.

3. Determine advertising task in terms of various advertising activities required to be performed to achieve the advertising objectives.

4. Estimate cost of each advertising activity for the defined period.

5. Make sum of costs of all the activities. It is the estimated amount for advertising.

Thus, advertising budget is set on the basis of the objectives a company wants to achieve and in what way it wants the objectives to be achieved. This method is logically consistent and practically applicable for all the companies. The method emphasizes on actual needs of the company. It is considered as a scientific method to set ad budget.

## 3. Competitive Parity Method:

Competition is one of the powerful factors affecting marketing performance. This method considers the competitors' advertising activities and costs for setting advertising budget. The advertising budget is fixed on the basis of advertising strategy adopted by the competitors.

Thus, competitive factor is given more importance in deciding advertising budget. For example, if the close competitors spend 3% of net sales, the company will spend, more or less, the same per cent for advertising. Here it is assumed that "competitors or leaders are always right." If not followed carefully, this method may result into misleading.

It is obvious that a company differs significantly from the competitors in terms of product characteristics, objectives, sales, financial conditions, management philosophy, other promotional means and expenses, image and reputation, price, etc.

Therefore, it is not advisable to follow the competitors blindly. Marketing/advertising manager should take competitors' advertising strategy as the base, but should not follow as it is. The advertising budget must be adjusted to the company's internal and external situation.

## Limitations:

Manager must be aware of following limitations of the competition parity method:

(a) In case of a new product, the method fails to guide for deciding on advertising budget.

(b) It is difficult to know in which stage of life cycle the product of close competitor is passing through.

(c) Company differs in terms of sales, profits, challenges, financial conditions, and so on. To follow competitors directly may be erroneous.

(d) Advertising is not the sole factors that affect the sales; interplay of many factors determines sales.

(e) In case, when there are many competitors, it is difficult to decide as to whom the company should follow.

(f) The method is followed only when there are dominant competitors. In absence of competition, the method cannot be used.

(g) The method can make a sense only to followers and challengers. It is not applicable to a market leader.

## 4. Affordable or Fund Available Method:

This is, in real sense, not a method to set advertising budget. The method is based on the company's capacity to spend. It is based on the notion that a company should spend on advertising as per its capacity. Company with a sound financial position spends more on advertising and vice versa.

Under this method, budgetary allocation is made only after meeting all the expenses. Advertising budget is treated as the residual decision. If fund is available, the company spends; otherwise the company has to manage without advertising. Thus, a company's capacity to afford is the main criterion.

### Limitations:
Following are the limitations of the method:
(a) The method completely ignores the role or need of advertising in the competitive market environment.

(b) In long run, it leads to uncertain planning as there is no guarantee that the company will spend for advertising.

(c) Except company financial position, other factors like company's need for advertising, consumer base, competition, and so forth are ignored.

(d) This method only guides that a company should not spend beyond its capacity.

(e) This is not a method in real sense.

(f) There is possibility of bias in deciding advertising amount.

## 5. Expert Opinion Method:

Many marketing firms follow this method. Both internal and external experts are asked to estimate the amount to be spent for advertisement for a given period. Experts, on the basis of the rich experience on the area, can determine objectively the amount for advertising. Experts supply their estimate individually or jointly.

Along with the estimates, they also underline certain assumptions. Internal experts involve company's executives, such as general manager, marketing manager, advertising manager, sales manager, distribution manager, etc.

Whereas external experts involve marketing consultants, dealers, suppliers, distributors, trade associations, advertising agencies, and other professionals related to the field. Marketing consultants and advertising agencies provide such services on professional basis.

Advertising budget recommended by external experts is more neutral (bias-free) and, hence, is reliable. Experts considers overall situation and give their opinion on how much a company should spend. Mostly, the experts consider all the relevant factors related to advertising while deciding on advertising budget.

**Merits:**
**Expert opinion method offers following merits:**
(a) The estimates tend to be more balanced as various executives and experts are involved.

(b) The budget is more accurate and realistic because the internal executives are well aware of company's strengths and weaknesses.

(c) It is the only option when a company is new, having no past experience.

(d) External experts tend to be more neutral as they are external to organisation

Demerits:
However, the user must be aware of following possible demerits:
(a) It is not a scientific method. Personal value, experience, and attitudes play vital role.

(b) It is difficult to fix responsibility of the final estimates as many experts contribute to budget estimates.

(c) External experts are not fully aware of the company's marketing situations.

(d) When more internal experts are involved, it may deteriorate relation due to possible conflicts or lack of consensus.

(e) Possibility of prejudice or bias cannot be ignored.

(f) All opinions, right or wrong, are given equal importance

**Other Methods:**
There are some other methods used for setting advertising budget.

They have been listed below:
i. Arbitrary Allocation Method

ii. Profit Maximization Approach

iii. Incremental Method

iv. Sales Force Opinion Method, etc.

The amount set aside exclusively for advertising is known as advertising budget or appropriation. The firm may be spending the amount in order to achieve the sales goals.

**Affordable Method:**
Under this approach, a company, to determine the advertising appropriation, is to find out what the company can afford. It can spend for advertising as much as

the funds permit. From the name itself it is clear that the affordable amount set apart for advertising, is known as affordable method. It means that the advertising expenses may vary from year to year.

Under this method the weakness may be:

(1) The opportunities of advertising are overlooked,

(2) It is difficult to plan long-term marketing development.

## 2. Percentage of Sales Methods:
Here the budget amount is decided for advertising as a percentage of sales, i.e., relationship between advertising expenses and sales revenue. For instance, a company may allot Rs. 5,000 which is 2% of the preceding year's past or forecast or anticipated sales i.e., Rs. 2,50,000.

### Merits:
1. The method is simple in calculation.

2. A clear relationship exists between sales and advertising expenses.

3. Advertisement wars can be avoided.

### Demerits:

1. Past figures may be incorrect for the future.

2. Declining sales reduce the advertising expenses and is not a dynamic method. But, when sales decrease, advertising must be increased.

3. This system takes advertising as the result of sales. But it should be the cause of sales.

## 3. Competitive Comparison Method:
A company sets its budget solely depending upon the basis of competitor's expenditure. That is under this method, the advertising appropriation is decided on the basis of spending for advertising by the competitors. For this a company has to collect relevant data about competitors. They will do simply what others have done.

## 4. Objective and Task Method:

This is also known as research-objective method. The amount is set aside on the basis of objectives to be achieved and tasks to be involved.

**Merits:**
1. Advertising objectives are achieved.

2. It is flexible.

3. A clear advertisement programme can be drawn.

**Demerits:**
1. The cost of objectives may not be estimated exactly.

2. It is more rational.

**5. Return on Investment Method:**
Here the advertising budget is considered as an investment, thereby expecting a certain return in terms of profit. A clear study is made by emphasizing the relation between advertisement and sales. Safes are measured with advertising and without advertising. That is, the profit obtained by advertising is compared with the cost of advertising.

**EVALUTING OF ADVERTISING EFFECTIVENESS**

The managerial responsibility in the area of advertising does not come to an end with the execution of an advertising programme. Any sound managerial effort is finally interested in goal attainment and, therefore, always ready to evaluate the results.

Evaluation of advertising or advertising effectiveness refers to the managerial exercise aimed at relating the advertising results to the established standard of performance and objectives so as to assess the real value of the advertising performance.

This evolution exercise is also known as advertising research. It is an attempt to know whether the message designed properly has reached the greatest number of prospects at the least practical cost.

It is an attempt to measure whether the time, talent and the treasure invested in the creative activity has resulted in attaining the goals of profit maximization to the advertiser and satisfaction to the consumers at large.

## I. Pre-testing methods:
### 1. Check-list test:
A check-list is a list of good qualities to be possessed by an effective advertisement. A typical check- list provides rating scale or basis for ranking the ads in terms of the characteristics.

These characteristics may be honesty, attention getting, readability, reliability, convincing ability, selling ability and the like. The ad that gets highest score is considered as the best.

### 2. Opinion test:
Opinion test or consumer jury test is one that obtains the preference of a sample group of typical prospective consumers of the product or the service for an ad or part of it. The members of the jury rate the ads as to their head-lines, themes, illustrations, slogans, by direct comparison.

Getting preference from a juror is better than getting it from a member of general public or an ad expert.

### 3. Dummy magazine and port-folio test:
Dummy magazines are used to pre-test the ads under conditions of approximation resembling normal exposure. A dummy magazine contains standard editorial material, control ads that have been already tested and the ads to be tested. The sample households receive these magazines and the interviews are conducted to determine recall scores.

Port-folio test is like that of dummy magazine test except that the test ads are placed in a folder that contains control ads. The respondents are given these folders for their reading and reactions. The test scores are determined in the interview. The ad with highest score is taken as the best.

**4. Inquiry test:**

It involves running two or more ads on a limited scale to determine which is most effective in terms of maximum inquiries for the offers made. These inquiry tests are used exclusively to test copy appeals, copies, illustrations, and other components.

Any of these elements may be checked. The point that is to be checked is changed and all other components are unaltered, to get the score.

**5. Mechanical tests:**

These mechanical tests are objective in nature unlike the one already explained. These help in provide good measures as to how respondent are eyes and emotions reaching a given advertisement.

he most widely used mechanical devices are:
1. Eye Movement Camera

2. Perceptoscope

3. Psycho-galvanometer and

4. Tachistoscope.

**II. Concurrent Testing Methods:**
**1. Co-incidental surveys**:

This is called as coincidental telephone method also whereby a sample of households is selected, calls are made during the time programme broadcast, the respondents are asked whether their radio or television is on, and if so, to what station or programme it is tuned? The results of the survey are used to determine the share of response for the advertisement or the programme.

**2. Consumer diaries:**

This method involves giving the families selected in advance of diary or individual diaries to the members of the family. The selected families and individual respondents are asked to record the details about the programme they listen or view. The diaries are collected periodically to determine the scores.

## 3. Mechanical devices:

The mechanical devices used to measure the ad differences concurrently are more common to broadcast media.

These are:

1. Audio meters

2. Psychogalvanometer

3. Tachistoscope and

4. Truck Electronic Unit.

## 4. Traffic counts:

Traffic counts are of special applicability to outdoor advertising. One can get good deal of information through traffic counts. This counting is done by independent organisations may be private or public. This work is also undertaken by advertising agencies. For instance, how many automobiles and other vehicles were exposed to a bulletin board or a poster or a wall painting and how many times? Can be determined.

## II. Post-testing methods:
## 1. Inquiry tests:

It is controlled experiment conducted in the field. In inquiry test, the number of consumer inquiries produced by an advertising copy or the medium is considered as to the measure of its communication effectiveness.

Therefore, the number of inquiries is the test of effectiveness which can be produced only when the ad copy or the medium succeeds in attracting and retaining reader or viewer attention. To encourage inquiries, the advertiser offers to send something complimentary to the reader or the viewer, if he replies.

## 2. Split-run test:

A split-run test is a technique that makes possible testing of two or more ads in the same position, publication, issued with a guarantee of each ad reaching a comparable group of readers. It is an improvement over the inquiry test in that the ad copy is split into elements like appeal layout headline and so on. Here

also, the readers are encouraged to reply the inquiries to the keyed or the given address.

### 3. Recognition tests:

Recognition is a matter of identifying something as having seen or heard before. It is based on the memory of the respondent. It attempts to measure the ad effectiveness by determining the number of respondents who have read or seen the ads before. To arrive at the results, readership or listenership surveys are conducted.

### 4. Recall tests:

Recalling is more demanding than recognizing as a test of memory. It involves respondents to answer as to what they have read, seen or heard without allowing them to look at or listen to the ad while they are answering.

There are several variations of this test. One such test is Triple Association Test which is designed to test copy themes or the slogans and reveals the extent to which they have remembered.

### 5. Sales tests:

Sales tests represent controlled experiment under which actual field conditions than the simulated are faced. It attempts to establish a direct relationship between one or more variables and sales of a product or service. It facilitates testing of one ad against another and one medium against another.

To sum-up, ad effectiveness testing is a must to avoid costly mistakes, to select the best alternative from the apparently equal alternatives, to resolve the differences of opinion and to add to the store of knowledge having deep bearing on advertising effectiveness and efficiency. Ad effectiveness testing can be at three levels namely, prior to, during and after the release of an ad.

## ADVERTISING CAMPAIGN AND ADVERTISING AGENCY

### Advertising Campaign:

Advertising Campaign signifies planned way of advertising with the definite object of creating demand for new products and to increase the demand for existing products. It is to influence customers' choice through systematic and organized efforts.

As a technique, advertising campaign resorts to extensive and repeated appeals at frequent intervals with sales literature and other means through different advertising media and salesmanship. This campaigning needs planning and continuity is its characteristic.

Persistent advertising on a particular product with convincing educative literature are the required attributes of advertising campaign aimed at capturing the market for a particular product.

An advertising campaign considers the following factors to make it effective:
1. Determination of objectives,

2. Theme of advertising,


3. Translation of the theme,

4. Selection of medium,

5. Layout,

6. Knowledge of the commodity,

7. Nature of the prospective customer,

8. Study of the market,

9. Strength of the competitors,

10. a) Zonal campaign,

Area to be covered:


(b) Cream campaign,

(c) National campaign.

Advertising campaigning itself can not push up sales; the product advertised for must have quality, utility and acceptability. The experience, skill, manpower of

the enterprise, financial strength, and the facilities of increased production with increase in demand are the prerequisites of a firm to be successful in campaigning.

**Advertising Agency:**

In the complex marketing today, specialists in advertising are essential for effective sales. Advertising has become a specialist job and agencies are growing to cope with the complexities of the marketing, so to say, advertising.

This professional institutes meant for advertising not only come to the smaller companies to solve their marketing problems but also they secure for these companies substantial economies that would have been involved in advertising.

Generally, an advertising agency does the following functions:
The study of the causal's products, analysis of the market and the nature of the product to be advertised, the volume of other services ancillary to advertising come within the category of an advertising agency.

An advertising agency does all that are necessary for marketing the product. Thereafter arises the question of testing of the results of advertising for which it has been employed. Advertising agency today has become very much popular because of the new techniques of advertising which can not be expected of a company engaged in the production of product products.

So, an advertising agency relieves a company of the marketing functions and allows it to remain confined in the area of production and other administrative functions. Thus the functions of a modern advertising agency are to be reckoned with. Bigger is the company, more are its marketing functions and greater are its needs to depend on the advertising agency.

So, it is a very useful tool today to cater to the expanding complex market with novel and new techniques of advertising to capture the attention of consumers and thus enabling the employer company to concentrate its attention on activities other than marketing.

**Agency departmental functions:**
**An advertising agency usually employs 5 types of people.**

**i. Creative services people:**
It is the ideas-unit, producing creative strategy and execution in the shape of words, pictures, sounds, etc. They consist of copywriters, visualisers, artists and production people who prepare the advertising theme, develop the ad campaigns and create the actual ads on time with desired standard. The production department has the task of converting the ideas of the creative department into formats suitable for media (e.g. production of finished artwork for a press campaign).

The studio is where the agency's own artists produce artwork for campaigns, often using new technology; however, much work is also farmed out by Production department to freelancers or independent production companies. Sometimes the production of ad especially the audio-visuals known as ad films are prepared by the outside specialist contractors. Prahlad Kakkar is a famous name in this field who has made many memorable ads like Pepsi 'iski to gayi' campaign where he himself was seen as pilot who rescued Sachin form Carl Hopper and Shane Warne.

**ii. Marketing services or account planning group:**
They conduct marketing research to find out the psychographic profiles, media buying models and other relevant market information. The account management department is responsible for client liaison and internal oversight and integration of agency activity on the account (in small agencies, it is also responsible for new business development which is the job of Marketing in larger agencies). This is a crucial, but often undervalued role in agencies.

**iii. Client services group:**
They maintain liaison with the clients try to understand the business and advertising objectives of the clients and then communicate this information to other two groups.

**iv. Media planning and buying group:**
Media planners analyses data and plan the best schedule to meet campaign objectives within the budget whereas the buyers separately concentrate on

getting the best deal on price and placing within the media vehicle on behalf of clients in order to get maximum mileage out of minimum cost.

Thus planning department is responsible for applying research data to clients' future campaigns to ensure greater effectiveness for the advertising; the media is responsible for producing a schedule of candidate media designed to reach a campaign target audience, within the client's budget, and then buying time for television, radio and cinema and space for press and poster to that schedule.

**v. Administrative:**

This department mainly supports the above activities in the form of finance and also co-ordinating between various functions. Monitoring, one of such departments is Traffic, the progress-chasing arm of the agency, which ensures that everything happens when it should and thus has a key role in quality control.

Traffic circulates material, for example initial briefs for comment, and prints proofs for approval. This section also maintains the job bag, which is created for each advertisement. All documentation goes from initial creative brief to supplier invoices. The 'bag' is later passed to Accounts to prepare the client invoice.

**Matrix Structure of Account Terms**

Account manager ↔Creatives ↔Planner ↔Media Planner ↔ Production

Each specialist discipline is represented on the account team set up to handle each campaign being worked on by the agency, in order to integrate activity and keep everyone in touch about developments on that particular client's account.

**Working on campaigns—the role of account teams:**

The description of departmental functions given above might suggest that departments operate in isolation. In fact, the reverse of this is true, and most agencies operate matrix structures to integrate inter-departmental activity. These structures are known as account teams (a particular client's business is usually known as an account), and might look like the matrix structure as shown below.

The account team will be headed by the account manager (sometimes called an account executive or account handler). This individual will be responsible for coordinating the agency's work on the account, and for all liaison between the agency and its client. In particular, he or she will prepare the briefs from which the specialists in the team will work, and will lead for the agency at all formal meetings between it and the client.

Two creative people will be assigned to work on the account. One of them will be the art director, and the other will be the copywriter. The art director's rather grand title reflects his or her background in graphic design. The copywriter will have particular skill at composing the slogans, strap-lines, body- copy or dialogue for advertisements. In practice, the work of the creative partners will overlap considerably.

# UNIT-IV

Direct Marketing: Merits, Marketing mix, Customer Services and Future in India!
Through direct marketing the marketer reaches his customer directly at any location. It uses one or more advertising media to influence customers at any location. The prospective customer may contact the marketer through telephone, fax, e-mail or by post.

Direct marketing is also known as direct selling, mail-order Selling or Catalogue Selling. The success of direct marketing is the preparation of data base for existing and prospective customers by the marketer. Data base marketing is an interactive approach to marketing that uses all communication tools and media vehicles to reach to the target market. Data base marketing is also the basis of relationship marketing efforts of the company. The information stored in the data base is used for direct marketing and relationship marketing efforts.

**(a) Merits of Direct Marketing:**
**(i) Measurability**:
Unlike conventional markets, direct markets response can be measured. The marketer can also segment the market as per convenience.

**(ii) Testable:**

Effectiveness of different marketing-mix elements can also be tested.

**(iii) Customisation:**

The data base help the marketer with the opportunity of customizing its communication with the target market.

**(b) Direct Marketing Mix:**

Like conventional marketing, Marketing mix of 4P's are applicable for Products and for Service markets additional 4P's, i.e., Participant, Place, Process and Physical evidence are also applicable. These are MQ explained in details in this book. For direct marketing the communication and customer service take new dimension.

The marketer may choose to communicate directly to the customer through a desired media and customer service may be personalised. Unlike conventional marketing, any claim made by the customer for any default on the part of marketer, cannot be refused by marketer. The customer's grievance has to be redressed promptly by marketer in case of direct marketing.

**(c) Customer Service:**

Customer service is the key in part in direct marketing. In direct marketing, physical contact with the customer is low and hence the quality of service is important for decision-making by the customer.

Customer service-mix may be of following types:

**(i) Speed and accuracy of order fulfillment**:

This may be done through company's relevant department. Company's web site on-line procurement and/or through company's call center operation.

**ii)Immediate customer complaint resolution**.

(iii) Toll free telephone numbers (1-600) money back guarantee, multiple modes of payment, i.e., credit cards, cheque or money order etc.

**(d) Future of Direct Marketing in India:**

India's marketing environment is very competitive due to globalisation and liberalization of economy. And hence the prospect of direct marketing is very

wide and bright. It is much cheaper to retain the existing and loyal customer than creating a new customer. Direct marketing makes efforts for both and hence it is very effective.actors influencing the growth of direct marketing are as follows:

**(i) The ease of reaching the customers at urban and rural areas by the marketer**:

Possible modes for reaching the rural customers may be radio, satellite TV, Mobile vans with TV and communication equipment, and telephones. Communication with urban customers are easy now-a-days. Hindustan Lever and ITC Ltd. have been making strenuous efforts to increase its customer strength in rural areas, which have so far been untapped. The increase in rural prosperity in India due to green and white revolution has enhanced this prospect.

**(ii) Improving the credibility of offer:**

Highest quality and prompt delivery together with quick redressal of complaints can enhance the credibility of a direct marketer. Adoption of ethical marketing practices by the direct marketer also enhances his credibility.

**(iii) Quick modes of payment and transport:**

The wide spread availability of credit and debit cards effected by a large number of Banks and Financial Institutions and fastest "modes of transportation services offered by Indian railways, Airlines and Road ways etc. with door delivery systems will also help in improving the prospect of direct marketing in India.

**(iv) Data base and software packages:**

Many large and medium size companies in order to expand their customer data base, are installing customize software packages from vendors like People Soft, Oracle of USA, Baan of Netherland and SAP of Germany and successfully integrating the MIS, Enterprise Resource Planning (ERP) and Chain Management (SCM) Systems for enhancing the prospect of direct marketing and customer satisfaction

# HOME SHOPPING

## 1. Regional Mall:

A regional mall is a shopping place which offers general merchandise (a large percentage of which is apparel) and services in depth and width. A typical regional mall is usually enclosed with an inward orientation of the stores connected by a common walkway and parking surrounds the outside perimeter.

The unique feature of such malls is that their goods such as clothes, fashion accessories, grocery, etc are made in their regions. Many of these malls provide information about lodgings, restaurants, local events, and services in their area as well. During weekends and holidays, these become a place for fun and social get together.

## 2. Super Regional:

A super regional mall, as the vary name implies, is a shopping place which is an extension of regional malls in terms of size and merchandise assortment. As per International Council of Shopping Centers, any mall which is designed to cater large population base and is larger with over 800,000 sq ft (74,000 m$^2$) of gross leasable area, and serves as the dominant shopping venue for the region (25 miles) in which it is located is known as super regional mall.

A super regional mall usually is an enclosed mall with three or more anchors catering visitors with mass merchants, more variety, and a deeper selection of merchandise. Most of the regional malls are multilevel and serve as dominant shopping venues for the region in which they are located.

## 3. Vertical Malls:

The concept of vertical mall came in existence because of the complexities of densely populated cities/nations where land price were so high that it was becoming difficult for existing retailers to think of any kind of horizontal expansion to accommodate increasing crowd to their retail outlets.

Therefore, retail stores were configured over a number of stories accessible by elevators or/and escalators connecting the different parts and levels of the mall. The main philosophy behind such creations was to dedicate each story or a part

of the mall to particular theme like beauty and fashion, apparel, furniture, grocery and kitchen ware and so on.

## 4. Strip Malls:

Strip mall (commonly known as shopping plaza, arcade or mini mall) is an open area shopping place where various stores are generally arranged in a row, with a sidewalk in front. Strip malls are typically developed as a unit and have large parking arrangement in front. They face major traffic arterials and tend to be self-contained with few pedestrian connections to surrounding neighborhoods.

Strip Malls:

(i) A multifaceted shopping mall containing a row of various stores, businesses, and restaurants along a road or busy street that usually opens onto a common parking lot.

(ii) In USA and Canada, strip malls are very common and generally range in size from 5,000 square feet (460 m$^2$) to over 100,000 square feet (9,300 m$^2$).

(iii) Small sized strip malls are very common and are found at the crossroads of major streets in residential areas catering to a small residential area.

(iv) Small size strip malls are found in almost all cities and towns the USA and Canada.

(v) These malls are service-oriented and may contain a grocery store, small restaurant, fast food stores, video rental store, dry cleaner, and other similar stores.

## 5. Dead Malls:

Dead malls are those malls which initially were operational like any other malls but due to some reasons now they have became unpopular and have very less or no footfall. Therefore, in spite of all facilities and retail shops, customers are not visiting to these stores. In the USA, Canada, Australia, UK, and other parts of the world some malls are declared as 'dead'.

The main reasons for a mall to be declared as dead is the attraction of latest malls where modem facilities such as automated parking, comfortable escalators, control temperature, capsules lifts, provisions for entertainment, state of the art recreation conveniences, and multi-storeyed malls dedicated to

different sections such as electronics, readymade garments, grocery, toys, jewellery & fashion are built, barring customers to visit early built malls.

## 6. Outlet Malls:

An outlet mall (also known as outlet centre) is a brick and mortar (sometimes online retail store) is a shopping mall in which a manufacturer sells their products directly to the general public through their own retail stores. While other stores in the outlet mall sell returned products and discounted goods, generally at reduced prices.

Outlet malls are generally located in rural or occasionally in tourist locations. These malls consist mostly of manufacturers' outlet stores selling their own brands at a discount. These malls are typically not anchored. A strip configuration is most common, although some are enclosed malls, and others can be arranged in a "village" cluster.

## DIRECT MAIL

Direct marketing provides you with a way to conduct a test of this market relatively quickly, at a reasonable cost, and with convincing certitude. You'll know whether this is indeed the gold mine you hope it is.

Perhaps the most common use of a marketing database is to generate a target list for a direct-mail campaign. Of course, direct mail also works with purchased lists. Direct mail provides giant companies with the ability to target defined markets with specialized offers.

### Direct mail

For smaller companies, using direct mail has a number of attractive advantages:

1. You can target recipients very precisely.
2. You can protect against overwhelming response. If you ran an advertisement, you can't know whether you're going to get 10 responses or 10,000. For a small company, a powerful response to an ad can be even more disastrous than no response at all, since a poor reaction to a

prospect's response will likely damage your relationship even before it's begun. With direct mail, you can start out with a modest-size mailing to study the response and make sure you can handle it expeditiously.

3. Costs can be modest. Or, more accurately, you can create a campaign to fit large or small budgets.

4. Direct mail can happen fast. With a modest campaign to a known target audience, you can acquire a mailing list, develop mailing materials (including direct-mail letter, flier, reply card), launch a mailing and start to receive results in just a few months. This is faster than the typical advertising campaign-and a lot faster than waiting for the phone to ring.

5. You can test different appeals, called "offers" in the trade, to revel the most potent message. By making a different offer to randomly different portions of your mailing list, you can see which offer pulls best. Go with your best puller until you find a better draw. As you try different offers and different letters, you'll find one does better than another. Use the better one, than try to beat that in your next mailing. Eventually, you should get better and better response rates.

6. You can mail to the same list again with a slightly different mailing and still garner worthwhile results. Most direct-mail experts say that companies don't get enough mileage out of their materials. Use them until they no longer pay their way.

7. You can never run out of prospects. Use your imagination to find new niche direct-mail markets for your products, whether retail or business-to-business. Your list broker or mailing consultant can suggest possible target markets worth trying.

With consumer products, you can often sell them right through the mail . . . or at least get customers to stop in. With business-to-business products, you usually face a two-step process. First, you get a response to your solicitation with an indication or interest (request for catalog, literature, report or sample). This is the lead-generation phase. Once you mail off the requested material, you then follow up with additional material or a phone call/fax/e-mail to use your skills at transforming the lead into a prospect.

**Telemarketing**

*Meaning:*
Telemarketing is the process of using the telephone to generate leads, make sales, or gather marketing information. Telemarketing can be a particularly valuable tool for small businesses, in that it saves time and money as compared with personal selling, but offers many of the same benefits in terms of direct contact with the customers.

Telemarketing is especially useful when the customers for a small business products or services are located in hard-to-reach places, or when many prospects must be contacted in order to find one interested in making a purchase.

Although some small businesses operate exclusively by telephone, telemarketing is most often used as part of an overall marketing programme to tie together advertising and personal selling efforts. For example, a company might send introductory information through the mail, then follow-up with a telemarketing call to assess the prospect's interest, and finally send a salesperson to visit.

*Definition:*
Telemarketing is the act of selling, soliciting, or promoting a product or service over the telephone; the telephone is the most cost-efficient, flexible, and statistically accountable medium available. At the same time, the telephone is still very intimate and personal. It is individual to individual.

*Types of Telemarketing*
Telemarketing can be either inbound or outbound in scope.

**Inbound Telemarketing:**

It consists of handling incoming telephone calls—often generated by broadcast advertising, direct mail, or catalogues—and taking orders for a wide range of products. The representatives working in this type of telemarketing programme normally do not need as much training as the outbound representatives.

**Outbound Telemarketing:**

It can be aimed directly at the end consumer; for example, a home repair business may call people to search for prospects and customers. Representatives working on this side of the industry generally require more training and product knowledge, as more actual selling is involved in comparison to the inbound operations.

*Advantages of Telemarketing:*
**1. Human interaction:**
One of the advantages telemarketing has over other direct marketing methods is that it involves human interaction.

**2. Small businesses:**
Telemarketing can be a particularly valuable tool for small businesses, in that it saves time and money as compared to personal selling, but offers many of the same benefits in terms of direct contact with customers.

**3. Customer service:**
Building a loyal client base is a fundamental factor in establishing a long- term business success and increasing the value of the company. Telemarketing customer services can gain repeat orders and increase the penetration of the customer base. Telemarketing has the advantages of delivering excellent customer service.

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**4. Reduces cost:**
As the costs of field sales continue to escalate, businesses are using telemarketing as a way to reduce the cost of selling. It is also easier to communicate with customers. Most of the marketing efforts are directed towards select markets, so the cost per person contacted is less.

**5. Flexibility:**
It is the most flexible form of direct marketing. It helps in knowing and understanding what customers want, and are prepared to buy. Survey can be conducted with the advantages of telemarketing, knowing what customers are looking for, the product or service, the brand, etc.; one can constantly update the client data base.

**6. Response measurement:**
Response measurement is possible by knowing the effectiveness of advertising. The results can be compared with the ones previously established, and the future plans can be based on such results.

*Disadvantages of Telemarketing:*
1. An increasing number of people have become averse to telemarketing.

2. No visual contact with the customer is possible.

3. More people are using technology to screen out unwanted callers, particularly telemarketers.

4. Government is implementing tougher measures to curb unscrupulous telemarketers.

5. If hiring an outside firm to do telemarketing, there is lesser control in the process, given that the people doing the calls are not your employees.

6. A telephone conversation has very short memory.

7. Pre-purchase inspection of goods not possible.

8. It can be extremely expensive, particularly if telemarketing is outsourced to an outside firm.

**Advantages and disadvantages of telemarketing**

Telemarketing can be an effective tool for your business and it can be an easy and effective way to increase your profits and promote your product or service. However, it does have some disadvantages that you should also consider.

**Benefits of using telemarketing**

The main benefit of using telemarketing to promote your business is that it allows you to immediately gauge your customer's level of interest in your product or service. Additionally it allows you to do the following:

- provide a more interactive and personal sale service
- create an immediate rapport with your customers
- explain technical issues more clearly
- generate leads and appointments
- sell from a distance to increase your sales territory
- reach more customers than with in-person sales calls
- sell to both existing and new customers
- achieve results that are measurable

**Disadvantages of telemarketing**

There can be as many negatives using telemarketing as there are positives. In particular, you need to consider that:

- telemarketing can be resented - particularly when dealing with business-to-consumer customers, and when calls are made in the evenings
- customer lists may not always be clean and opted-in - this leaves you with a potential risk of breaking the law
- customer lists can be very costly
- telemarketing has a negative image that could damage your business' reputation - if carried out poorly
- telemarketing has the potential to replace a sales team and this could lead to negative feelings among employees
- training staff can be time-consuming and costly
- an outside service provider can result in your losing control over your sales processes because the people doing the work aren't your employees

**Internet Marketing**

Meaning:

Internet marketing, also referred to as web marketing, online marketing, or e-marketing, is the marketing of products or services over the Internet. The Internet has brought media to global audience. The interactive nature of the Internet marketing in terms of providing instant responses and eliciting responses is the unique quality of the medium.

Internet marketing is sometimes considered to be broad in scope because it not only refers to marketing on the Internet but also includes marketing done via e-mail and wireless media. The management of digital customer data and electronic customer relationship management systems are also often grouped together under the Internet marketing.

Internet marketing ties together creative and technical aspects of the Internet, including design, development, advertising and sales.

*Components of Internet Marketing:*
Internet marketing evolves in a fast-phase manner. It is dynamic and requires every online business and marketers to keep updated with the changes in the system. There are two components of Internet marketing:

**1. B-to-B (B2B):**

It refers to business to business e-commerce, where business firms sell their products and services to other business firms using the Internet.

## 2. B-to-C (B2C):

It refers to business to consumers, where business firms sell their products and services to the consumers using the Internet.

### *Effectiveness of Internet Marketing:*

**The effectiveness of Internet marketing can be enhanced if the following points are considered:**

1. Build trust, because web site serves as the platform for selling/displaying products and services.

2. Web site should be simple, but professional in approach.

3. The content of the web site should be relevant and quantitative.

4. Every possible means should be taken into account to drive Internet traffic towards the web site.

5. Being an Internet marketer, requires discipline and perseverance.

In the era of modem world, the use of internet has connected the whole world together. Internet has been used not only for personal or professional purposes but also for marketing reasons. Businessmen find immense potential in the use of Internet for promotional purposes.

This has given boost to a marketing strategy called 'Internet marketing'. It has revolutionized the fields of advertising and marketing to a larger extent. Marketers not only aim at producing high quality goods and services but also cost- effectively and successfully promoting them in the market.

### Online Promotion:

It can be done through various means and strategies.

1. Firms can promote the products and services of the company by establishing an online presence. An entrepreneur can introduce the products of the organization by creating an official web site.

A web site gives an overview to the prospective customer about the corporation. This enables the firm to establish a global presence and reach global market.

2. E-mail marketing is another form of online promotion. In this kind of marketing, firms can reach the prospective customers directly through the means of an electronic mail. An advertiser can invite the customer for subscription of newsletters or alerts for special offers by the company. An electronic mail promotion generates sales and often repeats sales. It is an effective way to fetch new and retain present customers.

3. There are banner advertisements placed on the online classified directories. These advertisements are also placed on the web sites which promotes business similar to the advertiser's business. These banners draw maximum traffic towards various web sites.

4. Firms can organize online forums for the purpose of inviting the most eager visitors to join, and air their views and opinions. This enables firms to keep check on their negative online reputation and promote favourable reputation.

### *Advantages of Internet Marketing:*
1. Internet marketing is relatively inexpensive when compared with the ratio of cost against the reach of the target audience.

2. Companies can reach a wide audience for a small fraction of traditional advertising budgets.

3. The nature of the medium allows the consumers to research, and purchase products and services at their own convenience. Therefore, businesses have the advantage of appealing to the consumers in a medium that can bring results quickly.

4. The strategy and the overall effectiveness of the marketing campaigns depend on the business goals and the cost-volume-profit analysis.

5. Internet marketing can offer a greater sense of accountability for the advertisers.

6. Internet marketing refers to the online marketing, which is related to e-mail and wireless marketing methods.

### *Disadvantages Internet Marketing:*

1. Internet marketing sometimes appear to be confusing and at times considered as a kind of virus.

2. The more you know, the more you realize the need to learn more.

3. Typical business models lasts for two years, but Internet businesses sometimes lose appeal after 6 months.

4. Intense competition.

5. Overwhelming knowledge to be learnt.

6. Too many skills to learn.

7. Takes a long time to learn many skills.

8. Too many scams on the Internet.

9. Many people think it is easy to make money on the Internet.

Today, the world is shrinking through technology, and making it easier for marketers to reach global market. Marketing organisations now have to target not just domestic, but international markets.

Definition of International Marketing

According to **Cateora** and **Graham**, *"international marketing is the performance of business activities designed to plan, price, promote and direct the flow of a company's goods and services to consumers or users in more than one nation for a profit."*

According to **Terpstra** and **Sorathy**, *"international marketing consists of finding and satisfying global customer needs better than the competition, both domestic and international and of coordinating marketing activities with in the constraints of the global environment."*

**Importance of International Marketing**

**1. Important to expand target market** – Target market of a marketing organisation will be limited if it just concentrate on domestic market. When an organisation thinks globally, it looks for overseas opportunities to increase its market share and customer base.

**2. Important to boost brand reputation** – International marketing may give boost to a brand's reputation. Brand that sold internationally is perceived to be better than the brand that sold locally. People like to purchase products that are widely available. Hence, international marketing is important to boost brand reputation.

**3. Important to connect business with the world** – Expanding business into an international market gives a business an advantage to connect with new customers and new business partners. Apple - the tech giant designs its iPhone in California; outsources its manufacturing jobs to different countries like - Mongolia, China, Korea, and Taiwan; and markets them across the world. Apple have not restricted its business to a nation, rather expanded it to throughout the world. The opportunities for networking internationally are limitless. The more "places" a business is, the more connections it can make with the world.

**4. Important to open door for future opportunities** – International marketing can also open door for future business opportunities. International marketing not only increases market share and customer base, it also helps the business to connect to new vendors, a larger workforce and new technologies and ways of doing business. For example – American organisations investing in Japan have found programs like – Six Sigma and Theory Z which are helpful in shaping their business strategies.

**Definition of International Advertising**

International advertising entails dissemination of a commercial message to target audiences in more than one country. Target audiences differ from country to country in terms of how they perceive or interpret symbols or stimuli, respond to humor or emotional appeals, as well as in levels of literacy and languages spoken. How the advertising function is organized also varies. In

some cases, multinational firms centralize advertising decisions and budgets and use the same or a limited number of agencies worldwide. In other cases, budgets are decentralized and placed in the hands of local subsidiaries, resulting in greater use of local advertising agencies.

International advertising can, therefore, be viewed as a communication process that takes place in multiple cultures that differ in terms of values, communication styles, and consumption patterns. International advertising is also a business activity involving advertisers and the advertising agencies that create ads and buy media in different countries. The sum total of these activities constitutes a worldwide industry that is growing in importance. International advertising is also a major force that both reflects social values, and propagates certain values worldwide.

## International Advertising as a Communication Process

In international markets the process of communicating to a target audience is more complex because communication takes place across multiple contexts, which differ in terms of language, literacy, and other cultural factors. In addition, media differ in their effectiveness in carrying different appeals. A message may, therefore, not get through to the audience because of people's inability to understand it (due to literacy problems), because they misinterpret the message by attaching different meanings to the words or symbols used, or because they do not respond to the message due to a lack of income to purchase the advertised product. Media limitations also play a role in the failure of a communication to reach its intended audience.

The process of communication in international markets involves a number of steps. First, the advertiser determines the appropriate message for the target audience. Next, the message is encoded so that it will be clearly understood in different cultural contexts. The message is then sent through media channels to the audience who then decodes and reacts to the message. At each stage in the process, cultural barriers may hamper effective transmission of the message and result in miscommunication.

In encoding a verbal message, care needs to be taken in translation. Numerous examples exist of translation problems with colloquial phrases. For example, when the American Dairy Association entered Mexico with its "Got Milk?" campaign, the Spanish translation read "Are You Lactating?" Low levels

of literacy may result in the need to use visual symbols. Here again, pitfalls can arise due to differences in color association or perception. In many tropical countries, green is associated with danger and has negative connotations. Red, on the other hand, is associated with weddings and happiness in China. Appeals to humor or sex also need to be treated with considerable care as their expression and effectiveness varies from one culture to another. The dry British sense of humor does not always translate effectively even to other English-speaking countries.

In addition to encoding the message so that it attracts the attention of the target audience and is interpreted correctly, advertisers need to select media channels that reach the intended target audience. For example, use of TV advertising may only reach a relatively select audience in certain countries. Equally, print media will not be effective where there are low levels of literacy. Certain media may also be more effective in certain cultures. For example, radio advertising has substantial appeal in South America where popular music is a key aspect of the local culture.

The cultural context also impacts the effectiveness of communication. In "high context" cultures, such as the collectivist Asian cultures of Japan and China, the context in which information is embedded is as important as what is said (Hall 1976). In low context cultures, which include most Western societies, the information is contained in the verbal messages. In these cultures, it is important to provide adequate information relating to the product or service in order to satisfy their need for content (De Mooij 1998). Conversely, people in high context cultures are often more effectively reached by image or mood appeals, and rely on personal networks for information and content. Awareness of these differences in communication styles is essential to ensure effective communication.

**International Advertising as a Business Practice**

International advertising can also be viewed as a business activity through which a firm attempts to inform target audiences in multiple countries about itself and its product or service offerings. In some cases the advertising message relates to the firm and its activities, i.e. its corporate image. In other cases, the message relates to a specific product or service marketed by the firm. In either case, the firm will use the services of an advertising agency to

determine the appropriate message, advertising copy and make the media placement.

An important issue in determining international advertising strategy is whether or not to develop a global or regional advertising campaign, or rather tailor communication to differences in local markets (Peebles and Ryans 1984). If the purpose of advertising is to develop a strong corporate or global image, a uniform global campaign is more likely to be used. When, on the other hand, the objective is to launch a new product or brand, or to more clearly differentiate the product or brand from other competing brands or products, local campaigns tailored to local markets are more typical.

A global campaign offers a number of advantages. In the first place, it can be an important means of building a strong and coherent global image for the firm and/or its products worldwide. Use of the same image in different countries builds familiarity and generates synergies across world markets. It allows utilization of good ideas and creative talent (both of which are scarce commodities) on a worldwide basis. In addition, use of a single campaign provides substantial cost savings in copy development and production costs. Conversely, development of multiple local campaigns can lead to duplication of effort, result in inconsistent brand images across countries and confusion in consumers' minds with regard to the benefits offered by the brand and corporate image.

While use of uniform advertising appeals offers a number of advantages, differences in customer perceptions and response patterns across countries and cultures, as well as media availability and government regulation are major barriers to use of a standardized campaign. Even though technological developments allow adaptation of advertising appeals to different languages (for example, TV can have audio channels in two languages, Internet messages can be automatically translated), development of visual and verbal copy that works effectively in multiple countries poses major creative challenges.

Faced with this dilemma, firms may use a global umbrella campaign combined with local country or product-specific advertising. The global umbrella campaign develops a uniform image for the company or brand worldwide, often relying on consistent visual images and the corporate logo. Product-specific or country advertising builds on this image, modifying the appeal and providing information tailored to the local market. The objective of the umbrella campaign is to provide an integrating force, while local campaigns provide greater relevance to specific local customers and markets.

The organizational structure of the firm often plays a key role in the choice of global vs. locally adapted campaigns. If international operations are organized on a country-by-country or geographic basis and operate as local profit centers with local advertising budgets, pressures exist for use of local advertising campaigns. If, on the other hand, the company is organized by product divisions, with centralized advertising budgets at corporate or regional headquarters, use of regional or global advertising campaigns is more likely (See Douglas and Craig (1995) for more information on global strategy).

**International Advertising as an Industry**

The world advertising industry is characterized by a large number of small and medium sized advertising agencies that operate primarily in one country and by a small number of very large advertising agencies with operations in many countries. These agencies have developed extensive networks of offices throughout the world in order to coordinate the advertising process in all the countries where their clients do business. These networks often include both wholly-owned subsidiaries and formal relationships with local advertising agencies to establish a presence in new markets, particularly in emerging markets.

In an effort to establish greater control over their advertising, many major advertisers are consolidating all their advertising with one agency. For some major advertisers such as IBM and Citibank, this represents annual advertising expenditures in excess of $500 million worldwide (Grein and Ducoffe, 1998). As a consequence, advertising agencies that do not have a global network are at a serious disadvantage when competing for new advertising accounts or attempting to retain existing ones that are expanding globally.

The majority of these large advertising agencies are headquartered in the US. Of the ten largest advertising agency groups, seven are headquartered in the US, and one each in the UK, France and Japan, although WPP, the British agency holding company, is made up of two large US-based agencies. With the exception of Dentsu, the Japanese agency, most other agency networks generate the majority of their revenues outside their home country.

**International Advertising as a Social Force**

In the view of the advertiser the primary objective of advertising is to sell products or services. In achieving this primary goal, there are often

profound secondary consequences. Advertising exerts a formative influence whose character is both persuasive and pervasive. Through the selective reinforcement of certain social roles, language and values, it acts as an important force fashioning the cognitions and attitudes that underlie behavior not only in the market place, but also in all aspects of life. In an international setting, advertising has an important social influence in a number of ways. First, much international advertising is designed to promote and introduce new products from one society into another. Often this results in radical change in life-styles, behavior patterns of a society, stimulating for example the adoption of fast food, casual attire or hygiene and beauty products. International advertising also encourages desire for products from other countries, it creates expectations about " the good life", and establishes new models of consumption. Advertising is thus a potent force for change, while selectively reinforcing certain values, life-styles and role models.

Often the symbols, ideals and mores that international advertising portrays and promotes are those of Western society and culture. Through the reach of advertising, brands such as Levi's, Nike, Marlboro and McDonalds are known by and have become objects of desire for teens and young adults throughout the world. Similarly, images and scenes depicted in much international advertising are either Western in origin or reflect Western consumption behavior and values. Even where adapted to local scenarios and role models, those shown often come from sectors of society, such as the upwardly mobile urban middle class, which embrace or are receptive to Western values and mores.

Consequently, a criticism frequently leveled at international advertising is that it promulgates Western values and mores, notably from the US, in other countries. This is viewed particularly negatively in societies with strong religious or moral values, which run counter to those of the West as, for example, Islamic societies in the Middle East. When Western advertising depicts sexually explicit situations or shows women in situations considered as inappropriate or immoral, it is likely to be considered a subversive force undermining established cultural mores and values. Equally, in some countries such as France, there is a strong negative reaction to the imposition of US culture, values and use of English in advertising. Promotion of tobacco products by US and UK companies in countries where there is no legislation regulating or banning cigarette advertising has also been criticized.

At the same time, international advertising also acts as an integrating

force across national boundaries. It disseminates messages using universal symbols and slogans, and establishes a common mode of communication among target audiences in different parts of the world. At the same time, multicultural values are reinforced by advertisers, who adopt images incorporating peoples of different nations and diverse cultural backgrounds, as, for example, the Colors of Benneton campaign or the British Airways "Peoples of the World" campaign. The impact of such campaigns is further reinforced by the growth of global media such as Star TV, CNN, MTV or print media that target global audiences worldwide. Consequently, while, on the one hand, international advertising can be viewed as a colonizing force propagating Western values and mores throughout the world, it is also an important force integrating societies and establishing common bonds, universal symbols and models of communication among peoples in different parts of the globe.

## Meaning of Culture:

Sometimes an individual is described as "a highly cultured person", meaning thereby that the person in question has certain features such as his speech, manner, and taste for literature, music or painting which distinguish him from others. Culture, in this sense, refers to certain personal characteristics of a individual. However, this is not the sense in which the word culture is used and understood in social sciences.

Sometimes culture is used in popular discourse to refer to a celebration or an evening of entertainment, as when one speaks of a 'cultural show'. In this sense, culture is identified with aesthetics or the fine arts such as dance, music or drama. This is also different from the technical meaning of the word culture.

## Impact of culture

## Definition of Culture:

There is no one definition of culture nor there is unanimity among various thinkers. Mr. A.L. Korelaber and T. Parsons in an article on the Concepts of Culture and of Social Systems American Sociological Review has defined culture as "a complex of values, ideas, attitudes, and other meaningful symbols created by a man to shape human behaviour and the anti facts of that behaviour as they are transmitted from one generation to the next".

According to another author "culture refers to a set of values, ideas, anti facts, and other meaningful symbols that help individuals communicate, interpret, and evaluate as members of society". Another writer feels that "culture is a set of socially acquired values that society accepts as a whole and transmits to its members through language, and symbols". The culture may also be defined as "the largest simple grouping of people sharing a distinctly unique social heritage".

There are many philosophers who feel that culture is such an abstract and material element and it is difficult to define it. According to some researchers culture is a challenging concept because "its primary focus is on broadest component of social behaviour in entire society". Psychologist, sociologist, anthropologist study only one aspect of the society but in culture we study the entire fabric of the society. The culture in other words require the study of all aspects of the society including language, knowledge, laws, religions, food customs, music, art, technology, work patterns, products, and other anti facts that give the society its distinctive flavour. In a sense culture is a society's personality.

**Attitude and Behaviours Influenced by Ones Culture:**
1. Personality i.e. sense of self and society.

2. Language i.e. communication.

3. Dress

4. Food habits

5. Religion and religious faiths that is beliefs.

6. Customs of marriages and religions and special social customs.

7. Social relationship (system of marriage, family structure and relations, social and religious organisations, government)
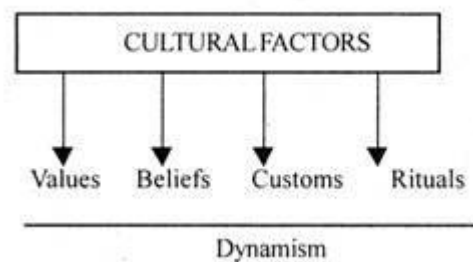
8. System of education, role of churches, temples, mosques etc. on education system) i.e. mental process of behaviour (formal and religious symbols, colleges, technical institutes, universities etc.).

9. Work habits and products. They differ widely from country to country and region to region.

10. Time value (punctuality, late coming working hours, rest hours and so on.

11. Values and norms (discussed later).

12. Beliefs and faiths (religion, vegetarianism – meat eating, nonviolence – rebirth, fate and luck and so on.

13. Festivals

14. Art, music, pictures, TV. radio, movies, theatres etc.

15. Technology and innovation.

16. Products and services.

17. Knowledge.

18. Laws of the Government and social traditions and laws laid down by religion.

Though there are many other factors which may be included in culture and its affects on the society but as our objective is to understand the influence of culture on consumer behaviour "we define culture as the sum total of learned beliefs, values and customs that serve to direct the consumer behaviour of members of a particular society".

Thus we broadly study following factors in culture which all are dynamic and change with the change of time, development and progress of knowledge, influence of other cultural discoveries, globalisation etc. but still each society has its culture.

For instance, in India in spite of influence of cross culture, education media, knowledge and technological change we are not breaking from our traditions,

customs and beliefs passed on from our forefathers. This is one reason that in spite of provisions in Indian Constitution against untouchability it is still prevalent in many places specially in rural areas.
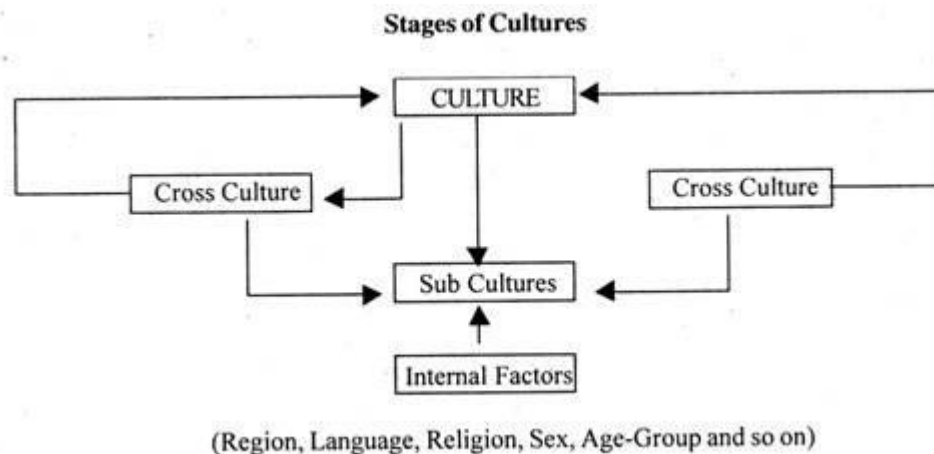


esides culture of a society i.e. nation, within a nation there are wide cultural differences. Therefore, to segregate them we divide a nation into such cultures. For instance, in India there are 29 states and six union territories which have been formed on the basis of differences in culture i.e. customs, beliefs, values.

Similarly, there are 18 official languages and there are many other dialects and sub- regional languages which are divided on micro level to segregate them in such cultures. India has number of religions among which Hinduism, Muslimism, Jainism, Sikhism, Christians, and Buddhism are main religions.

But in Hindus, Jains and Christians there are differences in beliefs and faith further making different sub-cultures. Sub-cultures can also be segregated on the basis of sex, level of education, age group, income and profession etc. Because of different values, work ideas, beliefs there is no limit of number of sub-cultures. The society can be divided into any number of sub cultures depending upon the objective.

**But as has been stated earlier there are three stages of culture as shown below:**

**Stages of Cultures**



(Region, Language, Religion, Sex, Age-Group and so on)

**Factors Affecting Culture:**

**There are a large number of factors which affect culture; the most important of them are described below:**

*1. Values:*

According to almost every author value is most important part of culture which affects our behaviour as a consumer. The values are beliefs and norms accepted by a society which is distinct from our cultures. For instance, almost all cultures believe in freedom of thoughts, beliefs and experiences which has given birth to democracy, freedom of press, free communication, independent judiciary, freedom of choice of products as per ones preferences and freedom to enterprise to develop products, new technologies but not to exploit consumers who have been given freedom to complaint for deficiency in product or service

Hinduism and Jainism believe in sacrifice of material comforts and belonging for the welfare of others. This belief has given birth to charitable schools, colleges, hospitals, dharamsalas, (free rest houses for society specially at religious places). This while on the one side developed education and medical institutions on the other restricted their development on commercial lines.

The other belief of Indians specially Hindus is to believe too much in faith and luck. Many people believe that whatever will be in luck will be got. It is believed that no one can get more than what's is in his luck and no one can get anything before destined time. It has made many people lethargic as compared to Americans, Japanese or Europeans who believe that everything is possible through hard work and efforts. Hence their attitude towards life is different than that of an average Indian.

In India we believe in spiritualism as against materialism in the west. This has reduced quest for material goods and services which now is changing due to influence of cross culture but basic belief remains in spiritualism. Hence relatively Indians are supposed to be more honest which has been disapproved by recent political events and exposition of many scams.

## 2. Norms:

The norms of public behaviour are another important aspect of culture which relates to public appearance. For instance, in the west there is full freedom of dress specially at beaches, swimming pools, hotels. Too much exposure in dress is in the west but in India it is considered obscene and nudity in public or even in private is not permissible. This sets the fashion, dress, clothes.

Disrespect of elderly persons is considered bad behaviour in India. Children specially sons are expected to look after their parents in old age but they are not cared in the west. This norm of public behaviour makes a difference in consumption pattern In India old parents need not to look to old persons houses or charity but to their sons. Even government gives senior citizens concession in railway fare, income tax and also provides old age pension.

Another norm is respect to women in Indian culture and religion. No Puja is complete without wife but in the west women are looked as an object of sex and pleasure but at the same time they enjoy grater freedom of jobs, movement than in India. But gradually in urban areas in India too women are taking to jobs, making them more independent economically.

The purchasing power of ladies and families where both husband and wife are working have increased which has opened new avenues for sales to marketers. Now they are required to target their campaign to ladies as much as to gents.

It is another normal characteristic that everyone specially ladies want to look younger than their age. This desire has created demand for toiletries, cosmetics, health clubs and low fat products in the west and akharas in India. This desire has also made people more health conscious and has created demand for preventive medicines, tonics etc. and demand for food which gives energy like milk, juices, proteins etc.

It has become another normal behaviour to seek comfort whether one believes in spiritualism or materialism. This has created demand for refrigerators, water

coolers, air conditioners, heaters, microwave ovens, labour saving devices of unlimited varieties and cars, fast travel and movements, better houses, hotels, work place where air conditioning is becoming a norm even in India. The quality of company sometimes is judged by the quality of office.

Efforts, optimism and entrepreneurship seems another universal norm of behaviour. Even in a country like India where one believes in luck and fate one believes that no results are possible without work. It has been said in Geeta do they duty and live the results to good i.e. one must work. Entrepreneurship is another normal behaviour which has produced entrepreneurs all over the world.

In India because of faith in efforts and optimistic look entrepreneurs like Birlas, Tatas and Dalimas in the past and Ambanis, Patel and many others in modern days have come up making country more prosperous and has helped in establishing many new industries and production of new products.

Man all over the world in different degrees is trying to conquer nature and be his own master. This is core value in the west and coming up in the east. Discoveries, establishment of dams for irrigation and power, are manifestation of this belief and desire which sometimes is opposed by small groups like Narmada dam and Tehri dam in Gujarat and Uttaranchal respectively.

The values are however, dynamic and are gradually changing all over the world. Today people everywhere are more materialistic, wants more comforts and leisure, work to live (instead live to work), self fulfillment rather than self denial (sacrifice) which had been core value of Indian culture.

People want better quality of life rather than mere high standard of living. Sex roles have been changing, now women participate in all activities rather than confining to home. The worship is being replaced by self reliance. The law abiding distinct is declining in developing countries and so the nationalism.

Hence there is growing number of crimes and corruption cases. Now there is great dependence upon information growth like IT rather than industry. Family and traditional influence is declining and therefore culture is becoming more dynamic which marketer will have to keep in mind while segregating the society.

All over the world it is believed that all members of the society should enjoy equal opportunities for education, profession and achievement. This, however, is only moral preaching rather than actual condition. There are all types of discriminations in entry. In some places fees of entry to schools, clubs, hospitals, hotels is so high that every one cannot enjoy their benefit.

In order to provide equal opportunities in Indian educational institutions and government services there are competitive examinations but there are reservations for certain social classes. There is open subordination, special respect to royalty or upper classes, industrialists, scientist etc.

Religious influences on culture are declining specially in younger generation. They do not practice many religious practices like visiting temples, observing fasts on religious occasions, attending religious discourses and behaving as thought by religion. Thus its affect on culture is declining which should be properly studied and researchers should carryout through surveys to find out impact of this change on consumer behaviour.

Culture has macro and micro aspects. The micro aspects which influence a specific group within a society are called ethnic patterns which are based on race, region. For instance in India a Dravarian has different behaviour than an Aryan or a person of Arabic origin Persons of South will behave differently than people living in Mizoram, and Assam Hills, Jharkhand, Chhattisgarh or tribes of different regions.

Such groups are formed on the basis of nationality (NRI's in USA), religion (Hindus, Muslims, Sikhs, Christians, Jains, Budhs etc. in India), physical attributes (the race), geographical locations (which are too may around the world and in India) or other factors. These ethnic micro-cultures have conflict with other values and in certain countries / areas has been cause of conflict. There are conflicts for long between whites and blacks Russia has been divided based on ethnic groups. These micro-cultural differences have great impact on consumer and so are important for marketer.

Values and norms are also affected by income level and profession. The big industrialists, high level executives and professionals like doctors, lawyers, architects etc. have their own micro-culture. There are also micro cultural differences based on the level of education. The scientist, technocrats,

researchers, has own class. There are persons who have been deprived of education and have become different cultural classes; the behaviour of each of these classes is different from others; language is another micro-culture.

The culture of Bengali, Assamee, Tamalian, Hindi speaking persons and so on differs from each other but in case of language like Hindi which is spoken in large number of Northern Indian states differ from state to state; thus even for one language there can be more than one culture.

Thus there are large numbers of variables of culture and more can be added from time to time, country to country and region to region all of which must be properly understood by marketer and different cultures should be segregated to fully exploit the market potential. The advertising strategy should also be based on cultural differences. The products will have to be adopted as per needs of people of different cultures. In case of fashion goods, garments, dresses, cosmetics cultural differences are required to be properly taken into consideration.

**The Impact of Culture on Consumer Behaviour!**
Culture is part of the external influences that impact the consumer. That is, culture represents influences that are imposed on the consumer by other individuals. The definition of culture offered in the text, is "That complex whole which includes knowledge, belief, art, morals, custom, and any other capabilities and habits acquired by man person as a member of society."

**From this definition, we make the following observations:**
i. Culture, as a "complex whole," is a system of interdependent components.

ii. Knowledge and beliefs are important parts. In the U.S., we know and believe that a person who is skilled and works hard will get ahead. In other countries, it may be believed that differences in outcome result more from luck. "Chunking," the name for China in Chinese, literally means "The Middle Kingdom." The belief among ancient Chinese that they were in die centre of the universe greatly influenced their thinking.

iii. Other issues are relevant. Art, for example, may be reflected in the rather arbitrary practice of wearing ties in some countries and wearing turbans in others. Morality may be exhibited in the view in the United States that one

should not be naked in public. In Japan, on the other hand, groups of men and women may take steam baths together without perceived as improper.

On the other extreme, women in some Arab countries are not even allowed to reveal their faces. Notice, by the way, that what at least some countries view as moral may in fact be highly immoral by the standards of another country. For example, the law that once banned interracial marriages in South Africa was named the "Immorality Act," even though in most civilized countries this law, and any degree of explicit racial prejudice, would itself be considered highly immoral.

**Culture has several important characteristics:**
(1) Culture is comprehensive. This means that all parts must fit together in some logical fashion. For example, bowing and a strong desire to avoid the loss of face are unified in their manifestation of the importance of respect.

(2) Culture is learned rather than being something we are born with. We will consider the mechanics of learning later in the course.

(3) Culture is manifested within boundaries of acceptable behavior.

For example, in American society, one cannot show up to class naked, but wearing anything from a suit and tie to shorts and a T-shirt would usually be acceptable. Failure to behave within the prescribed norms may lead to sanctions, ranging from being hauled off by the police for indecent exposure to being laughed at by others for wearing a suit at the beach.

(4) Conscious awareness of cultural standards is limited. One American spy was intercepted by the Germans during World War II simply because of the way he held his knife and fork while eating.

(5) Cultures fall somewhere on a continuum between static and dynamic depending on how quickly they accept change. For example, American culture has changed a great deal since the 1950's, while the culture of Saudi Arabia has changed much less.

It should be noted that there is a tendency of outsiders to a culture to overstate the similarity of members of that culture to each other. In the United States, we are well aware that, there is a great deal of heterogeneity within our culture;

however, we often underestimate the diversity within other cultures. For example, in Latin America, there are great differences between people who live in coastal and mountainous areas; there are also great differences between social classes.

Cultural rules can be categorized into three types. Formal rules carry relatively explicit standards as to how one should behave, and violations often carry severe sanctions. For example, in many countries, two forms of the second pronoun (you) exist, with different levels of deference associated with each (e.g., tu and usted in Spanish and tu and vous in Spanish German even has three levels)! In Japan, senior executives will enter and leave a meeting room before subordinates in a very deliberate manner. Informal rules, on the other hand, are less explicit and may not carry sanctions for violation.

For example, in the U.S., most people would consider eating dinner at 10:00 p.m. weird, while this is perfectly normal in parts of Latin American and Southern Europe. Finally, technical cultural rules involve implicit standards as to what constitutes a good product. For example, in India, a movie must have at least seven songs to be successful; in the U.S., preempting the soundtrack for that amount of time would not be desirable.

Language is an important element of culture. It should be realized that regional differences may be subtle. For example, one word may mean one thing in one Latin American country, but something off-color in another. It should also be kept in mind that, much information is carried in non-verbal communication. In some cultures, we need to signify "yes" and shake our heads to signify "no;" in other cultures, the practice is reversed.

**Different perspectives exist in different cultures on several issues; e.g.:**
i. Monochromic cultures tend to value precise scheduling and doing one thing at a time; in polychromic cultures, in contrast, promptness is valued less, and multiple tasks may be performed simultaneously. (See text for more detail).

ii. Space is perceived differently. Americans will feel crowded where people from more densely populated countries will be comfortable.

iii. Symbols differ in meaning. For example, while white symbols purity in the U.S., it is a symbol of death in China. Colors that are considered masculine and feminine also differ by culture.

iv. Americans have a lot of quite shallow friends toward whom little obligation is felt; people in European and some Asian cultures have fewer, but more significant friends. For example, one Ph.D. student from India, with limited income, felt obligated to try buy an airline ticket for a friend to go back to India when a relative had died.

v. In the U.S, and much of Europe, agreements are typically rather precise and contractual in nature; in Asia, there is a greater tendency to settle issues as they come up. As a result, building a relationship of trust is more important in Asia, since you must be able to count on your partner being reasonable.

vi. In terms of etiquette, some cultures have more rigid procedures than others. In some countries, for example, there are explicit standards as to how a gift should be presented. In some cultures, gifts should be presented in private to avoid embarrassing the recipient; in others, the gift should be made publicly to ensure that no perception of secret, bribery could be made.

The United States has undergone some changes in its predominant culture over the last several decades. Again, however, it should be kept in mind that there are great variations within the culture. For example, on the average, Americans have become less materialistic and have sought more leisure; on the other hand, the percentage of people working extremely long hours has also increased. The text discusses changes in values in more detail.

Significant changes have occurred in gender roles in American society. One of the reasons for this is that more women work outside the home than before. However, women still perform a disproportionate amount of housework, and men who participate in this activity tend to do so reluctantly. In general, commercials tend to lag somewhat behind reality-e.g., few men are seen doing housework, and few women are seen as buyers and decision makers on automobile purchases.

Subculture refers to a culture within a culture. For example, African Americans are, as indicated in the group name, Americans; however, a special influence of the African American community is often also present. For example, although this does not apply to everyone, African Americans tend to worship in churches that have predominantly African American membership, and church is often a significant part of family life.

Different perspectives on the diversity in U.S. culture exist. The "melting pot" metaphor suggests that immigrants gradually assimilate after they arrive. Therefore, in the long run, there will be few differences between ethnic groups and instead, one mainstream culture that incorporates elements from each will result.

The "salad bowl" metaphor, in contrast, suggests that although ethnic groups win interact as a whole (through the whole mix of salad) and contain some elements of the whole (through the dressing), each group will maintain its own significant traits (each vegetable is different from the others). The "melting pot" view suggests that one should run integrated promotions aimed at all groups; the "salad bowl" approach suggests that each group should be approached separately.

Subculture is often categorized on the basis of demographics. Thus, for example, we have the "teenage" subculture and the "Cuban-American" subculture. While part of the overall culture, these groups often have distinguishing characteristics. An important consequence is that a person who is part of two subcultures may experience some conflict. For example, teenage native Americans experience a conflict between the mainstream, teenage culture and traditional Indian ways.

Values are often greatly associated with age groups because people within an age-group have shared experiences. For example, it is believed that people old enough to have experienced the American Depression are more frugal because of that experience.

Regional influence, both in the United States and other areas, is significant. Many food manufacturers offer different product variations for different regions. Joel Garreau, in his book The Nine Nations of North America, proposed nine distinct regional subcultures that cut across state fanes. Although significant regional differences undoubtedly exist, research has failed to support Garreau's specific characterizations.

**Cultural Change: Main Factors and Causes of Cultural Change!**
Cultural change is a concept that denotes some internal and external factors leading to change in the cultural pattern of societies.

*Factors of Cultural Change:*

There are three main factors of cultural change:

**(i) Contact:**

The contact between two societies will obviously change the culture of both the societies through the process of "cultural diffusion" and "acculturation".

**(ii) Technology Evolution:**

Any technological evolution in the country will bring a change their culture also. For example, changes in production technology, changes in the means of communication, changes in the means of transportation, etc.

**(iii) The geographical and ecological factor:**

The geographical and ecological factor is a natural or a physical factor. The climate or rainfall, attitude of the place, closeness to the sea decides the culture and lifestyle of the people. Any change in the physical features will automatically lead to a change in their culture, habits and way of living.

*Causes of Cultural Changes:*

David Dressier and Donald Carns have made the following observations with regard to the causes of cultural changes:

1. Sometimes members of a society are often confronted by customs that differ from those which they have learnt to accept. In such a situation they adopt some of the new customs, reject others, and follow modified versions of still others. This might be called cultural eclecticism.

2. New customs and practices are likely to be more readily adopted under two conditions

(i) If they represent what is viewed as socially desirable and useful and

(ii) If they do not clash with re-existed and still valued customs and practices.

3. Changes in culture are always super imposed on existing culture especially during cultural contact.

4. All the cultural changes are not equally important. Some changes are introduced to culture because they are considered necessary for human survival.

Some other changes are accepted in order to satisfy socially acquired needs not essential for survival.

5. It is a fact of common observation that crisis tends to produce or accelerate cultural changes. If the changes are accepted once due to the crisis, they tend to persist. For example, women were included in military during the Second World War, and even now they continue to be there.

6. Cultural change is cumulative in its total effect. Much is added and little is lost. It's growth is like the growth of a tree that ever expands but only loses it leaves, Sometimes its limbs from time to time, as long as it survives.

7. Cultural change leads to chain reaction, whenever a change is incorporated into the culture and becomes defined as a 'social necessity', new needs emerge, generating the desire for still further changes to complement or supplement the original change.

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**Characteristics of Culture:**
**From various definition, we can deduce the following characteristics:**
*1. Learned Behaviour:*
Not all behaviour is learned, but most of it is learned; combing one's hair, standing in line, telling jokes, criticising the President and going to the movie, all constitute behaviours which had to be learned.

Sometimes the terms conscious learning and unconscious learning are used to distinguish the learning. For example, the ways in which a small child learns to handle a tyrannical father or a rejecting mother often affect the ways in which that child, ten or fifteen years later, handles his relationships with other people.

*2. Culture is Abstract:*
Culture exists in the minds or habits of the members of society. Culture is the shared ways of doing and thinking. There are degrees of visibility of cultural behaviour, ranging from the regularised activities of persons to their internal reasons for so doing. In other words, we cannot see culture as such we can only see human behaviour. This behaviour occurs in regular, patterned fashion and it is called culture.

### 3. Culture is a Pattern of Learned Behaviour:

The definition of culture indicated that the learned behaviour of people is patterned. Each person's behaviour often depends upon some particular behaviour of someone else. The point is that, as a general rule, behaviours are somewhat integrated or organized with related behaviours of other persons.

### 4. Culture is the Products of Behaviour:

Culture learnings are the products of behaviour. As the person behaves, there occur changes in him. He acquires the ability to swim, to feel hatred toward someone, or to sympathize with someone. They have grown out of his previous behaviours.

In both ways, then, human behaviour is the result of behaviour. The experience of other people are impressed on one as he grows up, and also many of his traits and abilities have grown out of his own past behaviours.

### 5. Culture includes Attitudes, Values Knowledge:

There is widespread error in the thinking of many people who tend to regard the ideas, attitudes, and notions which they have as "their own". It is easy to overestimate the uniqueness of one's own attitudes and ideas. When there is agreement with other people it is largely unnoticed, but when there is a disagreement or difference one is usually conscious of it. Your differences however, may also be cultural. For example, suppose you are a Catholic and the other person a Protestant.

### 6. Culture also includes Material Objects:

Man's behaviour results in creating objects. Men were behaving when they made these things. To make these objects required numerous and various skills which human beings gradually built up through the ages. Man has invented something else and so on. Occasionally one encounters the view that man does not really "make" steel or a battleship. All these things first existed in a "state nature".

Man merely modified their form, changed them from a state in which they were to the state in which he now uses them. The chair was first a tree which man surely did not make. But the chair is more than trees and the jet airplane is more than iron ore and so forth.

### 7. Culture is shared by the Members of Society:

The patterns of learned behaviour and the results of behaviour are possessed not by one or a few person, but usually by a large proportion. Thus, many millions of persons share such behaviour patterns as Christianity, the use of automobiles, or the English language.

Persons may share some part of a culture unequally. For example, as Americans do the Christian religion. To some persons Christianity is the all important, predominating idea in life. To others it is less preoccupying/important, and to still others it is of marginal significance only.

### 8. Culture is Super-organic:

Culture is sometimes called super organic. It implies that "culture" is somehow superior to "nature". The word super-organic is useful when it implies that what may be quite a different phenomenon from a cultural point of view.

For example, a tree means different things to the botanist who studies it, the old woman who uses it for shade in the late summer afternoon, the farmer who picks its fruit, the motorist who collides with it and the young lovers who carve their initials in its trunk. The same physical objects and physical characteristics, in other words, may constitute a variety of quite different cultural objects and cultural characteristics.

### 9. Culture is Pervasive:

Culture is pervasive it touches every aspect of life. The pervasiveness of culture is manifest in two ways. First, culture provides an unquestioned context within which individual action and response take place. Not only emotional action but relational actions are governed by cultural norms. Second, culture pervades social activities and institutions.

According to Ruth Benedict, "A culture, like an individual is a more or less consistent pattern of thought and action. With each culture there come into being characteristic purposes not necessarily shared by other types of society. In obedience to these purposes, each person further consolidates its experience and in proportion to the urgency of these drives the heterogeneous items of behaviour; take more and more congruous shape".

### 10. Culture is a way of Life:

Culture means simply the "way of life" of a people or their "design for living." Kluckhohn and Kelly define it in his sense, " A culture is a historically derived system of explicit and implicit designs for living, which tends to be shared by all or specially designed members of a group."

Explicit culture refers to similarities in word and action which can be directly observed. For example, the adolescent cultural behaviour can be generalized from regularities in dress, mannerism and conversation. Implicit culture exists in abstract forms which are not quite obvious.

### 11. Culture is a human Product:

Culture is not a force, operating by itself and independent of the human actors. There is an unconscious tendency to defy culture, to endow it with life and treat it as a thing. Culture is a creation of society in interaction and depends for its existence upon the continuance of society.

In a strict sense, therefore, culture does not 'do' anything on its own. It does not cause the individual to act in a particular way, nor does it 'make' the normal individual into a maladjusted one. Culture, in short, is a human product; it is not independently endowed with life.

### 12. Culture is Idealistic:

Culture embodies the ideas and norms of a group. It is sum-total of the ideal patterns and norms of behaviour of a group. Culture consists of the intellectual, artistic and social ideals and institutions which the members of the society profess and to which they strive to confirm.

### 13. Culture is transmitted among members of Society:

The cultural ways are learned by persons from persons. Many of them are "handed down" by one's elders, by parents, teachers, and others [of a somewhat older generation]. Other cultural behaviours are "handed up" to elders. Some of the transmission of culture is among contemporaries.

For example, the styles of dress, political views, and the use of recent labour saving devices. One does not acquire a behaviour pattern spontaneously. He learns it. That means that someone teaches him and he learns. Much of the learning process both for the teacher and the learner is quite unconscious, unintentional, or accidental.

### 14. Culture is Continually Changing:

There is one fundamental and inescapable attribute (special quality) of culture, the fact of unending change. Some societies at sometimes change slowly, and hence in comparison to other societies seem not to be changing at all. But they are changing, even though not obviously so.

### 15. Culture is Variable:

Culture varies from society to society, group to group. Hence, we say culture of India or England. Further culture varies from group to group within the same society. There are subcultures within a culture. Cluster of patterns which are both related to general culture of the society and yet distinguishable from it are called subcultures.

### 16. Culture is an integrated system:

Culture possesses an order and system. Its various parts are integrated with each other and any new element which is introduced is also integrated.

### 17. Language is the Chief Vehicle of Culture:

Man lives not only in the present but also in the past and future. He is able to do this because he possesses language which transmits to him what was learned in the past and enables him to transmit the accumulated wisdom to the next generation. A specialised language pattern serves as a common bond to the members of a particular group or subculture. Although culture is transmitted in a variety of ways, language is one of the most important vehicles for perpetuating cultural patterns.

To conclude culture is everything which is socially learned and shared by the members of a society. It is culture that, in the wide focus of the world, distinguishes individual from individual, group from group and society.

**Functions of Culture:**

Among all groups of people we find widely shared beliefs, norms, values and preferences. Since culture seems to be universal human phenomenon, it occurs naturally to wonder whether culture corresponds to any universal human needs. This curiosity raises the question of the functions of culture. Social scientists have discussed various functions of culture. Culture has certain functions for both individual and society.

**Following are some of the important functions of culture:**

### 1. Culture Defines Situations:

Each culture has many subtle cues which define each situation. It reveals whether one should prepare to fight, run, laugh or make love. For example, suppose someone approaches you with right hand outstretched at waist level. What does this mean? That he wishes to shake hands in friendly greeting is perfectly obvious – obvious, that is to anyone familiar with our culture.

But in another place or time the outstretched hand might mean hostility or warning. One does not know what to do in a situation until he has defined the situation. Each society has its insults and fighting words. The cues (hints) which define situations appear in infinite variety. A person who moves from one society into another will spend many years misreading the cues. For example, laughing at the wrong places.

### 2. Culture defines Attitudes, Values and Goals:

Each person learns in his culture what is good, true, and beautiful. Attitudes, values and goals are defined by the culture. While the individual normally learns them as unconsciously as he learns the language. Attitude are tendencies to feel and act in certain ways. Values are measures of goodness or desirability, for example, we value private property, (representative) Government and many other things and experience.

Goals are those attainments which our values define as worthy, (e.g.) winning the race, gaining the affections of a particular girl, or becoming president of the firm. By approving certain goals and ridiculing others, the culture channels individual ambitions. In these ways culture determines the goals of life.

### 3. Culture defines Myths, Legends, and the Supernatural:

Myths and legends are important part of every culture. They may inspire, reinforce effort and sacrifice and bring comfort in bereavement. Whether they are true is sociologically unimportant. Ghosts are real to people who believe in them and who act upon this belief. We cannot understand the behaviour of any group without knowing something of the myths, legends, and supernatural beliefs they hold. Myths and legends are powerful forces in a group's behaviour.

Culture also provides the individual with a ready-made view of the universe. The nature of divine power and the important moral issues are defined by the

culture. The individual does not have to select, but is trained in a Christian, Buddhist, Hindu, Muslim or some other religious tradition. This tradition gives answers for the major (things imponderable) of life, and fortuities the individual to meet life's crises.

## 4. Culture provides Behaviour Patterns:

The individual need not go through painful trial and error learning to know what foods can be eaten (without poisoning himself), or how to live among people without fear. He finds a ready-made set of patterns awaiting him which he needs only to learn and follow. The culture maps out the path to matrimony. The individual does not have to wonder how one secures a mate; he knows the procedure defined by his culture.

If men use culture to advance their purposes, it seems clear also that a culture imposes limits on human and activities. The need for order calls forth another function of culture that of so directing behaviour that disorderly behaviour is restricted and orderly behaviour is promoted. A society without rules or norms to define right and wrong behaviour would be very much like a heavily travelled street without traffic signs or any understood rules for meeting and passing vehicles. Chaos would be the result in either case.

Social order cannot rest on the assumption that men will spontaneously behave in ways conducive to social harmony.

## Culture and Society:

The relationship between society, culture and personality is stressed by Ralph Linton: "A society is organised group of individuals. A culture is an organised group of learned responses. The individual is living organism capable of independent thought, feeling and action, but with his independence limited and all his resources profoundly modified by contact with the society and culture in which he develops.

## 9 Differences between Custom and Law

i) Law is a make; custom is a growth. Law is explicitly and deliberately made by the definite power of the state, whereas custom "is a group of procedure that has gradually emerged, without express enactment, without any constituted authority to declare it; to apply it and to safeguard it." Custom emerges

spontaneously without any guide or direction. Law is consciously created and put into force at the moment of its enactment. In other words, law is a make, custom is a growth.

- (ii) Law needs a special agency for enforcement, custom does not. Law is applied by a special agency and is sanctioned by organized coercive authority. Custom does not need any special agency for its application it is enforced by spontaneous social action. No physical penalty visits a violator of custom; whereas punishment is meted out to one who violates the law. The state will not punish a child if it does not touch the feet of his parents in the morning.

- (iii) Law is specific, customs are not. Law is specific, definite and clear. One can know what the laws of the land are. But as Maine opined, it is only known by a privileged minority. Customs, on the other hand, are not definite or clear. They are not codified in any single book so that it becomes difficult to know all the customs of the land.
- (iv) Law is more flexible and adaptable than custom. Law can readily adjust itself to changing condition: whereas customs cannot be readily changed. Customs are relatively fixed and permanent. In times of crisis a law can be immediately enacted to meet the emergency. A sudden change cannot be brought about in custom.

In India when the Central Government employees had gone on strike thus paralysing the life of the community, the Government of India at once met the situation by declaring the strike illegal and enacting a statute banning strikes in essential services.

(v) Customs fade and disappear without formal abolition and without recognition by any authority, but laws disappear only when abolished by a recognized authority. Just as formal enactment of law is necessary for it to come into effect, so its formal abolition is necessary to stop its binding influence.

(vi) Law is more idealistic than custom. Law tends to be more idealistic than customs. It is the offspring of mind and directed to aims which are far above the actual practice of society, custom is the product experience and mainly concerned with the daily routine of life. Law reforms the customs and abolishes

those which are out of tune with the changing conditions, for example, the Hindu Code Bill seeks to reform and abolish many of the Hindu customs regarding marriage, divorce and succession.

vii) Law generally deals with matters which are vital to the life of society: whereas the subject matter of custom is more ordinary and familiar. The customs we observe in addressing persons of authority or taking our meals or celebrating our festivals do not rise above the commonplace; but the laws passed for creating a national academy of Sangeet or Sahitya, establishing a welfare state, abolishing Zamindari system; introducing Three Year Degree course, making the joining of N.C.C. compulsory and nationalising the banks deeply affect the social structure.

## UNIT-V

### INTRODUCTION

Branding is the art and cornerstone of marketing. Without brands, human beings would be like fish without water. Brands are unique in many ways as they are characterized by enormous amount of complexity, which results from the service attributes of the retailers as well as from the multiplicity of the brand attributes.

Considering the presence of more than 12 million kirana stores in the country, neighbourhood kirana store stands to be the strongest retail brands in India. It draws its brand strength from location, accessibility, personal attention philosophy, long trading hours, affordable prices and service.

Similarly, in the consumer goods industry especially FMCG and consumer electronic products category, each brand has its position in the customer's mind and delivers high set of values than these of other competing brands.

**Considering the fundamental nature of the brand management, elements of branding are studied under following four key concepts:**
1. Brand identity.

2. Brand image.

3. Brand position.

4. Brand equity.

## 1. Brand Identity:

In retailing world, different brands vary in the power and value they command. Some brands are very popular and have high level of awareness in terms of name recall and recognition while others are entirely unheard by the people. Aaker defines brand identity as "a unique set of brand associations that the brand strategist aspires to create or maintain. These associations represent what the brand stands for and imply a promise to customers from the organization members".

Brand identity refers to an insider's concept reflecting brand manager's decisions of what he wants to communicate to its potential customers. However, overtime, a product's brand identity may acquire (evolve), gaining new attributes from consumer perspective but not necessarily from the marketing communications an owner percolates to targeted consumers.

Brand identity needs to focus on authentic qualities – real characteristics of the value and brand promise being provided and sustained by organizational and/or production characteristics. Thus, brand identity refers to an insider's concept reflecting brand manager's decisions of what the brand is all about.

## 2. Brand Image:

Brand identity describes what the brand is all about, what its inherent features are and how it is different from other competing brands while brand image reflects the perceptions of customers about the brand. Brand image is the sum total of impressions created by the brand in the consumer's mind. It is based on the concept that consumers buy not only a product but also the bundle of associations such as wealth, power, sophistication, etc.

Brand image can be reinforced by brand communications such as packaging, customer service, promotion, advertising, word-of-mouth and so on. The image of a brand can lead brand value upwards or downwards. For instance, when the stock broking agent is 'Reliance' or coconut oil is 'parachute', its value moves upwards. This shift is the result of brand name.

The name adds visual and verbal dimensions in consumer's mind and acts as intervening variable moving the value upwards. For instance, the name of a product from the house of Tata or Shaktiman adds radical value to the product. Alexander proposed that types of brand associations can be hard and soft and brand images consist of three elements: image of provider, image of product and image of user.

Brand images are usually evoked by asking consumers the first words/images (views come to their mind when a certain brand is mentioned sometimes called "top of mind"). When responses are similar, quick or describe the product/experience in some way, image is said to be strong. In case responses are highly variable, not quick, or refer to non-image attributes such as cost, it indicates weak brand image.

### 3. Brand Position:

A brand is the part of the brand identity and value preposition that is to be actively communicated to the target audience that sets it apart from the competition. A brand manager needs to establish communication objectives and plan the creative execution strategy.

The beginning of an execution strategy is the brand positioning statement. The statement basically describes the "place" that a brand should occupy in the minds of target customers. In simple sense, it means how a brand is seen in the market place focuses on what is unique to the brand.

Creating a unique position in the market place involves the careful selection of target market and establishing clear differential advantages in the minds of customers. This is achieved through brand image, brand name, service, design, guarantee, warrantee, packaging, delivery, etc.

**Here some major factors are discussed that go into defining a brand position:**

**Brand Attributes:**

**It means what the brand delivers through features, applications and benefits to consumers:**

**i. Consumer Expectations:**

Are customers 'expectations' fulfilled from a brand?

**ii. Price:**

It is comparison between your prices and competitors' prices.

### iii. Competitive factors:

It means what the other brands offer to consumers in terms of features and benefits.

### iv. Consumer Perceptions:

**It is the perceived quality and value of your brand in consumer's minds. It involves:**

(i) Does your brand offer what customers want?

(ii) Is it a offer 'value for money'?

(iii) Is it unique in some sense?

### *4. Brand Equity:*

Brand equity is one of the popular and widely used concepts in marketing that hardly emerged three decades before but is gaining popularity and vital place in marketing strategy. The reason behind the growing popularity of brand equity concept is because of the fact that several marketing researchers have concluded that brands are one of the most valuable assets that a company has.

According to Aaker, "Brands have equity because of their high awareness, many loyal customers, a high reputation for perceived quality, proprietary assets such as access to distribution channels or to patents or the kind of brand associations (such as personality associations).

The brand equity is an intangible asset that depends on associations made by the consumer. There are generally three perspectives from which brand equity can be viewed.

**These are:**
**(i) Financial:**

One of the widely used ways to measure brand equity is to determine the price premium that a brand holds over a generic product. For example, if consumers are willing to pay Rs.20,000 more for a branded jewellery over the same unbranded brand, this premium provides important information about the value of the brand. However, marketing expenses must be taken into account when using this method to measure brand equity.

**(ii) Brand Extensions:**

A successful brand like Dabur's "Vatika" may be used as a platform to launch new related products. The main benefit of brand extension is to take the benefits of brand awareness and thus reducing the advertising expenditures and risk associated with new launch. Subsequently, appropriate brand extension can enhance the core brand. As compared to financial measures of brand equity, brand extensions are more difficult to quantify.

**(iii) Consumer related:**

A strong brand not only sells itself but increases the consumer's attitude strength toward the product associated with the brand. Attitude strength comes from experience with a product. Reports have shown that actual experience by the customer implies that trial samples are most effective than advertising during introduction stage of building a strong brand. Higher the consumer associations and awareness, higher will be brand loyalty.

**Strong brand equity has following underlying benefits:**

Increased cash flow by increasing market share and reduced promotional expenses.

(i) Allows for charging premium pricing.

(ii) Facilitates a more predictable income stream.

(iii) Brand equity like an asset can be sold or leased.

(iv) Make the brand easy to remember and develop repeat usage.

**Role of Branding:**

None finds a pragmatic concern aloof from this branding. Brand names came to create identity to distinguish one product from another.

Identifying is essential to competition because, without means of identification there is no way of making a choice except by happen stance. Brand names not only facilitate choice but they spur to a responsible action.

**Following points pin down its precise role:**

*1. Brand is a Massive Asset:*

Brand is considered as a major intangible asset because all the physical assets such as plant, equipment, inventory, building, stocks and bounds can be duplicated or copied very easily, however, it is almost impossible to duplicate brand name. It has been proved, as there are many case where the firms have gone to hell still brand remained high in the sky.

*2. Brand is a Promotional Tool:*

Sales promotion is founded on the idea of product identification or product differentiation. This difference is done by a brand. Major weapon of product popularization is advertising. And it is futile to advertise a product without a brand name.

ven the work of salesman would be a failure in absence of a brand name. Thus, branding plays a highly creative role in determining the success or failure of a product.

*3. Brand is a Weapon to Protect Market:*

Once a consumer has tried and liked a product the brand enables him to identify so well that he is tempted to levy it again. For instance, a house wife using VIM cleaning powder may not use other powders like BIZ, ODOPIC etc., as she is soaked in with VIM. That is, the product earns goodwill. In other words, absence of brand name will make repeated purchases stand still.

*4. Brand is Antidote for Middlemen' Survival:*

If a product wins consumer reputation, the manufacturers gain control over product distribution. The class of middlemen always tends to go in for a successful brand. That is, without brand identification, these middlemen find it difficult as to what to buy and sell.

In fact, brand names can be so strong and penetrating that the very survival of middlemen rests on their efforts and ability to sell a powerful branded product.

*5. Brand is a Means of Identification for Customers:*

Brand is the easiest way of identifying product or service that a customer likes. For him, brand is value, quality, personality, prestige and image. A branded

product is a distinct product in his eyes. Thus Philips bulbs are regardless of where they are bought.

Again, branded products tend to have improvement in quality over the years. It is naturally out of competition. Thus, Aspro tablet of 1960 was quite different from micro fined of 1970s.

**A Good Brand Name:**
**Certain factors make a brand name good one. They are:**
*1. It must be Easy to Pronounce and Remember:*
For instance, "HOECHST" is difficult to pronounce. On the other hand, "Murphy Baby" and 'Click' are fine example.

*2. It should be Short and Sweet:*
The name must be short yet sweet, appealing to eyes, ears and brain. Mukund and Mukund, Panama, D.C.M., Bombay Dyeing, Bata, Tata, etc., are of such kind.

*3. It should Point out Producer:*
The name or symbol should be given connotation of the product, producer, etc. The best examples are NELCO, MICO, LT. AMUL, B.T. INDAL etc.

*4. It should be legally protectable:*
The brand name must lend, themselves for legal protection. A brand name, legally recognised, is known as trade mark. Normally, it depends on the will and discretion of a producer, middlemen than on brand name.

*5. It should be Original:*
The brand name selected must not be general but specific. It must be such that it is not easily copied by others. Hardly does one finds the use of brand "Philips" by imitators. On the other hand, "Gluco" and "Glucose" biscuits are different. There is difference in "Upkar" and "Upchar" Supari. But for a common man, it is more difficult to identify and differentiate.

*6. It Should Reflect Product Dimensions:*
A good brand name is one which reflects directly or indirectly some dimensions say product benefit, function, and results and so on. For instance EZEE of Godrej Company is really easy to use for better results; another brand GOOD-NIGHT of a mosquito repellant pad implies the user says 'good-night' to

mosquito as he is going have good and sound sleep at least eight-hours. PUMA brand shoes are the symbol of speed as panther is shown

**Introduction, Brand and Branding Strategy:**

The word "Brand" owes its origin to Norwegian word "Brand" which means to burn. Marketers resort to branding in order to distinguish their offerings from similar products and services provided by their competitors. Additionally, brand carries an inherent assurance to the customers that the quality of a purchase will be similar to earlier purchases of the same brand.

Branding is the process by which a marketer tries to build long term relationship with the customers by learning their needs and wants so that the offering (brand) could satisfy their mutual aspirations. Branding can be viewed as a tool to position a product or a service with a consistent image of quality and value for money to ensure the development of a recurring preference by the consumer.

It is common knowledge that the consumer's choice is influenced by many surrogates of which the most simple one is a brand name. Branding can be used as a differentiation strategy when the product cannot be easily distinguished in terms of tangible features or in products which are perceived as a commodity (i.e., salt or potato chips etc.). Brand building is a continuous customer satisfaction orientation process.

The brand owner tries to retain customers to its fold over their competitors by a mix of hardware and software because when a customer feels satisfied he/she develops a kind of loyalty for the same. Therefore, a strong brand, apart from name, symbol or design, ensure quality, stability of assured future market and effective utilisation of an asset. Further, a strong brand which a retailer wants to stock because of high customer pull also provides the owner of the brand with a platform for the sale of additional products.

**(b) Branding-Strategy and Benefits:**

*(i) Branding Strategies are:*

a) Aims to segment the market, i.e., fulfills the expectations of specifies groups of customers.

b) Starts with a big idea, i.e., augmented product or service is noticed by the brand name.

c) Has an enduring value, i.e., a brand name is not merely a label, but it continues to incarnate the brand and the brand's passing presence can transform the product.

d) Shall sustain though the product may die, i.e., a brand protects the innovator and a brand is the signature on a constantly renewed creative process. Product follow the PLC logic and may disappear one day but the core value of the original brand endures.

e) Is a living memory, i.e., the spirit of the brand can only be inferred through its products and its advertising. The importance of memory in encompassing a brand explains why its image can vary structurally from generation to generation

### (ii) Brand Name:

A brand name may manipulate the buyer's perception about the product. Brand names are often useful in establishing an overall product concept. Brand names such as 'Surf' and 'Dalda' have become generic, synonymous with detergents and vegetable oil. So also "Xerox" for photo copying.

A good brand name sticks to the buyer's mind. Sometimes, consumers even derive some recognition and status from using certain brands. Rolls Royce's "Phantom Car" and "De Beers Diamond" are such brand names.

In a country like India where literacy is still low, branding plays a major role in communication. Apart from identifying the marketer of the product branding assures the buyer of some inform quality leading to repeat the purchase. Brand names are usually registered under the Indian Trade and Merchandise Act for protection against limitation.

### characteristic

a) It should be short, simple and easy to pronounce.

b) It is easy to recognise and remember.

c) Pleasing when pronounced.

d) Adaptable to packaging, labeling requirements and to any advertising media. Companies follow different policies in choosing brand names for the wide range of products they market.

Individual brand names which Hindustan Lever and ITC choose for detergents and cigarettes respectively. Corporate and family brand names such as Godrej and Tata etc. Alpha-numeric names such as Modi Xerox, Bajaj Auto, Wipro etc. often signify its physical characteristics, performance and technical specifications.

A trade mark is a legal right to protect a brand name to assure customers that they are buying an authentic brand. Registration at the Patent office confers upon the proprietor a statutory right to exclusive use of that name or mark.

### (iii) Brand Equity:

The equity of brand is measured by the awareness and image which it evokes. This is a natural measurement, since the brand is the symbol. Brand awareness relates to the number of persons who recognise the brand significance and who are conscious of the promise which the symbol expresses.

The aim of advertising is to reveal the meaning of the brand and to spread it as far as wide as possible in order to encourage people to try the products offered. In markets, where the product category is still finding its feet, the first brand to spread its message far and wide benefits from what is called "Pioneer Advantage".

### (iv) Brand Image:

Each brand has a unique blend of identify in the eyes of its customers. Broadly speaking, the totality of any brand is made up of three type of appeals

a) Appeal to Reason – A performance factor.

b) Appeal to Senses – i.e., Sensory gratification.

c) Appeal to Emotion i.e., Style, mood and psychological rewards the brand gives.

*(v) Benefits of Brand Building:*

Brand Building involves cost, apart from additional cost incurred in packaging, labeling, advertising and legal protection. Brand facilitates consumers to ease decision making and uncertainty because it encapsulates its identity, origin, specificity, guarantee and difference. In turbulent market where choice is constantly evolving brand provides a haven of stability, ensures an identity and promises of quality or guarantee.

Though products may change, the spirit of the brand remains the same. The brand owner is able to earn an easy recognition and image compared to owners of unbranded products. Thus, the value of creating a brand has been accepted in principle. And it is of late given the status of an intangible asset.

Brand building begins with a consistent, integrated vision. Its central concept is brand identity or the brand image. The identity must be defined and managed. From the Customer's view point, a branded commodity assures him/her of a standard quality and minimises the risk associated with choosing from a wide variety of similar product options.
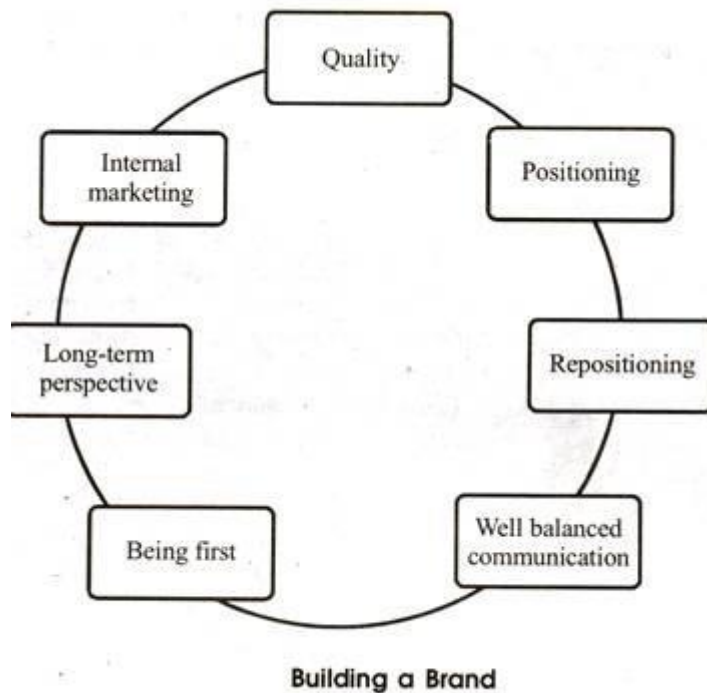
**Hence the process of branding achieves different things:**
a) An easy identification process.

b) Highlights special attributes or benefits.

c) Distinct values and personality behind same usage.

d) Connotes some association with type of users.

## Factors of Brand Building

A brand is created by augmenting a core product with distinctive values that distinguish it from competition. Brand building involves deep understanding of both functional and emotional values that customers use when choosing between brands.

Brands are built by a combination of seven factors:



**Building a Brand**

**Quality:**

Building quality into the core product is vital. The core product must achieve the basic functional requirements expected of it. Higher quality brands achieve greater market share and higher profitability than their inferior rivals.

It is important to understand as to how customers judge the quality of a product. Most customers do not do detailed evaluations of the performance of the product when they buy.

They categorize a product to be of high quality when they find it performing well on the parameters that are important to them or when the product performs well on the parameters that they understand well.

Customers rely on cues to determine the quality of the product. A company should provide exaggerated performance in that product attributes which customers use to judge the quality of the product.

**Positioning:**

Creating a unique position in the marketplace involves the careful choice of target market and establishing a clear differential advantage in the minds of these customers. This can be achieved through brand name and image, service, design, guarantees, packaging and delivery.

Unique positioning will require a combination of these factors. Viewing markets in novel ways can create unique positioning concepts, Positioning is an opportunity for the company to communicate to customers as to what it strives to achieve for them, i.e., functional needs, and what it wants to mean to them, i.e., emotional needs.

Unfortunately, customers' functional and emotional needs vary widely and one positioning plank will not be attractive to the whole market. A brand which wants to achieve very specific things for its customers and wants to mean just a particular thing for them will only have a small segment of customers who will be attracted to the brand.

The rest of the customers would not find the brand useful. It is always tempting to dilute a brand's positioning to make it attractive to a large segment. A company should resist this temptation. A brand focused on the functional and emotional needs of a small set of customers will be more successful in fetching a premium price as it will be greatly valued by its target market.

A focused brand is more likely to enhance its value proposition than a less focused brand because the focused brand knows very precisely what it has to achieve for its target market, and puts its resources to achieve it. A less focused brand will dissipate its resources in trying to serve varied needs of too wide a segment.

**Repositioning:**
As markets change and new opportunities arise, repositioning is needed to build brands from their initial base. A successful brand may be rendered irrelevant if needs and circumstances of customers in its target market change.

If this change is gradual and perceptible, the company can change its offerings and communications gradually and manage to keep itself acceptable to the target market. But if the change is sudden and the company finds itself out of tune with its market all of a sudden, the company has two options.

It may start targeting a different market where its positioning plank is still relevant, or changes its offerings and communications drastically to make itself relevant to its original target market again.

But companies have been guilty of changing their positioning planks unnecessarily and far too frequently. A decision about the positioning of brand should be strictly dependent on the choice criteria of customers and the capability of the company. A company should arrive at a positioning strategy after conducting thorough research of customers' choice criteria and an audit of its resources and capabilities.

A positioning plank is a reflection of the company's ability to serve a single or few elements of the customers' choice criteria. The capability of a company and choice criteria of customers do not change as frequently as companies change their positioning.

A company which repositions its brand frequently confuses its customers about what it is really capable of achieving and being. The brand loses its credibility among customers in the target market.

**Well-balanced communication:**
Brand positioning shapes customer perceptions. A brand needs to communicate its positioning to its target market. Awareness needs to be built, brand personality projected and favourable attitudes built and reinforced among customers. The brand theme needs to be reinforced by advertising, salespeople, sponsorship, public relations and sales promotion campaigns.

Companies have often relied on advertising in the mass media to communicate brand positioning. While some amount of advertising may be necessary to get the target market's initial attention, advertising in the mass media is too impersonal and ephemeral for building a relationship between the brand and its customers.

The purpose of brand communication is to make customers feel attached to the brand. The ultimate purpose is that customers should start considering the brand to be an important part of their being. For such an attachment to develop, customers have to participate physically and emotionally in the activities and celebrations of the brand.

The company has to provide opportunities for such participation to customers. Sponsoring an event about which customers feel very strongly will move the brand closer to the customer. Joint participation of customers and the brand in some social cause also cements the relationship between the two.

Public relations campaign celebrating the contribution and successes of customers rather than extolling the company's achievement will make customers feel proud of their association with the brand. Whenever customers come in contact with the company, the contact employees should be living the brand values during their interaction with the customers.

The idea is that the company should be relentless in communicating its brand values to its target market and never miss an opportunity to impress customers about what it stands for and what it can do for them.

**Being first:**
Pioneer brands are more likely to be successful than follower brands. Being first gives a brand the opportunity to create a clear position in the minds of target customers before competition enters the market. It gives the pioneer the opportunity to build customer and distributor loyalty. But it requires sustained marketing effort and the strength to withstand competitor attacks.

The pioneer gets an opportunity to shape expectations of the customers about the product category. If the pioneer is uncontested in the market for a considerable period of time, the pioneer's product becomes the benchmark against which products of late entrants will be evaluated.

The pioneer gets time to know the needs of the customers and develop capabilities to serve those needs. The pioneer should develop positioning focused sharply on the needs of a segment, so that late entrants do not find unmet needs to target among customers of its target market.

Most pioneers cannot resist the idea of serving the whole market and make the mistake of targeting the whole market by very diffused positioning.

Pioneers serve the whole market successfully with a compromise product for some time, but late entrants are able to discover segments with needs that the compromise product is not serving. Late entrants carve out segments from these unmet customer needs.

Late entrants change the structure of the market from one big market with supposedly uniform needs to a market consisting of many segments, each with a different set of needs.

The pioneer may find that its compromise product is not particularly suitable for any segment and the mass market in which the compromise product was acceptable is no more there.

Pioneers should resist the temptation of serving the whole market with a common product. They should focus on a particular segment of the market in very early phase of market development, or identify segments and serve them with different products positioned differently from each other. It is suicidal for pioneers to allow late entrants to discover segments in the market.

**Long term perspective:**
Generating awareness, communicating brand values and building customer loyalty takes many years. There must be a consistent, high level of brand investment. If investment is cut, sales are unlikely to fall substantially in the short term but it will erode brand equity in terms of awareness levels, brand associations, intentions to buy, etc.

Customers fondly remember brands which may not have sold for years. In fact, some of the customers refuse to believe that the brand is not selling. Customers grow up and live with their favourite brands and though they may not be able to verbalize their relationship with their favourite brands, they are always there in their memory.

Companies should remember that there is nothing short-term about a brand, because the strength of a brand is dependent upon the strength of association between the brand and its customers. This association or any association for that matter takes time to build. The brand has to establish credibility and trust with consistent performance and behaviour before customers start associating with it.

And companies have to ensure that this trust is not breached. Therefore a company has to invest in the brand building process for a long time.

But the payoff is also for a long time. Long after the company has stopped promoting the brand, customers continue to buy it. Investment in a brand never

goes waste. If a company has some extra resources about which it is not sure where to invest, it should go ahead and invest them in strengthening its brand.
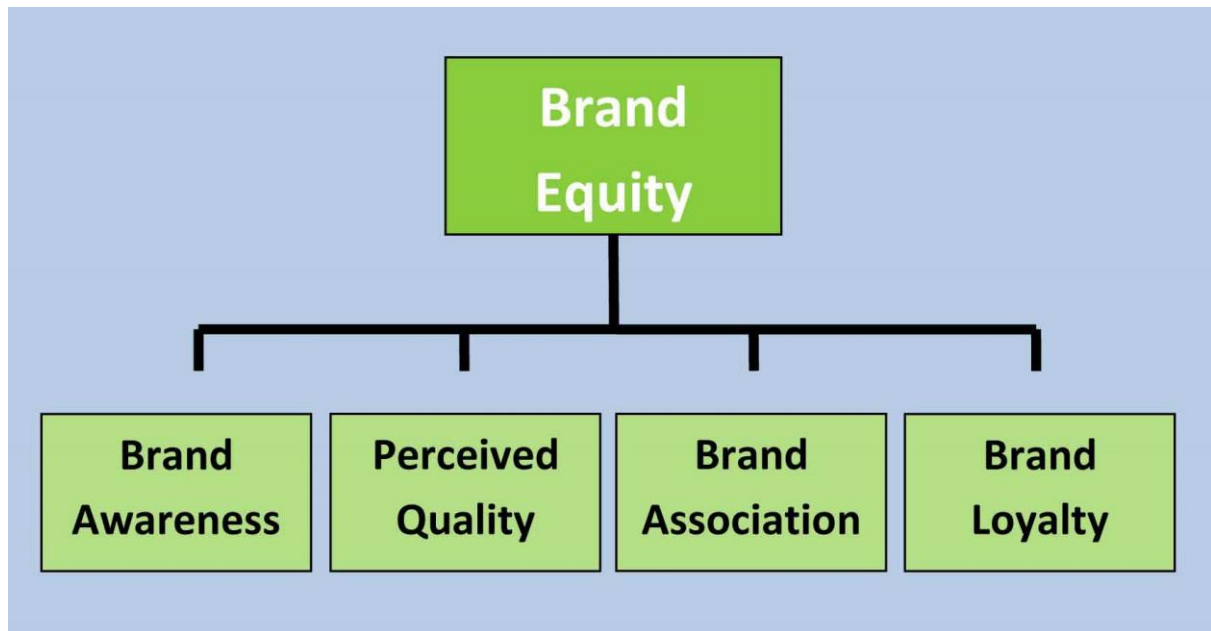
**Internal marketing:**
Many brands are corporate brands, i.e., the marketing focus is on building the company brand. Most service brands are marketed as corporate brands. Training and communicating with internal staff is crucial because service companies rely on personal contact between service providers and service users. Brand values and strategies must be communicated to the staff.

Whenever customers come in contact with the company, they should experience the values embodied in the brand being played out in real. For such an experience to take place, employees should understand as to what type of interaction will reinforce the customers' convictions in the brand.

All employees should know what customers expect from the brand and try to fulfill those expectations. All employees should be explicitly told about their roles in the brand building exercise and they should be expected to perform these roles.
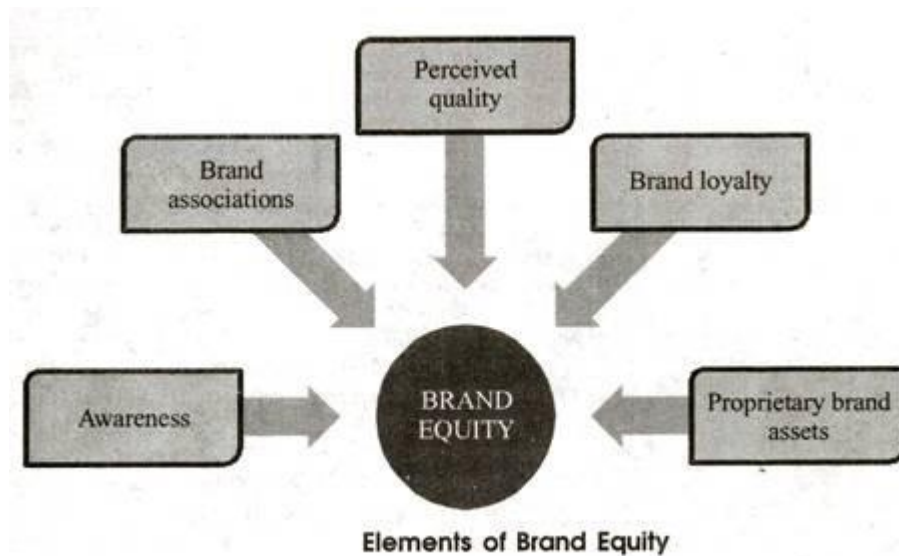
**5 Main Elements of Brand Equity**

A brand is an intangible asset for an organization. The concept of brand equity originated in order to measure the financial worth of this significant, yet intangible entity.

Brand equity is the value and power of the brand that determines its worth. The brand equity can be determined by measuring:

i. The price premium that the brand charges over unbranded products

ii. The additional volume of sales generated by the brand as compared to other brands in the same category and/or segment

iii. The share prices that the company commands in the market (particularly if the brand name is the same as the corporate name, or customers can easily associate the performance of all the individual brands of the company with the financial performance of the corporate)

iv. Returns to shareholders

v. The image of the brand on various parameters that are deemed important

vi. The future earnings potential of the brand

vii. Or a combination of the above methods. Some methods of measuring brand equity involve the formulation of a multiplier by using a combination of the above methods. Such multipliers as brand strength or brand esteem can be

determined by combining several variables to ultimately arrive at the brand equity.



Elements of Brand Equity

## 1. Awareness:

Awareness of the brand name among target customers is the first step in the equity building process. Awareness essentially means that customers know about the existence of the brand and can also recall what category the brand is in.

The lowest level of awareness is when the customer has to be reminded about the existence of the brand name, and that it is being a part of a particular category. In aided recall, the customer can recognize the company's brand from among a list of brands in the category

## 2. Brand associations:

Anything that is connected to the customer's memory about the brand is an association. Customers form associations on the basis of quality perceptions, their interactions with employees and the organization, advertisements of the brand, price points at which the brand is sold, product categories that the brand is in, product displays in retail stores, publicity in various media, offerings of competitors, celebrity associations and from what others tell them about the brand. And this is not an exhaustive list.

Consumers add to brand associations with each and every interaction they have with the brand. All these associations are not formed only due to their

interactions with the organization. Many associations are formed from what others tell customers about the brand.

## 3. Perceived quality:
Perceived quality is also a brand association, though because of its significance, it is accorded a distinct status while studying brand equity. Perceived quality is the perception of the customer about the overall quality of a brand.

In assessing quality, the customer takes into consideration the performance of the brand on parameters that are important to him, and makes a relative judgment about quality by assessing competitor's offerings as well. Therefore, quality is a perceptual entity, and consumer judgments about quality vary.

Quality perceptions influence pricing decisions of companies. Better quality products can be charged a price premium. Quality is one of the main reasons for consumer preference for a brand in any product category. Thus, superior perceived quality can also be used to position the brand.

## 4. Brand loyalty:
A customer is brand loyal when hepurchases one brand from among a set of alternatives consistently over a period of time. In the traditional sense, brand loyalty was always considered to be related to repetitive purchase behaviour.

For some products such as purchasing a house or an automobile, repetitive purchase behaviour may not occur. In these situations, attitudinal brand loyalty, i.e., consumer feelings about the brand that was purchased, and their inclination to recommend the brand to others are measured.

Brand loyalty is usually rated as the most important indicator of brand equity because loyalty develops post purchase and indicates a consistent patronage by a customer over a long period of time whereas all other elements of brand equity may or may not translate into purchases.

Brand loyal customers form the bedrock of a company. Higher loyalty levels lead to a decrease in marketing expenditure as such customers act as positive advocates for the brand. Besides, a company can introduce more products in its portfolio that are aimed at the same customers at less expenditure.

It also acts as a potential barrier to entry for new players and gives time to the company to respond to competitive threats.

The bargaining power of the company with the trade channel members is stronger when there are many loyal customers who would only buy the company's brand. In this case, the retailer merely distributes the manufacturer's products.

## 5. Other proprietary brand assets:

Proprietary assets include patents, trademarks and channel relationships. These assets are valuable as they prevent competitors from attacking the company and prevent the erosion of competitive advantages and loyal customer base.

All activities of the firm determine brand equity. These activities may enhance or diminish the brand value. Activities that are synchronous with the overall vision for the brand enhance equity, and any activity that goes against this overall vision reduces brand equity.

## DESIGNING THE NEW PRODUCT

Designing the new products and launching them in the market is the biggest challenge facing organizations irrespective of the size, or complexity of the product. The needs and expectations of the customers are on the rise. The entire process of need identification to physical manufacture of products involves three major phases or functions: marketing, product development and manufacturing suggest ideas for new products and for providing product specifications for existing product lines.

Product development translates the needs of customers given by marketing into technical specifications and designing the various features into the product to meet these specifications. Manufacturing has the responsibility of selecting the processes by which the product can be manufactured.

Product design and development provides a link between marketing, customer needs and expectations and the activities required to manufacture the product.

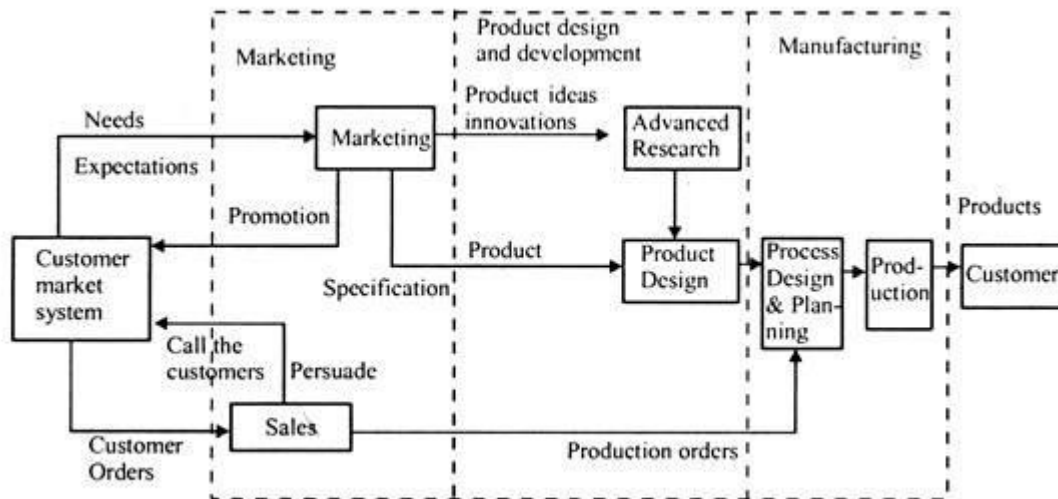The manufacturing process should be able to meet the local preferences in a global market place



**Fig. 2.1.** Marketing, Product Design and Development and Production

**Product Design:**

Product design deals with conversion of ideas into reality. Every business organisation has to design, develop and introduce new products as a survival and growth strategy. The purpose of any organisation is to provide products or services to its customers. An organisation can gain a competitive edge through designs that bring new ideas to the market quickly, can satisfy customer needs in a better way or are easier to manufacture, use and repair than existing products.

**Organizations are required to design the new products for the following reasons:**

1. To be in business on a continuous basis, believing a fact that business is a long lasting institution.

2. To satisfy unfulfilled needs of the customers.

3. Company's existing product line becomes saturated and the sales are on the decline.

4. To enter into new prospective business through related or unrelated diversification.

5. Fierce competition in the existing product line.

6. Profit is on the decline.

**Product Strategies:**
There are three fundamental strategies that guide the new product introduction

*Market Pull:*
According to this strategy, company "should make, what it can sell". The market determines new products with little regard to existing technology and operations and processes. Customer's needs are the only basis for new product design and introduction. The organizations through extensive marketing research and customer feedback should determine the needs for types of products and then design and manufacture them.

*Technology Push:*
This approach suggests that company "Should sell the products what is can make". Accordingly new products should be derived from production technology, with little regard for the markets. It is the marketing department's job to create the market for the product and sell the products that are made. Company with strong manufacturing base and R&D capability can adopt this strategy.

*Inter Functional Approach:*
In this approach, new product introduction is inter-functional in nature and requires co-operation among marketing, engineering and other functions. The new product is an outcome of coordinated effort between the functions. But this

is difficult to achieve because of interdepartmental rifts and revelry. The team approach consisting of task force is used to integrate the diverse organizational elements.
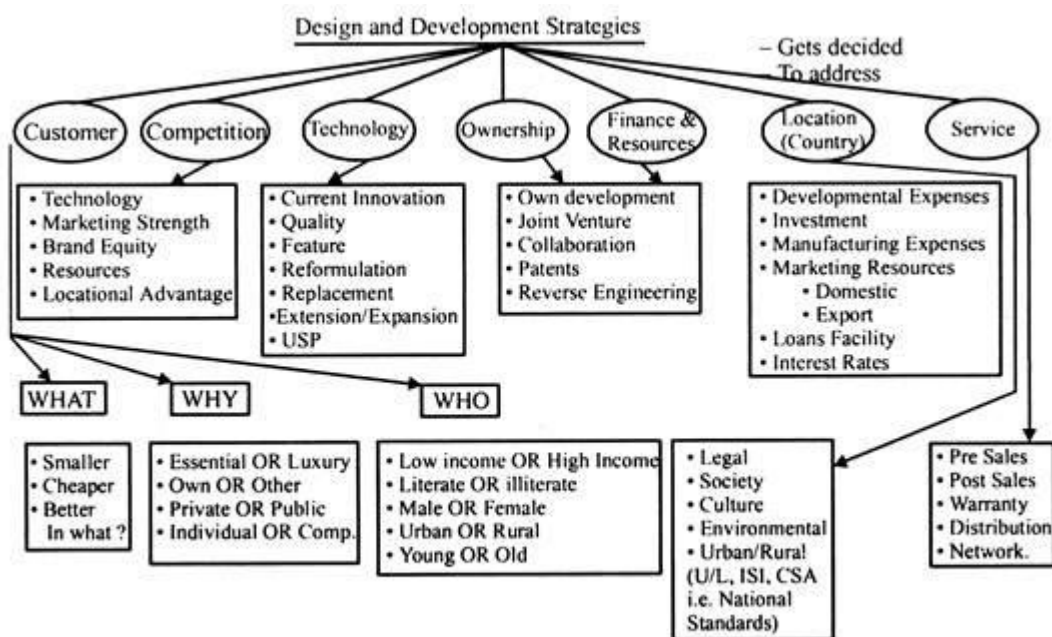


Fig. 2.3. Design and Development Strategies

**Product Policy of an Organisation:**

Product policy is the top management (Strategic) decision. Every organisation has their own product strategies or policies, which form the basis of competing in the market. They become the unique selling proposition (USP) of the company. As per the requirements of the company, it may choose product policies. The same company can opt for different policies for the different products.

**The various product policies are:**

*Lowest Price:*

The Company will be the price leader and the company is going to offer the product at the cheapest price than its competitors. Price becomes the criteria used to compete in the market. Though the profit per unit is less, the company is going to make the substantial profit by the large volume.

*Highest Quality:*

Some organizations offer highest quality products irrespective of the cost. They are catering to the needs of special class of customers who value quality as the only criteria to purchase the product.

*Compromise between Cost and Quality:*

Some Organizations in order to capture the larger sections of the customers, offer products with the optimum blend of quality and cost. The products are reasonably of good quality in proportion to its price. These organisation try to give good value to the customers for his money.

*Safety:*

Some Organizations give maximum importance to safety. Safety is the criteria on which they compete in the market, ex – All home appliances, electrical gadgets etc. Thus Organizations have to choose the policies suitable for them. This policy is going to influence the design to the large extent.

A product is something that is produced by a firm or factory or industry and sold in the market. When it is sold easily or automatically, there is no problem. But there are thousands of products, several kinds of the same products, and millions of buyers of products actual and potential.

In a free enterprise system, there is competition among manufacturers to sell their products. So it is imperative on the part of the manufacturer to distinguish his products from that of another. Here arises the problem of product policy.

Product policy is concerned with defining the type, volume and timing of products a company offers for sale. The product policies are general rules set up by the management itself in making product decisions. Good product policies are the basis on which the right products are produced and marketed

successfully. Product policies are the objectives and guide lines which determine the nature of the product or services to be marketed.

**1. Product Planning and Development:**

Product planning means an attempt to establish the product in line with market needs. It is defined as the act of making out and supervising the search, screening, development and commercialisation of new products, the modification of existing lines and the discontinuance of marginal or unprofitable items. The planning and development of new products, though a vital necessity for all progressive enterprises, constitute a costly process. They involve risks and hazards also.

**In order to reduce the risk, a few logical steps are followed in a new product planning and development. These are as follows:**

**Exploration**:

The first step is the generation of ideas. Ideas about new products or improvement of old products or processes may come from:

(a) internal sources like salesmen, non-marketing employees, middle managers and top management,

(b) external sources like customers, distributors, advertising agencies, laboratories, private research organisations, trade associations, government agencies and the like.

Some techniques have also been developed over the years which are useful in generating ideas. Among them are gap analysis, attribute listing and brain storming, forced relationships, morphological analysis, problem identification and synectics.

**Gap Analysis:**

Gap analysis attempts to find out gaps in the market where there exist unsatisfied

consumer demand and opportunities for a new product.

**Attribute Listing:**
Attribute listing involves the preparation of a list of the attributes of a product and formulation of methods to modify them in order to see if a new combination of attributes can be evolved for the improvement of the product.

**Brain Storming:**
Brain storming in an organised group exercise like a stormy meeting of about six to eight creative personnel specially convened to stimulate new ideas. The chairman of a brainstorming session which generally lasts about an hour and a half leads saying, "Remember now, I want each one of you to come out with an idea of new product or an improvement of an old product. The wilder the idea, the better." Freewheeling is welcomed, combining and improving ideas is encouraged, quantity is encouraged and criticism is ruled out.

**Forced Relationships:**
Here several objects are listed and each product is considered in relation to every other object.

**Morphological Analysis:**
Morphology means structure and this method calls for identifying the structured dimensions of a problem and examining the relationship among them.

**Need/Problem Identification:**
Need or problem identification starts with the consumer. Consumers are asked about needs, problems and ideas. The various problems would be rated for their seriousness, incidence and cost of remedying to determine which product improvements to make.

**1. Synectics:**
For the development of sufficient number of perspectives, Gordon has developed this method. Gordon decided to define the problem so broadly that the group would have no inkling of the specific problem.

**Gordon described five principles underlying the synectics method:**
Deferment, autonomy of object, use of the commonplace, involvement or detachment and use of metaphor.

## 2. Screening:

The purpose of idea generation is to create a large number of ideas. The purpose of succeeding stages is to reduce the number of ideas to an attractive, practicable few. The first idea- pruning stage is screening.

**In screening the ideas, the company must avoid two types of errors:**

A DROP error occurs when the company dismisses an otherwise good idea. If a company makes too many DROP-errors, its standards are too conservative. AGO-error occurs when the company permits a poor idea to move into development and commercialisation. The purpose of screening is to spot and drop poor ideas as early as possible.

## 3. Conceptualisation:

It would be the height of folly to develop all the ideas generated in the first step into concrete business proposals. Many of these can be eliminated just on the basis of theoretical evaluation. So only those ideas that survive screening are taken up for expansion into concrete business propositions in terms of costs, idea, manpower requirement and the like, It is quite possible that at this stage of conceptualisation some ideas may just fall through because they cannot be turned into concrete proposals which are viable enough.

## 4. Comparative Evaluation:

The limited numbers of product concepts that have come out of the third stage are now subjected to close scrutiny. This takes place with an eye to profitability and other cost-benefit analysis. All the available talents in the concern are brought together. In some cases, the different product concepts may even be sent to a cross section of possible customers and their opinion sought about the acceptability of the particular production.

## 5. Product Development:

During this stage the 'idea on the paper' is turned into a product on hand'. In other words, the idea is converted into a product that is producible and demonstrable. This stage is also known as 'Technical Development'. During this stage all the developments of the product, from idea to final physical form take place.

Once the management decides to go ahead with the product idea, the proposal is now turned over to the engineering or production departments for the making of a product. But to start with, it is made only in small quantities.

## 6. Test Marketing:

Under test marketing, the product is introduced in selected areas often at different prices in different areas. These tests would provide the management an idea of the amount and elasticity of the demand for the product.

**The objectives of tests marketing are:**

(a) To evaluate a complete marketing plan including advertising, distribution, sales, pricing and others;

(b) to determine the promotional media mix, channels, etc.; and (c) to forecast the likely sales volume.

## 7. Commercialisation:

In this stage, the product is submitted to the market. Commercialisation is also the phase where marketing is most active in connection with the new product. This stage is considered to be a critical one for any new product and should, therefore, be handled carefully.

**The following activities are usually undertaken during this stage:**

(a) Completing final plans for production and marketing,

(b) initiating coordinated production and selling programmes, and

(c) checking results at regular intervals.

## 8. Market Entry:

Generally, a company does not put a new product into full national distribution from the beginning. In commercialising a new product, market entry timing can be critical.

**The company faces three choices:**

### (a) First Entry:

The first firm entering a market usually enjoys first mover advantages consisting of locking up some key distributors and customers and gaining reputational leadership.

### (b) Parallel Entry:

The firm must time its entry with the competitor. If the competitor rushes to launch the product, the company does the same. On the contrary, if the

competitor takes its time, the company also takes time, using the extra time to refine its product.

**(c) Late Entry:**
The firm might delay its launch until after the competitor has entered.

## 2. Product Line:

The product line is a group of products that are closely related either because they satisfy a class of need or are used together or sold to the same customer groups or marketed through the same type of outlets or fall within given price ranges.

According to Stanton, A broad group of products intended for essentially similar uses and possessing similar physical characteristics constitutes a product line. For example, Bajaj Electricals turns out fans, electric lamps, cables, electric irons, heaters, transformers and so on.

**The important advantages are:**
(a) It provides for fuller utilisation of productive capacity.

(b) It facilitates entry into new items without extra marketing expenses.

(c) It enables the marketer to consolidate his advertising and promotional strategy.

(d) It promotes consumer satisfaction.

(e) It acts as a deterrent to competitors who try to step in.

(f) It increases the profitability of the company.

(g) It also satisfies the dealers.

(h) It reduces the risk.

(i) It avoids seasonal fluctuations in sales.
*Product Line Decisions:*
**In fact, decision about adding a new product is not different from other managerial decisions. Taking decision of the product line depends upon a number of factors:**

(a) Company's objectives

(b) Product specialisation

(c) Product influences

(d) Elimination of unsought goods

(e) Marketing influences

(f) Buying habits

(g) Changes in market demand

(h) The distribution net-work

(i) The company's cost structure

(j) The availability of raw material

**3. Product Mix:**
It is a broad term which refers to the total assortment of different commodities marketed by a firm. It is, however, treated as a composite. According to Stanton, "The product mix is the full list of products offered for sale by a company". It may range from one or two product lines to a combination of several product lines or groups.

*Characteristics:*
**There are four principal characteristics:**
**(a) Length:**
Length of the product mix refers to the total number of items in its product mix.

**(b) Depth:**
Depth refers to average number of items sold by a company within a single product line.

**(c) Width:**
Width is judged by the number of different product lines dealt with by a company.

**(d) Consistency:**

Consistency means how many product lines are closely related in production requirements, distribution process, end use, etc.

These four characteristics of the product mix provide the handles for defining the company's product strategy.

*Advantages:*

1 More products mean choice for customers and thereby more consumer satisfaction.

2. Costs of maintaining the sales force are reduced if more products are distributed through the same outlets.

3. Advertising of a wide range of products is likely to yield better results.

4. It may be possible to overcome inefficient middlemen and set up direct distribution to consumers and end users.

5. Production of items with a few minor changes in the model results in lowering cost per unit of production.

*Factors Influencing Change in Product Mix:*

**Product mix is affected by several factors and particularly changes in the product may be due to the following factors:**

(a) Goodwill of the company

(b) Competitors' attitude

(c) Financial position of the company

(d) Change in company's plan

(e) The purchasing power of consumers

(f) The change in demand of a product

(g) The introduction of by-products

(h) Possibility of adding new product with least cost

(i) The existing marketing capacity

(j) Advertising and distribution factors

*Strategies of Product Mix:*
**The following strategies are generally employed by the producer of the product:**
**(a) Expansion of Product Mix:**
Under expansion of product mix, a company may expand its present product mix by increasing the number of product lines or increasing the number of product items. It is also known as product diversification. The diversification may be concentric diversification, horizontal diversification or conglomerate diversification.

**(b) Contraction of Product Mix:**
Under certain circumstances, the management has to drop the production of non-profitable products. The company's product line managers periodically review items for product line contraction. Sometimes the company may either eliminate an entire line or simply the assortment within a line. After that, the manager should concentrate on producing the higher margin items.

**(c) Alteration of Existing Products:**
Instead of developing a new product, the management should take a fresh look at the company's existing products. Very often improving an established product can be more profitable than introducing a new one. The alterations may be introduced in the colour, design, packaging, etc.

**(d) Positioning the Product**:
Positioning is an attempt to distinguish the particular product from its competitors along real dimensions in order to be the preferred product for certain market segments. Positioning aims to help customers to know the real differences between competing products so that they can match themselves and thereby satisfy their needs best.

**(e) Trading Up and Trading Down:**
Trading up refers to the adding of higher priced and more prestigious products to their existing line in the hope of increasing the sales of existing low priced products. Trading down refers to the adding of lower priced item to its lines of prestigious products in the hope that people who cannot afford the original

products will want to buy the new one, because it carries some of the status of the higher priced product.

**(f) Product Differentiation:**

Products are assumed to be homogeneous under perfect competition. Today the markets are no more perfect. We live in a world of monopolistic competition where there are competing monopolies. Here products are similar but not identical. Products are close substitutes for one another. For instance, in the case of toothpaste there are several brands such as Colgate, Signal, Binaca, Forhans, Close-up, etc.

The purpose of product differentiation is to make their goods look superior. It is this product heterogeneity which provides monopoly power to the firm.

## Role of Brands in Retail Business

### *1. Manufacturer Brands:*

Generally a retailer's major portion of profits come from sale of manufacturer's brands such as Bata, Vimal, Peter England, Cotton County, Koutons, English Channel, Priknit, Nestle, Samsung etc. These brands are also known as 'National' or 'Global' brands. It has been seen that big retailers have various shops/boutiques within their stores for separate brands, like in case of clothing; a retailer has separate display for Vimal brand, Raymond, Bhilwara, Siyaram, Bombay Dyeing and Donear. Offering a category by national brand rather than in a traditional way (all brands at same place) is always significant and builds the image of a retailer.

Manufacturer brands usually take less promotional efforts as compared to private brands. Manufacturers utilize considerable efforts in terms of money and R & D to create demand for their products. Consequently, on the part of a retailer it takes less time to convince the customers and sell manufacturer goods. Further, customers go to a store and without looking for what is displayed, ask for particular brand by name because they know what they are buying and how the product will perform.

Having manufacturers' brands may build or loose store image, for instance if the manufacturer brand is available in a limited number of stores, customers

loyal to the manufacturer brand will automatically become loyal to these limited stores.

### 2. Licensed Brands:

Like manufacturer brands, this category is also becoming popular in newly born organized retail industry. In this category, a well established brand name (known as licensor) enters in a contract with outsider for developing, producing and selling the merchandise under defined set of terms and conditions. This license may be either given to a retailer having large chain stores or to a third party who then sells to the retailers. In recent years, due to the popularity of outsourcing concept, big and established manufacturer brands are giving license in and/or outside the country under multi-year agreements.

### 3. Private Label Brands:

private Label Brands (commonly known as private or store's own brands) are the brands exclusively developed by a retailer and are sold from that retail store only. For example, Vishal Mega Mart has almost all store brands in each category they are into. Private brands usually are affordable and lead to customers' loyalty towards the store as compared to manufacturer brands.
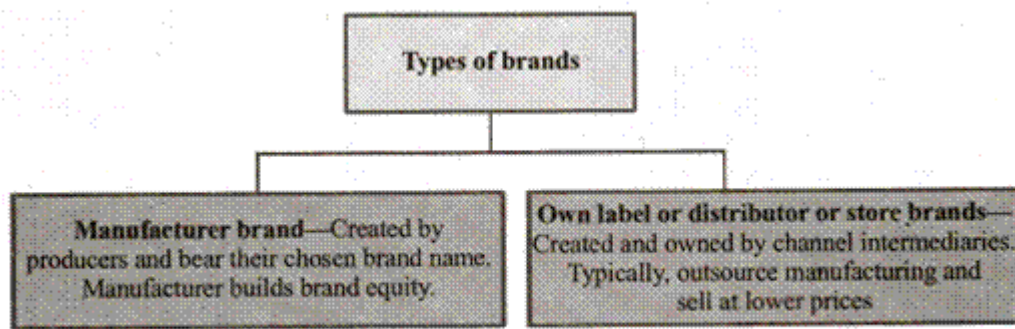
**Various reasons for the growth of so called store brands are:**
(i) These are cheaper to the tune of 20-40% as compared to similar category of manufacturer brands due to own production and absence of intermediaries for selling.

(ii) Due to store's brands, customers don't hesitate to buy as they know there is someone who will listen to them in case of any defect or nonperformance.

(iii) As these are stores own creations, replacing the items under warranty or guarantee arrangements, does not make much time as retailer (store) do not has to send these defective items of merchandise to third parties.

(iv) With the emergence of new form of store branding, i.e. the premium brand, offers same quality or in some cases even exceeds that of manufacturer brands while selling it for a low price.

## ROLE OF OWN LABEL

Traditionally, manufacturers branded their products and sold them to customers by using the distribution channel. Wholesalers, distributors and retailers sold only the manufacturers' brands. Manufacturers were thus able to exert control over these distribution channel members.

In the past few decades, some distribution channel members, particularly retailers, have started selling their own brands, called private labels. These brands are usually of comparable quality with the manufacturers' brands, though they are lower period. These private labels are given more prominence in the retail stores, thus enabling the transfer of power from manufacturers to retailers.



**Types of Brands**

## Manufacturer Brands:

They are created by producers and bear their chosen brand name. The responsibility for marketing the brand lies with the producer. Most manufacturer brands are supported by massive advertising budgets. They also have to manage long distribution channels to reach the final customers.

The producer is an expert in designing and manufacturing the product. Though the producers may eventually become great marketing organizations, like Proctor & Gamble and Unilever have, their main prowess lie in technologies and processes underlying the product.

A manufacturer brand is likely to be more advanced and may have more innovative features than other brands in its category.

**Own Label or Distributor or Store Brands:**
They are created and owned by channel intermediaries. Most of these brands are owned by big and powerful retailers. The retailers do not manufacture these brands and may not have any knowledge about the underlying technologies and processes of the product. Retailers almost completely outsource manufacturing.

Since retailers are in contact with customers, they can give very important information about the likings and disliking of customers, which the manufacturers of distributor brands can incorporate in the products they manufacture for the retailer.

The prestige and power of the brand is dependent on the brand equity of the retail store. The retail store is the main brand. The retailer gives preference to his brands in placement of products on the shelves.

The retailer does not need to promote the brand very extensively and mostly resorts to in-store promotions and promotions in the local media. Since the retailer does not incur much distribution and promotion costs, the retailer brands can be sold cheaper than comparable manufacturer brands.

For a very long time, customers believed that retailer brands do not match the quality levels of the manufacturer brands. This had some linkage to the lower prices at which retail brands were sold as compared to manufacturer brands in the same product categories. Retailers worked on the quality of their brands to change customers' perceptions.

Now even premium brands in some categories are retailer brands. Instead of considering the business of own label brands ancillary to the main business of retailing, some retail chains see this as an important part of their business and a significant contributor to their revenues.

Customer perceptions about retailer brands have changed to the extent that they find the prices of the manufacture brands too high compared to those of retailer brands, whereas they find the quality of the two to be comparable.

Customers have become sophisticated enough to understand that the reason for lower prices of retailer brands is the lower cost incurred by retail chains in distribution and promotion and not because they are of lower quality.

The power of low price of owns label brands have forced many producer brands to introduce so called fighter brands or their own low price alternatives to retailers' brands. A major decision that producers have to face is whether to agree to supply own label products for retailers.

The danger is that should customers find out, they may believe that there is no difference between manufacturers' brand and its equivalent which is being produced by the manufacturer, but being sold under the brand name of the retailer. For some producers supplying own label goods may be a means of filling excess capacity and generating extra income.

But manufacturers should view manufacturing for distributor brands as a more strategic decision. They should see it as an opportunity for cementing their relationship with retailers. They can choose to manufacture those retailer brands which are in alignment with their operations strategy and from whose manufacturing they can learn something which they can apply in making their own brands better.

If they do not manufacture, someone else will, but by being in the loop of distributor brands, they will have a better idea of the strategies being employed by the retailers and how they can counter it.

**Emerging trends in brand management**

Branding trends are being approached differently in 2018. Intense competition and constant technological innovation has changed the concept of branding forever. Today, it reaches far beyond mere visual differentiation.

It encompasses a whole new set of elements – social consciousness, authentic customer relationships and community-centered communication. Building and developing your brand involves understanding and implementing new branding trends. Don't have time to read this? But still want to implement the latest branding trends into your marketing efforts? Consider working with a digital

marketing company. Feel free to <u>contact us for a free consultation</u> to see if working with a

## 1. Personalize your brand

Customers relate to people, not products. If they can relate to your brand in a more personalized way, they are more likely to trust it. You need to build authentic relationships with customers rather than just trying to sell to them. They are looking for a personalized experience.

Storytelling is an important component of branding. Subaru does more than just sell cars in its advertising. Each advertisement tells a story about an adventurous lifestyle. In one advertisement, a blind artist who works at the Enchanted Hills Camp and Retreat in Napa, California guides sighted people on trails.

Subaru wanted to find someone who wasn't just acting the part – they wanted the story to be authentic. They know that scenes of him urging people to listen for echoes of whale song and feel the wind will resonate with viewers.

You need to think about the brand personality you want to project. What is your unique voice? Your customers need to recognize a human being behind the brand. They want to feel a human connection. Many businesses automate processes today, but automation cannot dominate. Mixing it with personalization is vital.

Another way to humanize your company is to take people behind the scenes. This can be as simple as sharing employee stories on social media. Disney goes way beyond this in their "Behind the Scenes" tours, exposing consumers to the 'magic' and showing an unseen side of the company.

## 2. Use chatbots and other immersive technology

New technologies, like chatbots, are transforming the way companies interact with customers and make new branding trends appear on the horizon.

Many companies tend to be available to customers at all times but employing humans to perform this function would entail creating large teams at great

expense. Research has revealed that many consumers prefer to connect via live chat than by making a phone call or sending an email. With a chatbot, they can interact with your brand and receive relevant messages in their inboxes. A live chat option gives them help while browsing.

### 3. Pay attention to online communities

One of the growing branding trends is online branded communities. These forums provide a platform where consumers can talk about brand-related topics and provide advice and tips. This allows brands to talk about products and understand customers' needs without trying to sell.

### 4. Increase brand loyalty with creative customer experiences

At <u>AU Best Essays</u>, customers are kept in the loop 24/7. Here's what one of the customer service manager's has to say about the creative way in which customers can interact with the company "Our customers can contact us 24 hours a day. They can track their orders online and can even communicate directly with writers. We also have an integrated messaging system where they can upload instructions and post additional information."

To create customer loyalty, you need to provide an exceptional customer experience. This goes beyond giving perks or gifts. It has to be something that differentiates you from your competitors. By the year 2020, customer experience is expected to overtake product and price as a differentiator.

### 5. Have a social conscience

Some branding trends are rather temporal and become abandoned as fast as they appeared. However, social conscience is something that is of permanent significance. Today consumers want to believe that companies care about the same causes they do. They want companies to care about the environment and be more intentional about diversity, inclusion, and opportunity. Modern brands need to demonstrate that they care about people as much as profits to increase trust and loyalty. <u>Millennials</u>believe multinationals have the ability to alleviate some of society's biggest problems and want them to do more.

IKEA is just one of the brands that want a more sustainable future. They control water usage in their stores, use solar panels, and buy all of the cotton they use

from sustainable sources. They are working towards using 100% renewable energy and sourcing all their wood from sustainable sources.

## 6. Think about mobile first

In 2018, even more emphasis will be placed on increasing mobile user interaction.This has already been the trend for quite some time, and those who don't embrace will not be competitive. There's a high possibility that your emails are being read on mobile if the content is not a custom-fit, you will lose out. CTA buttons, for example, need to be big enough to click but not so big that they take up the whole screen. Subject lines need to be shorter and paragraphs shorter too.

## 9. Use Influencer marketing

Influencer marketing has been popular for some time, and this trend shows no signs of abating. As much as half the population appears to depend on recommendations from influencers when making purchases. Companies flocked to influencers in 2017 to help market their products, and this practice remains the top one among branding trends in 2018.

## 10.Wrapping Up

Brand positioning today requires a different approach from traditional methods. It has to encompass far more and relate to customers on many levels. If you want to learn more about how to apply these branding trends to your digital marketing strategy, schedule a time to talk to our experts about how we can help you grow your business this year.

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