

4

Process of Advertising

“The process of advertising is the integration of various activities and giving importance to each in a rational manner.”

This chapter deals with the types of communication and emphasises on integrated marketing communication. It analyses the customer and competition.

Process of Advertising

■ 4.1 Introduction

All the promotion techniques are based on communication. It is a process in which two or more persons consciously or unconsciously attempt to influence each other through the use of symbols or spoken words. It has four basic components.



First the sender gets an idea (ideation) what to communicate. The source then can encode the message and sends the message. This message is sent through a channel (media). It is then received by the receiver who decodes the message and sends a feedback to the sender of having received the message.



Fig. 4.1

Through the feedback the sender knows that the message has been received. It is important that the message be received and convey the meaning it is intended for. The Fig. 4.2 also shows the encoding, decoding and response factors as well as NOISE.

The figure shows the elements of communication process. *It has nine elements:*

- *Sender and receiver* are the major parties in communication.
- *Message and media* are the major communication tools.
- *Encoding, decoding, response and feedback*, represent the major communication function.

- *Noise* is the last system which interferes with the intended communication.

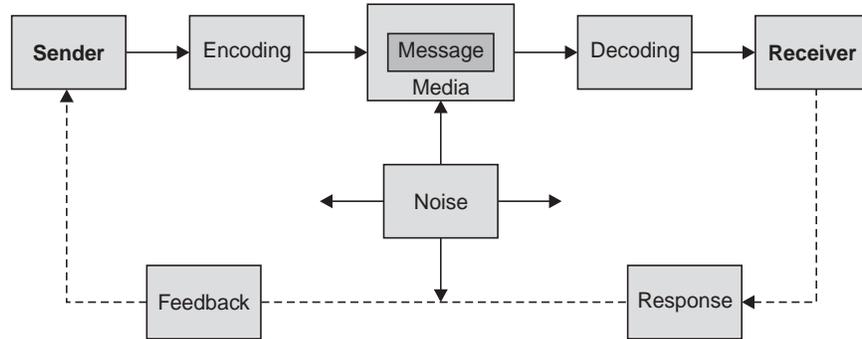


Fig. 4.2 Elements in the communication process

Communication can be used in many forms. It can be written or spoken, by body language, by pictures, illustration, by company logo. It acts as a bridge between the purchaser and the seller.

Communication is a very wide term. It can take in its preview both external communication and internal communication.

External Flow

By external flow we mean the communication which flows to the target market. This target market consists of

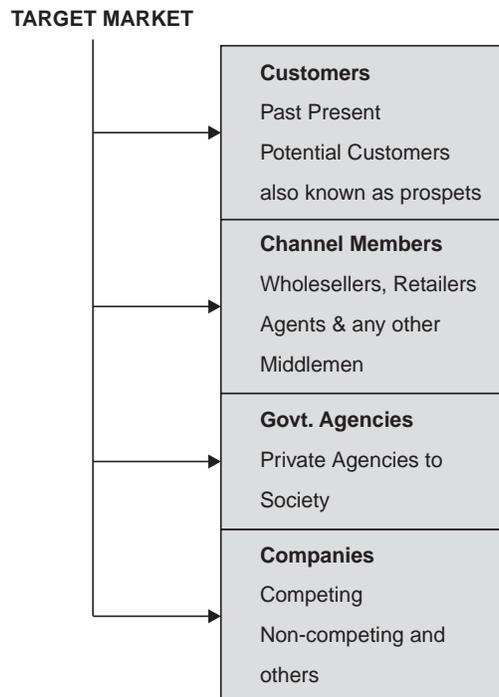


Fig. 4.3

Internal Flow

It is the flow of communication inside the organisation with various departments *e.g.*, finance production, H.R.D. etc. All marketing function including research, innovation, development, packaging, branding and production which has to be of good quality as desired by the customer for his satisfaction.

Types of Communication

Communication can be of many types. It can be **personal communication** which is the communication between two or more persons on a personal level. Other types of communication can be listed as under.

Formal, informal, upward, downward, verbal, non-verbal, body language, mass communication (impersonal), organisational communication, interpersonal, communication Integrated Marketing Communication (IMC). In marketing communication, mass communication is used for advertising, publicity, sales promotion etc. Mass media used can be through newspapers, magazines, hoardings, radio, television, cinema, transit media (Buses, Taxis, 3-wheelers) etc. There are other elements that also communicate. All these types of communication will be dealt in brief.

Figure 4.4 shows the steps, in effective communication. First of all the target audience or the target group of customers are identified.

The objectives of communication of this group are identified. Then the message to be delivered is decided and designed by writing an interesting and a creative copy. The media or the channel is decided which also decides the budget or the money to be spent *i.e.*, T.V. media requires a much larger budget than the paper media etc.

In some cases a combination of media is used to convey the message. This is known as the media mix. Once the message has been released or sent the result of the effectiveness can be found out by feedback or testing. This then leads to the integrated market communication.

Formal communication: Takes place in organisation, this can be horizontal or vertical. It is also in the form of circulars, notices, orders etc. It can pass downwards, down to various levels (downward communication). This can also be upwards, feedback goes from the lower levels to higher level of organisation.

Informal: Communication takes place at informal places. This is usually outside the organisation and between friends and colleagues. It also gives rise to grapevine.

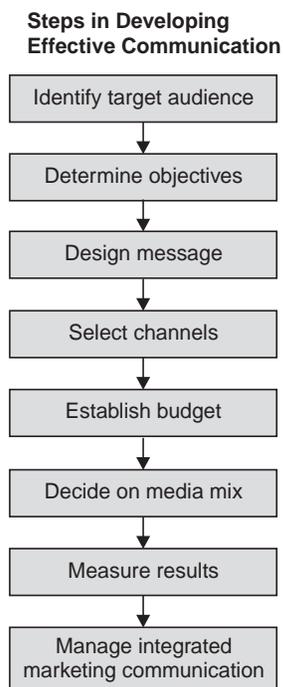


Fig. 4.4

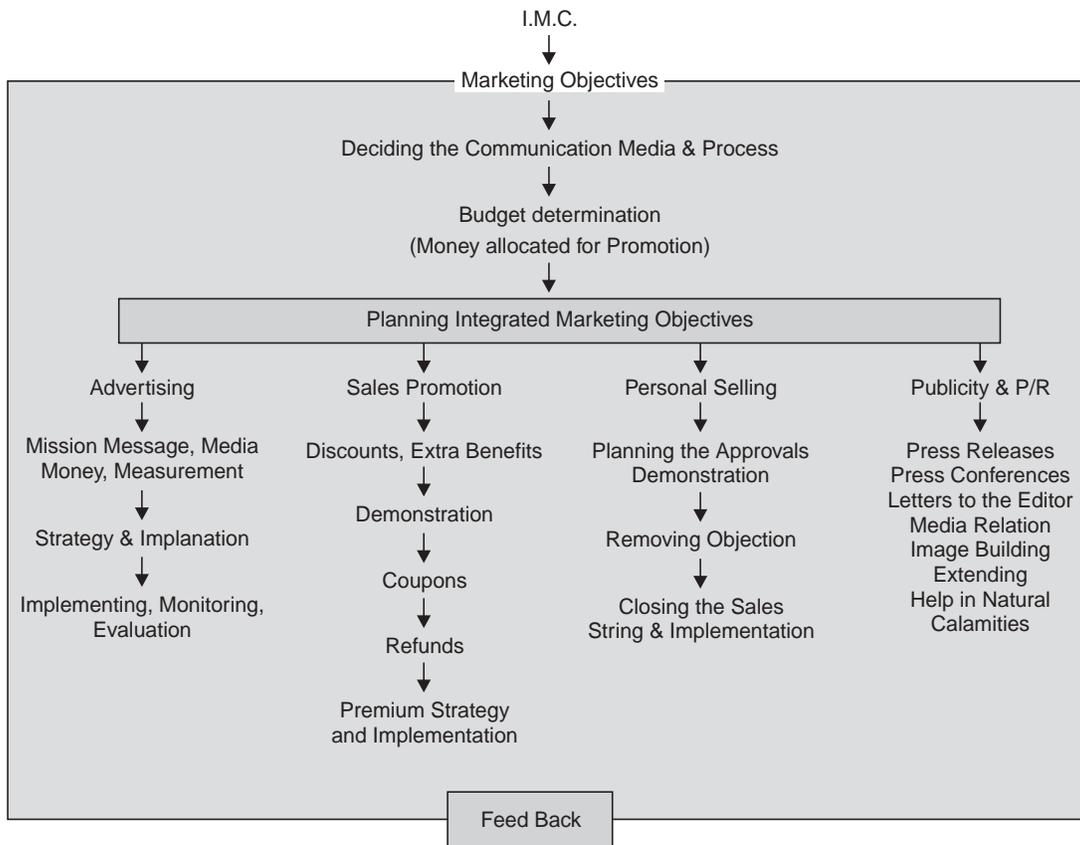


Fig. 4.5



Fig. 4.6 The Ad depicts the products, its colour, design, shape etc.

Non-verbal: Communication is written communicational which can be both formal and informal. It can be in the form of letters, circulars, notices, or by written media, magazines etc.

Verbal: Communication can be by words either face to face or by telephone. It is spoken communication.

Body language: Is the expression of the body which communicates message just by action. An exhaustive study of body language is made and covers numerous topics. We can

communicate by smile, by boredom, by grinding of teeth, yawning, angry face, blushing winking shrugging, shaking of head, closing or expanding eyes. By fumbling, by rubbing of hands, standing postures, sitting postures, playing with fingers, shaking of head and legs by folded hands, shaking of hand etc. Body language can be combined with other methods of communication to bring greater communication effect.

Integrated Market Communication (IMC): It is an attempt to coordinate various marketing and promotional activities in such a manner that it becomes effective for the target consumer. It uses all the promotional tools to bring the maximum impact. These days advertisement has become a big business and besides the Promotion Mix we have the impact of 4 Ps on Integrated Market Communication. These are product, price, promotion and place.

Product: Communicates through its colour, shape, size, package, label, brand name etc. It projects a personality of its own. It can have exciting colours, soothing colours, dull or inviting colours. Colours can communicate prosperity, fashion etc. There are colours associated with festivals and tragedies (marriage, child birth, death etc.). Climate, age, religion affects the choice of colours. A marketer must provide right colour combinations on the package to make it more attractive and affective. **Package design** also communicates. A package can be so attractive that it acts like a silent salesman. Brand name also communicates. This is an age of brands and customers prefer good brands. They ask for Colgate, Halo, Lifeboy instead of asking for toothpaste, shampoo or soap. The company image also communicates.

Price: Is an important element of Marketing Communication. It plays a communicative role in advertising. Price communicates about the quality of the product. Generally it is believed that higher priced goods are of better quality. It gives greater surety to the buyers. The buyers buy a higher-priced product keeping in mind the amount of money he can afford on the item. Some people use price as a symbol of prestige and buy higher-priced goods. **It is a status symbol.** Price can also reflect on the technological superiority of the product. High value cars serve both the prestige and quality assurance. The customer also takes into consideration the following.

Reasonable price: They compare the prices with other similar brands available in the market (cell phones, refrigerators, air conditions, ceiling fans etc. A product of lower price may be a suspect for quality of the product. The psychological effect of price also plays an important part on the psyche of the consumer.

Place: Places plays an important role in Marketing Communication. From which store have you bought the goods? It is from Harrods Macy's or Nordstorm etc. or Wall Mart? People like to shop from nice places, suitable locations etc. They like to shop in places which have a big choice and stores which sell good quality products.

The store projects its own image through interior decorations, good displays, the type of customers frequenting the store. Soft nice music adds to the pleasure of shopping in stores. The sales personal, their behaviour, mannerisms, looks and well trained and friendly salesmen are an asset. The displays in the store, glamorous appearance, abundant stocks all lead to the patronizing of the store by the customers. The name of the stores, like discount stores, super market, cooperative store, 9-11 store, the \$ store all communicate some aspects of the store and the customers accordingly make a decision from where to buy.

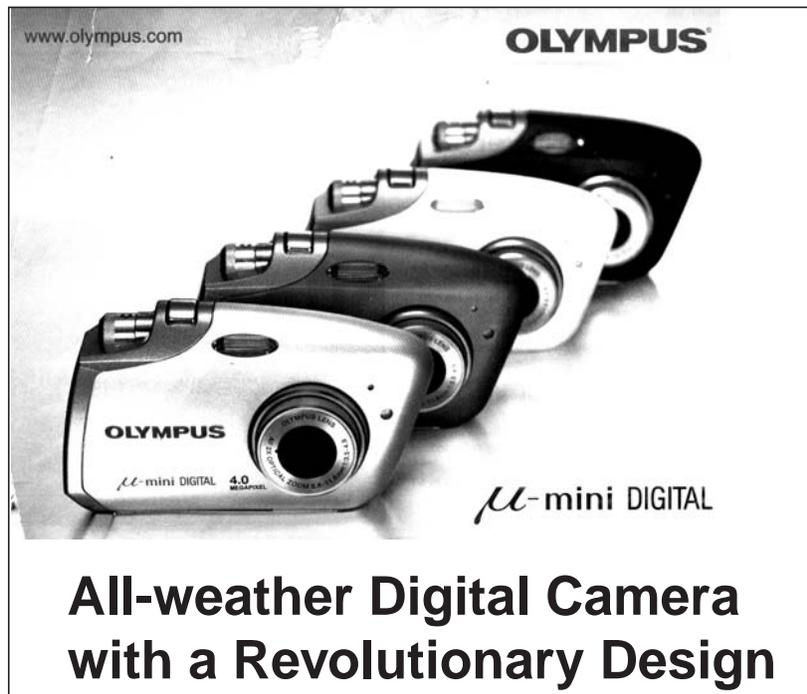


Fig. 4.7 The advertisement tells about the variety and a range/prices for the camera

Promotion: A very important tool of communication as has already been pointed out that it consists of 4 components, namely advertising, sales promotion, personal selling and publicity.

Advertising is a **paid form of non-personal** promotion by an identified sponsor. This has been discussed in the earlier chapters.

Sales promotion: Is a direct and immediate inducement that adds extra value to the product so that it prompts the dealers and ultimate consumers to buy the product. Sales promotion is an important Marketing Communication tool. It communicates through sales promotional letters, catalogues, pop/displays, demonstrations at stores, school and colleges, door to door demonstration (*e.g.*, vacuum cleaners, microwaves, vibrators etc.). The demonstration can be made to the key people in the organisation. Sales promotion also communicates through trade fairs and exhibitions. It communicates by distributing pamphlets, paper leaflets through coupons, premiums, free offers, price offs, instalment payments and by free samples of the product. Gifts sales contests etc.

Personal selling: It is a face-to-face transaction and communication between the buyer and the seller. It communicates a lot of knowledge to the buyer and feedback to the seller. It consists of various steps—Identifying, Qualifying, Pre-approach, Approach demonstrations, handling objection and closing the sales.

Publicity: Is the fourth major tool in promotion. Publicity is mostly free of cost and cannot be controlled. There can be positive publicity and negative publicity. It is a very potent tool of marketing communication. It can be done by constant press releases, conferences, letters to the editor etc. It is also done by features, articles, photographs and video tapes.

It is an impersonal communication regarding an organisation, product service or an idea. It is not directly paid for or run under identified sponsorship. It is in the form of story, announcement editorial about an organisation, its products or services.

Public relations: It is the management function that evaluates the public attitudes and then executes a programme of action to earn public understanding and acceptance. It has a broader base than publicity and gives a positive image about the company.

■ 4.2 The Customer and Competition

It is very important to analyse the target customer as well as the market before deciding upon the advertising strategy. The advertisement should suit the customer and be written according to the need of the customer. We shall discuss the customer and competition separately.

Customer Analysis

It is necessary to know the target customer and his NEEDS. The customer consists of male, female, child, veterans, youth, etc. They have their demographic characteristics which must be considered. The characteristics can be his age, income, status, sex, occupation, etc. Customers may be classified according to their psychographic classification which are their activities, interest and opinions known as (AIO).

First we have to find out the target market and their characteristics and keeping the market forces into consideration the advertisement is created. Suppose we take the example of shoes. We can have shoes for school-going children. In this add, the advertisement should show children wearing school uniforms, shoes and going to school and looking happy with the brand that is advertised.

Shoes for Office Going Personnel

The shoes should be comfortable, reasonably priced giving a formal look. The advertisement will depict these features in the advertisement.

Shoes for Executives and Party Shoes

These shoes have to be more expensive and better looking, depicting a different image. The Ad for these shoes will be directed on the higher income segment of the society.

Ladies Shoes

This will show beautiful ladies and celebrities wearing shoes keeping with the fashion. The ads can be of different nature keeping with fashion trend.

“Make yourself more acceptable with X brand of shoes”

Sports Shoes

Sports shoes are shown with ADS of sportsman like Agassi, Sehwag, Lara etc. These shoes are very expensive and project brands like NIKE, ADIDAS etc.

Industry or Safety Shoes

For workers working in the industry exposed to fire, and other hazards have different shoes and these ads are usually given in magazines and journals and are directed at the industry.

Slogans: Similarly, no matter what product is advertised it is essential to know the characteristics of the customers. This has to be analysed and accordingly the Ad is created and a copy is written for release.

Examples : “Indian oil gives more mileage”.

“Close up a paste and a mouth wash”

“Close up in for close ups.”

“Things go better with coke” “Don’t say INK say QUINK”.

“Kelvinator refrigerator is the coolest one.”

“Public sector banks touching your life, everyday, everywhere.”

“Complan”—the complete planned food.”

Advertising creates competition so that the firms vie with each other to provide the best product and services to buyers. They try to create and sustain Brand loyalty.

The customer is greatly affected by advertising. We shall see how the customer is affected by advertising:

- Demand is generated by advertising.
- The customer is greatly satisfied when their demands are met.
- With advertising the sales increases and the prices come down which benefits the consumer.
- Advertising raises the standards of living of consumer.
- Producers go in for innovation providing better quality goods to the customer.
- Customer get aware of the cheaper quality goods available in the market.
- Customer gets cash discount and other benefits when foods are advertised.
- The time and money of the customer is saved when he knows about the advertised goods and their availability.
- The taste attitude and understanding of the customer are modified.
- Through advertisement customer can make decisions more easily.
- Competition advertising confuses the customer but informative advertising helps them select the item of their choice.
- It helps the customer to know about the prices, quality, performance, usage of the product in question.
- Customers also make their own decision by inspection and personal experience irrespective of advertising.
- They adopt their own brands which appeal to them rather than the advertised product.
- Consumers refuse to buy the advertised products if they feel that they are below standard or not up to the mark.
- For customers to remain attracted the advertisement should be credible and the product should offer what it promises.

Competition

“Love your competitor, it will drive him crazy, don’t criticize him”

Competition in the market is essential for a healthy growth of the economy, competition leads to innovation, efficient use of resources and reasonable price determination. It creates competition for different brands. In the absence of competition the consumer has no choice but to buy the goods that are available. Advertising has become an integral part of marketing. The objective is to maintain greater sales and greater profits. The marketing cost includes the advertising cost. If mass marketing is done the cost of distribution and promotion is reduced leading to increase in profits. Advertising helps the buyers to understand product differentiation and use them to their advantage. Consumers, through advertising, learn about the offerings of the leader firms and niche firms and their judgement becomes easier.

Prices: The prices under competition tend to be normal for no competition can afford to charge higher price on the basis of brand loyalty. If the smaller firms charge lower prices then they increase their market share and profits. The customer can switch to new brands of lower price if they are assured that the quality is not inferior and they are getting good value for their money.

Monopoly: Advertising may create a monopoly in the market when they do not have full information on competitive brand. Large firms can afford aggressive advertising whereas small firms may not have the funds for the same. Consumers also opt for products lower in price with almost the same attributes of the large firms. Packaging and sophisticated advertising may raise the prices of the large firm. Small firms cannot afford the demonstration and are customer-oriented. If smaller firms can adopt counter strategies they can win the confidence of buyers and reduce monopoly.

Conditions in the market: Industrial goods are not advertised extensively. The larger firms can create a monopoly because the production requires large investments which the smaller firms cannot afford. However, in consumable good it is difficult to have a monopoly as there are a number of firms competing with each other and smaller firms can get a larger share of the market. One such example is that of Nirma as it has captured a sizeable portion of the market of the larger firms. Smaller firms can also afford some kind of advertising budget to push their product in the market.

The claim of the economists that advertising increase prices do not seem to be valid as advertising increases competition and prices remain low. Some consumers believe the products that are advertised are costlier than the advertised products. They overlook the advantage of mass consumption which reflects on the economies of scale to keep the prices low. Therefore, there are higher profit for the manufacturer and middlemen and the consumer gets the products of his liking and can choose between a variety of products available.

■ 4.3 Competitive Analysis

“We have got strengths and we have our weaknesses but so have our competitors. But if we sell our strength against their weakness, we will win”.

Competitive analysis means the analysis of competitors, their strengths and weaknesses and comparing them to your own strengths and weaknesses. Whenever we advertise our products we create a positive impact on our product and may leave a negative impact on the competitor’s products and market. Advertising encourages competition and forces themselves and their rivals to make better products for buyers and to serve them better. It also creates Brand

loyalty. The firms therefore undertake advertising research and make products according to consumer needs. There has been a lot of competitive advertising between Pepsi and Coca Cola. McDonled and Burger King. In washing soap between Nirma and Wheel, Amul and Cadbury chocolates. Cold drink market is also very competitive so are the health drinks, Horlicks, Boost etc.

In competitive advertising we have to analyse what should be the mix of advertising for our products. How much funds should be allotted to Print-media, Radio, Periodicals, Newspapers, Magazines, Journals, and Pamphlets etc. The pattern of competition has to be studied as well. Then there is the audio and audio visual media, electronic media etc. In audio media we have to choose between Radio, Cinema, TV etc. We also have to choose between Media Vehicle. All this is discussed in detail in the chapter on Media.

We also have to consider the situations of the competitive firms along with the place or the city, where their product is in great demand. We have to compare their product, package etc., and highlight by advertising our strengths or the extra benefits provided by our firm. The advertisement competition should be healthy. We should highlight our strength without naming or condemning the other firms or their brands.

Except when the product is in monopoly, competition comes in automatically. Therefore, the role of advertising under competition is vital. Today, there is a lot of competition in the Banking Industry and Finance Products. About two decades earlier Indian Manufacturers could sell what they produced because the demand exceeded the supply. The supply now has considerably increased because of the expansion of the industrial base and the supply of goods has been augmented. The markets have also expanded in volume and diversity. Now it is imperative for the advertisers to organize their advertising efforts with the changing needs of the consumer. Changing environment has also influenced the advertising. More and more Companies are resorting to advertising and putting in more money. Advertising agencies have also increased and they get a lot of work from Corporate Houses. There is more exposure by TV and other media for consumers and the consumers enjoy the interesting Ads. Thus, competition plays a very important part in advertising and it should be analyzed from the customer's point of view. The customer and his needs, requirements and spending capacity should be analyzed. Analysis of the market and environmental factors including the competition should be analyzed and advertisement be created to attract the customers and fight the competition.

Questions

1. Write notes on Integrated Marketing Communication (IMC).
2. What are various types of Communication?