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# ADVERTISING MANAGEMENT



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# 1

## INTRODUCTION TO ADVERTISING

### MEANING OF ADVERTISING

Advertising means different to different things people. It is a business, an art, an institution and a cultural phenomenon. To the CEO of a multinational corporation, like **Pepsi**, advertising is an essential marketing tools that helps create brand awareness and loyalty and creates demands. To the owner of a small retail shop, advertising is a way to bring people into the store. To a media planner, advertising is the way a firm uses the mass media to communicate to current and potential customers. As a consumer, you are exposed to hundreds and may be even thousands of commercial messages every day. They may appear in the form of newspaper ads, TV commercials, coupons, sales letter, publicity event sponsorships, tele marketing calls, or even e-mails. You may refer to them all as “advertising”. But in fact, the correct term for these various means is “marketing communication”. So, advertising is just one type of marketing communication.

In marketing, advertising is very important. No business can survive without advertising. So advertising is a must. The aim of every business is to earn a profit and this aim can be achieved easily by selling goods at reasonable prices. The sales are possible only if the target audience knows about the availability of goods and they are persuaded to buy it. All this is possible through advertising which is a deliberate actions to popularise the product or service. Thus advertising is commonly understood to communicate about a product or a service. But it is not correct and complete to understand, so actually, advertising includes all the activities performed by an enterprise to present the goods and services to the consumers and to motivate them to buy these goods and services. In general term Advertising is to announce publicity. Advertising is derived from a latin word ‘adverto,’ ‘ad’ mean towards and ‘verto’ means I turn. Thus, advertising means to turn attention towards a specific thing.

In other words we can say, *“Advertising consists of all the activities involved in presenting to a group, a non personal, oral or visual, openly sponsored message regarding a product or service or idea, this message is called an advertisement and is disseminated through one or more media and is paid for by the identified sponsor.”*

In this era of mass production and mass distribution, where the firms land up with similar kind of products for marketing and so they face intense competition. To face competition, they need to widely publicise their products and try to portray their products as superior to that of the competitors. And this is a possible only through advertising



5. **Advertising Expenses** : Money is incurred on advertising and such expenses are incurred by the person who is an advertiser. The dissemination of information regarding service or uses of the product without such expenses cannot be an advertising.

6. **Marketing Tool** : Advertising is a tool of marketing and it is a part of sales promotion.

7. **Identified Sponsor** : It is an openly sponsored sales message regarding any product or service *i.e.*, the sponsorer can be identified.

8. **Commercial Objects** : Commercial activities though advertising are made with an objective to increase the profit of an institution by enhancement of the sale of a product or service. All other communications made with an additional objective to increase the sales by a commercial institution are left out of the limit of advertising.

### OBJECTIVE OF ADVERTISING

The purpose of advertising is nothing but to sell something—a product, a service of an idea. The real objective of advertising is effective communication between producers and consumers. According to **F.E.L. Breach**, “**The purpose of advertising is to reduce percentage costs of production and distribution.**” **The important objective of advertising are discussed below :**

1. **Creation of Demand** : The main objective of the advertising is to create a favourable climate for maintaining or improving sales mainly in a growth and maturity stages of product’s life cycle. Customers are to be usually reminded about the product and the brand. It may induce new customers to buy the product by informing them about its qualities since it is possible that some of the customers may change their brands. Thus in other words, advertising may bring new areas and customers to the company’s fold thereby increasing the company’s share in the total market.

2. **To Support Salesman** : Advertising creates awareness about the product and convinces the prospective buyer by telling about product’s features and benefits. Thus, it assists the salesman in his work.

3. **To give information about new product** : Advertising may be used for introducing a new product in the market. New product needs introduction because potential customers may have never used such product earlier and the advertising prepares a ground for the new product. Most of the advertising in cinema-halls, or at radio and televisions serves this purpose.

4. **Facing the Competition** : Another important objective of the advertising is to enable the company to face the competition. In other words advertising in modern days is undertaken not only to inform the people about a product, but is used also to maintain and increase the demand of the product by weaning people away from rival products in the market. Under competitive conditions, advertising helps to build up brand image and brand loyalty and when customers have developed brand loyalty, it becomes difficult for the middleman to change it.

5. **It Increases Goodwill** : Large scale advertising is often undertaken with the objective of creating or enhancing the goodwill of the producer company. This, in turn increases the market respect of the company’s product and helps the salesmen to win customers easily.

6. **To Reduce Marketing Cost** : Due to advertising the demand for product increases and it Acts as an incentive to manufacture the goods on large scale. As a result of this, cost per unit of product gets reduced. The middlemen too become ready to sell the product on lower rate of commission because of sale in bulk.



### IMPORTANCE AND ADVANTAGES OF ADVERTISING

Advantages to Producers	Advantages to Middlemen	Advantages to Consumers	Advantages to Society
1. Increase in sales.	1. Helpful in selling.	1. Increase in knowledge.	1. Rapid Economic Development.
2. Lowers Cost.	2. Helpful in searching middlemen.	2. Easy purchase.	2. Increase in standard of living.
3. Reproduction in Production and Selling expenses.	3. Helpful in Facing competition.	3. Information regarding availability of goods.	3. Increase in Employment.
4. Reduced distribution Expenses.	4. Earning Sources.	4. Cheap & Quality goods.	4. Increase in knowledge.
5. Increase in demand.	5. Increases in Goodwill.	5. Increase in standard of living.	5. Quality product.
6. Creation of Goodwill.			6. Development of civilisation.
7. Steady Demand.			7. Helpful in foreign trade.
8. Prepare Ground for new Product.			8. Helpful in development of Newspapers.
9. To Reward efficient worker.			9. Reduction in cost.
10. To Increase Profit.			10. Others.

#### Advantages to Producers

1. **Increase in Sales** : By creating the demand for new products and increasing the demand for existing products and maintaining the demand of product in all the seasons and all the times, advertising helps in increasing the sales of an enterprise.

2. **Lower Cost** : Production cost and marketing cost both can be reduced by manufacturing the product on large scale because the demand rises through advertising and supply can only be given by manufacturing them in large scale.

3. **Reduction in Production and Selling Expenses** : Selling cost per unit is reduced due to increased sales volume. Consequently, production cost and overheads also get reduced due to mass production and sale.

4. **Reduction in Distribution Expenses** : Due to large scale selling distribution cost also gets reduced.

5. **Increase in Demand** : Advertising helps in increasing the demand for existing products because advertising reminds the consumers of a product again and again.

6. **Creation of Goodwill** : Advertising helps in creating goodwill. Advertising increases the sales and increase in sales means the increase in number of customers which apparently results into the increase in goodwill of the concern.

7. **Steady Demand** : Advertising helps in stabilising the demand for a product in all the seasons and at all the times. It is only because of advertising the people like to consume Eggs, Tea, Coffee, etc., in summer also.

8. **Preparation of Ground for New Products** : Whenever a producer produces a new product, advertising helps him in creating demand for his product because it is the

# Advertising Management by Dr. F. C. Sharma for B. B. A. III



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