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**MODULE - I**

# **Introduction to Advertising**



# Introduction to Advertising

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## Module Description

This module begins with the basics of marketing and marketing mix. Furthermore, the concepts of advertising are discussed in brief for easy understanding. Students will learn the fundamentals of advertising, its evolution, features and functions. This chapter will also discuss advertising as a communication process.

Through this module, students can learn about the overview and scope of Advertising industry in India. This module will help students to attain insights on the trends and challenges faced by Indian advertisers.

### Chapter 1.1

Advertising – An Overview

### Chapter 1.2

Trends in Advertising Industry

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# Chapter Table of Contents

## Chapter 1.1

### Advertising – An Overview

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## **Aim**

To familiarise students with the concept and functions of advertising



## **Instructional Objectives**

After completing this chapter, you should be able to:

- Explain the concept Advertising
- Outline the functions of advertising
- Elaborate advertising as a communication process



## **Learning Outcomes**

At the end of this chapter, you are expected to:

- State the salient features of advertising
- List the advertising functions
- Identify the communication link between the producer and the prospective consumers

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## 1.1.1 Introduction

Rhonda Byrne in her book, “The Power”, talks about the most powerful law of the universe, *The Power of Attraction*. From the largest to the smallest, the planets to the entire solar system, the power of attraction is tremendous. The force of attraction in gravity holds us, each person, animal, plant and mineral on Earth. This force is seen all around us; be it a flower attracting the bees or the seeds using the nutrients from the soil. This force holds together the cells of our body.

Advertisers are very fascinated by the Law of Attraction; they try to imbibe it in all their conceptions to lure customers. Nowadays, you need to attract customers who know what they want and simple advertisements do not make the cut. Today, advertisers face various challenges, right from the consumer’s perspective to the perspective of the media.

Advertisements these days would make more sense if an advertiser uses the Law of Attraction to make their product/brand more attractive. Marketers have understood that to survive in a cut-throat and competitive market, conventional marketing techniques will not help. There should be a *‘feel factor’* associated with the emotional value of a product/brand to give it an edge. Together, advertising and promotion form a decisive communication system of the business enterprise. Advertising displays growth of society and pioneer perfection. Advertising not only reflects the recent happenings in the society, but it also affects and gets affected by our lifestyle.

This chapter primarily aims to discuss about the concepts and functions of advertising. Before moving on, let us first discuss a bit about the background of advertising. We will start with the concepts of marketing and marketing mix. We will discuss about marketing communication or promotion and promotion mix. These basic ideas will help students to understand the backdrop of advertising.

## 1.1.2 Understanding Marketing

From a cup of tea in the morning, to the newspaper, the breakfast cereal you eat, the clothes you wear, to the cab that you use, the lunch you eat, the mobile phone in your pocket, the apps on your mobile, your computer, internet connection — almost everything you use and consume, revolves around marketing.

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American Marketing Association defined Marketing as *“the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives.”*

The above definition focuses on exchange as an essential concept in marketing. For an exchange, it is important that there should be two or more parties with something of value to one another, a desire, communication and the ability to give up something of value to the other party. Every company carries out their marketing task by offering something of value to their customers. Firstly, the marketer identifies the need or a want of the consumer and then creates a product. Then a price is identified, which is acceptable to consumers and which includes all the expenses incurred during the production and distribution process as well as the profit margin. Furthermore, the marketer makes sure that the product reaches the customer conveniently. Lastly, the marketer communicates the benefits/value of the product to the target audience via various promotional activities.

A marketer builds marketing program to achieve the objectives of the company. James Culliton coined the term “Marketing Mix” and Neil Borden popularised the concept. McCarthy was the first to describe marketing mix in terms of 4Ps. Marketing mix refers to the combination of various marketing elements. There are various constituents of marketing. However, the 4P’s conceptualised by McCarthy is universally accepted. These four components are interrelated and a change in any one may affect the other. Every organisation wants to have a proper balance and mix of these ingredients in order to yield optimum benefits and results.

**The activities performed under each of these P’s are:**

- 1. Product:** This includes all the activities related to the conception and planning of the product which satisfies the needs and wants of the consumers. The marketers take decisions pertaining to product quality, design, features, varieties, sizes, brand names, warranty and guarantee and other services.
- 2. Price:** This includes all the activities related to setting the price for a particular product or service. Decisions regarding pricing policies, margins, discounts, rebates, terms of delivery, payment terms, credit terms, instalments, purchase facilities and resale price maintenance and others are taken up by the marketers.
- 3. Place:** Here, place refers to all activities involved in getting the products to the final consumers. Decisions related to place are related to distribution channels, market coverage, transportation, inventory, physical distribution, warehousing and others.

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- 4. Promotion:** Promotion basically refers to all activities through which the advertisers inform, persuade and remind about their products and services. Activities such as advertising, media mix, media vehicles and programmes, sales promotion, gifts, contests, prizes, publicity, public relations, personal selling and other unconventional media comprise the “P” of promotion.

Each of the four P’s forms a toolset for the marketers to achieve an organisation’s objectives. Therefore, it is important to get a brief outline of all other important components of marketing mix. Promotion may fail if the product quality is poor, price is not right or distribution (place) is not adequate.

### **1.1.3 Understanding Marketing Communication**

Marketing communication is an important ‘P’ of the marketing mix. Marketing communication or promotion is one of the four P’s which discusses how companies use communication to convey the value and usefulness of their products, to earn a position in the market. Through promotion, companies usually try to have an impact on consumers.

Marketing communications or promotion involves all the activities concerned with effective communication strategies for a target audience. A target audience is the set of customers for whom the marketing message is directed. All marketing communication/promotion is done with a purpose. The main objective of promotion is to seek a cognitive, affective and behavioural response from the target audience. The communicator/company intends to position a product in the mind of the customer (cognitive response), or to change an attitude (affective response) or to get the consumer to act (behavioural response).

Just as marketing mix signifies all the tools to market a product in the environment, marketing communication mix or promotion mix is the set of tools required to promote a product. Kotler, in 2010, defines promotion mix or marketing communication mix as, *“a specific blend of promotional tools that the company uses to persuasively communicate customer value and build customer relationship.”*

Promotion mix comprises the specific group of marketing activities at a given point of time with existing or potential customers. It involves activities such as advertising, personal selling, sales promotion, direct marketing, publicity or public relations.



## Self-assessment Questions

- 1) The book titled \_\_\_\_\_ talks about the most powerful law of the universe, *The Power of Attraction*.
  - a) The Power
  - b) The Knowledge
  - c) Laws of Universe
  - d) Advertising Laws
  
- 2) \_\_\_\_\_ is defined as “the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods, and services to create exchanges that satisfy individual and organisational objectives.”
  - a) Advertising
  - b) Marketing Communication
  - c) Marketing
  - d) Promotion
  
- 3) The main objective of promotion is to seek a (n) \_\_\_\_\_, affective and behavioural response from the target audience.
  - a) Emotional
  - b) Cognitive
  - c) Paradigms
  - d) Exciting
  
- 4) \_\_\_\_\_ of marketing mix refers to all activities involved in getting the products to the final consumers.
  - a) Product
  - b) Price
  - c) Promotion
  - d) Place
  
- 5) \_\_\_\_\_ coined the term “marketing mix”.
  - a) McCarthy
  - b) Neil Borden
  - c) James Culliton
  - d) Philip Kotler

### 1.1.4 Advertising

#### (i) Meaning

It is popularly said, “*Businesses that save money by not advertising are actually like men who stop the clock to save time.*”

Advertising is omnipresent in the lives of both marketers and consumers. It has been economically and socially important to both consumers and marketers. It is one of the major

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pillars of modern marketing and consumer society. It contributes extensively in terms to brand building, value creation, mass persuasion and creating a USP of a brand.

Advertising is a powerful communication tool which is highly visible and helps the sales of products, services, ideas, images and others. Whether one likes or not, advertising is everywhere. We can see advertisements on the walls, in play grounds, on the mirrors of buses and autos, stores on roadsides and many more. Advertisements can be seen in television, newspapers, magazines, internet and even heard on radios. Consumers, these days are exposed to a large number of advertisements from various mediums.

American Marketing Association defines advertising as “*any paid form of non-personal presentation and promotion of ideas, goods, and services by an identified sponsor*”.

**If we keenly observe the definition, these words/ phrases need some elaboration.**

1. **Any paid form:** Space/time for an advertising message must be bought. *For example*, advertisers need to buy space in case of magazines, newspaper etc. Similarly, advertisers showing ads in TV or radio need to buy time based on the popularity of programmes among the audience.
2. **Non-personal presentation and promotion:** Advertising involves mass media (TV, radio, magazines, newspapers) to tap their mass audience. Advertising is totally non-personal and offers no personal interaction. Also, there is no opportunity of immediate feedback from the consumers as in case of personal selling.
3. **Ideas, goods and services:** Advertising being a powerful tool, not only promotes products and services, it is increasingly used to promote ideas based on social issues like dowry, supporting girl child, discouraging drinking and smoking.
4. **An identified sponsor:** The attempt to advertise a product or service is usually carried out by an identified sponsor. The target audience learns about the originator of the opinions and ideas of the sponsors.

## **(ii) Evolution**

Communication has been a part of selling process since ages. The development of technology and research has led to an increased sophistication in advertising in recent decades. The first stage of advertising was “Age of Print”. These ads were primarily like classified advertising in

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format. The primary medium used for such advertisements were newspapers, with the objective to deliver information.

The second stage was “Industrial Revolution and Emergence of Consumer Society”. During this period, advertising had tremendous growth due to social and technological advancements. The purpose of advertising in this stage was to devise an effective and efficient communication system so that products can be sold in a widely dispersed marketplace.

The third stage of evolution of advertising is “Modern Advertising Era”. During this period advertising industry grew and organisations/businesses specialising in modern professional advertising were developed. Creative practices in advertising were introduced during this era as these advertising agencies intended to build demand for their brand in the competitive marketplace.

In early 1970s, Advertising industry started focus on effectiveness. Clients demanded for advertisements that may increase the sales for a business house. This led to an increase in research and measurement in advertising. This era was known as “Accountability Era”.

By 1990s, the advertising industry accepted the fact that advertising had to prove its value and pave its own way. Advertising industry continues to be dynamic and is changing constantly. With the advent of electronic media such as internet and wireless communication, media landscape is becoming more interactive and personalised. The future of Advertising industry looks promising as technology is improving. The future ads will pay more emphasis on interactive communication and instant feedback for the products and services.

### **(iii) Features**

**These are the main features of advertising:**

1. Advertising provides information to the customers about the products and services available in the market.
2. Advertising is a paid form of communication.
3. Advertising is a non-personal form of presentation since the information given to the customers is general and not meant for specific individuals.
4. Advertising informs, persuades and reminds the customer about the product and services.

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5. Advertising is generally applicable to goods, services, ideas, events and others.
  6. When advertising is target oriented, it is more effective and productive.
  7. The essence of advertising is creativity.
  8. Advertising is a quick and speedy medium of communication.
  9. The sponsor of the advertisement can be easily recognised.
  10. Advertising builds brand image and brand equity.

Let us take a look at the goals of advertising.

**The three main goals of advertising are:**

- a. **Inform:** The advertisers attempt to create brand awareness at this level. Their main objective is to inform the consumers about the attributes, usage and benefits of the new and re-launched products.
- b. **Persuade:** Here the advertisers attempt to persuade the customers to buy a brand. The main objective here is to increase the demand for an existing good or service and encourage brand switching.
- c. **Remind:** Reminder advertising reinforces the promotional information shown previously to the consumers. Product details, attributes, testimonials, public responses, benefits, differences from competitive brand are repeated to garner new customers. The advertisers remind the consumers about a product that they might have overlooked.

**The Five M's of Advertising are:**

1. **Mission:** The advertisers and marketing managers must be clear on the purpose of advertising. There can be three possible objectives behind advertising; inform, persuade and remind. If the goal is clearly established, the task of marketing manager becomes much easy.
2. **Money:** Once the objective of an advertising campaign is finalised, advertisers decide the budget. Based on the media selected for an advertisement, the budget will vary. Internet is the cheapest media to advertise, whereas TV and print advertisements cost more.

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3. **Message:** It is the information, idea or theme which the advertisers intend to communicate to their target customers. Based on the message and target audience, the advertisers choose the correct media.
  4. **Media:** Selecting the type of media is crucial for advertisers as media usually differs in cost, coverage, impact or effectiveness. Media decisions are usually based on budget, product to be advertised and features of the target audience. A wrong decision on any type of medium may have an impact on the advertising effectiveness.
  5. **Measure:** An advertiser prefers to evaluate the ad campaign to judge its effectiveness. If the campaign is not effective, it should be either modified or withdrawn. This is usually done to keep a check on the advertising expenses. This process of decision making shall facilitate appropriate remedial measures, if used at the right time.

#### **(iv) Active Participants**

There are a number of different organisations involved in the decision-making and execution of advertising plans, advertising industry is said to be complex in nature. Listed below are the active participants involved in the Advertising industry.

- a. **The Advertiser:** Advertising begins with the advertiser. Advertiser can be the person or the organisation that uses advertising to send out a message about their product and services in the marketplace. The advertising effort is initialised by the advertiser. The advertiser attempts to identify the marketing problem that advertising can solve. Advertiser decides about the target audience and the size of the advertising budget. Advertiser approves advertising plan and media strategies. The advertiser also hires the advertising agency.
- b. **The Advertising Agency:** Advertisers hire independent advertising agencies to assist them in developing, preparing and executing promotional programs. Advertisers use advertising agencies as they possess highly skilled individuals who specialise as artists, writers, media analysts, researchers and others.
- c. **The Media:** Media is an important player in the advertising world. Media basically comprises of channels of communications or media vehicles that carry message from the advertiser to the audience. Media vehicle refers to newspapers, radio, television, billboard and others. Each medium tries to aid advertisers in comparing the

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effectiveness of various mediums while also trying to make the best choices of media to use.

- d. **The Suppliers (vendors):** The suppliers are one of the key players in the world of advertising. Vendors assist the advertisers, advertising agencies and the media in creating and placing the ads. These vendors provide specialised services and include members such as artists, photographers, directors, producers and others.
- e. **The Target Audience:** All advertising strategies begin with identifying the customer and then reaching the appropriate customer with a relevant message. The task of identifying target audience is laborious. These days many data gathering tools are available which reduces the cost, time and effort of finding the appropriate target audience.



## Self-assessment Questions

- 6) The main goals of advertising is to inform, persuade and \_\_\_\_\_.
  - a) Remind
  - b) Repeat purchase
  - c) Notify
  - d) Convince
- 7) Advertising begins with the \_\_\_\_\_.
  - a) Advertising agency
  - b) Vendors
  - c) Advertiser
  - d) Media
- 8) \_\_\_\_\_ provide(s) specialised services and includes members such as artists, photographers, directors, producers and others.
  - a) Advertising agency
  - b) Vendors
  - c) Advertiser
  - d) Media
- 9) Advertising builds brand image and \_\_\_\_\_.
  - a) Brand name
  - b) Product name
  - c) Pricing policy
  - d) Brand equity

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## 1.1.5 Functions of Advertising

Advertising conveys relevant information to the target audience by changing their mental states. Advertising presents and promotes the products, services and ideas of an identified advertiser. Advertising performs a number of functions. Let us take a look at all of them.

1. **Introduces New Products and Services:** Advertising helps in introducing new products and services in the marketplace. A business introduces itself and its brands to the public through advertising.
2. **Builds Public Image:** Advertising helps in building the reputation of the advertiser. Through advertising, businesses are able to sell their products and services on a large scale. Advertising enables a business to communicate its achievements and efforts to the public to increase reputation and good will of the firm.
3. **Consumer Base:** Consistent advertising quality increases the consumer loyalty for a product or service. Advertising helps maintain the customer base by reinforcing the purchasing behaviour.
4. **Pricing:** Advertising displays competitive prices and educates the consumers about the actual cost of the products. Through advertising, consumers learn about competition, upcoming sale season, discounts going on in the market. Advertising assures the consumers that they will receive the best value for their money.

## 1.1.6 Advertising as a Communication Process

As we have studied, advertising promotes goods, services and ideas of an identified sponsor. In promoting and presenting goods, services and ideas, the advertiser engages in a very important form of communication. Through communication, advertisers inform the prospective buyers about the product and its producers. Advertising serves as a communication link between the producer and the prospective consumers (who are interested in seeking information).

Advertising is persuasive and specially designed to influence the purchasing behaviour of the target audience. Advertising is an important element as it reflects and attempts to change our lifestyles. Due to this reason advertising is the most efficient means of reaching consumers with product information.

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In the era of cut throat competition, marketers should promote their brands by effectively integrating promotional tools for increased productivity. Integrated marketing communication (IMC) plays an integral role in creating brand awareness, brand communication and promotion.

IMC provides a wide range of options which help marketers to connect easily with their target audience. IMC ensures that the customers get the right message at the right place and at the right time. Coupling promotional tools adds value in creating successful communication as it harnesses the individual benefit from each channel.

IMC campaigns use a combination of newspaper inserts, radio and television ads, pamphlets, brochures, press releases, sales promotion, loyalty and membership clubs, personal selling, public relations activities, direct marketing initiatives, social networking sites, hoardings and banners at strategic locations.

Companies use promotion to clearly and persuasively communicate the value for their products to the customers. But due to rapidly changing communications landscape and consumers, there is a shift from traditional techniques to the modern techniques of communication. The supremacy of mass media is declining as the firms prefer to give highly targeted personalised interactive messages to their consumers.

With increasing media costs, shrinking audience, ad clutter, empowered audiences; the companies need to integrate the communication channels to deliver one clear, compelling and consistent message about its brand.

**These are the various components of integrated marketing communications.**

- 1. Advertising:** It is any paid form of non-personal communication and promotion of goods, services and ideas by an identified sponsor.
- 2. Sales Promotion:** These are short-term incentives which encourage purchases of any product or service.
- 3. Public Relations:** Public relations is a management function which evaluates public attitude, identifies the policies and procedures of an organisation with public interest and executes a program of action (and communication) to earn public understanding and acceptance.

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4. **Direct Marketing:** It is the direct communication with the target audience to obtain immediate response and cultivate long-lasting relationship.
  5. **Personal Selling:** It is the personal presentation by the sales representative of the company/firm in order to make sales and build customer relationship.



## Self-assessment Questions

- 10) \_\_\_\_\_ are short-term incentives which encourage purchases of any product or service.
  - a) Direct marketing
  - b) Sales promotion
  - c) Personal selling
  - d) Public relations
- 11) \_\_\_\_\_ is the direct communication with the target audience to obtain immediate response and cultivate long-lasting relationship.
  - a) Direct marketing
  - b) Personal selling
  - c) Sales promotion
  - d) Public relations
- 12) \_\_\_\_\_ is the personal presentation by the sales representative of the company/firm in order to make sales and build customer relationship.
  - a) Sales promotion
  - b) Public relations
  - c) Personal selling
  - d) Direct marketing



## Summary

- Advertising displays the growth of society.
- Advertising not only reflects the recent happenings in the society, but it also affects and gets affected by our lifestyle.
- American Marketing Association defined marketing as “the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives.”
- James Culliton coined the term “Marketing Mix” and Neil Borden popularised the concept. McCarthy was the first to describe marketing mix in terms of 4Ps.
- Marketing mix refers to the combination of various marketing elements.
- Kotler, in 2010, defines promotion mix or marketing communication mix as, “a specific blend of promotional tools that the company uses to persuasively communicate customer value and build customer relationship.”
- American Marketing Association defines advertising as “any paid form of non-personal presentation and promotion of ideas, goods and services by an identified sponsor”.
- Advertising is a quick and speedy medium of communication.
- Advertising builds brand image and brand equity.
- The main goals of advertising are inform, persuade and remind.
- Five M’s of advertising — mission, money, message, media and measure.
- Active participants involved in advertising are advertiser, advertising agency, media, vendors and the target audience.
- Sales promotions are short-term incentives which encourage purchases of any product or service.

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- Public relation is a management function which evaluates public attitude, identifies the policies and procedures of an organisation with public interest and executes a program of action (and communication) to earn public understanding and acceptance.
  - Direct marketing is the direct communication with the target audience to obtain immediate response and cultivate long-lasting relationship.
  - Personal selling is the personal presentation by the sales representative of the company/firm in order to make sales and build customer relationship.



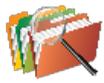
## Terminal Questions

1. What do you understand by advertising?
2. Describe the features and active participants of advertising.
3. Explain the functions of advertising.



## Answer Keys

Self-assessment Questions	
Question No.	Answer
1	a
2	c
3	b
4	d
5	c
6	a
7	c
8	b
9	d
10	b
11	a
12	c



## Activity

**Activity Type: Online**

**Duration: 45 Minutes**

**Description:**

Identify the changes in the promotional strategies of Parle-G across its life-cycle stages (introduction, growth, maturity and decline).

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### Video Links

Topic	Link
Introduction to Advertising	<a href="https://www.youtube.com/watch?v=WqsBz8zoarE">https://www.youtube.com/watch?v=WqsBz8zoarE</a>
Advertising as Communication	<a href="https://www.youtube.com/watch?v=JkKJWjdp-i0">https://www.youtube.com/watch?v=JkKJWjdp-i0</a>
What is Advertising?	<a href="https://www.youtube.com/watch?v=4BWKX4O6sF8">https://www.youtube.com/watch?v=4BWKX4O6sF8</a>



**Notes:**

