

Model AnswerAU-6444

M.B.A.(Third Semester) Examination, 2014

ADVERTISING and SALE PROMOTION MANAGEMENT

Paper: Second

Section-A

(Short Answer Type Question)

Q1. Describe briefly the role of advertising in marketing mix.

Ans: Marketing mix consists of four important variables of marketing, i.e. 4Ps-Product, Price, Promotion and Place. Advertising is an element of promotion. However, it not only assists in promoting the product, but also affects the other variables of marketing mix. This can be explained as follows:

- Advertising and Product: Buyers must be informed and educated on the various aspects of the product. This can be effectively done through advertising. Thus, advertising plays the role of information and education.
- Advertising and Price: Advertising can convince buyers regarding the superiority of the brand and thus its value for money. This can be done by associating the product with prestigious people, situations, or events.
- Advertising and Place: To facilitate effective distribution and expansion of market, advertising is of great significance. Thus advertising do help in *effective distribution and market expansion*.
- Advertising and Promotion: Every seller needs effective promotion to survive and succeed in this competitive business world. Through effective advertising, sellers can face competition and also help to *develop brand image and brand loyalty*.

Q2. What do you mean by DAGMAR?

Ans: It's a marketing approach used to measure the results of an advertising campaign. First proposed by Russell Colley in a 1961 report to the Association of National Advertisers. DAGMAR approach was defined an advertising goal. It is a specific communication task to be

accomplished among a defined audience, in a given period of time.

DAGMAR is an acronym: **D**efining Advertising **G**oals for **M**easured Advertising **R**esults. The approach involves setting specific, measurable objectives for a campaign to determine if specific objectives were met. Specifically, DAGMAR seeks to communicate a specific message through four steps:

Awareness - making the consumer aware that the product or company exists
Comprehension - letting the consumer know what the product is used for
Conviction - convincing the consumer to purchase the product
Action - getting the consumer to actually make the purchase.

Q3. Classify advertising on the basis of geographical coverage?

Ans. In geographical coverage the advertisements are classified according to the area for which the advertising is done. As per the geographical spread:

- **National Advertising:** Here the company has a national target market. The company selects media with a country wide base. Generally large established firm belong to this category ex: Lux soap, Sunsilk shampoo, Taj Mahal Tea etc. are nationally advertise.
- **Local Advertising:** Small firms may like to restrict their business to State or Regional level. Firm first localize their marketing efforts and once success has been achieved, they spread out to wider horizons. A classic example is Nirma washing powder, which initially sold only in Gujrat and subsequently entered the other market.
- **Global Advertising:** Multinational firms treat the world as their market. Firms such as IBM, Sony, Pepsi, Coke etc. advertise globally.

Q4. Discuss any five advantages of television advertising?

Ans. The five advantages of television advertising are:

- T.V appeals to both the senses of sound and sight. As a result, it combines the two to produce a high impact on communication.
- It has a very wide coverage as majority population watches television.
- It reaches even those people who are illiterate. It thus, reaches all kinds of people.
- The advertisement can be directed at a particular target group by broadcasting the ad during a particular program and in a particular channel.

- Through this medium, product can be shown and demonstration can be made and the product feature explained.

Q5. Describe types of ad-agency?

Ans: On the basis of service offered advertising agencies can be of the following types:

- Full service Agencies: This are large or medium size agencies. Deals with all stages of advertisement. Different expert people for different departments. Starts work from gathering data and analysing and ends on payment of bills to the media people.
- Specialized Agencies: These agencies do not provide the entire range of advertising service. They rather provide specialized service in a particular area like: media buying, copywriting etc. Creative boutiques and media buying agencies are its examples:
- Creative boutiques: Very creative and innovative ads. No other function is performed other than creating actual ads. Small sized agencies with their own copywriters, directors, and creative people.
- Media Buying: Buys place for advertise and sells it to the advertisers. Sells time in which advertisement will be placed. Schedules slots at different television channels and radio stations. Finally supervises or checks whether the ad has been telecasted at opted time and place or not.

Q6. What do you mean by advertising copy? Discuss any features of ad copy?

Ans: It refers to the text of a print, radio, or television advertising message that aims at catching and holding the interest of the prospective buyer, and at persuading him or her to make a purchase all within a few short seconds. The four features of ad copy are as follows:

- The headline: It is the first and possibly the most important copy element. The headline of an advertisement will normally present a selling idea or will otherwise help to involve the prospect in reading of the advertisement.
- The Sub Head: Information that can be put in smaller font size than the headline is sub head. It conveys important facts to the readers.
- The body copy: It refers to the text in the advertisement containing details regarding the functions/ benefits/ features of the product/ service.
- Captions: It are small units of text used with illustrations, coupons and special offers.

Q7. What is Trade Promotion?

Ans: Trade Promotion refers to marketing activities that are executed in retail between these two partners. It's a marketing technique aimed at increasing demand for products in retail stores. Marketing campaign directed at wholesalers or retailers rather than at final consumers. In a trade promotion, wholesalers and/or retailers are offered special price discounts (often in addition to a trade allowance), subsidized or free display racks, or stands, gifts, or other incentives. Types of trade promotions are in-store displays, temporary price reductions, coupons, contest and sweepstakes, rebates, premiums and sampling.

Q8. Discuss any four reasons of growing importance of sales promotions?

Ans: Sales promotion is a "media and non-media marketing pressure applied for a predetermined, limited period of time in order to stimulate trial, increase consumer demand, or improve product quality." Four reasons of growing importance of sales promotions are as follows:

- **Increasing Competition:** The air of change is gaining momentum after the introduction of economic liberalization. Due to increase in competition, companies are finding it increasingly difficult to compete on quality.
- **Advertising Has Become More Expensive And Less Effective:** Audio-visual medium, which is considered as the most effective for short-duration ads, may cost in excess of Rs. 1 lakh for a 10 second exposure during prime time.
- **Sales Promotions Maximise Profits:** Sales promotion may allow a premium brand to compete with a lower tier brand among price sensitive consumers. Such promotions can permit price discrimination by allowing the brand to compete in 2 or more different market segments.
- **Consumer Acceptance:** As competition intensifies and promotions proliferate, consumers have learnt to earn the rewards of being smart shoppers. Over a period of time, they have also learnt that brands on promotion are not necessarily of lower quality.

Spykar Jeans, if sold at discount rates, are not perceived to be a brand of low quality

Q9. What is emotional appeal?

Ans: Emotional appeal is related to an individual's psychological and social needs of purchasing certain product or service. Many consumers are emotionally motivated or driven to make certain purchases. Emotional appeals attempt to use negative or positive emotions that will motivate purchase. It include personal and social aspect. Emotional appeal includes personal and social aspects.

- Personal Appeal: Some personal emotions that can drive individual to purchase products include: safety, fear, love joy etc.
- Social Appeal: It includes respect, recognition, involvement, rejection, acceptance etc.

It can be studies under two broad categories: i) Positive Emotional appeal – Advertiser use positive emotional appeal such as humour, love, pride and joy to influence the behaviour of consumers. ii) Negative Emotional Appeal- Advertiser use positive emotional appeal such as guilt, shame etc. to get the desired behaviour from the target audience.

Q10. What is media planning?

Ans: It refers to the process of selecting media, time and space to disseminate advertising messages in order to accomplish advertising and marketing objective of an organization. According to S.W. Dunn, “ Media planning is a process of determining how to use time and space of media to achieve advertising objectives”.

Media planning the following decisions (media decision)

- Deciding on the desired reach, frequency and impact.
- Choosing among the major media types(Media Mix)
- Selecting specific media vehicles.
- Deciding on media timing (media scheduling)
- Deciding on geographical allocation.

Section-B

(Long Answer Type Questions)

Q2. Advertising alone almost never sells a product or services. Discuss the statement with examples.

Ans: Advertising is a form of communication intended to persuade an audience to purchase

products, ideals or services. While advertising can be seen as necessary for economic growth, it is not without social costs. Unsolicited commercial email and other forms of spam have become so prevalent that they are a major nuisance to users of these services, as well as being a financial burden on internet service providers.^[1] Advertising increasingly invades public spaces, such as schools, which some critics argue is a form of child exploitation. ^[2] Advertising frequently uses psychological pressure (for example, appealing to feelings of inadequacy) on the intended consumer, which may be harmful.

Criticism of advertising are:

Advertising alone almost never “sells” a products, sevicees or idea. It helps to sell through persuasion. For any reason if a product is not available in the distribution outlets, the “greatest advertisement” cannot sell these products. If the consumers perceive that the product is overpriced, or does not meet their requirements, then advertising won’t be able to sell such product. No amount of advertising will persuade consumers to buy a bad product second time. Advertising cannot sell anything that is not perceived by the audience as needed, wanted or desired.

The development stage of a product determines the advertising strategy. As product passes through various stage of life cycle, the manner in which advertising presents the product to target the audiences depend largely upon degree of product’s acceptance by consumers. Based on the concept of product life cycle, one may differentiate three stages:

- 1. Introductory stage**
- 2. Competitive stage**
- 3. Reminder stage**

In the Introductory stage the marketer develops a new product and there is no assurance that consumer will perceive a need for it. Unless consumer will perceive a need for the product it will not sell. The job of advertising is to introduce the idea that product is able to meet the consumer needs than the existing solutions. It must effectively communicate that the new product has overcome the limitations of earlier alternatives that consumer tolerated for long. The role of the ad message in this stage is to furnish product knowledge, change existing habits, develop new usage, cultivate new standard of living, and implant a new way to look at the existing approaches of problem solution.

In the Competitive stage, the consumer have accepted the product and competition has moved into the market place sooner rather than latter. The consumer face the question “which brand should I buy?” generally in the early stage of competition, the combined total effect of competitor creates significant growth for the product category. The key objective of advertising is to clearly and convincingly differentiate company’s brand and effectively communicate its position.

In the Reminder stage product reaches its maturity in its life cycle and widely accepted. Marketer may not fill much need for competitive advertising, as consumer knows all about the product. Some consumer like it and some others don't like it, or may be neutral. However if marketer do not advertise, consumer are likely to forget about it and switch to other alternatives being advertised regularly. This is the sufficient reason to switch to reminder advertising and keep the brand in front of consumers for top of mind recall.

Q3. What criteria would you use in selecting an ad-agency?

Ans: The relationship between an advertiser and their agency of record is unique. Unlike other suppliers that support a business, agencies are looked at as strategic partners, where both parties work closely together and are incentivized, based on mutually agreed upon business objectives. To ensure this partnership remains healthy and strong, advertisers must implement the appropriate measures to properly evaluate their agency partner(s) on a regular basis. Below is a list of the top 10 criteria that should be used when searching for a new agency partner or evaluating a current relationship.

1. Talent and Functional Expertise. There will be a variety of people from different departments within the agency working on your marketing program. Having the right people involved is essential for your campaign's success. Ask yourself the following questions: What is the range of services that can be delivered by the agency team? Can they ramp up quickly in order to meet the launch timeline?

2. Account Management. The account management function is often considered a vital role in keeping the agency relationship on the right track. One of the most essential components of a successful marketing campaign is proper communication between the brand team and the agency. If there are ongoing issues that need to be addressed, you should be able to rely on the agency's account management team to navigate the right channels in order to properly address these issues in a timely manner.

3. Industry/Category Expertise. When searching for an agency, look for one that has experience or core competencies in your field. An agency who has knowledge about your industry will not have to spend time acclimating itself with the needs and concerns associated with your area of business. This is why it is important to look at the backgrounds of the team members being proposed for the account in addition to the

agency's background. Overall, be on the lookout for those agencies that specialize in a particular industry but are able to differentiate your brand from the other clients they support

4. Executional Excellence. Ask agencies to provide case studies of successful campaigns for other brands they supported that share a similar scope of work to your brand. Examining the tactics and strategies applied to past campaigns will help you evaluate the agency's ability to successfully develop and deploy marketing programs.

5. Strategic Thinking. One critical factor to consider when evaluating an agency is its proposed strategy and its ability to deliver the value proposition and ultimately differentiate your brand from competitors. The strategy must be well defined and the more detail the agency provides about their strategic framework during the selection process, the better.

6. Creativity. Successful marketing campaigns typically possess an innovative creative element that grabs the target market's attention and leads to a call to action. Gathering case studies and bios of creative leads and requesting tissue concepts to present during an onsite pitch presentation are some approaches that should be employed in order to evaluate an agency's creativity

7. Innovative and/or Technologically Advanced. When evaluating an agency, it is valuable to ensure that technological capabilities are thoroughly assessed as it relates to the nature of the assignment and projected scope of work

8. Cultural Fit. An agency is often considered an extension of a brand team and therefore, if it does not fit within your company's culture and share the same vision for your brand, it may not make sense to onboard that agency. Be sure to establish an understanding of the culture of each agency under consideration and decide amongst the

stakeholders involved in the project which ones will work well within your organization.

9. Adaptable to Change. Change is bound to happen during some stage of your campaign's development, making it important for your agency to be able to adapt to these changes in requirements.

10. Demonstrated Commitment to Working with Other Agency Partners. In order to deliver an integrated program for your brand, you may have other agencies supporting the campaign that offer up more specialized services aside from what your primary agency delivers from a strategic and creative standpoint. Your primary agency must be able to collaborate with other agencies in order to serve the best interests of the brand.

Q4. What factors should be taken into consideration while determining the advertising budget?

Ans: "*Money does matter a lot.*" Advertising Budget is the amount of money which can be or has to be spent on advertising of the product to promote it, reach the target consumers and make the sales chart go on the upper side and give reasonable profits to the company.

Before finalizing the advertising budget of an organization or a company, one has to take a look on the favorable and unfavorable market conditions which will have an impact on the advertising budget. The market conditions to watch out for are as follows:

- **The advertising tasks to be achieved:** The advertising spending depends on the advertising task that a marketer is trying to achieve. For example, a large amount of advertising spending will be required if the task is to create brand awareness and brand persuasion to generate trail purchase in case of new brand.
- **Frequency of the Advertisement:** This means the number of times advertise has been shown with the description of the product or service, in the granted time slots. So here, if any company needs more advertising frequency for its product, then the company will have to increase its advertising budget. This is especially true in case of products like: toothpastes, tea, detergent, soaps etc.
- **Competition and Clutter:** The companies may have many competitors for its product. And also there are plenty of advertisements shown which is called clutter. The company has to then increase their advertising budget. The huge advertising spending by Coke and

Pepsi.

- **Market Share:** To get a good market share in comparison to their competitors, the company should have a better product in terms of quality, uniqueness, demand and catchy advertisements with resultant response of the customers. All this is possible if the advertisement budget is high.
- **Product Life Cycle Stage**
If the company is a newcomer or if the product is on its introduction stage, then the company has to keep the budget high to make place in the market with the existing players and to have frequent advertisements. As the time goes on and product becomes older, the advertising budget can come down as then the product doesn't need frequent advertising.
- **Product differentiation:** The more similar the product to the competitive products, the greater the need to invest in brand differentiation through advertising. Advertising aims at establishing the brand's equity.
- **Support from retailers:** The lesser the support from the retailers, the greater the need to advertise and to "pull" the consumer to the brand. If the brand enjoys good "push" by the retailers, then the burden on advertisers gets reduce to some extent.
- **Financial resources:** If more funds are available, the organisation can afford to have a large advertising budget. However, if financial resources are limited the size of the advertising budget will be small.

Q5. Write a descriptive note on media planning.

Ans: Media planning is the process of using this information to identify the most appropriate platforms and most appropriate types of messages that we can use to communicate our clients message. In today's complex media environment, media planning means considering options such as sponsorship, social search or even encouraging brands to create their own content.

According to Wells Burnett, "Media planning is a decision process regarding use of advertising time and space to assist in achievement of advertising objectives."

In the process of planning, the media planner needs to answer questions such as:

- How many of the audience can be reached through the various media?
- On which media (and ad vehicles) should the ads be placed?
- How frequent should the ads be placed?

- How much money should be spent in each medium?

Components of a media plan:

- Define the marketing problem. Where is the business coming from and where is the potential for increased business? Does the ad need to reach everybody or only a select group of consumers? How often is the product used? How much product loyalty exists?
- Translate the marketing requirements into media objectives. Must the ad reach people in a wide area?
- Define a media solution by formulating media strategies.

Factors to consider when comparing various advertising media:

- **Reach** - expressed as a percentage, reach is the number of individuals (or homes) to expose the product to through media scheduled over a period of time.
- **Frequency** - using specific media, how many times, on average, should the individuals in the target audience be exposed to the advertising message? It takes an average of three or more exposures to an advertising message before consumers take action.
- **Cost per thousand** - How much will it cost to reach a thousand prospective customers (a method used in comparing print media)? To determine a publication's cost per thousand, also known as CPM, divide the cost of the advertising by the publication's circulation in thousands.
- **Cost per point** - how much will it cost to buy one rating point the your target audience, a method used in comparing broadcast media. One rating point equals 1 percent of the target audience. Divide the cost of the schedule being considered by the number of rating points it delivers.
- **Impact** - does the medium in question offer full opportunities for appealing to the appropriate senses, such as sight and hearing, in its graphic design and production quality?
- **Selectivity** - to what degree can the message be restricted to those people who are known to be the most logical prospects?

Advertising media includes : Social (Facebook, Twitter, Instagram, Pinterest, etc.), Television (TVC, television commercial),Radio (AM, FM, XM, Pandora, Spotify), Newspapers, Magazines

(consumer and trade), Outdoor billboards, Ambient experiential, Public transportation, Direct mail (DM), Digital advertising (such as web-based, mobile and mobile applications), Search Engine Marketing (SEM, keyword marketing in search engines), Specialty advertising (on items such as matchbooks, pencils, calendars, telephone pads, shopping bags and so on), Other media (catalogs, samples, handouts, brochures, newsletters and so on)

Q6. Discuss:

- **Advertisement-layout:**

Ans: A layout may be defined as the format in which the various elements of the advertisement are combined. It should not be confused with the visualization though. It is a blueprint. Its function is to assemble the different parts of advertisements- illustrations, headlines, body text, the advertisers signature, and perhaps borders and other graphic materials- into a unified presentation of the sales message

Elements of Layout

The various elements of a layout are as follows:

- **Headlines:** Lines of text that are set in larger type for the purpose of attracting readers are headlines. **Subheads:** In a lengthy article, subheads can be used to break text into shorter segments. Subheads can also appear beneath a headline, but should not be too detailed in Picture
- **Captions:** When you include photos, artwork, or info graphics, you might need a caption to give readers a bit more detail. Captions are generally set in a small but easy to read font.
- **Blurbs:** A blurb is a short summary or some words of praise accompanying a creative work.
- **Illustrations:** An illustration is a visualization such as a drawing, painting, photograph or other work of art that stresses subject more than form.
- **Product Package:** A Product Package is the manner in which something, such as a proposal or product, or someone, such as a candidate or author, is presented to the public.
- **Body Copy:** The primary text of an article is known as body copy. Any text is generally referred to as copy, while the body copy refers to the bulk of the article

Principles of Good Layout : An infinite number of arrangements are possible for the elements of an advertisement. However, regardless of the arrangement of the elements, certain sound

principles should be followed in a good layout. These includes:

- **Balance:** Balance, of considerable importance in a layout, involves artistically combining the various sizes and shapes that make up an advertisement. Essentially, there are two forms of balance- Formal or symmetrical Informal or asymmetrical
- **Movement:** If a print advertisement is to get the reader's eye to "move" through it, the layout should provide for gaze motion or structural motion.
- **Unity:** Unity in layout refers to keeping the elements of the advertisement together so that the advertisement does not "fall apart"
- **Clarity and Simplicity:** Although, it is important to make a layout interesting, care must be taken to see that it remains simple enough so as not to lose its clarity and simplicity.
- **Emphasis:** A good layout should make the advertisement as a whole prominent and also emphasize certain more important elements. It can be done so by following some of the following techniques-
- **Repetition:** A headline, an illustration or a trademark, for example, may gain added emphasis if repeated several times.
Contrast: Another technique is contrast of size, color, or style. In a row of six men, all six feet tall, with a small boy at the end, the boy would attract attention.
White Space: This is another technique which should be use very carefully.

Kinds of Layouts

The several different forms of layout each serve a particular purpose and may not all be used for any one advertisement. They are as follows :

- 1) **Thumbnail Sketches** – They are miniature sketches that are used by the art directors to convey the basic layout style and treatment without spelling out small details.
- 2) **Rough Layout** – Rough layouts or visuals, are prepared for almost all advertisements. They are the same size as the finished advertisements except for outdoor posters.
- 3) **In Finished Layouts** – The next stage is the preparation of the finished layout, which is worked more carefully than the rough layout. They suggest in considerable detail the style of the illustration and headlines and therefore serve as a guide to artist and typographer.
- 4) **In Comprehensive Layouts** – A comprehensive layout is prepared for a client when they are unable to judge the effect of the finished advertisements by looking at the finished layout. These layouts come very close to resembling the finished advertisements.

5) Working Layouts – Working layouts are not really layouts, but rather a sort of “blueprint” for production, indicating the exact position of the various elements and appropriate instructions for the typographer and engraver. They are also known as “mechanicals”.

Mechanics of Layout artist follow certain general rules in the mechanics of their production to achieve as nearly as possible the effect of the finished advertisement. Some of the rules are as follows:(i) Measuring out the space for the advertisement.(ii) By, paying a premium charge, the advertiser may use the white margin around the advertising space.(iii) In illustrations which are to have tonal values, such as photographs and wash drawings, the tonal values should be indicated by shading the drawing on the layout.

Q7. What is sales promotion? Explain the theories of sales promotion.

Ans: Sales promotion is any initiative undertaken by an organisation to promote an increase in sales, usage or trial of a product or service (i.e. initiatives that are not covered by the other elements of the marketing communications or promotions mix). Sales promotions are varied.

1- Free gifts e.g. Subway gave away a card with six spaces for stickers with each sandwich purchase. Once the card was full the consumer was given a free sandwich.

2- Discounted prices e.g. Budget airline such as EasyJet and Ryanair, e-mail their customers with the latest low-price deals once new flights are released, or additional destinations are announced.

3- Joint promotions between brands owned by a company, or with another company’s brands. For example fast food restaurants often run sales promotions where toys, relating to a specific movie release, are given away with promoted meals.

4- Free samples (aka. sampling) e.g. tasting of food and drink at sampling points in supermarkets. For example Red Bull (a caffeinated fizzy drink) was given away to potential consumers at supermarkets, in high streets and at petrol stations (by a promotions team).

5- Vouchers and coupons, often seen in newspapers and magazines, on packs.

6- Competitions and prize draws, in newspapers, magazines, on the TV and radio, on The Internet, and on packs.

7- Cause-related and fair-trade products that raise money for charities, and the less well off farmers and producers, are becoming more popular.

8-Finance deals - for example, 0% finance over 3 years on selected vehicles.

Many of the examples above are focused upon consumers. Don’t forget that promotions can be

aimed at wholesales and distributors as well. These are known as Trade Sales Promotions. Examples here might include joint promotions between a manufacturer and a distributor, sales promotion leaflets and other materials (such as T-shirts), and incentives for distributor sales people and their retail clients.

Often they are original and creative, and hence a comprehensive list of all available techniques is virtually impossible (since original sales promotions are launched daily!). Here are some examples of popular sales promotions activities:

(a) Buy-One-Get-One-Free (BOGOF) – which is an example of a self-liquidating promotion. For example if a loaf of bread is priced at \$1, and cost 10 cents to manufacture, if you sell two for \$1, you are still in profit – especially if there is a corresponding increase in sales. This is known as a PREMIUM sales promotion tactic.

(b) Customer Relationship Management (CRM) incentives such as bonus points or money off coupons. There are many examples of CRM, from banks to supermarkets.

(c) New media - Websites and mobile phones that support a sales promotion. For example, in the United Kingdom, Nestle printed individual codes on KIT-KAT packaging, whereby a consumer would enter the code into a dynamic website to see if they had won a prize. Consumers could also text codes via their mobile phones to the same effect.

(d) Merchandising additions such as dump bins, point-of-sale materials and product demonstrations.

The theories of Sales Promotion

“Sales promotion comprises a range of tactical marketing techniques designed within a strategic marketing framework to add value to a product or service in order to achieve specific sales and marketing objective.” Sales promotion is a technique which has significant potential to improve short term sales and like direct response work; its effectiveness can be tightly measured. Although its strategic value is the subject of considerable debate, nevertheless, it is an important tool of marketing. There are few markets or products where it cannot be used and few brands to which it cannot be applied.

(i) The push theory: Sales promotion techniques supports that you promote your goods to a retailer, who will then pass the wares along to their consumers. A “push” promotional strategy makes use of a company's sales force and trade promotion activities to create consumer demand for a product. A good example of "push" selling is mobile phones, where the major handset manufacturers such as Nokia promote their products via retailers such as Car phone Warehouse.

A "push" strategy tries to sell directly to the consumer, bypassing other distribution channels (e.g. selling insurance or holidays directly).

(ii) The pull theory : Focusing on the consumer himself. Go directly to the source to introduce your goods, and encourage a direct purchase. A "pull" selling strategy is one that requires high spending on advertising and consumer promotion to build up consumer demand for a product. If the strategy is successful, consumers will ask their retailers for the product, the retailers will ask the wholesalers, and the wholesalers will ask the producers. A good example of a pull is the heavy advertising and promotion of children's toys – mainly on television.

iii) The combination theory: Is a slight part of both. You may supply a retailer with your consumable. He or she will then offer this to a customer with incentives for shopping with them. This strategy is usually used if the distributor is hesitant to carry a product, since it gets its required consumers without having to go to retail outlets. "Car dealers often provide a good example of a combination strategy. If you pay attention to car dealers' advertising, you will often hear them speak of cash-back offers and dealer incentives. However some examples of the regularly used sales promotions activities are as follows: Buy-One-Get-One-Free, New Media, Merchandising, Free gifts etc.

Q.10. How do we measure the effectiveness of advertisement?

Ans: Advertising is a form of marketing communication used to persuade an audience to take or continue some action, usually with respect to a commercial offering, or political or ideological support. Advertising is nothing but a paid form of non-personal presentation or promotion of ideas, goods or services by an identified sponsor with a view to disseminate information concerning an idea, product or service. The message which is presented or disseminated is called advertisement. In the present day marketing activities hardly is there any business in the modern world which does not advertise. However, the form of advertisement differs from business to business.

According to Longman "a picture, set of words, or a short film, which is intended to persuade people to buy a product or use a service, or that gives information about a job that is available, an event that is going to happen etc"

The main features of advertise are as under:

- It is directed towards increasing the sales of business.

- Advertising is a paid form of publicity
- It is non-personal. They are directed at a mass audience and not at the individual as is in the case of personal selling.
- Advertisements are identifiable with their sponsor or originator which is not always the case with publicity or propaganda.

Objective / Functions of advertising

- **Preparing Ground for New Product:** New product needs introduction because potential customers have never used such product earlier and the advertisement prepares a ground for that new product.
- **Creation of Demand :** Customers are to be reminded about the product and the brand. It may induce new customers to buy the product by informing them its qualities since it is possible that some of the customers may change their brands.
- **Facing the Competition :** Under competitive conditions, advertisement helps to build up brand image and brand loyalty and when customers have developed brand loyalty, becomes difficult for the middlemen to change it.
- **Creating or Enhancing Goodwill:** Large scale advertising is often undertaken with the objective of creating or enhancing the goodwill of the advertising company.
- **Informing the Changes to the Customers :** Whenever changes are made in the product by any way they must be informed to the public by the producer through advertisement.
- **Neutralizing Competitor's Advertising:** Advertising is unavoidable to compete with or neutralize competitor's advertising.
- **Barring New Entrants :** From the advertiser's point of view, a strongly built image through long advertising helps to keep new entrants away.

How Can You Measure Your Advertising Effectiveness?

It's very important for businesses of any size to track the results of their marketing campaigns. Small businesses, in particular, are often "budget-challenged," so it is especially important that they know that their marketing efforts are achieving desired results. The biggest benefit is that they will have information to tell them how to use their marketing budget most effectively.

There are a variety of ways they might track the effectiveness of these campaigns:

- Pre/post sales results— sales prior to a campaign have traditionally been \$X, sales after the campaign (absent any other intervening factors) are \$Y; the difference may be attributed, at least in part— to the results of the campaign.
- Changes in awareness, perception or preference. Conducting a pre-campaign assessment of the target market's levels of awareness, perception or preference—then implementing the campaign; and then measuring again.
- Response measurement. While awareness campaigns would generally be measured as described above, response marketing efforts can be tracked through coupons, order codes, landing pages, etc. This also allows testing of various offers or creative approaches; for instance, develop three different ad formats and direct responses for each to a separate landing page where results can be measured in terms of visits, click-through and, ultimately, response.

Ways to measure the effectiveness of advertisement :

- Conducting a survey after the campaign ends
 - Proportionate increase in the sales of that particular product/service
 - More customers calling to a toll-free and prescribed lines
 - Redemption of coupons and vouchers
 - Increased footfalls in the store to purchase product/service
 - Increased click on the company's website
- A customer who doesn't know much about your business, or doesn't even know it exists, won't purchase your products or services. Public relations campaigns can help get you in the public eye, but for most businesses, effective advertising is critical. But effective advertising means more than simply spending large amounts of money on a variety of advertising media. Your overall goal is to receive a real, measurable return on your investment. A secondary, but just as important goal is to analyze the effectiveness of different types of advertising; that way you can ensure that each advertising dollar is spent wisely.

- The process of measuring advertising effectiveness starts with a simple formula: Return on Investment.

- Return on Investment (ROI) evaluates cost against return. (While ROI can be used to evaluate advertising expenditures, it can also be used to evaluate any type of investment, improvement project, process redesign, etc., virtually any situation where money will be spent and a return on that spending is expected.

- Here is the formula:

ROI = $(R - CI) / CI \times 100$

R = Gross Margin (Sales Revenue-Cost of Good Sold)

CI = Cost of Investment

WHY MEASURE IT

- Avoid costly mistakes.
- Evaluate alternative strategies.
- Increase the efficiency of advertising.

Q9. Write short notes on:

- **Coupon**

Ans: A Coupon is a –

1. A voucher entitled to the holder to entitled discount on particular product.
2. A form in a newspaper or magazine which may be sent as an application for a purchase or information.

In marketing, a coupon is a ticket or document that can be exchanged for a financial discount or rebate when purchasing a product. Customarily, coupons are issued by manufacturers of consumer packaged goods or by retailers, to be used in retail stores as a part of sales promotions. They are often widely distributed through mail, coupon envelopes, magazines, newspapers, the Internet (social media, email newsletter), directly from the retailer, and mobile devices such as cell phones. Since only price conscious consumers are likely to spend the time to claim the savings, coupons function as a form of price discrimination, enabling retailers to offer a lower price only to those consumers who would otherwise go elsewhere. In addition, coupons can also

be targeted selectively to regional markets in which price competition is great.

Functions:

Coupons can be used to research the price sensitivity of different groups of buyers (by sending out coupons with different dollar values to different groups). In addition, it is generally assumed that buyers who take the effort to collect and use coupons are more price sensitive than those who do not. Therefore, the posted price paid by price-insensitive buyers can be increased, while using coupon discounts to maintain the price for price-sensitive buyers (who would not buy at a higher price). When these coupons are entered at the time of the checkout process, it reduces the order total for the customer.

Grocery coupons come in two major types: store coupons and manufacturer's coupons.

Store coupons are coupon-based discounts offered for a particular item or group of items. The issuing store will accept its own "store coupons," but some stores will also accept store coupons that are issued by competitors.

Manufacturer's coupons have the advantage of being currency at a variety of retailers, not just at one store.

Expiration

Most coupons have an expiration date after which they will not be honored. For example, Christmas coupons are valid only throughout the Christmas week. American military commissaries overseas honour manufacturer's coupons for up to six months past the expiration date.

Delivery methods

Customers may get these coupons from various sources, including national newspapers and the Internet, with web sites offering free printable grocery coupons can be printed at home and use them at retail store. Some major grocery chains also produce digital coupons that may be loaded onto the retailer's loyalty card at home, or at a coupon dispensing machine located in store.

Print media

Clipping coupons from newspapers has been the most popular way to obtain coupons, though Internet and Mobile Phone coupons are gaining wide popularity. Based on its annual RedPlum Purse String Study[8] surveying more than 23,000 shoppers, a coupon provider, Redplum, reports 76% of coupon-seekers utilize newspapers as their primary source for coupons and deals; 59% find coupons in e-mails and coupon alerts, an 29% increase from 2010; and 33% use

Internet searches to find coupons.

Some retailers and companies use verification methods such as unique barcodes, coupon ID numbers, holographic seals, and watermarked paper as protection from unauthorized copying or use.

Other than newspaper, there are also coupon book publishers and retailers who compile vouchers and coupons into books, either for sale or free.

Internet coupons

Online retailers often refer to coupons as "coupon codes", "promotional codes", "promotion codes", "discount codes", "key codes", "promo codes", "surplus codes", "portable codes", "shopping codes", "voucher codes", "reward codes", "discount vouchers", "referral codes" or "source codes". Internet coupons typically provide reduced cost or free shipping, a specific dollar or percentage discount. Marketers can use different codes for di Mobile coupons

A mobile coupon is an electronic ticket solicited and or delivered to a mobile phone that can be exchanged for financial discount or rebate when purchasing product or service. Coupons are usually issued by manufacturers of consumer packaged goods or retailers, to be used in retail stores as part of a sales promotion. They are often distributed through WAP Push over SMS or MMS, through GEO Fencing technology or other mobile means

Mobile coupons are popular among U.S. fast-food customers. The primary success factors for the SMS campaigns are discount size, how the discount value is framed (as a gift or percent off) and the timing of the campaign.[9]

Many retailers support the redemption of email and paper coupons via mobile devices. In addition to distributing such offers via their own email lists, SMS subscriptions, and apps, they are also often made available through coupon applications.

Taxation

Depending on the jurisdiction, coupons may or may not reduce the sales tax which must be paid by the consumer. This is often determined by who sponsors the coupon. If the coupon is issued by the retailer, the product was never offered at the original price and the coupon represents a reduction in the amount paid and the tax. If the coupon is issued by the manufacturer, the original price is still paid but some of the price is covered by the manufacturer instead of the consumer and the full price remains taxable. This is the case with the coupon-eligible converter boxes in the United States, which compensate in part for the forced conversion to digital TV.

Trading

Food Coupons

Coupon manufacturers may or may not place restrictions on coupons limiting their transferability to ensure the coupons stay within the targeted market. Since such restrictions are not universal and are difficult and/or costly to enforce, limited coupon trading is tolerated in the industry. Organized coupon exchange clubs are commonly found in regions where coupons are distributed. Often coupons are available for purchase at some online sites, but since most coupons are not allowed to be sold, the fee is considered to be for the time and effort put into cutting out the coupons.

Welfare coupons

Welfare coupons are coupons given to people who are considered to be living in poverty or at risk of living in poverty.

The welfare coupons are intended to help people with very low incomes to be able to partially satisfy their nutritional needs. One of the most popular programs that provide food vouchers to a certain category of people is Women, Infants, and Children (WIC). The program is limited to pregnant women and children under 5 years old and the grocery coupons may be used to buy certain products such as cheese, milk, eggs, and some breakfast cereals.

Fundraising companies may also provide welfare coupons for people who are willing to donate certain amounts of money or to adopt animals. These welfare coupons may come as discount coupons for various products or for buying food for the adopted animal.

- **Advertising v/s Consumer Behaviour:**

Ans: Advertising is a form of marketing communication used to persuade an audience to take or continue some action, usually with respect to a commercial offering, or political or ideological support.

Consumer behaviour can be defined as the decision-making process and physical activity involved in acquiring, evaluating, using and disposing of goods and services

Marketers need to understand the buying behaviour of consumers while designing their advertisements for the desired impact. Advertisements play an essential role in creating an image of a product in the minds of consumers. Advertisements must be catchy and communicate relevant information to consumers.

Understanding the needs of the consumer is really important when it comes to creating the right advertisement for the right audience. Remember it is only through advertisements; individuals are able to connect with your brand.

Stages of the Consumer Buying Process

Six Stages to the Consumer Buying Decision Process (For complex decisions). Actual purchasing is only one stage of the process. Not all decision processes lead to a purchase. All consumer decisions do not always include all 6 stages, determined by the degree of complexity...discussed next.

The 6 stages are:

1. Problem Recognition (awareness of need)--difference between the desired state and the actual condition. Deficit in assortment of products. Hunger-Food. Hunger stimulates your need to eat.

Can be stimulated by the marketer through product information--did not know you were deficient? I.E., see a commercial for a new pair of shoes, stimulates your recognition that you need a new pair of shoes.

2. Information search- Internal search, memory. External search if you need more information. Friends and relatives (word of mouth). Marketer dominated sources; comparison shopping; public sources etc. A successful information search leaves a buyer with possible alternatives, the evoked set.

Hungry, want to go out and eat, evoked set is as Chinese food, Indian food, burger king, etc

3. Evaluation of Alternatives--need to establish criteria for evaluation, features the buyer wants or does not want. Rank/weight alternatives or resume search. May decide that you want to eat something spicy, Indian gets highest rank etc.

If not satisfied with your choice then return to the search phase. Can you think of another restaurant? Look in the yellow pages etc. Information from different sources may be treated differently. Marketers try to influence by "framing" alternatives.

4. Purchase decision--Choose buying alternative, includes product, package, store, method of purchase etc.

5. Purchase--May differ from decision, time lapse between 4 & 5, product availability.

6. Post-Purchase Evaluation--outcome: Satisfaction or Dissatisfaction. Cognitive Dissonance, have you made the right decision. This can be reduced by warranties, after sales

communication etc.

After eating an Indian meal, may think that really you wanted a Chinese meal instead.