

# Customer Preferences Towards Advertising Agencies



## Management

**KEYWORDS :**Advertising, Consumer behavior, Branding and Brand identity

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### ABSTRACT

*Advertising is a form of communication for marketing and used to encourage or persuade an audience to continue or take some new action. Most commonly, the desired result is to drive consumer behavior with respect to a commercial offering, although political and ideological advertising is also common. In Latin, ad vertere means "to turn the mind toward. The purpose of advertising may also be to reassure employees or shareholders that a company is viable or successful. Advertising messages are usually paid for by sponsors and viewed via various traditional media; including mass media such as newspaper, magazines, television, radio advertisement, outdoor advertising or direct mail; or new media such as blogs, websites or text messages.*

### INTRODUCTION

Most of the organizations found **Advertising** is a form of communication for marketing and used to encourage or persuade an audience to continue or take some new action. Most commonly, the desired result is to drive consumer behaviour with respect to a commercial offering, although political and ideological advertising is also common. In Latin, ad vertere means "to turn the mind toward. The purpose of advertising may also be to reassure employees or shareholders that a company is viable or successful. Advertising messages are usually paid for by sponsors and viewed via various traditional media; including mass media such as newspaper, magazines, television, radio advertisement, outdoor advertising or direct mail; or new media such as blogs, websites or text messages.

Commercial advertisers often seek to generate increased consumption of their products or services through "branding," which involves associating a product name or image with certain qualities in the minds of consumers. Non-commercial advertisers who spend money to advertise items other than a consumer product or service include political parties, interest groups, religious organizations and governmental agencies. Nonprofits organizations may rely on free modes of persuasion, such as a public service announcement (PSA).

Modern advertising was created with the innovative techniques introduced with tobacco advertising in the 1920s, most significantly with the campaigns of Edward Bernays, which is often considered the founder of modern, Madison Avenue advertising.

Advertising in an evolutionary perspective so as to appreciate the reasons for advertising's use in a modern industrialized society. Advertising was spawned by a market-driven system and developed in a capitalistic, free enterprise market economy in which mass production utilized advertising as an essential tool. Urbanization, transportation expansion and communication advancements all facilitated the use and growth of advertising, the result of which is that advertising is firmly entrenched as a business function in our society with deeply rooted economic and cultural foundations.

Advertising, in its non-commercial guise, is a powerful educational tool capable of reaching and motivating large audiences. "Advertising justifies its existence when used in the public interest - it is much too powerful a tool to use solely for commercial purposes." - Attributed to Howard Gossage by David Ogilvy.

Advertisements can also be seen on the seats of grocery carts, on the walls of an airport walkway, on the sides of buses, heard in telephone hold messages and in-store public address systems. Advertisements are usually placed anywhere an audience can easily and/or frequently access visuals and/or audio and print organizations which frequently spend large sums of money on advertising but do not strictly sell a product or service to the general public include: political parties, interest groups, religion-supporting organizations, and militaries looking for new recruits. Additionally, some non-profit organizations are not typical advertising clients and rely upon free channels, such as public service announcements.

Advertising spending has increased dramatically in recent years. In the United States alone in 2006, spending on advertising reached \$155 billion, reported TNS Media Intelligence. That same year, according to a report titled Global Entertainment and Media Outlook: 2006-2010 issued by global accounting firm.

PricewaterhouseCoopers, worldwide advertising spending was \$385 billion. The accounting firm's report projected worldwide advertisement spending to exceed half-a-trillion dollars by 2010.

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 as to have become a major nuisance to users of these services, as well as being a financial burden on internet service providers. Advertising is increasingly invading public spaces, such as schools, which some critics argue is a form of child exploitation.

Meaning - Advertising is the promotion of a company's products and services carried out primarily to drive sales of the products and services but also to build a brand identity and communicate changes or new product /services to the customers. Advertising has become an essential element of the corporate world and hence the companies allot a considerable amount of revenues as their advertising budget. There are several reasons for advertising some of which are as follows:

Increasing the sales of the product/service

Creating and maintaining a brand identity or brand image.

Communicating a change in the existing product line.

Introduction of a new product or service.

Increasing the buzz-value of the brand or the company.

Thus, several reasons for advertising and similarly there exist various media which can be effectively used for advertising. Based on these criteria there can be several branches of advertising.

Types of advertising:

**Print Advertising** – Newspapers, Magazines, Brochures, Fliers

The print media have always been a popular advertising medium. Advertising products via newspapers or magazines is a common practice. In addition to this, the print media also offers options like promotional brochures and fliers for advertising purposes. Often the newspapers and the magazines sell the advertising space according to the area occupied by the advertisement, the position of the advertisement (front page/middle page), as well as the readership of the publications. For instance an advertisement in a relatively new and less popular newspaper would cost far less than placing an advertisement in a popular newspaper with a high readership. The prices of print ads also depend on the supplement in which they appear, for example an advertisement in the glossy supplement costs way higher than that in the newspaper supplement.

**Outdoor Advertising** – Billboards, Kiosks, Tradeshows and Events

Outdoor advertising is also a very popular form of advertising, which makes use of several tools and techniques to attract the customers outdoors. The most common examples of outdoor advertising are billboards, kiosks, and also several events and tradeshows organized by the company. The billboard advertising is very popular however has to be really terse and catchy in order to grab the attention of the passersby. The kiosks not only provide an easy outlet for the company products but also make for an effective advertising tool to promote the company's products. Organizing several events or sponsoring those makes for an excellent advertising opportunity. The company can organize trade fairs, or even exhibitions for advertising their products. If not this, the company can organize several events that are closely associated with their field. For instance a company that manufactures sports utilities can sponsor a sports tournament to advertise its products.

**Broadcast advertising** – Television, Radio and the Internet

Broadcast advertising is a very popular advertising medium that constitutes of several branches like television, radio or the Internet. Television advertisements have been very popular ever since they have been introduced. The cost of television advertising often depends on the duration of the advertisement, the time of broadcast (prime time/peak time), and of course the popularity of the television channel on which the advertisement is going to be broadcasted. The radio might have lost its charm owing to the new age media however the radio remains to be the choice of small-scale advertisers. The radio jingles have been very popular advertising media and have a large impact on the audience, which is evident in the fact that many people still remember and enjoy the popular radio jingles.

**Covert Advertising** – Advertising in Movies

Covert advertising is a unique kind of advertising in which a product or a particular brand is incorporated in some entertainment and media channels like movies, television shows or even sports. There is no commercial in the entertainment but the brand or the product is subtly

(or sometimes evidently) showcased in the entertainment show. Some of the famous examples for this sort of advertising have to be the appearance of brand Nokia which is displayed on Tom Cruise's phone in the movie *Minority Report*, or the use of Cadillac cars in the movie *Matrix Reloaded*.

**Surrogate Advertising** – Advertising Indirectly

Surrogate advertising is prominently seen in cases where advertising a particular product is banned by law. Advertisement for products like cigarettes or alcohol which are injurious to health are prohibited by law in several countries and hence these companies have to come up with several other products that might have the same brand name and indirectly remind people of the cigarettes or beer bottles of the same brand. Common examples include Fosters and Kingfisher beer brands, which are often seen to promote their brand with the help of surrogate advertising.

**Public Service Advertising** – Advertising for Social Causes

Public service advertising is a technique that makes use of advertising as an effective communication medium to convey socially relevant messages about important matters and social welfare causes like AIDS, energy conservation, political integrity, deforestation, illiteracy, poverty and so on. David Ogilvy who is considered to be one of the pioneers of advertising and marketing concepts had reportedly encouraged the use of advertising field for a social cause. Ogilvy once said, "Advertising justifies its existence when used in the public interest - it is much too powerful a tool to use solely for commercial purposes." Today public service advertising has been increasingly used in a non-commercial fashion in several countries across the world in order to promote various social causes. In USA, the radio and television stations are granted on the basis of a fixed amount of Public service advertisements aired by the channel.

**Celebrity Advertising:**

Although the audience is getting smarter and smarter and the modern day consumer getting immune to the exaggerated claims made in a majority of advertisements, there exist a section of advertisers that still bank upon celebrities and their popularity for advertising their products. Using celebrities for advertising involves signing up celebrities for advertising campaigns, which consist of all sorts of advertising including, television ads or even print advertisements.

**The features of advertising are**

The fact that it is 'a paid form' of presentation emphasizes that advertising space or time must be purchased

Its "non personal" nature emphasizes the fact that it is not a direct or personalized presentation to one individual but to the masses

"presentation" signifies the format in which advertisement communicate

"promotion" indicates the objective of advertising and

Identified sponsor refers to the identification of the brand or the advertiser that is communicating

Today advertising has become an integral part of our social and economic structure. An increasing number of companies are spending millions of dollars on advertising in India every year.

### History of Advertising in India:-

The first advertising agencies in India began in the early 1900s, mostly serving to place newspaper ads for clients. Soon, foreign agencies such as DJ Keymer and LA Stronach entered the market. J Walter Thompson (JWT), one of the biggest players in the market today, entered India in 1926.

Post independence, advertising agencies began offering clients larger teams with distinct client servicing and creative resources. Media planning and buying however grew into important functions only recently, since earlier, there were fewer media outlets and print media tended to have fixed card rates. It was after 1990 that advertising agencies went through some fundamental changes.

With the explosion of television channels, ad agencies realized that media planning and buying needed to be treated as a separate discipline. Clients too questioned the standard 15% commission on media bought, which most ad agencies levied. This led to the creation of media houses distinct from ad agencies. Clients began to pay ad agencies a fee for their creative efforts, unrelated to the amount of media space or spots purchased.

Another major change was the rapid consolidation of agencies, as most were bought out by large conglomerates. Today, two of the largest global marketing communication groups, WPP and Interpublic own most of the major advertising agencies, between them. WPP Group holds JWT, Ogilvy & Mather (O&M), Contract, Bates, Rediffusion DY&R and other smaller agencies besides large media agencies such as MindShare and Meritus under its GroupM umbrella. Interpublic Group holds Lowe, McCann, Enterprise Nexus and FCB besides media agencies such as Initiative and Universal McCann. Omnicom group, a third global giant, which holds agencies such as BBDO, DDB and TBWA does not yet have a large presence in India, but has announced plans to aggressively expand in the Indian market. Many of these agencies also have their associated PR agencies, notably JWT's IPAN and WPP's Ogilvy Public Relations.

Unlike the advertising industry, PR in India has not yet seen these levels of consolidation. The largest agencies such as Ad factors PR, Perfect Relations, Genesis and Vaishnavi, are still largely locally owned and not yet part of conglomerates. Instead, most of these agencies have established loose partnerships with international agencies, to undertake global work for their clients.

### India Advertising Industry: An Analysis

This report starts with a historical overview of the Indian advertising industry and examines how advertising spend has undergone a change over the years. It looks at the trends and key drivers and their impact on the industry. A summary of the issues faced by the advertising industry has also been included. The report conducts a detailed external and internal study of the Indian advertising industry within the SWOT, PEST and PORTER framework.

It also studies the competitive landscape including the top three agencies- JWT, O&M, and Lowe's. Since the agencies are not listed and do not disclose their financial information, the report has alternatively covered a summary of their operations and competitive strategies. The report concludes with an outline of the industry.

The Indian advertising industry has been evolving at a fast pace over the past few years owing to the proliferation of means of communication and the emergence of new dis-

tribution channels. Currently India has a low advertising spend as compared to other economies. Creativity leakage is a major issue confronting the industry. However, the 8

television advertising is expected to register high rates of growth, as India is expected to become Asia's leading cable market.

As per industry estimates, the total advertisement spend in India was approximately INR 118 billion. However, at 0.50 percent, India continues to have one of the lowest 'Advertising spend to GDP' ratios amongst peer economies. This underscores the significant potential India has yet to achieve vis-à-vis advertising budgets. However, this is set to change. A growing middle-class will spur the increasing tide of consumerism and a growing lineup of global brands will continue to be attracted by this expanding market. Consequently it is expected that the 'ad spend to GDP' ratio will increase steadily over the next four years. In the Indian context, there is further potential for television to increase its ad share. It is expected that over the next three years, both print and television will each command around 43 percent of the market, with the balance 14 percent being split between radio, outdoors and others.

### REVIEW OF LITERATURE

Nikhil K Mehta (2012)<sup>1</sup> has studied about the impact of comparative communication in Advertisements on Brand Image in Indian perspective. Ten Indian advertisements were studied and associated with their perceived brand image on an exploratory basis. Wilfred Amaldoss & Chuan He (2010)<sup>2</sup> has proposed a model as Product variety, Informative Advertising, and Price Competition of informative advertising that allows for diverse consumer tastes and multiple competing firms. Martin Eisend (2010)<sup>3</sup> have investigated how gender roles are portrayed in advertising. The study provides a meta-analysis of the research on gender roles in TV and radio advertising based on 64 primary studies. Sunil Barthwal & N.L.Gupta (2012)<sup>4</sup> has discussed the importance of cultural themes that are manifested in International and Indian Advertisements. Rik Pieters, Michel Wedel, & Rajeev Batra (2010)<sup>5</sup> distinguished two types of visual complexity, differentiate them from the difficulty of comprehending advertising, and propose objective measures for each. Rick T. Wilson and Daniel W. Baack (2012)<sup>6</sup> has done analyses in the content of FDI advertising to explain its structure. Edwin J. Nijssen & Susan P. Douglas (2011)<sup>7</sup> has emerged in examining global consumer culture and its impact on consumer product preferences and choices, life styles, and exposure to mass media from other countries. Ernst C. Osinga, Peter S.H. Leeflang, Shuba Srinivasan, & Jaap E. Wieringa (2011)<sup>8</sup> has recognized the need to measure and communicate the impact of their actions on shareholder returns. MinChung Kim & Leigh M. McAlister (2011)<sup>9</sup> has extended the existing study in two ways like, broadening the proxy for marketing by considering both advertising and sales force, the other way is, an explanation for the fact that some studies linking advertising to firm value find a positive value. Jeffrey Loewenstein, Rajagopal Raghunathan, & Chip Heath (2011)<sup>10</sup> has plotted the structure in television advertisements can enhance consumers' brand attitudes and foster increasing consumer and industry recognition.

### STATEMENT OF THE PROBLEM

One of the biggest problems that any company have to deal with is the advertising their work. This is especially true for a small business where most likely every Ad company loses their business. The bottom line is that a high profiled advertising agency is essential for any company's

promotional activities. Leading advertising agencies, are losing its strong brand name, and planning to increase its competitive advantage. They are leading to high price fixation. When compared to other competitors, their service cost is little high. They are in the compulsion to reduce the cost and increase the Customer Preference to get competitive advantage and High productivity from the limited sources. This made me to involve in this research to know about the customer preference of the advertising agencies and to overcome their problems.

#### OBJECTIVE OF THE STUDY

- To study the functionalities of an Advertising Agency.
- To identify the customer preferences in choosing an advertising agency.
- To understand the lacking factors of an advertising agency.

#### METHODOLOGY

Research is defined as a "Systematized Effort to Gain New Knowledge". Research comprises defining and redefining problems, formulating hypothesis or suggest solutions, collecting, organizing and evaluating data, making deductions and reaching conclusions and at last carefully testing the conclusions to determine whether they fit the formulating hypothesis. It refers to the systematic method consisting of enunciating the problem, formulating a hypothesis, collecting the fact data, analyzing the facts and reaching certain conclusion and either in the form of solution towards the concerned problem or in certain generalization for some theoretical formulation. The researcher had done descriptive research for studying the attitude of the employee. A simple descriptive research design is used when data are collected to describe persons, organizations, settings, or phenomena.

#### Sample Design

Sample design refers to the technique or the procedure the research would adopt in selecting item for the sample. Non - Probabilistic sampling design has been used to conduct the research.

#### Sampling Unit

Sampling unit is the basic unit containing the elements of a target population. The sampling unit of the study is only the small medium enterprises in and around Coimbatore.

#### Sample Size

The study contains a sample size of 70 Companies which does advertisements.

#### Period Of Study

The time period of the study is 12 weeks only. Within the period all research works have been completed.

#### Sampling Techniques

Snow ball sampling which is a part of Convenience sampling is a non-probability sampling technique where subjects are selected because of their convenient accessibility and proximity to the researcher.

#### Data Collection Method

The data collected are primary in nature and data are collected through Questionnaire.

#### Primary Data

The primary data are those data, which are collected freshly for the first time, and they are original in character. The researcher had collected primary data, which had obtained by a study specifically designed to fulfil data needs of the

problem at hand such data are original as character.

#### Secondary Data

The secondary data as those which have been collected by someone else and which have already been passed through the statistical process. The researcher uses different sources to collect the data's such as company publications, business journals, magazines, project reports, websites, etc.

#### ANALYSIS AND INTERPRETATION

Variables	Particulars	Re-spond-ents	Percentage
Cost for an advertisement	Below 1,00,000	36	51.42%
	1,00,001-2,00,000	17	24.28%
	2,00,001-3,00,000	12	17.14%
	Above 3,00,001	5	7.14%
Communication as main quality	Very Important	27	38.57%
	Less Important	28	40%
	Not Important	15	21.40%
Creativity as main quality	Very Important	30	42.85%
	Less Important	25	35.71%
	Not Important	15	21.42%
Strong Customer Service Skills as main quality	Very Important	26	37.14%
	Less Important	28	40%
	Not Important	16	22.85%
Design as main quality	Very Important	32	45.71%
	Less Important	24	34.30%
	Not Important	14	20%
Usage of various media	Very Important	30	42.85%
	Less Important	35	50%
	Not Important	5	7.14%
Efficient time management	Very Important	63	90%
	Less Important	7	10%
Consistent brand image as a selection factor	Very Important	25	35.71%
	Less Important	32	45.71%
	Not Important	13	18.57%

Creativity as a selection factor	Very Important	22	31.40%
	Less Important	39	55.70%
	Not Important	9	12.90%
Informative as a selection factor	Very Important	42	60%
	Less Important	22	31.40%
	Not Important	6	8.60%
Influential as a selection factor	Very Important	47	67.10%
	Less Important	14	20%
	Not Important	9	12.90%
Consideration of previous ads	Yes	40	57.10%
	No	30	42.90%
Lacking factors of an advertising agency	Technological Improvement	36	51.40%
	Modern Advertising Methods	17	24.30%
	Empathetic Concepts	12	17.10%
	Others	5	7.10%
Main Message of an Advertisement	Just trying to sell the product	9	12.90%
	Entice people to try the product	20	28.60%
	Big discount cheaper than the competition	15	21.40%
	Products of the high quality	10	14.30%
	Brand Awareness	16	22.90%

**FINDING:**

Majority of 52% of the respondents spend below 1,00,000 for an advertisement.

Majority of 40% of the respondents say communication is less important to be the main quality of an advertisement.

Majority of 43% of the respondents say creativity is very important to be the main quality of an advertisement.

Majority of 40% of the respondents say strong customer service skills is less important to be the main quality of an advertisement.

Majority of 46% of the respondents say design is very important to be the main quality of an advertisement.

Majority of 50% of the respondents say usage of various media is less important to be the main quality of an advertisement.

Majority of 90% of the respondents say efficient time management is very important to be the main quality of an advertisement.

Majority of 46% of the respondents say consistent brand image is less important to be the selection factor for an advertising agency.

Majority of 56% of the respondents say creativity is less important to be the selection factor for an advertising agency.

Majority of 60% of the respondents say informative ads are very important to be the selection factor for an advertising agency.

Majority of 67% of the respondents say influential ads are to be very important to be the selection factor for an advertising agency.

Majority of 57% of the respondents consider previous ads of an agency before working with them.

Majority of 52% of the respondents say the advertising agencies lack in technological improvement,

Majority of 29% of the respondents say the main motive of an advertisement is to entice people to try the product.

**SUGGESTIONS & CONCLUSION**

As per the research, it is clear that the customer's preference towards advertising agency depends on the quality of the agency. The research highlights the needs and expectations of the customers. Customers specify the main quality considered of an advertisement and the lacking factors of an advertising agency. The main purpose of an advertisement is specified by the customers, which is very important use of an advertisement. Technological improvement, such as social media ads, online interactive ads is more important in advertisement field. The Ads created should be enticing people to try the products.

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