



Power of Advertising

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ABSTRACT

Advertising has an influence on everyone in one way or another, each and every industry gets effected by it. Catchy jingles, cute slogans, and cartoon characters are all key factors that hook the audience on certain products. There has been tremendous growth in this sector. The study entails about the growth of advertising in the previous years and predicting the future growth of 2012. Various agencies have done the survey of the adverting with that of sales compared with print and electronic media such as television, newspaper, magazines and internet. The study highlights the growth in various fields and their contribution towards sales.

Keywords : Advertising, Marketing mix, Advertising theory, Growth pitch, Grabertising

Advertising

The term Advertising originates from the Latin "Adverto" which means to turn around. Advertising thus denotes the means employed to draw attention to any object or purpose. In the Context of Marketing Advertising has been defined "as any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor. Through an advertisement, the advertiser intends to spread his ideas about his products /offerings among his customers and prospects. Popularization of the products is the basic aim of the advertising activity.

Marketing mix

The marketing mix has been the key concept to advertising. The marketing mix was suggested by Professor E. Jerome McCarthy in the 1960s. The marketing mix consists of four basic elements called the four P's. Product is the first P representing the actual product. Price represents the process of determining the value of a product. Place represents the variables of getting the product to the consumer like distribution channels, market coverage and movement organization. The last P stands for Promotion which is the process of reaching the target market and convincing them to go out and buy the product.

Advertising theory

It clarifies the objectives of an advertising campaign and for each individual advertisement. The model suggests that there are six steps a consumer or a business buyer moves through when making a purchase. The steps are:

1. Awareness
2. Knowledge
3. Liking
4. Preference
5. Conviction
6. Purchase

This approach suggests that an advertisement should contain a message or means that leads the consumer to a desired end state.

Various kinds of Advertising

Almost any medium can be used for advertising. Commercial advertising media includes wall paintings, billboards, street furniture components, printed flyers and rack cards, radio, cinema and television adverts, web banners, mobile telephone screens, shopping carts, web popups, skywriting, bus

stop benches, human billboards, magazines, newspapers, town criers, sides of buses, banners attached to or sides of airplanes ("logojets"), in-flight advertisements on seatback tray tables or overhead storage bins, taxicab doors, roof mounts and passenger screens, musical stage shows, subway platforms and trains, elastic bands on disposable diapers, doors of bathroom stalls, stickers on apples in supermarkets, shopping cart handles (grabertising), the opening section of streaming audio and video, posters, and the backs of event tickets and supermarket receipts.

With the dawn of the Internet came many new advertising opportunities. Popup, Flash, banner, and email advertisements (the last often being a form of spam) are now commonplace.

Advertising Growth

Advertising is a world wide phenomenon. Companies all over the world are spending huge amount of money in order to establish their brands and to improve their market share. With this objective most companies are changing the type and mode of advertising and are trying to make advertising more effective.

Television and print media advertising in India witnessed a growth of 18 per cent and 16 per cent, respectively in the first six months in 2011 as compared to the corresponding period of 2010, according to media market research firm Adex India.

While food and beverage, personal care and services were the top three contributors to Television advertising, educational and social advertisements topped in print advertising. In terms of airtime, the total Television advertising duration increased to 1,27,256 hours in the first half of 2011, up 18 per cent from the same period last year, Adex India said. The top 10 sectors, including food and beverages, personal care, services, auto and telecom, contributed 60 per cent to the total Television advertising, it said. Hindustan Unilever, Reckitt Benckiser, Coca Cola India, Cadburys India and ITC were the top five advertisers on Television.

The top five brands that advertised the most on Television during the period were Sprite, Complian, Colgate dental cream, Maaza and Idea Cellular. "National channels bagged 56 per cent of TV advertising during the first half of 2011," according to Adex India.

In case of print advertising, services, education, banking/

finance/investment were the top three sectors and together accounted for 37 percent share. Newspapers advertising contributed 96 per cent of total print advertisements during January to June 2011. Adex India, however, does not provide value size of the total advertising sectors.

ZenithOptimedia estimated media buying and planning firm to contribute USD 5 billion (around Rs 22,700 crore) with Television and print contributing 42 per cent and 44 per cent, respectively.

Table 1 illustrates top 10 contributors to global advertisement spend growth between Year 2007 to Year 2010

Country	Growth US (\$ Million)	Growth percentage
USA	14812	8.3
China	9243	61.5
Russia	8248	92.1
UK	4541	19.5
Brazil	4520	46.6
India	3163	52.2
Japan	2347	5.7
South Korea	2095	21.6
South Africa	2070	45.8
Pan Arab	1987	54.2

In its report with Pitch magazine, the agency said advertising had grown by 2% in 2009-10. The FICCI-KPMG the (Federation of Indian Chambers of Commerce and Industry) KPMG-(Klynveld Peat Marwick Goerdeler) reported a 7.58% growth and a just released report by Media Partners Asia, a research firm, says advertising will grow at 7.2%.

A report by Zenith Optimedia forecasts the future spending in online advertising and its growth around the world. India is on the sixth position on the world list in terms of growth value from 2007 to 2010. India's advertising growth market chart shows that the whole advertising spend is set to boom 8 times since 1995 when it was around 47 billion to around 367 billion rupees and out of the 367 billion rupees was spend on advertising by 2010 about 36 billion is expected to be spent on online advertising. The report gives no discrimination on display versus search or lead versus branding kind of spends. The growth from 2009 to 2010 the yearly growth has been around 75%.

Growth Pitch

Rising advertisement rates, digital properties, cricket and reality content will be the growth drivers in India

Table 2 illustrates the expenditure from various media Source: The Wall Street Journal

Year	Newspaper	Magazines	Television	Total
2007	7543.8	754.6	7395.6	17987.9
2008	9102.1	1141.9	8501.9	21380.1
2009	9520.8	550	8991.8	21602.5
2010	10271.3	598.7	9991.5	23631.9
2011	11016.6	647.4	11183.9	25892
2012	11883	696	12860.3	28851.2
Total : also includes radio, cinema ,outdoor, internet 2010-2012 (estimates)				

Newspaper advertising, which grew 5% in 2009, is likely to see 7-8% annual growth this year. Rising literacy levels and better distribution in the regions are steadily improving the reach of newspapers. The survey also predicts a healthy 11-12% growth for television in India riding on the digital wave and advertising opportunities offered by the new "larger than life" entertainment formats. Sports which is growing in popularity, because of the success of the Indian Premier League

(IPL), and the trend is likely to continue. The study stated that Internet advertising in India will be driven by social media. The survey pegs Internet advertising growth at an annual 25% in the coming three years. Satyajit Sen, chief executive officer, Zenith Optimedia, said most of the growth story will come from digital properties, especially those in the mobile domain. Other key contributors will be cricket and reality content apart from rising ad rates.

"Print, especially English newspapers, which have suffered in revenues because of the downturn, will emerge out of it. There will be a correction," Sen said. At least two other advertising surveys have predicted 12-13% growth for Indian advertising. A recent Pitch-Madison report said the ad industry has seen 13% growth in 2010 to touch a turnover of Rs21,145 crore.

The survey concluded that globally the worst-hit markets are stabilizing and faced effected growth in 2011. The Internet's share of ad expenditure will rise from 12.6% in 2009 to 17.1% in 2012 globally.

Advertising in Various sectors

Advertising Ratios & Budgets is the source for the below data. The table covers over 5,000 companies and 300 industries with historical 2010 advertising budgets, 2011 ad-to-sales ratios and ad-to-gross margin ratios. This helps in to track competition, win new ad agency clients, set and justify ad budgets, sell space and time or plan new media ventures and new products. It includes industry and advertiser ad spending rankings and data on over 300 major foreign companies. Data taken by major advertising agencies, media companies, advertisers and libraries.

Table 3- Illustrates about 2011 Advertising To Sales Ratios by Industry Sector

Source: Schonfeld & Associates

Industry Sector	Ad to sales Ratio %	Ad Growth %	Sales Growth %
Natural Resources & Materials	0.8	1.6	-2.3
Oil, Gas and Chemicals	0.3	-1.7	-5.8
Consumer products	7.2	1.7	3
Health Care	3.4	7	7
Retail	1.6	1.5	2.9
Financial services	0.9	-10.1	9.3
Electronic and financial instruments	1.6	6.1	6.2
Computers and software	1.9	4.4	3.8
Industrial equipments and furnishings	1.5	-1.4	-1.2
Transportation and travel	1.6	-5.6	-1.1
Services except healthcare	2.7	2.8	0.6
Construction and real estate	2.7	-2.5	-0.2
Communication products and services	3.5	0.1	1.8
Wholesale	0.8	-3.9	-0.1
All sectors combined	2	8.5	13.4

Technology has also played a huge role in many companies' decision to utilize online advertising. The Internet has broadened its appeal, and by being accessible when people are on the move, this has made the sheer volume of traffic boom. That means there are a lot more people to whom businesses can advertise – that's the bottom line for businesses and companies, which is reflected in the increased amount of ad spend that 2012 is expected to experience.

An article published in Business line stated that in India, 87 per cent of those who use the Internet trust others' advice rather than any kind of advertising, proving that word-of-mouth is the most powerful advertising tool, a press release issued by the research agency found. (October 9,2007)

Adex states that Print advertising might have a growth of 8-9 percent in 2012. "This is due to the fact that there is going to be a certain amount of demand through elections and the possible bounce-back of certain sectors like auto, real estate, etc who will continue to look at print as a viable advertising option," states Amin Lakhani, Principal Partner – Exchange,

Mindshare. Another factor that will drive the fortunes for Print will be speciality magazines. "Being subscription-based and catering to niche audiences, these magazines will continue to attract the attention of the advertisers as well," states Mr Lakhani. (April 11,2012)

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