



Saurashtra University

Re – Accredited Grade 'B' by NAAC
(CGPA 2.93)

Balyan, Yatinder Singh, 2011, “*Critical analysis of advertising and strategic media planning in FMCG Sector in India*”, thesis PhD, Saurashtra University

<http://etheses.saurashtrauniversity.edu/id/eprint/766>

Copyright and moral rights for this thesis are retained by the author

A copy can be downloaded for personal non-commercial research or study, without prior permission or charge.

This thesis cannot be reproduced or quoted extensively from without first obtaining permission in writing from the Author.

The content must not be changed in any way or sold commercially in any format or medium without the formal permission of the Author

When referring to this work, full bibliographic details including the author, title, awarding institution and date of the thesis must be given.

Saurashtra University Theses Service
<http://etheses.saurashtrauniversity.edu>
repository@sauuni.ernet.in

A Thesis
On
**Critical Analysis of Advertising and Strategic
Media Planning in FMCG Sector in India**

**Submitted to Fulfil Requirement for
Award of Doctor of Philosophy Degree**

Research Guide:

Dr. Sanjay J. Bhayani
Associate Professor

Submitted By:

Yatinder Singh Balyan
Registration No: 4142

Submitted To:

Department of Business Management
Saurashtra University, Rajkot-360005
February, 2011

Dr. Sanjay J. Bhayani
Associate Professor,
Department of Business Management,
Saurashtra University, Rajkot- 360005

CERTIFICATE

It is hereby certified that the research work titled “ **Critical Analysis of Advertising and Strategic Media Planning in FMCG Sector in India**” prepared and submitted by **Yatinder Singh Balyan** to Department of Business Management, Saurashtra University, Rajkot-360005. It comprises of the analysis of independent and original research work carried out by him under my supervision and guidance. This has not been submitted elsewhere for award of any degree or diploma. He has put his sincere and dedicated efforts to complete his research work.

I wish him all success in his life.

Date: February, 2011

Place: Rajkot.

(Dr. Sanjay J. Bhayani)

Associate Professor

Department of Business Management,
Saurashtra University, Rajkot- 360005

DECLARATION

I, **Yatinder Singh Balyan**, a research scholar for Doctor of Philosophy programme, hereby declare that the thesis titled “**Critical Analysis of Advertising and Strategic Media Planning in FMCG Sector in India**” is my own original research work conducted under the supervision of **Dr. Sanjay J. Bhayani, Associate Professor**, It has been submitted to Department of Business Management, Saurashtra University, Rajkot-360005. This has been carried out in last two years with rigorous efforts in research. To the best of my knowledge and belief I further declare that this thesis has not been submitted to any other university/ institution elsewhere for award of any degree/ diploma.

Date: February, 2011

Place: Rajkot

Yatinder Singh Balyan

Research Scholar

ACKNOWLEDGEMENT

It is a matter of pleasure and great pride to acknowledge the thanks those who have helped me relating to my research work during the last two years. First of all I am indebted to Almighty who enabled me and given strength and capacity to take the challenge to carry out the research work in stipulated time without any difficulties and disturbance. It has been completed properly with the grace of god. Secondly, I would like to express my gratitude towards **Dr. Pratapsinh Chauhan, Prof. and Head, Department of Business Management, Saurashtra University, Rajkot-360005**, who permitted and accepted me as a candidate for Ph. D research work. Without his approval the research work cannot be started. During my research study for two years I found him as a source of inspiration and guidance that helped a lot to boost my morale to carry out the research work.

Secondly, I express my sincere gratitude to **Dr. Sanjay J. Bhayani , Associate Professor, Department of Business Management, Saurashtra University, Rajkot-360005** my research guide for his continuous support and encouragement throughout the process. I am really thankful for his patience as a research advisor, enthusiasm that he has shown in my research work and motivated me, and promptness while reviewing all my writing. Without his able guidance and support the research work for Ph. d would not have been possible to complete. In the department also I am thankful to other faculty and staff members for the support and cooperation research, library and administrative works.

Finally, I express my deepest heartfelt sense of gratitude to my beloved parents for their inspiration, support and guidance without these I could not be here on this stage of my life. My parents have always supported me in every step of life. My brothers and sisters helped a lot for preparation of thesis and provided morale support and fighting spirit to accept the research challenges. I am also thankful to my friends and colleagues who helped a lot directly or indirectly during my research study. Due to all blessing, support, guidance, motivation and help finally I could complete my work for submission of thesis.

Yatinder Singh Balyan

List of Abbreviation

Abbreviation	Full Form of Abbreviation
A&P	Advertising & Promotion
A.C.	Alternating Current
AAAI	Advertisement Agencies Association of India
AD	After Death
AIDCA	Attention, Interest, Desire, Conviction, Action
AIDS	Acquired immune deficiency syndrome
AMA	American Marketing Association
AOL	America Online
ASCI	Advertising Standards Council of India
ATM	Automated Teller Machine
B.C	Before Christ
BBC	British Broadcasting Corporation
BDI	Brand Development Index
BMW	Bayerische Motoren Werke
CBS	Columbia Broadcasting System
CCC	Consumer Complaints Council
CDI	Category Development Index
CND	Consumer Non Durable
CPM	Critical Path Method
CPP	Cost Per Rating Point
CW	Cotinuous Wave
DAGMAR	Defining Advertising Goals for Measured Advertising Results
DDB	Doyle Dane Bernbach
DTH	Direct To Home
DVD	Digital Video Disk
DVR	Digital Video Recorder
E&M	Entertainment and Media
ESPN	Entertainment and Sports Programming Network,

Abbreviation	Full Form of Abbreviation
EU	European Union
FCC	Federal Communications Commission
FDA	Food and Drug Administration
FDI	Foreign Direct Investment
FICCI	Federation of Indian Chambers of Commerce and Industry
FMCG	Fast Moving Consumer Goods
GCMMF	Gujarat Cooperative Milk Marketing Federation
GDP	Gross Domestic Product
GRP	Gross Rating Points
HIV	Human immunodeficiency virus
HLL	Hindustan Lever Limited
HTML	Hypertext Markup Language
HUL	Hindustan Unilever Limited
IMF	International Monetary Fund
IPTV	Internet Protocol television
ITC	Indian Tobacco Company
Ltd.	Limited
MBA	Master of Business Administration
MNC	Multinational Corporation
MSN	Microsoft Network
MTM	Mark to Market
NBC	National Broadcasting Company
NGO	Non-governmental Organization
O&M	Ogilvy and Mathew
OTS	Opportunity To See
P&G	Procter Gamble
PBIT	Profit Before Interest and Taxes
PGHHCL	Procter & Gamble Hygiene & Health Care Limited
PPC	Pay Per Click

Abbreviation	Full Form of Abbreviation
PR	Public Relations
PSP	Play Station Portable
Pvt. Ltd.	Private Limited
Q&A	Question and Answer
R&D	Research and Development
ROI	Return on Investment
ROM	Read Only Memory
SEEUY	Self Employment Scheme for Educated Unemployed Youth
SEM	Search Engine Marketing
SEO	Search Engine Optimization
SIVA	Solution, Information, Value, and Access
SMART	Self-Monitoring, Analysis, and Reporting Technology
SWOT	Strengths, Weaknesses, Opportunities, and Threats
TNS	Taylor Nelson Sofres
TV	Television
UK	United Kingdom
US	United States
USA	United State of America
USD	United States Dollar
VAIO	Video Audio Integrated Operation
WPP	Wire and Plastic Products

List of Tables

SL. No.	Table No.	Title	Page No.
01	3.1.1	Earlier Approaches of Marketing	20
02	3.1.2	Contemporary Approaches	22
03	3.1.3	Advantages and Disadvantages of Each	38
04	3.3.1	The 5Ms of Advertising	68
05	3.4.1	The Pitch-Madison Media Advertising	162
06	4.2.1	India's GDP Rate Since 1951	191
07	4.2.2	Classification of Indian Industries	196
08	4.3.1	The Top 10 Companies in FMCG Sector	207
09	4.4.1	Result Table	215
10	4.4.2	Hindustan Unilever: Consolidated Results	230
11	4.4.3	Procter & Gamble Co. Balance Sheet	238
12	5.1	Come Across any Advertisement	259
13	5.2	Through Which Medium	260
14	5.3	Ranking of Medium	261
15	5.4	Reasons for Liking	262
16	5.5	Focus of Advertising	263
17	5.6	Message Conveyed	264
18	5.7	Objectives of Advertisers	265
19	5.8	Types of Messages Given	266
20	5.9	Focus on the Main Elements	267
21	5.10	Timings for Reading	268
22	5.11	Timings for Watching TV/ Radio Listening	269
23	5.12	Medium for Short and Frequent Advertisements	270
24	5.13	Medium	271
25	5.14	More Effective Medium	272
26	5.15	Ranking of Medium	273

SL. No.	Table No.	Title	Page No.
27	5.16	Tough Competition Faced	274
28	5.17	Methods for More Effectiveness	275
29	5.18	Tasks of the Advertising Manger	276
30	5.19	Advertising Objectives of Strategic Planning	277
31	5.20	Points for Message Preparation	278
32	5.21	Factors Focused in Designing Message	279
33	5.22	Medium Preference	280
34	5.23	Factors Considered	281
35	5.24	Types of Schedule Used	282
36	5.25	Factors Considered	283
37	5.26	Types of Media Plan	284
38	5.27	Main Elements of Media Strategy	285
39	5.28	Bases for Fixing the Advertising Budget	286
40	5.29	Methods to Measure the Effectiveness of Advertising	287
41	5.30	Ranking of FMCG Companies	288
42	5.31	Effectiveness of Strategic Planning	289

List of Charts

SL. No.	Chart No.	Title	Page No.
01	4.1.1	Contribution of World Economies	178
02	5.1	Come Across any Advertisement	259
03	5.2	Through Which Medium	260
04	5.3	Ranking of Medium	261
05	5.4	Reasons for Liking	262
06	5.5	Focus of Advertising	263
07	5.6	Message Conveyed	264
08	5.7	Objectives of Advertisers	265
09	5.8	Types of Messages Given	266
10	5.9	Focus on the Main Elements	267
11	5.10	Timings for Reading	268
12	5.11	Timings for Watching TV/ Radio Listening	269
13	5.12	Medium for Short and Frequent Advertisements	270
14	5.13	Medium	271
15	5.14	More Effective Medium	272
16	5.15	Ranking of Medium	273
17	5.16	Tough Competition Faced	274
18	5.17	Methods for More Effectiveness	275
19	5.18	Tasks of the Advertising Manger	276
20	5.19	Advertising Objectives of Strategic Planning	277
21	5.20	Points for Message Preparation	278
22	5.21	Factors Focused in Designing Message	279
23	5.22	Medium Preference	280
24	5.23	Factors Considered	281
25	5.24	Types of Schedule Used	282
26	5.25	Factors Considered	283
27	5.26	Types of Media Plan	284
28	5.27	Main Elements of Media Strategy	285

SL. No.	Chart No.	Title	Page No.
29	5.28	Bases for Fixing the Advertising Budget	286
30	5.29	Methods to Measure the Effectiveness of	287
31	5.30	Ranking of FMCG Companies	288
32	5.31	Effectiveness of Strategic Planning	289

List of Diagrams

SL. No.	Diagram No.	Title	Page No.
01	3.1.1	The Marketing Mix	33
02	3.3.1	Communication Process in DAGMAR	125

Executive Summary

Every business organization uses its resources to carry out its objectives successfully. To meet the requirements of objectives accomplishment, various activities are being performed. These activities may include research, production, marketing, finance, logistic and human resources. It is the marketing through which the company gets its return from all efforts and sources it has used. It is a very important activity of the organization. Marketing is the process whereby society, to supply its consumption needs, evolves distributive systems composed of participants, who, interacting under constraints - technical (economic) and ethical (social) - create the transactions or flows which resolve market separations and result in exchange and consumption.” For easy understanding these activities are divided into four group i.e. product, price, promotion and placement. This is called marketing mix. Planned mix of the controllable elements of a product's marketing plan commonly termed as 4P's: product, price, place, and promotion. These elements are adjusted until a right combination is found that serves the needs of the product's customers while generating optimum income. These activities are to be managed time to time to achieve the objectives. One of the elements of marketing mix that is promotion is concerned with the research topic.

Promotion means development from the existing position to the new higher one. Business promotion means marketing activities used to inform create awareness, remind, persuading and retain the target customers of its products and services being offered. Through promotion, the information is communicated to interest group i.e. present and prospects. This facilitates them to exchange goods or services by paying the price. The companies elaborate their objectives of being in business and maintain public relationship. For promotion different activities are performed and these are called promotion mix. The main methods used for promotion are advertising, sales promotion, personal selling and publicity. There is very close relationship between promotion mix and marketing mix.

Advertising is a very important communication tool, highly visible and more effective. It helps to create awareness, remind, persuade to buy and retain the existing customers.

People in markets feel that is the need of the time for business. We may like or not but advertisements are visible everywhere in our surrounding. It is very difficult to live in isolation without noticing advertisement in present time. It has become part of our social, economic, cultural and business environment. It is the indicator of advancement and progress of human civilization. Advertisements have affected our life style to a great extent. Advertising has been defined by experts as follows. “Advertising is any paid form, non-personal presentation of ideas, products and services by an identified sponsor.” American Marketing Association. Advertising is the non-personal communication of marketing related information to a target audience, usually paid for by the advertiser and delivered through mass media in order to achieve the specific objectives of the sponsor.”

It developed significantly after Second World War. After 1950, television became the important medium of advertising. Advertising business changed with the business environment. It is rarely a stable business. At present in India the advertising business is booming. There are now many advertising clubs and advertising agencies in India. Advertising is an important form of communication and its basic responsibility is to deliver the message to the target audience. It is a very important tool of promotion. It performs the following functions:

- (b) Contributes to increase demand.
- (c) Helps other promotion mix elements.
- (d) It creates satisfied customers and they make publicity by words of month.
- (e) By increased sales production cost and price per unit come down.
- (f) Provides competitive edge over the other competitors in business.
- (g) Helps in building brand image.
- (h) It encourages new product development, innovation and reduces risks.
- (i) Overall, contributes in development of the business.

In developing an advertising programme the major decision areas are: Mission, Message Media, Money, and Measuring effectiveness. These areas are starting with alphabet M, so these are called 5Ms of advertising. For effective advertising campaign proper care should be there on every aspect. For the study purpose, media is our selected topic. Media is

defined as “the mix of media that carry the advertisers’ message to the target audience and forms an important link between the firms and customers”. There are different media available in the market like print, electronic and outdoor. Out of many media available and their unique features, the task of media planner has become difficult and risky. For effective advertising programme in present situation the need for strategic media planning is strongly felt. The media planning is “a process of designing a course of action that shows how advertising time and space will be used to contribute to achievement of marketing objectives. Media Planning covers media objectives, selection of media, scheduling of media, budgeting and coordination. Proper media planning ensures the required information is communicated to the target group wherever they live as per their convenience and at reasonable cost. The objective must be fulfilled effectively. It contributes in achievement of advertising objective properly. Without adequate media planning the whole purpose of advertising may be defeated. To a good extent advertising effectiveness depends upon media planning and its effectiveness.

India is a very big country in Asia continent. Indians are from different cultures, religions castes, creed and regions. Due to liberalization, many MNCs have entered in India for business. Now, business in agriculture and allied activities, manufacturing and service sector is growing fast. FMCG Sector is very important of Indian Industries. The demands of FMCG products are very high. There are a large number of customers because Indian population in nearly 120 crores scattered over a vast territory. There is a great potential for FMCG in Indian market. Sincere efforts are needed to attract a large number of prospects. Market situation is very competitive. For growth, excellence and to increase demands in business the need for advertising has been felt. Advertising contributes in growth of the business. If advertising with strategic media planning is done the effect will be higher. Keeping in view the significance of advertising and media planning in promotion of business, the topic “Critical Analysis of Advertising and Media Planning in “FMCG Sector in India” has been selected for research study.

It has become very import to communicate to target customers regarding their products and service feature. Adverting is a tool of marketing communication or promotion. It creates awareness, reminds, persuades and retains the existing customers. It helps to increase the

new customers and retain the existing customers. It contributes in growth of the business. Further, if advertising is done with proper media planning, the communication effectiveness will be higher. Therefore, the advertising and strategic media planning is of great significance for promotion of the business in present competitive situation. Due to its greater importance this topic has been selected to research study. This topic has been selected for study with the following objectives:

- (a) To know the concept of marketing, promotion of business, promotion tools, advertising, types of advertising, importance of advertising and its impact on business progress social, legal and ethical issues in advertising.
- (b) To understand major decision areas like mission, message media, money and measuring effectiveness, media type, media planning process, effectiveness of advertising and media planning and its impact on promotion.
- (c) To find out the practices adopted by the leading companies regarding advertising and strategic media planning for promotion of business and too detect the difficulties faced by these companies in it.
- (d) To suggest ways on the basis of finding to improve advertising and media planning function to claim more effectiveness in promotion activities.
- (e) To fulfill the requirement of PH.D research work.

The study is relating to promotion of business in FMCG sector in India. It covers the advertising as tool of promotion. It has studied the relation of advertising and media planning and its impact on effectiveness of promotion activities. Indian FMCG sector and its leading companies have been studied. If the suggestions implemented by the companies, would be fruitful in improving advertising effectiveness in business. Further it would be useful for the practitioners, academicians, research scholars whoever would refer this research report for their related purpose. High contribution is expected from this sincere research work in future.

The research study is undertaken and it is to be completed. The process through which the study would be completed is called research methodology. Research methodology

describes the method of conducting the research study. It shows the logical sequence of the steps of research process from beginning to completion. It includes the following aspects: type of research, sources of data, instruments for data collection, methods for data collection, sampling, time frame, statistical tools, hypotheses testing and limitations during the study. To study the research topic, out of descriptive, experimental and exploratory the descriptive research is suitable. So it is selected because nature of topic is more theoretical. The other types are not found suitable. For study purpose both primary and secondary data have been used in combination as per the need. The methods for data collection used are interview, telephone, questionnaire etc. as per needs of the research. For research study the managers, employees of different companies, advertising agencies, media companies, readers, viewers and customers across the Gujarat state formed part of universe. All these cannot be selected and contacted due to limitation of distance, time and cost involved. For proper and timely study sampling is necessary.

From FMCG sector, companies of advertisers, agencies and media have selected. These are mainly available in metro and big cities; others are selected from urban, sub-urban and rural areas. They have been selected on the basis of availability and contacts. For sampling purpose stratified random sampling method has been used to get a proper representative sample of the universe. To represent every segment of the universe the sample size included sufficient in number. For higher accuracy of the data very small and large sample sizes are avoided. The sample size selected is 200. Data have been analysed and tested with the help of tables, charts, diagrams, percentage, and chi- square test has been used. Out of the hypotheses, alternative Hypotheses have been accepted. It shows that there is need for advertising for promotion of business in present competitive situation. And there is significant impact of effective advertising and media planning in achieving the advertising objectives. This research study has been completed within two years period.

As it was anticipated, during research work following limitations were faced:

- (a) Non availability of contacts of and persons themselves for study at decided time.
- (b) Inadequate response from respondents
- (c) Hesitation in sharing information

- (d) Avoided to give appointment for interview
- (e) Non availability of secondary data from records
- (f) Time, cost and locations were difficulties
- (g) Sample size may be less representative of whole universe.

To overcome the expected difficulties and to complete the study, sincere and timely efforts have been put.

Table of Contents

Chapter / Topic SL. No.	Description	Pages
i	Certificate	i
ii	Declaration	ii
iii	Acknowledgement	iii
iv	List of Abbreviations	iv
v	List of Tables	vii
vi	List of Charts	ix
vii	List of Diagrams	x
viii	Executive Summary	xi
ix	Table of Contents	xvii
01	Introduction	1
02	Research Methodology	9
03	Literature Review: Advertising	15
04	Industry Analysis: Indian FMCG Sector	164
05	Data Analysis	257
06	Findings, Conclusions and Suggestions	305
07	Annexure	312
08	Bibliography	322

Chapter 1: Introduction

Chapter1: Introduction

- 1. Introduction**
- 2. Rationale of the Study**
- 3. Objectives of the Study**
- 4. Scope of the Study**
- 5. Expected Contribution**

“Critical Analysis of Advertising and Strategic Media Planning in FMCG Sector in India”

Chapter 1: Introduction

1. Introduction to the Topic

In every industry, various types of functions are being performed like manufacturing, research, storage, transportation, marketing, human resource and public relations. Marketing is one of the important function through this the products and services reach to the end users. It is an important activity in a business through which gets its return from business efforts. According to Bartle, “Marketing is the process whereby society, to supply its consumption needs, evolves distributive systems composed of participants, who, interacting under constraints - technical (economic) and ethical (social) - create the transactions or flows which resolve market separations and result in exchange and consumption.” Further Kotler defined, “Marketing is the social process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others.” Peter Drucker opined that “Marketing is not only much broader than selling, it is not a specialized activity at all It encompasses the entire business. It is the whole business seen from the point of view of the final result, that is, from the customer's point of view. Concern and responsibility for marketing must therefore permeate all areas of the enterprise.” The main elements of marketing are:

- (a) Marketing focuses on the satisfaction of customer needs, wants and requirements.
- (b) The philosophy of marketing needs to be owned by everyone from within the organization.
- (c) Future needs have to be identified and anticipated.
- (d) There is normally a focus upon profitability, especially in the corporate sector. However, as public sector organizations and not-for-profit organizations adopt the concept of marketing, this need not always be the case.
- (e) More recent definitions recognize the influence of marketing upon society.

This is the source of return to the organization. A large number of activities are being performed to achieve the targets in the market. For easy understanding these activities are divided into four groups i.e. product, price, promotion and placement. This is called marketing mix. Planned mix of the controllable elements of a product's marketing plan commonly termed as 4P's: product, price, place, and promotion. These elements are adjusted until a right combination is found that serves the needs of the product's customers while generating optimum income. These activities are to be managed time to time to achieve the objectives. One of the elements of marketing mix that is promotion is concerned with the research topic.

Promotion means development from the existing position to the new higher one. Business promotion means marketing activities used to inform, create awareness, remind, persuade and retain the target customers of its products and services being offered. Through promotion, the information is communicated to interest groups i.e. present and prospects. This facilitates them to exchange goods or services by paying the price. The companies elaborate their objectives of being in business and maintain public relationship. For promotion different activities are performed and these are called promotion mix. The main methods used for promotion are advertising, sales promotion, personal selling and publicity. There is a very close relationship between promotion mix and marketing mix.

Advertising is a very important communication tool, highly visible and more effective. It helps to create awareness, remind, persuade to buy and retain the existing customers. People in markets feel that is the need of the time for business. We may like or not but advertisements are visible everywhere in our surrounding. It is very difficult to live in isolation without noticing advertisement in present time. It has become part of our social, economic, cultural and business environment. It is the indicator of advancement and progress of human civilization. Advertisements have affected our life style to a great extent.

Advertising has been defined by experts as follows.

“Advertising is any paid form, non-personal presentation of ideas, products and services by an identified sponsor.” American Marketing Association

“Advertising is the non-personal communication of marketing related information to a target audience, usually paid for by the advertiser and delivered through mass media in order to achieve the specific objectives of the sponsor.”

J.J. Burnett.

Advertising developed mainly in twentieth century. The development of technology and research brought sophistication in advertising in recent decades. It developed significantly after Second World War. After 1950, television became the important medium of advertising. Advertising business changed with the business environment. It is rarely a stable business. At present in India the advertising business is booming. There are now many advertising clubs and advertising agencies in India. Advertising is an important form of communication and its basic responsibility is to deliver the message to the target audience. It is a very important tool of promotion. It performs the following functions:

- (a)** Contributes to increase demand.
- (b)** Helps other promotion mix elements.
- (c)** It creates satisfied customers and they make publicity by words of month.
- (d)** By increased sales production cost and price per unit come down.
- (e)** Provides competitive edge over the other competitors in business.
- (f)** Helps in building brand image.
- (g)** It encourages new product development, innovation and reduces risks.
- (h)** Overall, contributes in development of the business.

In developing an advertising programme the major decision areas are: mission, message, media, money, and measuring effectiveness. These areas are starting with alphabet M, so these are called 5Ms of advertising. For effective advertising campaign proper care should be there on every aspect. For the study purpose, media is our selected topic. Media is defined as “the mix of media that carry the advertisers’ message to the target audience and forms an important link between the firms and customers”. There are different media available in the market like print, electronic and outdoor. Out of many media available and their unique features, the task of media planner has become difficult and risky. For effective advertising programme in present situation the need for strategic media planning is strongly felt. The

media planning is “a process of designing a course of action that shows how advertising time and space will be used to contribute to achievement of marketing objectives. Media Planning covers media objectives, selection of media, scheduling of media, budgeting and coordination. Proper media planning ensures the required information is communicated to the target group wherever they live as per their convenience and at reasonable cost. The objective must be fulfilled effectively. It contributes in achievement of advertising objective properly. Without adequate media planning the whole purpose of advertising may be defeated. To a good extent advertising effectiveness depends upon media planning and its effectiveness.

India is a very big country in Asia continent. Indians are from different cultures, religions castes, creed and regions. Dozens of languages are spoken in India. In past, Indian economy was a slow developing but in last decade the development rate has been increased. It is the third most attractive economy for investment. Due to liberalization, many MNCs have entered in India for business. Now, business in agriculture and allied activities, manufacturing and service sector is growing fast. FMCG Sector is very important of Indian Industries. The demands of FMCG products are very high. There is a large number of customers because Indian population in nearly 120 crores scattered over a vast territory. There is a great potential for FMCG in Indian market. Sincere efforts are needed to attract a large number of prospects. Market situation is very competitive. For growth, excellence and to increase demands in business the need for advertising has been felt. Advertising contributes in growth of the business. If advertising with strategic media planning is done the effect will be higher. Keeping in view the significance of advertising and media planning in promotion of business, the topic “Critical Analysis of Advertising and Media Planning in “FMCG Sector in India” has been selected for research study.

2. Rationale of the Study

In present scenario across the global market, tough competition is being faced. Even for MNCs, it has become difficult to survive, grow, stabilize and excel in the business. It has become very import to communicate to target customers regarding their products and service feature. Adverting is a tool of marketing communication or promotion. It creates awareness, reminds, persuades and retains the existing customers. It helps to increase the new customers

and retain the existing customers. It contributes in growth of the business. Further, if advertising is done with proper media planning, the communication effectiveness will be higher. Therefore, the advertising and strategic media planning is of great significance for promotion of the business in present competitive situation. Due to its greater importance this topic has been selected to research study.

3. Objectives of the Study

This topic has been selected for study with the following objectives:

- (a) To know the concept of marketing, promotion of business, promotion tools, advertising, types of advertising, importance of advertising and its impact on business progress social, legal and ethical issues in advertising.
- (b) To understand major decision areas like mission, message media, money and measuring effectiveness, media type, media planning process, effectiveness of advertising and media planning and its impact on promotion.
- (c) To find out the practices adopted by the leading companies regarding advertising and strategic media planning for promotion of business and too detect the difficulties faced by these companies in it.
- (d) To suggest ways on the basis of finding to improve advertising and media planning function to claim more effectiveness in promotion activities.
- (e) To fulfill the requirement of PH.D research work.

4. Scope of the Study

The study is relating to promotion of business in FMCG sector in India. It covers the advertising as tool of promotion. It will study the relation of advertising and media planning and its impact on effectiveness of promotion activities. Indian FMCG sector and its leading companies will be study. In brief, promotion, advertising, major decision areas media planning and advertising effectiveness in leading companies in Indian market will be covered in scope of the study.

5. Expected Contribution

From the research study of this topic it is expected that it would clarify are related concepts marketing, marketing mix, promotion, advertising and related aspects. It would be helpful for effective communication to the targets for the companies. If the suggestions implemented by the companies, would be fruitful in improving advertising effectiveness in business. Further it would be useful for the practitioners, academicians, research scholars whoever would refer this research report for their related purpose. High contribution is expected from this sincere research work in future.

Chapter 2: Research Methodology

Chapter 2: Research Methodology

1. Introduction

Chapter 2: Research Methodology

1. Introduction

The research study is undertaken and it is to be completed. The process through which the study would be completed is called research methodology. Research methodology describes the method of conducting the research study. It shows the logical sequence of the steps of research process from beginning to completion. It includes the following aspects:

(a) Type of Research

To study the research topic, out of descriptive, experimental and exploratory the descriptive research is suitable. So it is selected because nature of topic is more theoretical. The other types are not found suitable.

(b) Sources of Data

There are two types of data i.e. primary and secondary. For our study purpose, there will be requirement of the both data. Primary data have been collected from managers, and employees of the companies, advertising agencies, media companies, customers, TV viewers, readers those who are directly or indirectly connected with advertising and media. Primary data are the data collected by the researchers first time and before the research these data are not available in any form. These are the current data relevant to the topic of the research. The primary data are having own advantages and disadvantages. Main advantages are the data are current, relevant and accuracy of data is high. The disadvantages are the data takes more time, efforts, costs for data collection.

Secondary data collected from the records of the companies like financial statements, monthly records of media planning and other relevant records. The secondary data are those collected by the second party in the past for its own requirement, not relevant to the current study. These are available in any published form ready for use. These data can be used with certain modifications. These data are having their own advantages like readily available, less time, efforts and costs are involved. The disadvantage is that it is not relevant, current and accuracy may be suspected. As per the need of the research study the data combination has been decided.

(c) Instruments for Data Collection

There are different types of instruments Available for data collection, out of them the following instruments have been used mainly:

- (i) Interview
- (ii) Questionnaire
- (iii) Telephones, Mobile phones
- (iv) Mail and e-mail
- (v) Internet
- (vi) Television
- (vii) Newspapers, Magazines and journals.
- (viii) Camera and tape recorders.

The data collected through these methods as per the requirements. One instrument has been considered at a particular point of time as per its suitability and other at a different time. There is no rule that all above mentioned instruments should be used. These have been used as per the need for the study.

(d) Methods of Research

There are three methods i.e. survey, observation and experiment. Survey is used to collect quantitative information about items in a population. Surveys are used in different areas for collecting the data even in public and private sectors. A survey may be conducted in the field by the researcher. The respondents are contacted by the research person personally, telephonically or through mail. This method takes a lot of time, efforts and money but the data collected are of high accuracy, current and relevant to the topic. Observation is a complex research method because it often requires the researcher to play a number of roles and to use a number of techniques; including her/his five senses, to collect data. The observer puts himself in the actual situation and watch carefully. On the basis of his knowledge, skills and experience he collects the data without contacting the respondents. The third method is experimental method in which the experiments are carried in laboratory by the experts and on the basis of results the data are given. For collection of primary data survey and observation methods will be suitable for the study. These two methods will be used.

(e) Sampling

It is not possible to collect data from all persons of the universe because it takes a lot of time, efforts and money to complete the research. In universe there may a large number of persons for study. It is a group of individuals, persons, objects, or items from which samples are taken for measurement. For research purpose a part of the population is selected. Sampling is the process in which a representative part of the for the purpose of determining parameters or characteristics of the whole universe selected. This is called a sample. It is easier to contact a smaller part of the population for data collection. It can be done within a limited time, efforts and with minimum cost. For research study the employees of different companies and agencies as customers, advertising agencies, media companies, readers, viewers of advertising as customers and customers across the Gujarat state formed part of universe. All these cannot be selected and contacted due to limitation of distance, time and cost involved. For proper and timely study sampling is necessary.

(f) Sampling Method

First of all cities of Ahmedabad, Baroda, Surat, and Rajkot have been selected on the basis of the assumption that the sample selected from these cities would represent the population of whole Gujarat state and India as a whole. The employees of advertising companies, agencies, media and customers from these cities have been selected with proper case that every segment of the population should get the proper representation. They have been selected from every strata of the city. For sampling purpose stratified random sampling method has been used to get a proper representative sample of the universe. From these cities first segments have been made and each segment on the basis of availability the samples have been picked up.

(g) Sample Size

To represent every segment of the universe the sample size included sufficient in number. For higher accuracy of the data very small and large sample sizes are avoided. The sample size selected is 200. Large sample size has been avoided due to its difficult to manage and small size of sample is avoided due to improper representation of the universe and one sided result.

(h) Time Duration

The PhD research study has been carried out within the time frame permitted meticulously.

Within period of two years it has been completed and submitted.

(i) Statistical Tool and Data Analysis

Data have been analysed and tested with the help of tables, charts, diagrams, percentage, and chi- square test has been used.

(j) Hypothesis

In the research study the following hypothesis will be used.

(i) Null Hypothesis

- There is no need for advertising for promotion of business in present competitive situation.
- There is no significant impact of effective advertising and media planning in achieving the advertising objectives.

(ii) Alternative Hypotheses

- There is need for advertising for promotion of business in present competitive situation.
- There is significant impact of effective advertising and media planning in achieving the advertising objectives

(k) Limitations

As it was anticipated, during research work following limitations were faced:

- Non availability of contacts and persons themselves for study at decided time.
- Distance involved
- Inadequate response from respondents
- Hesitation in sharing information
- Avoided to give appointment for interview
- Non availability of secondary data from records
- Time, cost and locations were difficulties
- Sample size may be less representative of whole universe.

To overcome the expected difficulties and to complete the study, sincere and timely efforts have been put.

**Chapter 3: Literature Review:
Advertising Management**

Chapter 3: Literature Review: Advertising Management

3.1 Introduction to Marketing

3.2 Marketing Definitions

3.3 Evolution of Marketing

3.4 Marketing Research

Chapter 3.1: Marketing

- 3. Introduction to Marketing**
- 4. Marketing Definitions**
- 5. Evolution of Marketing**
- 4. Marketing Research**
- 5. Market Segmentation**
- 6. Marketing Planning**
- 7. Marketing Strategy**
- 10. Services Marketing**
- 9. Marketing Mix**
- 10. Elements of Marketing Mix**
- 11. Four Cs Model 1 in 7Cs Compass model**
- 12. Four Cs Model 2**
- 13. Limitations of the Marketing Mix Framework**
- 14. Meaning of Promotion**
- 15. Elements of Promotion Mix**
- 16. Advantages and Disadvantages of Each Element**

Chapter3: Literature Review: Advertising Management

3.1: Marketing

1. Introduction to Marketing

Marketing is the process of performing market research, selling products and/or services to customers and promoting them via advertising to further enhance sales. It generates the strategy that underlies sales techniques, business communication, and business developments. It is an integrated process through which companies build strong customer relationships and create value for their customers and for themselves. Marketing is used to identify the customer, to satisfy the customer, and to keep the customer. With the customer as the focus of its activities, it can be concluded that marketing management is one of the major components of business management. Marketing evolved to meet the stasis in developing new markets caused by mature markets and overcapacities in the last 2-3 centuries. The adoption of marketing strategies requires businesses to shift their focus from production to the perceived needs and wants of their customers as the means of staying profitable. The term marketing concept holds that achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions. It proposes that in order to satisfy its organizational objectives, an organization should anticipate the needs and wants of consumers and satisfy these more effectively than competitors.

2. Marketing Definitions

Concept of marketing has been defined by various institutes and experts time to time. The definitions vary from one to another over a period of time. Some of the definitions are given below:

Marketing is defined by the American Marketing Association (AMA) as "the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. Marketing is a product or service selling related overall activities. The term developed from an original meaning which

referred literally to going to a market to buy or sell goods or services. Seen from a systems point of view, sales process engineering marketing is "a set of processes that are interconnected and interdependent with other functions,^[5] whose methods can be improved using a variety of relatively new approaches."

The Chartered Institute of Marketing defines marketing as "the management process responsible for identifying, anticipating and satisfying customer requirements profitably." A different concept is the value-based marketing which states the role of marketing to contribute to increasing shareholder value. In this context, marketing is defined as "the management process that seeks to maximise returns to shareholders by developing relationships with valued customers and creating a competitive advantage."

Philip Kotler defines marketing as 'satisfying needs and wants through an exchange process. Within this exchange transaction customers will only exchange what they value (money) if they feel that their needs are being fully satisfied; clearly the greater the benefit provided the higher transactional value an organisation can charge.

Marketing practice tended to be seen as a creative industry in the past, which included advertising, distribution and selling. However, because the academic study of marketing makes extensive use of social sciences, psychology, sociology, mathematics, economics, anthropology and neuroscience, the profession is now widely recognized as a science, allowing numerous experts to think. The overall process starts with marketing research and goes through market segmentation, business planning and execution, ending with pre- and post-sales promotional activities. It is also related to many of the creative arts.

3. Evolution of Marketing

The marketing concept is the philosophy that firms should analyze the needs of their customers and then make decisions to satisfy those needs, better than the competition. Today most firms have adopted the marketing concept, but this has not always been the case. In 1776 in *The Wealth of Nations*, Adam Smith wrote that the needs of producers should be considered only with regard to meeting the needs of consumers. While this philosophy is consistent with the marketing concept, it would not be adopted widely until nearly 200 years

later. To better understand the marketing concept, it is worthwhile to put it in perspective by reviewing other philosophies that once were predominant. While these alternative concepts prevailed during different historical time frames, they are not restricted to those periods and are still practiced by some firms today. An orientation, in the marketing context, related to a perception or attitude a firm holds towards its product or service, essentially concerning consumers and end-users. Throughout history, marketing has changed considerably in time with consumer tastes.

(a) Earlier Approaches

The marketing orientation evolved from earlier orientations, namely, the production orientation, the product orientation and the selling orientation.

Table 3.1.1: Earlier Approaches of Marketing

Orientation	Profit driver	Western European timeframe	Description
Production	Production methods	Until the 1950s	A firm focusing on a production orientation specializes in producing as much as possible of a given product or service. Thus, this signifies a firm exploiting economies of scale until the minimum efficient scale is reached. A production orientation may be deployed when a high demand for a product or service exists, coupled with a good certainty that consumer tastes will not rapidly alter (similar to the sales orientation).
Product	Quality of the product	Until the 1960s	A firm employing a product orientation is chiefly concerned with the quality of its own product. A firm would also assume that as long as its product was of a high standard, people would buy and consume the product.
Selling	Selling	1950s and	A firm using a sales orientation focuses primarily

	methods	1960s	<p>on the selling/promotion of a particular product, and not determining new consumer desires as such. Consequently, this entails simply selling an already existing product, and using promotion techniques to attain the highest sales possible.</p> <p>Such an orientation may suit scenarios in which a firm holds dead stock, or otherwise sells a product that is in high demand, with little likelihood of changes in consumer tastes diminishing demand.</p>
Marketing	Needs and wants of customers	1970 to present day	<p>The 'marketing orientation' is perhaps the most common orientation used in contemporary marketing. It involves a firm essentially basing its marketing plans around the marketing concept, and thus supplying products to suit new consumer tastes. As an example, a firm would employ market research to gauge consumer desires, use R&D to develop a product attuned to the revealed information, and then utilize promotion techniques to ensure persons know the product exists.</p>

(b) Contemporary Approaches

Recent approaches in marketing include relationship marketing with focus on the customer, business marketing or industrial marketing with focus on an organization or institution and social marketing with focus on benefits to society. New forms of marketing also use the internet and are therefore called internet marketing or more generally e-marketing, online marketing, search engine marketing, desktop advertising or affiliate marketing. It attempts to perfect the segmentation strategy used in traditional marketing. It targets its audience more precisely, and is sometimes called personalized marketing or one-to-one marketing. Internet

marketing is sometimes considered to be broad in scope, because it not only refers to marketing on the Internet, but also includes marketing done via e-mail and wireless media.

Table3.1.2: Contemporary Approaches

Orientation	Profit driver	Western European timeframe	Description
Relationship marketing / Relationship management	Building and keeping good customer relations	1960s to present day	Emphasis is placed on the whole relationship between suppliers and customers. The aim is to provide the best possible customer service and build customer loyalty.
Business marketing / Industrial marketing	Building and keeping relationships between organizations	1980s to present day	In this context, marketing takes place between businesses or organizations. The product focus lies on industrial goods or capital goods rather than consumer products or end products. Different forms of marketing activities, such as promotion, advertising and communication to the customer are used.
Social marketing	Benefit to society	1990s to present day	Similar characteristics as marketing orientation but with the added proviso that there will be a curtailment of any harmful activities to society, in either product, production, or selling methods.
Branding	Brand value	2000s to present day	In this context, "branding" is the main company philosophy and marketing is considered an instrument of branding philosophy.

(c) Customer Orientation

A firm in the market economy survives by producing goods that persons are willing and able to buy. Consequently, ascertaining consumer demand is vital for a firm's future viability and even existence as a going concern. Many companies today have a customer focus (or market orientation). This implies that the company focuses its activities and products on consumer demands. Generally, there are three ways of doing this: the customer-driven approach, the market change identification approach and the product innovation approach.

In the consumer-driven approach, consumer wants are the drivers of all strategic marketing decisions. No strategy is pursued until it passes the test of consumer research. Every aspect of a market offering, including the nature of the product itself, is driven by the needs of potential consumers. The starting point is always the consumer. The rationale for this approach is that there is no reason to spend R&D funds developing products that people will not buy. History attests to many products that were commercial failures in spite of being technological breakthroughs.

A formal approach to this customer-focused marketing is known as SIVA (Solution, Information, Value, and Access). This system is basically the four Ps renamed and reworded to provide a customer focus. The SIVA Model provides a demand/customer-centric alternative to the well-known 4Ps supply side model (product, price, placement, promotion) of marketing management.

Product → Solution

Price → Value

Place → Access

Promotion → Information

If any of the 4Ps were problematic or were not in the marketing factor of the business, the business could be in trouble and so other companies may appear in the surroundings of the company, so the consumer demand on its products will decrease.

(d) Organizational Orientation

In this sense, a firm's marketing department is often seen as of prime importance within the functional level of an organization. Information from an organization's marketing department would be used to guide the actions of other departments within the firm. As an example, a marketing department could ascertain (via marketing research) that consumers desired a new type of product, or a new usage for an existing product. With this in mind, the marketing department would inform the R&D department to create a prototype of a product/service based on consumers' new desires. The production department would then start to manufacture the product, while the marketing department would focus on the promotion, distribution, pricing, etc. of the product. Additionally, a firm's finance department would be consulted, with respect to securing appropriate funding for the development, production and promotion of the product. Inter-departmental conflicts may occur, should a firm adhere to the marketing orientation. Production may oppose the installation, support and servicing of new capital stock, which may be needed to manufacture a new product. Finance may oppose the required capital expenditure, since it could undermine a healthy cash flow for the organization.

(e) Herd Behavior

Herd behavior in marketing is used to explain the dependencies of customers' mutual behavior. The Economist reported a recent conference in Rome on the subject of the simulation of adaptive human behavior. It shared mechanisms to increase impulse buying and get people "to buy more by playing on the herd instinct." The basic idea is that people will buy more of products that are seen to be popular, and several feedback mechanisms to get product popularity information to consumers are mentioned, including smart card technology and the use of Radio Frequency Identification Tag technology. A "swarm-moves" model was introduced by a Florida Institute of Technology researcher, which is appealing to supermarkets because it can "increase sales without the need to give people discounts." Other recent studies on the "power of social influence" include an "artificial music market in which some 19,000 people downloaded previously unknown songs" (Columbia University, New York); a Japanese chain of convenience stores which orders its products based on "sales data from department stores and research companies;" a Massachusetts company exploiting

knowledge of social networking to improve sales; and online retailers who are increasingly informing consumers about "which products are popular with like-minded consumers" (e.g., Amazon, eBay).

(f) Further orientations

- (i) An emerging area of study and practice concerns internal marketing, or how employees are trained and managed to deliver the brand in a way that positively impacts the acquisition and retention of customers, see also employer branding.
- (ii) Diffusion of innovations research explores how and why people adopt new products, services, and ideas.
- (iii) With consumers' eroding attention span and willingness to give time to advertising messages, marketers are turning to forms of permission marketing such as branded content, custom media and reality marketing.

4. Marketing Research

Marketing research involves conducting research to support marketing activities, and the statistical interpretation of data into information. This information is then used by managers to plan marketing activities, gauge the nature of a firm's marketing environment and attain information from suppliers. Marketing researchers use statistical methods such as quantitative research, qualitative research, hypothesis tests, Chi-squared tests, linear regression, correlations, frequency distributions, Poisson distributions, binomial distributions, etc. to interpret their findings and convert data into information. The marketing research process spans a number of stages, including the definition of a problem, development of a research plan, collection and interpretation of data and disseminating information formally in the form of a report. The task of marketing research is to provide management with relevant, accurate, reliable, valid, and current information. A distinction should be made between marketing research and market research. Market research pertains to research in a given market. As an example, a firm may conduct research in a target market, after selecting a suitable market

segment. In contrast, marketing research relates to all research conducted within marketing. Thus, market research is a subset of marketing research.

5. Market Segmentation

Market segmentation pertains to the division of a market of consumers into persons with similar needs and wants. For instance, Kellogg's cereals, Frosties are marketed to children. Crunchy Nut Cornflakes are marketed to adults. Both goods denote two products which are marketed to two distinct groups of persons, both with similar needs, traits, and wants. Market segmentation allows for a better allocation of a firm's finite resources. A firm only possesses a certain amount of resources. Accordingly, it must make choices (and incur the related costs) in servicing specific groups of consumers. In this way, the diversified tastes of contemporary Western consumers can be served better. With growing diversity in the tastes of modern consumers, firms are taking note of the benefit of servicing a multiplicity of new markets.

6. Marketing Planning

The marketing planning process involves forging a plan for a firm's marketing activities. A marketing plan can also pertain to a specific product, as well as to an organization's overall marketing strategy. Generally speaking, an organization's marketing planning process is derived from its overall business strategy. Thus, when top management is devising the firm's strategic direction or mission, the intended marketing activities are incorporated into this plan. There are several levels of marketing objectives within an organization. The senior management of a firm would formulate a general business strategy for a firm. However, this general business strategy would be interpreted and implemented in different contexts throughout the firm.

7. Marketing Strategy

The field of marketing strategy encompasses the strategy involved in the management of a given product. A given firm may hold numerous products in the marketplace, spanning numerous and sometimes wholly unrelated industries. Accordingly, a plan is required in order

to effectively manage such products. Evidently, a company needs to weigh up and ascertain how to utilize its finite resources. For example, a start-up car manufacturing firm would face little success should it attempt to rival Toyota, Ford, Nissan, Chevrolet, or any other large global car maker. Moreover, a product may be reaching the end of its life-cycle. Thus, the issue of divest, or a ceasing of production, may be made. Each scenario requires a unique marketing strategy. Listed below are some prominent marketing strategy models.

8. Services Marketing

Services marketing relates to the marketing of services, as opposed to tangible products. A service (as opposed to a good) is typically defined as follows:

- (a) The use of it is inseparable from its purchase (i.e., a service is used and consumed simultaneously)
- (b) It does not possess material form, and thus cannot be touched, seen, heard, tasted, or smelled.
- (c) The use of a service is inherently subjective, meaning that several persons experiencing a service would each experience it uniquely.

For example, a train ride can be deemed a service. If one buys a train ticket, the use of the train is typically experienced concurrently with the purchase of the ticket. Although the train is a physical object, one is not paying for the permanent ownership of the tangible components of the train.

Services (compared with goods) can also be viewed as a spectrum. Not all products are pure goods, nor are all pure services. An example would be a restaurant, where a waiter's service is intangible, but the food is tangible.

9. Marketing Mix

In the market a lot of business activities are carried to meet the requirements of customers and business. These activities are numerous. The activities start from marketing research, need

identification, market segmentation, product design, product modification, branding, packaging, product launching, pricing, changes in prices, advertising, personal selling, publicity, sales promotion, distribution, feedback etc. It is very difficult to remember these activities. For our easy understanding these activities are divided into various groups so that we can remember easily. For products the marketing activities are divided into four groups and for services these are divided into seven groups. Together these groups are called marketing mix. The term "marketing mix" was coined in 1953 by Neil Borden in his American Marketing Association presidential address. However, this was actually a reformulation of an earlier idea by his associate, James Culliton, who in 1948 described the role of the marketing manager as a "mixer of ingredients", who sometimes follows recipes prepared by others, sometimes prepares his own recipe as he goes along, sometimes adapts a recipe from immediately available ingredients, and at other times invents new ingredients no one else has tried.^[1] A prominent marketer, E. Jerome McCarthy, proposed a Four P classification in 1960, which has seen wide use. The Four P's concept is explained in most marketing textbooks and classes.

10. Elements of Marketing Mix

Elements of the marketing mix are often referred to as the 4Ps because products, price, promotion, and placement are four groups of marketing activities and each starts with alphabet P that is why these are called four Ps of marketing. These are explained below;

(a) Product

It is a tangible object or an intangible service that is mass produced or manufactured on a large scale with a specific volume of units. Intangible products are service based like the tourism industry & the hotel industry or codes-based products like cell phone load and credits. Typical examples of a mass produced tangible object are the motor car and the disposable razor. A less obvious but ubiquitous mass produced service is a computer operating system. Packaging also needs to be taken into consideration. Every product is subject to a life-cycle including a growth phase followed by an eventual period of decline as the product approaches

market saturation. To retain its competitiveness in the market, product differentiation is required and is one of the strategies to differentiate a product from its competitors.

(b) Price

The price is the amount a customer pays for the product. The business may increase or decrease the price of product if other stores have the same product. The price is decided by the making managers according to the products features, demand and supply conditions, level of competition, profit margin and operating costs etc. It is to be decided very carefully. It is not proper then it may have the deterrent effect on the sales and profits both. If required time to time it is to be adjusted also. Different types of prices are being used by the companies time to time.

(c) Place

Place represents the location where a product can be purchased. It is often referred to as the distribution channel. It can include any physical store as well as virtual stores on the Internet. To sell the products to the customers it is required they should meet the point where it is available. Either the customers can buy from the factory of the company or stores or markets. It is to be decided by the management according to the nature of the products. All customers cannot reach to the factory of the company for all products. So these are to be made available at the suitable place from where the products can be bought. Proper decisions are to be taken regarding this.

(d) Promotion

It represents all of the communications that a marketer may use in the marketplace. Promotion has four distinct elements: advertising, public relations, personal selling and sales promotion. A certain amount of crossover occurs when promotion uses the four principal elements together, which is common in film promotion. Advertising covers any communication that is paid for, from cinema commercials, radio and Internet adverts through print media and billboards. Public relations are where the communication is not directly paid for and includes press releases, sponsorship deals, exhibitions, conferences, seminars or trade fairs and events. Word of mouth is any apparently informal communication about the product by ordinary

individuals, satisfied customers or people specifically engaged to create word of mouth momentum. Sales staff often plays an important role in word of mouth and Public Relations (see Product above.

Any organization, before introducing its products or services into the market; conducts a market survey. The sequence of all 'P's as above is very much important in every stage of product life cycle Introduction, Growth, Maturity and Decline. More recently, three more Ps have been added to the marketing mix namely People, Process and Physical Evidence. This marketing mix is known as Extended Marketing Mix for services.

(e) People

All people involved with consumption of a service are important. For example workers, management, consumers etc. It also defines the market segmentation, mainly demographic segmentation. It addresses particular class of people for whom the product or service is made available. The involvement of people like service providers and customers is there. There should be proper match between them to service the customers in a better way.

(f) Process

Procedure, mechanism and flow of activities by which services are used are parts of process. Also the 'Procedure' how the product will reach the end user must be decided. A particular type of service is to be provided for that purpose a set of activities are to be performed. These are to be arranged in a logical sequence and that is called process. Without process the service cannot be provided.

(g) Physical Evidence

The marketing strategy should include effectively communicating their satisfaction to potential customers. The service cannot be provided in isolation. For that purpose the requirement of physical evidence is there. The physical evidence includes building, interiors, and other products to deliver the service etc. For banking service the requirement of bank building. Interior cabins, computer, pass books and cheque books, ATM machines etc are part of physical evidence.

11. Four Cs Model 1 in 7Cs Compass model

A formal approach to this customer-focused marketing mix is known as Four Cs (Commodity, Cost, Channel, Communication) in “7Cs compass model.” Koichi Shimizu proposed a four Cs classification in 1973. This system is basically the four Ps renamed and reworded to provide a customer focus. The four Cs Model provides a demand/customer centric version alternative to the well-known four Ps supply side model (product, price, place, promotion) of marketing management. The Four Cs model is more consumer-oriented and attempts to better fit the movement from mass marketing to symbiotic marketing.

- (a) Commodity:(Original meaning of Latin: Commodus=convenient)the product for the consumers or a commodity can also be described as an raw material such as; oil, metal ores and wheat, the price of these tend to change on a daily basis, due to the demand and supply of these commodities.
- (b) Cost: It makes sacrifices) producing cost, selling cost, purchasing cost and social cost.
- (c) Channel: Flow of commodity: marketing channels. The products to reach to the customers from the manufacturers and suppliers.
- (d) Communication: marketing communication: It doesn't promote the sales.

(Framework of 7 Cs compass model)

- (a) (C1): Corporation and competitors: The core of 4Cs is corporation and organization, while the core of 4Ps is customers who are the targets for attacks or defenses.
- (b) (C2) : Commodity, (C3) : Cost, (C4) : Channel, (C5) : Communication
- (c) (C6): Consumer (Needle of compass to Consumer) The factors related to customers can be explained by the first character of four directions marked on the compass model: N = Needs, W = Wants, S = Security and E = Education (consumer education).
- (d) (C7) : Circumstances (Needle of compass to Circumstances)

In addition to the customer, there are various uncontrollable external environmental factors encircling the companies. Here it can also be explained by the first character of the four directions marked on the compass model --- N = National and International C, W=Weather, S = Social and Cultural C, E = Economic (Circumstances).

12. Four Cs Model 2

Robert F. Lauterborn proposed a four Cs(2) classification in 1993. The Four Cs model is more consumer-oriented and attempts to better fit the movement from mass marketing to niche marketing. The Product part of the Four Ps model is replaced by Consumer or Consumer Models, shifting the focus to satisfying the consumer needs. Another C replacement for Product is Capable. By defining offerings as individual capabilities that when combined and focused to a specific industry, creates a custom solution rather than pigeon-holing a customer into a product. Pricing is replaced by Cost reflecting the total cost of ownership. Many factors affect Cost, including but not limited to the customer's cost to change or implement the new product or service and the customer's cost for not selecting a competitor's product or service. Placement is replaced by Convenience. With the rise of internet and hybrid models of purchasing, Place is becoming less relevant. Convenience takes into account the ease of buying the product, finding the product, finding information about the product, and several other factors. Finally, the Promotions feature is replaced by Communication which represents a broader focus than simply Promotions. Communications can include advertising, public relations, personal selling, viral advertising, and any form of communication between the firm and the consumer. The four Ps are (product, promotion, price, and place)

Diagram 3.1.1: The Marketing Mix



These four P's are the parameters that the marketing manager can control, subject to the internal and external constraints of the marketing environment. The goal is to make decisions that center the four P's on the customers in the target market in order to create perceived value and generate a positive response. Marketing strategies are to be prepared on each P so that the plans can be achieved effectively in stiff competitive situation in the markets. These are to be adjusted time to time for effective results.

13. Limitations of the Marketing Mix Framework

The marketing mix framework was particularly useful in the early days of the marketing concept when physical products represented a larger portion of the economy. Today, with marketing more integrated into organizations and with a wider variety of products and markets, some authors have attempted to extend its usefulness by proposing a fifth P, such as packaging, people, process, etc. Today however, the marketing mix most commonly remains

based on the 4 P's. Despite its limitations and perhaps because of its simplicity, the use of this framework remains strong and many marketing textbooks have been organized around it.

14. Meaning of Promotion

Promotion is one of the four elements of marketing mix (product, price, promotion, distribution). It is the communication link between sellers and buyers for the purpose of influencing, informing, or persuading a potential buyer's purchasing decision. Promotion is defined as the coordination of all seller-initiated efforts to set up channels of information and persuasion to sell goods and services or promote an idea. Promotion is best viewed as the communication function of marketing. In short we can say that the strategy to get hike and to create awareness. The promotional mix is defined as the basic tools or elements that are used to accomplish an organization's objectives. The role and function of each promotional mix element in the marketing program has both advantages and limitations. It is not enough for a business to have good products sold at attractive prices. To generate sales and profits, the benefits of products have to be communicated to customers. In marketing, this is commonly known as "promotion". A business' total marketing communications programme is called the "promotional mix" and consists of a blend of advertising, personal selling, sales promotion and public relations tools. In this revision note, we describe the four key elements of the promotional mix in more detail.

The specification of five elements creates a promotional mix or promotional plan. These elements are personal selling, advertising, sales promotion, direct marketing, and publicity.^[2] A promotional mix specifies how much attention to pay to each of the five subcategories, and how much money to budget for each. A promotional plan can have a wide range of objectives, including: sales increases, new product acceptance, creation of brand equity, positioning, competitive retaliations, or creation of a corporate image. Fundamentally, however there are three basic objectives of promotion. These are:^[3]

1. To present information to consumers as well as others
2. To increase demand
3. To differentiate a product.

There are different ways to promote a product in different areas of media. Promoters use internet advertisement, special events, endorsements, and newspapers to advertise their product. Many times with the purchase of a product there is an incentive like discounts, free items, or a contest. This is to increase the sales of a given product.

15. Elements of Promotion Mix

Marketing utilizes many techniques to promote a new and existing products or services. Utilizing all possible outlets for spreading the word on a product is known as its promotion mix. Using a combination of the seven major promotional tools, ranging from advertising to direct marketing, is the usual method for rolling out a product. How these seven are utilized varies greatly from company to company and product to product. For promotion of the products or services there are different objectives time to time and for that purpose the methods used for promotion are also different. The available methods can be used in combination as per requirements and there is no hard and fast rule for that. The promotion strategy is to be prepared by the company management to meet the objectives. The methods or techniques used in promotion are advertising, personal selling, sales promotion, publicity, direct marketing, corporate image etc. The elements of the promotions mix are integrated to form a coherent campaign. As with all forms of communication, the message from the marketer follows the 'communications process. For example, a radio advert is made for a car manufacturer. The car manufacturer (sender) pays for a specific advert with contains a message specific to a target audience (encoding). It is transmitted during a set of commercials from a radio station. The message is decoded by a car radio (decoding) and the target consumer interprets the message (receiver). He or she might visit a dealership or seek further information from a web site (Response). The consumer might buy a car or express an interest or dislike (feedback). This information will inform future elements of an integrated promotional campaign. Out of these the first four are main elements and these are explained below:

(a) Personal Selling

Personal Selling is an effective way to manage personal customer relationships. The sales person acts on behalf of the organization. They tend to be well trained in the approaches and

techniques of personal selling. However sales people are very expensive and should only be used where there is a genuine return on investment. For example salesmen are often used to sell cars or home improvements where the margin is high. Personal selling is another factor in the promotion mix, but it is not utilized by every organization. This involves an interpersonal relationship between buyer and seller. Examples of this include telemarketing, door-to-door sales and sales meetings with incentives.

(b) Sales Promotion.

Sales promotion tends to be thought of as being all promotions apart from advertising, personal selling, and public relations. For example the BOGOF promotion, or Buy One Get One Free. Others include couponing, money-off promotions, competitions, free accessories (such as free blades with a new razor), introductory offers (such as buy digital TV and get free installation), and so on. Each sales promotion should be carefully decided and compared with the next best alternative. Different parties are involved in sales promotion like salesmen, traders and customers. All these parties are to be taken care of to get the desired results from them. For this a number of methods are being used in the markets for different products.

(c) Public Relations (PR).

Public Relations is defined as 'the deliberate, planned and sustained effort to establish and maintain mutual understanding between an organization and its publics' (Institute of Public Relations). It is relatively cheap, but certainly not cheap. Successful strategies tend to be long-term and plan for all eventualities. All airlines exploit PR; just watch what happens when there is a disaster. The pre-planned PR machine clicks in very quickly with a very effective rehearsed plan. Similarly way the publicity can be made regarding the products and services by words of mouth. This is a very reliable method of promotion.

(d) Direct Mail

Direct mail is very highly focused upon targeting consumers based upon a database. The customers are selected for promotion target. Creative agencies work with marketers to design a highly focused communication in the form of a mailing. The mail is sent out to the potential consumers and responses are carefully monitored. For example, if you are marketing medical text books, you would use a database of doctors' surgeries as the basis of your mail shot.

(e) Trade Fairs and Exhibitions

Such approaches are very good for making new contacts and renewing old ones. Companies will seldom sell much at such events. The purpose is to increase awareness and to encourage trial. They offer the opportunity for companies to meet with both the trade and the consumer. Expo has recently finish in Germany with the next one planned for Japan in 2005, despite a recent decline in interest in such events.

(f) Advertising

Advertising easily is the most popular element of the promotion mix. This represents paid promotional placement of a product. Advertisements come in a wide range of types, from print advertisement to television commercials, web page banners and more. These usually are targeted to a specific audience. Advertising is a 'paid for' communication. It is used to develop attitudes, create awareness, and transmit information in order to gain a response from the target market. There are many advertising 'media' such as newspapers (local, national, free, trade), magazines and journals, television (local, national, terrestrial, satellite) cinema, outdoor advertising (such as posters, bus sides).

(g) Sponsorship

Sponsorship is where an organization pays to be associated with a particular event, cause or image. Companies will sponsor sports events such as the Olympics or Formula One. The attributes of the event are then associated with the sponsoring organization. The elements of the promotional mix are then integrated to form a unique, but coherent campaign.

Out of these methods the advantages and disadvantages are considered for promotion mix decision. The promotion methods are selected to support each other so that the promotion campaign should go successful

16. Advantages and Disadvantages of Each Element

For comparative study of each element of promotion six are studies. On the basis of the comparative study the relative worth of each element would be known to the managers. The table given below shows all advantages and disadvantages in brief:

Table 3.1.3: Advantages and Disadvantages of Each Element

Mix Element	Advantages	Disadvantages
Advertising	<p>Good for building awareness</p> <p>Effective at reaching a wide audience</p> <p>Repetition of main brand and product positioning helps build customer trust</p>	<p>Impersonal - cannot answer all a customer's questions</p> <p>Not good at getting customers to make a final purchasing decision</p>
Personal Selling	<p>Highly interactive - lots of communication between the buyer and seller</p> <p>Excellent for communicating complex / detailed product information and features</p> <p>Relationships can be built up - important if closing the sale make take a long time</p>	<p>Costly - employing a sales force has many hidden costs in addition to wages</p> <p>Not suitable if there are thousands of important buyers</p>
Sales Promotion	<p>Can stimulate quick increases in sales by targeting promotional incentives on particular products</p> <p>Good short term tactical tool</p>	<p>If used over the long-term, customers may get used to the effect</p> <p>Too much promotion may damage the brand image</p>
Public Relations	<p>Often seen as more "credible" - since the message seems to be coming from a third party (e.g. magazine, newspaper)</p> <p>Cheap way of reaching many customers - if the publicity is achieved through the right media</p>	<p>Risk of losing control - cannot always control what other people write or say about your product</p>

Chapter 3.2: Advertising

- 1. Introduction**
- 2. Definitions of Advertising**
- 3. Characteristics of Advertising**
- 4. Advertising Objectives**
- 5. Types of Advertising**
- 6. Advertising Approaches**
- 7. Current Trends in Advertising**
- 8. Importance of Advertising**

3.2: Advertising

1. Introduction

Advertising is a form of communication intended to persuade an audience (viewers, readers or listeners) to purchase or take some action upon products, ideas, or services. It includes the name of a product or service and how that product or service could benefit the consumer, to persuade a target market to purchase or to consume that particular brand. These messages are usually paid for by sponsors and viewed via various media. Advertising can also serve to communicate an idea to a large number of people in an attempt to convince them to take a certain action. The meaning of word advertising in previous century was limited only 'to give notice of' but in modern world it is used in specific commercial form. So advertising means to inform the public about the item or quality and price and motivate the public to invest money to help increase the sale of commodity. In other words it is pictorial salesmanship presented through printed or written words.

Commercial advertisers often seek to generate increased consumption of their products or services through branding, which involves the repetition of an image or product name in an effort to associate related qualities with the brand 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. Nonprofit organizations may rely on free modes of persuasion, such as a public service announcement. Modern advertising developed with the rise of mass production in the late 19th and early 20th centuries. Mass media can be defined as any media meant to reach a mass amount of people. Different types of media can be used to deliver these messages, including traditional media such as newspapers, magazines, television, radio, outdoor or direct mail; or new media such as websites and text messages. As it is known today, advertisements are parts of our daily lives since in every magazine, newspaper, TV, radio, internet we read or view advertisements with plenty of them repeatedly. In 2010, spending on advertising was estimated at more than \$300 billion in the United States and \$500 billion worldwide nationally, the largest ("big four") advertising conglomerates are Interpublic, Omnicom, Publicis, and WPP.

2. Definitions of Advertising

The concept of advertising has been defined by many experts from time to time. They all have agreed on one definition. Some of the definitions are given below:

- (a) "Advertising is the non-personal communication of information usually paid for and usually persuasive in nature about products, services or ideas by identified sponsors through the various media." According to Bovee,
- (b) In the words of Jones, "Advertising is a sort of machine-made mass production method of selling, which supplements the voice and personality of the individual salesman much as in manufacturing the machine supplements the hands of the craftsmen."
- (c) According to Jon Shubin, "Advertising is the art of disseminating marketing information through various media of communication at the expense of the company for the purpose of increasing or maintaining effective demand."
- (d) According to Starch, "Advertising may be defined as the presentation of a proposition usually in print to the people in such a way that they may be induced to act upon it."
- (e) Defined by Willian. J. Stanton, "Advertising consists of all the activities in presenting to a group, a non-personal, visual, openly sponsored message regarding a product, service or idea."
- (f) According to Dr. Burden, "Advertisement includes those activities by which visual or oral messages are addressed to the public for purpose of informing them either to any merchandise, to act, to inclined favourably towards ideas, institution or persons featured."

In this manner advertising is an impersonal or non-personal salesmanship in which through various sources consumers are informed about the products or services and motivated to purchase the goods. Advertising is bringing a product (or service) to the attention of potential and current customers. Advertising is focused on one particular product or service. Thus, an advertising plan for one product might be very different than that for another product. Advertising is typically done with signs, brochures, commercials, direct mailings or e-mail messages, personal contact etc.

3. Characteristics of Advertising

From the study of definitions quoted by various experts in the field of Advertising the following characteristics are summarized:

(a) Use of a Variety of Techniques

Celebrities and spokes persons, role playing, fantasy characters, children and puppies, music, drama, significant imagery, and creative media buying. Advertising is a complex voice of marketing.

(b) Advertising as a Strategic Move

Every great advertisement is strategically sound. In other words, it is carefully directed to a certain audience, it is driven by specific objects, its message is crafted to speak to that audience's most important concerns, and it is run in media that will most effectively reach that audience. The measure of an advertisement's success is how well it achieves its goals, whether they are increased sales, rememberability, attitude change or brand awareness.

(c) Creative Concept

The creative concept is a central idea that gets the attention and prevails in the consumer's mindset. A concern of creative thinking drives the entire field of advertising. Planning the strategy calls for creative problem solving, research efforts are creative; the buying and placing of the advertisements in the media (newspapers / television) are creative.

(d) Publicize Ideas of Products or Services

To advertise a thing is to publicize it. Now it is available to all. It must be known to all. They all should realize its value and importance. They will come to know the plus points. We may communicate with one another thorough advertisement. World is going to be a small global village as soon as possible. So we cannot deny the value of advertisement. It conveys the message to create awareness, remind, persuade for action and to retain customers.

(e) Demonstrate Value

It demonstrates the value of the products or services of the sponsored. By demonstrating value in advertisements the company gives its prospects a clear idea of the benefits provided and a clear reason to buy from you. Along with demonstrating value it can help the company to get competitive advantage.

(f) Focus on client requirement

The advertisements are prepared as per the plan and objective of the client. The message of client is given to the target prospects to convince to buy products and service or to take certain actions. The objective of client is main thing in preparation of an advertisement. It may to create awareness, remind, persuade and retain customers. If it is not prepared as per the requirement then it may not be a successful advertisement. The efforts would be in vain and a costly affair. Advertisement prepared as per the requirement of client would bring more customers, profits and business to the company.

(g) Paid Form of Presentation

Advertising is a paid form of presentation of ideas about products or service offered by the company. Here the message of the sponsor is communicated to the target customers regarding products or services. The expenses are met by the sponsors. It is different from publicity because in it no money is paid. Some of the sponsors are spending a huge amount on advertisements.

(h) Non Personal Message

Advertisement is given by the company or sponsor regarding their services or products offered to the customers. The attributes of products and services are explained through advertisements. No personal message is given in the advertisements by the sponsors. It may give the message regarding the company to develop public relations but not about individual owner or partners.

(i) Identified Sponsor

The advertisement is prepared by the advertising agency for its client. The client is the party that gives order to the agency to prepare and plan for media for advertisement. The client is the management of the company and that is identified. The money is spent by the identified sponsor. If required then the identified sponsor can be contacted for correction, legal action or false claims in advertisement.

4. Advertising Objectives

An objective can be defined as "something toward which efforts are put achieve it. Whatever the concerned party wants to achieve and for that efforts are put is called objective. Every organization should have objectives to provide a framework for action. Now, for advertising the objective is whatever the advertiser wants to achieve through the advertisements. In advertising, the well-developed campaign has aims and goals. Good objectives provide the advertiser with guidance and direction for the development of the campaign. Further the objective helps in evaluating the actual performance of the advertising whether it has been achieved or not.

The objectives are divided generally in two groups and these direct and indirect action objectives. Direct-action objectives are when efforts are put and results are achieved. These are easily measured in terms sales, profits, number of customers attracted etc. Indirect action objectives are when efforts are put but the result is not direct or immediate. The effect is in long run. When advertising is made to develop image of the company, changing consumers' behaviour and developing public- corporate relations is called indirect action objectives. No immediate effect can be attributed to such ads in most situations. In other words, the evaluation process for ads with indirect-action (communication) objectives is much more subjective than is the case for the sales or action-oriented advertising effort.

There may be many objectives of advertising for the company time to time when they are giving advertisements. The objectives also vary situation to situation. However, the main objectives of advertising are summarized as follows:

(a) To create Awareness

The first objective of advertising is to create awareness among customers regarding the products or services the company offers for them first time. The customers are not knowing about the new product or service has been launched by the company. At that time the advertisement is given with the objective to inform them regarding the efforts of the company. This objective is only to create awareness of the prospects. For example, when a company introduces its new model of a car first time and interested to inform customers regarding this.

(b) To Remind the Customers

When the advertiser gives advertisement second time or repeatedly its objective is not to inform first time to create awareness but to remind regarding the first advertisement. Further, when the company is interested to inform its existing customers regarding its products or services already existing in market is to remind the customers. They should not forget the offers of the advertisers. This helps in keeping update knowledge of the customers regarding products availability in the markets. Most of the companies are giving advertisement with this objective in market competitive situation.

(c) To Persuade Customers

The advertiser is giving advertisements with the interest to remind them repeatedly so that it would become difficult for them to avoid advertisement. One day sooner or later they have to pay attention and agree for the products of the company. The efforts are to make them agree for buying the products of the company. The objective is to persuade them for the desired action. Only thing is that if time taken by the customer to get persuade is longer than it may be costly for the advertiser due to repeated advertisements for longer period.

(d) To Retain Existing Customers

Another objective of advertising is to retain the existing customers. The company is interested to keep its existing customers regarding products attributes, new changes, improvements etc. They should continue with their products and should not change over to the products of their competitors. It is very easy to lose a customer but difficult to retain a customer. In markets, the companies are putting their sincere efforts in advertising with the objective to keep their

customers well intact. With retaining the customers the company can sustain its sales, profits and market shares.

(e) To Neutralize Competition

In markets the companies are facing stiff competition in most of the areas. It has become very difficult for them to carry out their business effectively and efficiently. It is a matter of survival, growth, stabilise and excel in their business. Every competitor is putting sincere efforts to taken the advantage. For fighting this situation the advertisers are giving advertisements with the objectives to keep them in the race in the market. Therefore, the objective of advertising given is to neutralize competition effect.

From the situation of the market, it has been observed that the objectives of the companies are not same all the times. These vary from time to time. But the objectives are out of the above mentioned objectives individually or in combination.

5. Types of Advertising

Advertising is a form of communication intended to persuade an audience (viewers, readers or listeners) to purchase or take some action upon products, ideals, or services. It includes the name of a product or service and how that product or service could benefit the consumer, to persuade a target market to purchase or to consume that particular brand. These brands are usually paid for or identified through sponsors and viewed via various media. Advertising can also serve to communicate an idea to a mass amount of people in an attempt to convince them to take a certain action, such as encouraging 'environmentally friendly' behaviors, and even unhealthy behaviors through food consumption, video game and television viewing promotion, and a "lazy man" routine through a loss of exercise . Modern advertising developed with the rise of mass production in the late 19th and early 20th centuries. Mass media can be defined as any media meant to reach a mass amount of people. Several types of mass media are television, internet, radio, news programs, and published pictures and articles.

Commercial advertisers often seek to generate increased consumption of their products or services through branding, which involves the repetition of an image or product name in an effort to associate related qualities with the brand in the minds of consumers. Different types

of media can be used to deliver these messages, including traditional media such as newspapers, magazines, television, radio, outdoor or direct mail; or new media such as websites and text messages. Advertising may be placed by an advertising agency on behalf of a company or other organization. Non-commercial advertisers that spend money to advertise items other than a consumer product or service include political parties, interest groups, religious organizations and governmental agencies. Nonprofit organizations may rely on free modes of persuasion, such as a public service announcement. On the basis of its targets, sponsors, media, objectives etc. there are different types of advertising. These are explained below:

(a) TV Advertising

The digital technology is being used for advertising TV, radio etc. The TV commercial is generally considered the most effective mass-market advertising format, as is reflected by the high prices TV networks charge for commercial airtime during popular TV events. The annual Super Bowl football game in the United States is known as the most prominent advertising event on television. The average cost of a single thirty-second TV spot during this game has reached US\$3 million (as of 2009). The majority of television commercials featured a song or jingle that listeners soon relate to the product. Virtual advertisements may be inserted into regular television programming through computer graphics. It is typically inserted into otherwise blank backdrops or used to replace local billboards that are not relevant to the remote broadcast audience. More controversially, virtual billboards may be inserted into the background where none exist in real-life. This technique is especially used in televised sporting events. Virtual product placement is also possible.

(b) Infomercials

An infomercial is a long-format television commercial, typically five minutes or longer. The word "infomercial" is a portmanteau of the words "information" & "commercial". The main objective in an infomercial is to create an impulse purchase, so that the consumer sees the presentation and then immediately buys the product through the advertised toll-free telephone number or website. Infomercials describe, display, and often demonstrate products and their features, and commonly have testimonials from consumers and industry professionals.

(c) Radio advertising

Radio advertising is a form of advertising via the medium of radio. Radio advertisements are broadcast as radio waves to the air from a transmitter to an antenna and a thus to a receiving device. Airtime is purchased from a station or network in exchange for airing the commercials. While radio has the obvious limitation of being restricted to sound, proponents of radio advertising often cite this as an advantage. Promotion through radio has been a viable advertising option for over 80 years. Radio advertising is mostly local to the broadcast range of a radio station, however, at least three options exist that offer national and potentially international coverage. First, in many countries there are radio networks that use many geographically distinct stations to broadcast simultaneously. In the United States such networks as Disney (children's programming) and ESPN (sports programming) broadcast nationally either through a group of company-owned stations or through a syndication arrangement (i.e., business agreement) with partner stations. Second, within the last few years the emergence of radio programming delivered via satellite has become an option for national advertising. Finally, the potential for national and international advertising may become more attractive as radio stations allow their signals to be broadcast over the Internet.

(d) Internet Advertising

The fastest growing media outlet for advertising is the Internet. Compared to spending in other media, the rate of spending for Internet advertising is experiencing tremendous growth and in the U.S. trails only newspaper and television advertising in terms of total spending. Internet advertising's influence continues to expand and each year more major marketers shift a larger portion of their promotional budget to this medium. Two key reasons for this shift rest with the Internet's ability to: narrowly target an advertising message and, track user response to the advertiser's message.

The Internet offers many advertising options with messages delivered through websites or by email.

(i) Website advertising: Advertising tied to a user's visit to a website accounts for the largest spending on Internet advertising. For marketers, website advertising offers many options in terms of:

- Creative types – Internet advertising allows for a large variety of creative types including text-only, image-only, multimedia (e.g., video) and advanced interactive (e.g., advertisement in the form of online games).
- Size – In addition to a large number of creative types, Internet advertisements can be delivered in a number of different sizes (measured in screen pixels) ranging from full screen to small square ads that are only a few pixels in size. The most popular Internet ad sizes include banner ads (468 x 60 pixels), leaderboard (728 x 90 pixels) and skyscraper (160 x 600 pixels).
- Placement – The delivery of an Internet advertisement can occur in many ways including fixed placement in a certain website location (e.g., top of page), processed placement where the ad is delivered based on user characteristics (e.g., entry of words in a search box, recognition of user via Internet tracking cookies), or on a separate webpage where the user may not see the ad until they leave a site or close their browser (e.g., pop-under).
- Delivery – When it comes to placing advertisements on websites marketers can, in some cases, negotiate with websites directly to place an ad on the site or marketers can place ads via a third-party advertising network, which has agreements to place ads on a large number of partner websites.

(ii) Email advertising: Using email to deliver an advertisement affords marketers the advantage of low distribution cost and potentially high reach. In situations where the marketer possesses a highly targeted list, response rates to email advertisements may be quite high. This is especially true if those on the list have agreed to receive email, a process known as “opt-in” marketing. Email advertisement can take the form of a regular email message or be presented within the context of more detailed content, such as an electronic newsletter. Delivery to a user’s email address can be viewed as either plain text or can look more like a website using web coding (i.e., HTML). However, as most people are aware, there is significant downside to email advertising due to highly publicized issues related to abuse.

(e) Product Placements

Covert advertising, also known as guerrilla advertising, is when a product or brand is embedded in entertainment and media. For example, in a film, the main character can use an

item or other of a definite brand, as in the movie *Minority Report*, where Tom Cruise's character John Anderton owns a phone with the Nokia logo clearly written in the top corner, or his watch engraved with the Bulgari logo. Another example of advertising in film is in *I, Robot*, where main character played by Will Smith mentions his Converse shoes several times, calling them "classics," because the film is set far in the future. *I, Robot* and *Spaceballs* also showcase futuristic cars with the Audi and Mercedes-Benz logos clearly displayed on the front of the vehicles. Cadillac chose to advertise in the movie *The Matrix Reloaded*, which as a result contained many scenes in which Cadillac cars were used. Similarly, product placement for Omega Watches, Ford, VAIO, BMW and Aston Martin cars are featured in recent James Bond films, most notably *Casino Royale*. In "*Fantastic Four: Rise of the Silver Surfer*", the main transport vehicle shows a large Dodge logo on the front. *Blade Runner* includes some of the most obvious product placement; the whole film stops to show a Coca-Cola billboard.

(f) Press Advertising

Press advertising describes advertising in a printed medium such as a newspaper, magazine, or trade journal. This encompasses everything from media with a very broad readership base, such as a major national newspaper or magazine, to more narrowly targeted media such as local newspapers and trade journals on very specialized topics. A form of press advertising is classified advertising, which allows private individuals or companies to purchase a small, narrowly targeted ad for a low fee advertising a product or service. There are several tips on making a print ad stand out more. The attached hyperlink will show you a youtube video about these tips [Link label](#).

(g) Billboard Advertising

Billboards are large structures located in public places which display advertisements to passing pedestrians and motorists. Most often, they are located on main roads with a large amount of passing motor and pedestrian traffic; however, they can be placed in any location with large amounts of viewers, such as on mass transit vehicles and in stations, in shopping malls or office buildings, and in stadiums.

(h) Mobile Billboard Advertising

Mobile billboards are generally vehicle mounted billboards or digital screens. These can be on dedicated vehicles built solely for carrying advertisements along routes preselected by clients, they can also be specially equipped cargo trucks or, in some cases, large banners strewn from planes. The billboards are often lighted; some being backlit, and others employing spotlights. Some billboard displays are static, while others change; for example, continuously or periodically rotating among a set of advertisements. Mobile displays are used for various situations in metropolitan areas throughout the world, including: Target advertising, one-day, and long-term campaigns, Conventions, Sporting events, Store openings and similar promotional events, and Big advertisements from smaller companies.

(i) In-store Advertising

In-store advertising is any advertisement placed in a retail store. It includes placement of a product in visible locations in a store, such as at eye level, at the ends of aisles and near checkout counters, eye-catching displays promoting a specific product, and advertisements in such places as shopping carts and in-store video displays.

(j) Celebrity Branding

This type of advertising focuses upon using celebrity power, fame, money, popularity to gain recognition for their products and promote specific stores or products. Advertisers often advertise their products, for example, when celebrities share their favorite products or wear clothes by specific brands or designers. Celebrities are often involved in advertising campaigns such as television or print adverts to advertise specific or general products. The use of celebrities to endorse a brand can have its downsides, however. One mistake by a celebrity can be detrimental to the public relations of a brand. For example, Amitabh Bachhan appeared in many advertisements. For adverse effect, when a celebrity involved in illegal or unsocial activities, the ads contracts are cancelled also.

(k) Sales Promotions Advertising

The objective in advertising is to give message regarding sales promotion schemes to the target customers. Sales promotions are another way to advertise. Sales promotions are double

purposed because they are used to gather information about what type of customers you draw in and where they are, and to jumpstart sales. Sales promotions include things like contests and games, sweepstakes, product giveaways, samples coupons, loyalty programs, and discounts. The ultimate goal of sales promotions is to stimulate potential customers to action.

(l) Public Service Advertising

The commercial advertising techniques are used to promote social issues to inform, educate and motivate the public about non-commercial issues, such as blood donation, eye camps, and family planning, save girl child, HIV/AIDS, polio eradication programme, political ideology, traffic safety, energy conservation, nature protection, pollution control, smoking, and deforestation. 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. Public service advertising, non-commercial advertising, public interest advertising, cause marketing, and social marketing are different terms for the use of sophisticated advertising and marketing communications techniques (generally associated with commercial enterprise) on behalf of non-commercial, public interest issues and initiatives.

In the United States, the granting of television and radio licenses by the FCC is contingent upon the station broadcasting a certain amount of public service advertising. To meet these requirements, many broadcast stations in America air the bulk of their required public service announcements during the late night or early morning when the smallest percentage of viewers are watching, leaving more day and prime time commercial slots available for high-paying advertisers. In India this type of advertising is used mainly by central, state and local governments in the interest of public. This is also used by NGOs also for charity and public interest. Its use is increasing day by day at least in India.

(m) Indirect Advertising

It is called indirect or surrogate advertising. The advertisement of a product is not given directly but given 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.

6. Advertising Approaches

Increasingly, other media are overtaking many of the "traditional" media such as television, radio and newspaper because of a shift toward consumer's usage of the Internet for news and music as well as devices like digital video recorders (DVRs) such as TiVo. Advertising on the World Wide Web is a recent phenomenon. Prices of Web-based advertising space are dependent on the "relevance" of the surrounding web content and the traffic that the website receives. Digital signage is poised to become a major mass media because of its ability to reach larger audiences for less money. Digital signage also offers the unique ability to see the target audience where they are reached by the medium. Technology advances has also made it possible to control the message on digital signage with much precision, enabling the messages to be relevant to the target audience at any given time and location which in turn, gets more response from the advertising. Digital signage is being successfully employed in supermarkets. Another successful use of digital signage is in hospitality locations such as restaurants and malls.

E-mail advertising is another recent phenomenon. Unsolicited bulk E-mail advertising is known as "e-mail spam". Spam has been a problem for email users for many years. Some companies have proposed placing messages or corporate logos on the side of booster rockets and the International Space Station. Controversy exists on the effectiveness of subliminal advertising (see mind control), and the pervasiveness of mass messages (see propaganda). Unpaid advertising (also called "publicity advertising"), can provide good exposure at minimal cost. Personal recommendations ("bring a friend", "sell it"), spreading buzz, or achieving the feat of equating a brand with a common noun (in the United States, "Xerox" = "photocopier", "Kleenex" = tissue, "Vaseline" = petroleum jelly, "Hoover" = vacuum cleaner, "Nintendo" (often used by those exposed to many video games) = video games, and "Band-

Aid" = adhesive bandage) — these can be seen as the pinnacle of any advertising campaign. However, some companies oppose the use of their brand name to label an object. Equating a brand with a common noun also risks turning that brand into a generalized trademark - turning it into a generic term which means that its legal protection as a trademark is lost.

As the mobile phone became a new mass media in 1998 when the first paid downloadable content appeared on mobile phones in Finland, it was only a matter of time until mobile advertising followed, also first launched in Finland in 2000. By 2007 the value of mobile advertising had reached \$2.2 billion and providers such as Admob delivered billions of mobile ads. More advanced mobile ads include banner ads, coupons, Multimedia Messaging Service picture and video messages, advergames and various engagement marketing campaigns. A particular feature driving mobile ads is the 2D Barcode, which replaces the need to do any typing of web addresses, and uses the camera feature of modern phones to gain immediate access to web content. 83 percent of Japanese mobile phone users already are active users of 2D barcodes.

A new form of advertising that is growing rapidly is social network advertising. It is online advertising with a focus on social networking sites. This is a relatively immature market, but it has shown a lot of promises as advertisers are able to take advantage of the demographic information the user has provided to the social networking site. Friendertising is a more precise advertising term in which people are able to direct advertisements toward others directly using social network service. From time to time, The CW Television Network airs short programming breaks called "Content Wraps," to advertise one company's product during an entire commercial break. The CW pioneered "content wraps" and some products featured were Herbal Essences, Crest, Guitar Hero II, Cover Girl, and recently Toyota. Recently, there appeared a new promotion concept, "ARvertising", advertising on Augmented Reality technology.

7. Current Trends in Advertising

Under liberalisation and globalization the companies are facing tough competition in the business in worldwide markets. It has become very difficult for them to sustain their positions

in markets. It has impact on advertising also. The major trends taken place in advertising are following:

(a) Rise in New Media

With the dawn of the Internet came many new advertising opportunities. Popup, Flash, banner, Popunder, advergaming, and email advertisements (the last often being a form of spam) are now commonplace. Particularly since the rise of "entertaining" advertising, some people may like an advertisement enough to wish to watch it later or show a friend. In general, the advertising community has not yet made this easy, although some have used the Internet to widely distribute their ads to anyone willing to see or hear them. In the last three quarters of 2009 mobile and internet advertising grew by 18.1% and 9.2% respectively. Older media advertising saw declines: -10.1% (TV), -11.7% (radio), -14.8% (magazines) and -18.7% (newspapers).

(b) Niche Marketing

Another significant trend regarding future of advertising is the growing importance of the niche market using niche or targeted ads. Also brought about by the Internet and the theory of The Long Tail, advertisers will have an increasing ability to reach specific audiences. In the past, the most efficient way to deliver a message was to blanket the largest mass market audience possible. However, usage tracking, customer profiles and the growing popularity of niche content brought about by everything from blogs to social networking sites, provide advertisers with audiences that are smaller but much better defined, leading to ads that are more relevant to viewers and more effective for companies' marketing products. Among others, Comcast Spotlight is one such advertiser employing this method in their video on demand menus. These advertisements are targeted to a specific group and can be viewed by anyone wishing to find out more about a particular business or practice at any time, right from their home. This causes the viewer to become proactive and actually choose what advertisements they want to view.

(c) Crowd Sourcing

The concept of crowd sourcing has given way to the trend of user-generated advertisements. User-generated ads are created by consumers as opposed to an advertising agency or the company themselves, most often they are a result of brand sponsored advertising competitions. For the 2007 Super Bowl, the Frito-Lays division of PepsiCo held the Crash the Super Bowl contest, allowing consumers to create their own Doritos commercial. Chevrolet held a similar competition for their Tahoe line of SUVs. Due to the success of the Doritos user-generated ads in the 2007 Super Bowl, Frito-Lays re-launched the competition for the 2009 and 2010 Super Bowl. The resulting ads were among the most-watched and most-liked Super Bowl ads. In fact, the winning ad that aired in the 2009 Super Bowl was ranked by the USA Today Super Bowl Ad Meter as the top ad for the year while the winning ads that aired in the 2010 Super Bowl were found by Nielsen's Buzz Metrics to be the "most buzzed-about". This trend has given rise to several online platforms that host user-generated advertising competitions on behalf of a company. Founded in 2007, Zooppa has launched ad competitions for brands such as Google, Nike, Hershey's, General Mills, Microsoft, NBC Universal, Zinio, and Mini Cooper. Crowd sourced advertisements have gained popularity in part to its cost effective nature, high consumer engagement, and ability to generate word-of-mouth. However, it remains controversial, as the long-term impact on the advertising industry is still unclear.

(d) Regulations in Advertising

In the US many communities believe that many forms of outdoor advertising blight the public realm. As long ago as the 1960s in the US there were attempts to ban billboard advertising in the open countryside. Cities such as São Paulo have introduced an outright ban with London also having specific legislation to control unlawful displays. There have been increasing efforts to protect the public interest by regulating the content and the influence of advertising. Some examples are: the ban on television tobacco advertising imposed in many countries, and the total ban of advertising to children under 12 imposed by the Swedish government in 1991. Though that regulation continues in effect for broadcasts originating within the country, it has been weakened by the European Court of Justice, which had found that Sweden was obliged to accept foreign programming, including those from neighboring countries or via satellite.

Greece's regulations are of a similar nature, "banning advertisements for children's toys between 7 am and 10 pm and a total ban on advertisement for war toys".

In Europe and elsewhere, there is a vigorous debate on whether (or how much) advertising to children should be regulated. This debate was exacerbated by a report released by the Kaiser Family Foundation in February 2004 which suggested fast food advertising that targets children was an important factor in the epidemic of childhood obesity in the United States. In New Zealand, South Africa, Canada, and many European countries, the advertising industry operates a system of self-regulation. Advertisers, advertising agencies and the media agree on a code of advertising standards that they attempt to uphold. The general aim of such codes is to ensure that any advertising is 'legal, decent, honest and truthful'. Some self-regulatory organizations are funded by the industry, but remain independent, with the intent of upholding the standards or codes like the Advertising Standards Authority in the UK.

In India the government is interested to take steps to check false claims through advertising. It misguides the customers. In future strict rules are expected from government to check mal practices in advertising. In the UK most forms of outdoor advertising such as the display of billboards is regulated by the UK Town and County Planning system. Currently the display of an advertisement without consent from the Planning Authority is a criminal offense liable to a fine of £2,500 per offence. All of the major outdoor billboard companies in the UK have convictions of this nature. Naturally, many advertisers view governmental regulation or even self-regulation as intrusion of their freedom of speech or a necessary evil. Therefore, they employ a wide-variety of linguistic devices to bypass regulatory laws (e.g. printing English words in bold and French translations in fine print to deal with the Article 120 of the 1994 Toubon Law limiting the use of English in French advertising). The advertisement of controversial products such as cigarettes and condoms are subject to government regulation in many countries. For instance, the tobacco industry is required by law in most countries to display warnings cautioning consumers about the health hazards of their products. Linguistic variation is often used by advertisers as a creative device to reduce the impact of such requirements.

(e) Global advertising

Advertising has gone through five major stages of development: domestic, export, international, multi-national, and global. For global advertisers, there are four, potentially competing, business objectives that must be balanced when developing worldwide advertising: building a brand while speaking with one voice, developing economies of scale in the creative process, maximising local effectiveness of ads, and increasing the company's speed of implementation. Born from the evolutionary stages of global marketing are the three primary and fundamentally different approaches to the development of global advertising executions: exporting executions, producing local executions, and importing ideas that travel. Advertising research is the key to determining the success of an ad in any country or region. The ability to identify which elements and/or moments of an ad that contributes to its success is how economies of scale are maximised. Once one knows what works in an ad, that idea or ideas can be imported by any other market. Market research measures, such as Flow of Attention, Flow of Emotion and branding moments provide insight into what is working in an ad in any country or region because the measures are based on the visual, not verbal, elements of the ad

(f) Diversification

In the realm of advertising agencies, continued industry diversification has seen observers note that "big global clients don't need big global agencies any more". This is reflected by the growth of non-traditional agencies in various global markets, such as Canadian business TAXI and SMART in Australia and has been referred to as "a revolution in the ad world".

(g) New technology

The ability to record shows on digital video recorders (such as TiVo) allow users to record the programs for later viewing, enabling them to fast forward through commercials. Additionally, as more seasons of pre-recorded box sets are offered for sale of television programs; fewer people watch the shows on TV. However, the fact that these sets are sold, means the company will receive additional profits from the sales of these sets. To counter this effect, many advertisers have opted for product placement on TV shows like Survivor.

(h) Advertising education

Advertising education has become widely popular with bachelor, master and doctorate degrees becoming available in the emphasis. A surge in advertising interest is typically attributed to the strong relationship advertising plays in cultural and technological changes, such as the advance of online social networking. A unique model for teaching advertising is the student-run advertising agency, where advertising students create campaigns for real companies. In India and abroad many universities and institutes have started advertising programmes at graduation and post graduation levels.

(i) Advertising research

Advertising research is a specialized form of research that works to improve the effectiveness and efficiency of advertising. It entails numerous forms of research which employ different methodologies. Advertising research includes pre-testing (also known as copy testing) and post-testing of ads and/or campaigns—pre-testing is done before an ad airs to gauge how well it will perform and post-testing is done after an ad airs to determine the in-market impact of the ad or campaign on the consumer. Advertising research is become more popular among

(j) Evidence-based Advertising

Evidence-based advertising refers to advertising principles, which have been proven through experimental studies. They can be applied to an advertising campaign with high confidence of increasing persuasiveness regardless of time and place. Principles are usually accompanied with various conditions, which must be taken into consideration when applying them. According to Professor J. Scott Armstrong from The Wharton School, evidence-based principles “draw upon typical practice, expert opinion, factual evidence and empirical evidence.”

(k) Advertising Skills

The scope of advertising has a lot of future to go because in present life the technology has been increased that much. The advertising task is becoming more and more complex. It needs higher degree of skills for better performance The scope of advertising management mainly depends on the change in technology, for example now-a-days advertising can make a blender

by increase the sale of one thing to many people by publicity such publicity can create along sale and services towards the product used by them. Only higher required skilled persons can meet the requirements of advertising campaigns.

8. Importance of Advertising

Advertising is a favorable representation of product to make consumer, customers and general public aware of product. It let the potential buyers, general public and end users to be aware and familiar with the brands and their goods and services. Advertising can be define as a paid form of non – professional but encouraging, complimenting and positively favorable presentation of goods and services to a group of people by an identified sponsor. It does not include distribution of free samples or offering bonuses, these are sales promotion. In simplest words advertising is introduction, to consumers and general public, of services and goods. Many people think that advertising a product means to sell it. But real aim of advertising is to make general public and potential buyers aware of goods, products and services available under a brand.

The importance of advertising can be judged from the following advantages of advertising:

In a successful business, advertising play an essential and important role. Though advertising does not mean selling of products and services but it helps in increasing your sells. Advertising create awareness in people. When general public be conscious to the products, services and goods under the brands and pursuit people towards brands and make them buying better brands. Advertising is of great importance in our world of competition. It is important for both seller and buyer. Even the government cannot do without it.

First, of all, advertising introduces new products to general public. Creation of awareness is the primary objective of any advertisement. Thus, when any product is advertised, people become aware about its existence and as mentioned above, a need and craving to purchase and own the commodity. For the new products the information before advertisements are not available with customers. In this situation they cannot think to buy and use the new products. The important link is provided by the advertising.

Secondly, advertising introduces different brands of same product. Advertisement tells about qualities of each brand and we can easily select. For example there are three different brands of bicycle produced by same company.

Thirdly, government can very profitably advertise its schemes and policies. It can tell general public what it might do for good of nation. Many advertisements are given by the various governments relating to social issues to create awareness regarding issues like family planning, eye camps, girl child education, pollution control, nature protection, HIV and AIDS. Without advertising the programmes of governments cannot be planned and implemented properly.

Fourthly, it is through advertisements that we come to know of new service jobs. Qualified people apply for them and get adjusted in life. Fifthly, advertisement is a dependable and effective means of expanding education and of bringing students to educational institutions. Schools, colleges and universities advertise their classes, courses, and fees and attract students for admission.

Fifthly product differentiation for customers is very important for buying the products. Advertising is very important because there are literally thousands of companies manufacturing the same thing and what differentiates their products from each other are the brand names not the actual product. It leads the customers to take buying decision on the basis attributes explained by advertising. Without it the decision may not be proper.

Sixthly, advertising creates competitive advantage by positioning the product in such a way that people want to buy it. With the buying of the products the company's sales, profits and market shares go high. The advertiser gets competitive advantage over its competitors. There are many methods for getting competitive edge over others and advertising is one of them. The position of the company in business and markets becomes stronger due to advantages of advertising.

Seventhly it maximizes the results into a lot of revenue and profits for the company. Advertising ensures that the sales of the business increase. The second importance is that the product which is sold under the banner of a specific brand also becomes a household name.

For example, Coke or coca-cola is a house hold brand name. Same is the case of Pepsi. Such popular brand names have huge customer base that is loyal to the brand and continues to purchase the product for a prolonged time period. Such a customer base also introduces the product and brand to many other people.

Eighthly, from the business point of view, advertising not just optimizes sales and product promotion but the goodwill of the specific brand that is earned is an important asset. A well known brand not only has a good customer base but it is a great ground to introduce new products under the same banner. In such a case, there is a very high probability that people are going to purchase the new product out of curiosity. It is often said that reputation gained and maintained due to advertising helps out the business throughout the life time.

Ninthly, apart from gaining a loyal customer base, advertising is often successful in marketing the brand and conveying financial details about the brand to the consumers. The pricing details often generate an interest and the process of money planning, starts ticking in the person's mind. Offers such a buy 2 get 1 free or discounts are introduced to the consumers successfully through advertising. Such offers result into a spurt of sales and are quite instrumental for clearance sales, new introduction sales, re-release sales, etc. Advertising thus, plays quite a comprehensive role in marketing policies.

Tenthly, there is a significant importance of online advertising due to the fact that an online advertisement results into global awareness. Today, when a person feels the need to purchase something, his first reaction is to search the web. With your advertisement being present on the web, there is a high possibility that the consumer is going to purchase your product. In fact, financially speaking online marketing services are much more convenient for consumers and cheap for producers as it drastically brings down the cost of advertising.

The manifold advantages of advertising have been observed for a long period of time. However, the intensity and importance of advertising have greatly increased due to the technological advancements of the modern era. However the advertising is criticized also. Spending on advertising is huge. One often quoted statistic by market research firm Zenith Optimedia estimates that worldwide spending on advertising exceeds (US) \$400 billion. This

has increased the costs but simultaneously on other side it provides job opportunities also. Advertising can also be harmful. When advertisement misstates qualities of their products, they misguide public. When manufacturers advertise harmful products like cigarettes, they are promoting harmful products. Advertising is useful within proper limits. These limits clearly lay down by religion, law and our traditions. Finally, keeping in view it's plus and minus points it is concluded that the role played by advertising in present time in business and non profitable activities is very important. It cannot be ignored and if done so the parties would be deprived of benefits of advertising.

Chapter 3.3: Advertising Management

- 1. Introduction**
- 2. Major Decision Areas of Advertising**
- 3. Advertising Message**
- 4. Types of Advertising Appeals**
- 5. Advertising Budget**
- 6. Media**
- 7. Advertising Media Planning**
- 8. Media Planning Process**
- 9. Measuring Advertising Effectiveness**
- 10. DAGMAR Approach**

3.3: Advertising Management

1. Introduction

Advertising management is that branch of advertising management that takes care of all aspects relating to advertising in the organization. Advertising management is a career path in the advertising industry. Advertising & promotions managers may work for an agency, a PR firm, a media outlet, or may be hired directly by a company to develop branding for the company's product or service. This position can include supervising employees, acting as a liaison between multiple agencies working on a project, or creating and implementing promotional campaigns. Regarding terminology, while advertising is the promotional campaign itself, advertising management can address the whole process - the function of marketing starting from market research continuing through advertising, leading to actual sales or achievement of objective, potentially including evaluation of the entire cost-benefits to the company involved.

Advertising management incorporates various specialised sub-functions like media strategy, message strategy, media planning, media buying etc. Advertising management is the process of overseeing campaigns that seek to inform and attract consumers regarding a particular good or service. This process begins with the first stages of the market research that helps to create the advertising strategy, moves on to the development of the general outline for the campaign, the creation of a specific plan of action and the launching of the completed project. Without effective advertising management, ad campaigns and public relations efforts tend to founder and produce little or no results.

Effective advertising always begins by engaging in competent advertising research. The research helps to identify the sectors of the consumer market that are most likely to positively respond to a given product. In order to identify these niche markets within the larger group of consumers, researchers will not only seek to understand what appeals to these buyers but why those goods and services have that inherent appeal. The data collected from the research can then be used to enhance the marketability of products, addressing everything from function to packaging. The next phase of the advertising management process has to do with deciding

exactly how to apply the data collected during the research stage. Here the basis for deciding on what forms of advertising are most appropriate begins to take shape. Depending on the specifics of the products and the nature of the niche markets that the campaign will seek to connect with, advertising services such as print media, radio, television, or the Internet may be deemed the most appropriate options.

Once the niche markets are identified and the determination of which types of advertising media are most appropriate for the campaign, advertising management focuses on the creation of the specifics of the overall campaign. This may involve such elements as the development of print ads for use in magazines and newspapers, audio campaigns for radio advertising, or commercials appropriate for television broadcast or streaming across the Internet. Because any given campaign may use several advertising options in one campaign, the process of advertising management also involves making sure all strategies complement one another and present a unified public image to consumers. It is necessary to possess the proper training. Advertising training is often a combination of formal education and experience derived from working under the direction of more seasoned professionals who have learned over time how to identify and interact with consumers in order to secure the data needed to structure a campaign. While creativity and inspiration are always vital elements in any advertising campaign, the ability to organize and view the greater picture are essential to managing the process and launching a campaign that will successfully reach the right consumers and generate the desired amount of revenue over the lifetime of the campaign.

While advertising management is an inseparable part of the marketing department, usually, the marketing department of an organisation is concerned more with market research and evaluation of results. All the critical processes of advertising management are generally outsourced to specialised advertising agencies. For example the media buying is done in bulk by these ad agencies on which they receive discount/commission that goes into their earning. It involves designing the strategies to be adopted for influencing the public ie media selection and deciding on the aspect to be advertised based on the image of the company and the present marketing objective.

2. Major Decision Areas of Advertising

Advertising is defined as any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor. Advertising could be through various media: magazine and newspaper space, radio and television; outdoor displays, direct mail, novelties, catalogs, directories and circulars. And advertising has many purposes, long term buildup of the organizations corporate image. Long-term build up of a particular brand announcement of a special sale, advocacy of a particular cause and information dissemination about a sale/service of automobile, property etc. The organizations handle their advertising in different ways. In small companies, advertising is handled by someone in the sales or marketing department, who works with an ad agency. A large company will often set up its own advertising department or else hire an ad agency to do the job of preparing advertising programmes.

In developing an advertising programme, marketing managers must always start identifying the target market and buyer motives. The five major decisions in developing an advertising program are known as five Ms of advertising. The decision areas start with letter M and are five in numbers that is why these are called 5Ms. These are following;

- (a) Mission: what are the advertising objectives?
- (b) Money: how much can be spent?
- (c) Message: what message can be sent?
- (d) Media: what media should be used
- (e) Measurement: how should the results be evaluated?

The above mentioned five Ms can be explained by the diagram given below:

Table 3.3.1: The 5Ms of Advertising

The 5Ms of Advertising	
Checklist for planning of each M of a advertising campaign.	
<ul style="list-style-type: none"> • Mission 	<ul style="list-style-type: none"> • What are the objectives? • What is the key objective? • What would be objective in future?
<ul style="list-style-type: none"> • Money 	<ul style="list-style-type: none"> • How much is it worth to reach my objectives? • How much can be spent? • What methods of fixing money amount be used?
<ul style="list-style-type: none"> • Message 	<ul style="list-style-type: none"> • What message should be sent? • In which language is to be sent? • What points are to be focused in message copy? • Is the message clear and easily understood?
<ul style="list-style-type: none"> • Media 	<ul style="list-style-type: none"> • What media vehicles are available? • What is the coverage of available media? • How much cost is involved in selected media? • What is the effectiveness of selected media? • What media vehicles should be used? • What time, duration and frequency media is to be used?
<ul style="list-style-type: none"> • Measurement 	<ul style="list-style-type: none"> • How should the result be measured? • How much is the deviation between result and objectives of advertising? • What should be follow up action to check deviation?

An advertiser has to take decisions on these five Ms and these are explained in detailed in the following paragraphs:

(a) Mission

This refers to the purpose/objective behind advertising. The objectives behind advertising are varied in character. They include sales promotion, information and guidance to consumers, developing brand loyalty, market goodwill, facing market competition effectively, making the products popular/successful and introduction of a new product. Decision in regard to mission is a basic one as other decisions are to be adjusted as per the mission or objective or purpose of advertising decided. For consumer products like chocolate, tooth paste, soap, the mission/objective include facing market competition, sales promotion and making the product popular in the market.

(b) Money

This refers to the finance provided for advertising purpose (advertising budget). It means the budget allocation made by the company for advertising. Money provided is a limiting factor as effectiveness of advertising, media used, coverage of advertising, etc. are related to the funds provided for advertising purpose. Advertising is costly and companies have to spend crores of rupees for this purpose. Advertising should be always within the limits of funds provided. Naturally, decisions on advertising package should be adjusted as per the budget allocation for advertising. It may be noted that consumer products like tooth paste or chocolate are highly competitive with many substitutes easily available in the market. Naturally, extensive advertising on TV, newspapers, radio, etc. is required. These media are costly. Naturally, the manufacturing/marketing company will have to provide huge money for advertising purpose.

(c) Message

Message is provided through the text of advertisement. The message is given through written words, pictures, slogans and so on. The message is for the information, guidance and motivation of prospective buyers. Attractive and meaningful messages give positive results and the advertising becomes result-oriented. The services of creative writers, artists, etc. are

used for giving attractive message to the consumers. Here, the advertiser has to decide the message to be given, the media to be used for communicating the message, the extent of creativity, the specific customer group selected for giving the message and so on. The message is also related to the decisions taken as regards mission and money provided for advertising. For advertising consumer product like chocolate, the message is important. The buyers are mainly children and others of lower age groups or for the benefit (pleasure and satisfaction) of younger generation. The advertising message should be simple and easily understandable with the help of picture or slogan. It should be also attractive and agreeable to younger generation. The pictures or slogans used should be short and impressive.

(d) Media

Media of advertising are already noted previously. The advertiser has to take decision about the media to be used for advertising purpose. Media differ as regards cost, coverage, effectiveness and so on. The selection of media depends on the budget provided, products to be advertised, and features of prospective buyers and so on. Wrong decision on media may make advertising ineffective and money spent will be wasted. This suggests that media should be selected properly and decision in this regard is important and critical. For advertising popular and extensively used consumer items like chocolate, the media should be selected properly. TV advertising particularly a cartoon channel, advertising in children books or newspaper supplements for children, advertising on radio programmes for children, etc.

(e) Measure

Measure relates to the effectiveness of advertising. An advertiser will like to make evaluation of advertisement in order to judge its effectiveness. If an advertisement is not effective /purposeful, it will be modified or withdrawn. This is necessary for avoiding expenditure on the advertisement which is not effective or is not likely to give positive results. An advertiser has to measure the effectiveness of his advertisement programme/ campaign and take suitable decisions. This decision-making as regards effectiveness of advertising is equally important and essential. Such testing facilitates introduction of suitable remedial measures, if required. For measuring effectiveness of chocolate advertising, the post advertising sale is one major

consideration. Demand creation in new market segments or in new age groups is another consideration for the measurement of advertising effectiveness. Even success of sales promotion programme is useful for measuring advertising effectiveness. In brief, like other areas of marketing management, decision-making is necessary in advertising. This relates to Five Ms - mission, money, message, media and measurement.

3. Advertising Message

Message is an important part of decision areas of advertising. It is only through message the ideas regarding the products and services reach to the target customers. The message should be in position to communicate the information properly. If done so the objective of advertising would be fulfilled. Effective message should be prepared and given for advertising. The message is often considered as the most vital part in the communication process. The “message is the thought, idea, image, or other information that the advertiser wishes to convey to the targeted audience“. How an advertising message is presented is critically important in determining its effectiveness. Brand or promotion managers must focus on what will be the message content, how this information will be structured for communication and what kind of message appeal would be appropriate. Effective communication requires the message source to create (encoding) a message that can be interpreted (decoding) by the intended message receiver. In advertising, the act of creating a message is often considered the creative aspect of carrying out an advertising campaign. And because it is a creative process, the number of different ways a message can be generated is limited only by the imagination of those responsible for developing the message. When creating an advertising message the marketer must consider such issues as:

- (a) General Message Factors
- (b) Message Structure
- (c) Message Testing

The points are explained in the following paragraph;

(a) General Message Factors

When preparing a message for advertising the following points are to be considered:

(i) Attract customers by eye catching message: Customer must be kept glued to words. They may leave at any point of your copy so keep it attractive and relevant to their needs, right through to their decision to purchase. Words, pictures are to be selected as per expectation of the customers. Don't go overboard with pictures, it's words that sell. The product photo of course is needed but it's the caption or headline that will make the difference. And the headline will be a benefit. People buy products for what it will do for them, not what it looks like. Quite often, it is seen products like printers with features listed below an image. Here the advertiser has assumed that everyone knows the benefits of their printer and just need to know the specific features.

However a lot of people do not respond to pictures and lists of features, but they may respond to a photo of the product in use. For example you could show a child sitting using a computer. But that's not enough. Add a headline such as...Now your child can obtain higher grades and that should get parents interested. You get the idea. The body text would describe how the computer helps children to learn. Be very wary about using an agency to produce your copy writing. They may not know the principles involved in successful selling. The only way you can be sure is to have control over the production usually unlikely when dealing with agencies or produce the content yourself.

(ii) Content strategies:

- **Descriptions:** A lot of promotional documents leave the customer to guess at the benefits of the product or service advertised. They just describe it and their company. This is not good. Don't do it this way.
- **Comparisons:** Here you could compare your product/service with your competitors and specify how much better yours is. You could get in trouble if you name the other company and/or can't back up your claims with evidence. Works best by you having a major provable advantage over your competitors and not naming them.

- **Storyline:** A favorite with lots of folk. Tell a story involving the person the customer will relate to in a situation that shows the benefits your product/service gives that person. Use a before using the product and after using the product strategy. At the end the person will summaries how much better their situation is now after using your product. And you tell your readers how it will help them as well. The hard bit is writing a true story. It's less effective than a made up one.
- The most effective strategy is to use the well-known AIDCA formula.

(iii) Inspiration: The message is to go for a walk in the countryside. There are two halves to our brains; the left being for logical functions and the right half for creative thinking. Apparently few logical people are able to take advantage of the creative side at will. You have to relax and trick the brain into releasing your ideas. Walking and day dreaming are a couple of techniques to employ.

(iv) Ideas for copy: You need to saturate your brain with all the elements about your product or service. Study what your product is made of, how strong it is and how it is put together. Consider the manufacturing process and the care taken throughout the production. Write down all these details with the angle of how much better than our competitors is our product and in what ways? Write down your conclusions. Do the same for your service. Take your service apart and study it as individual steps. Do your customers know about these steps? What benefits do these steps have for your customers? May be your competitors don't mention theirs and you could take advantage of this.

(v) Producing ads copy: Don't overdo it when you first start to put your ideas down on paper. Go over your notes and details about your product or service a few times and have a break from that particular subject for a day or too if necessary. I am not saying take it too easy but don't try to force yourself, it won't work. During this initial period you may well be getting flashes of inspiration and ideas ay odd moments. Write them down. I would advise always carrying a notebook or maybe a voice recorder to ensure all your creativity is not lost. When you have decided to formally put everything down, find yourself a quiet room and ideally use a large to record your information. Remember, you are writing down what it is you want to say to your customers to make them buy.

Write down the most important buying factor on the pad. Then continue to put down all the others related to customer needs and buying factors. Forget any logical order, put them down as they come to you, adding detail as necessary. Keep relaxed and don't censor any ideas you have (unless they are too far removed from your area). You could introduce others into this exercise and in effect hold a group brainstorming session. You should end up with several pages of ideas.

(vi) Compiling messages needed to sell: You will see many ideas that you are familiar with but there may be some that you are not. Do some research on these? Your competitors may not have bothered and there could be some gold here. Next you need to group together related ideas with colored pens. You would find some remaining that don't fit in a group, but keep these. They may come to life later. Now you need to structure your results so that you can develop your story to relay to your customer. Put the group headings around a circle and then like the legs of a spider put the related ideas along them in order of sequence, importance or whatever criteria you have decided. As you do all this your creative side will flag up more ideas to add to the pool. Now you can get some feedback from colleagues or even customers on what you have produced. This will optimize your results even further.

(vii) Producing your copy framework: You have two choices here. Hand your work over to a copywriter or carry on yourself. If you are carrying on yourself you need to decide on the most appropriate approach as defined in section 2 above; descriptions, comparative, situation or benefits.

Your message will be built around the AIDCA structure.

- **Attention:** You must get the readers' attention within seconds using your headline.
- **Interest:** Get your prospect interested in your product.
- **Desire:** This is where you detail how their needs can be fulfilled.
- **Conviction:** Provide proof that this is the product that they need.
- **Action:** Here you tell them what they must do to get it.

(viii) Using the AIDCA formula: Attention seeking headlines: Often the headline is left till last as it is the most difficult part of the message. And you may find it in the main copy itself.

Short headlines rarely work. Remember, if you are using a picture it is the words that will matter. The picture is a supporting element.

- Benefit type headlines are best (even better if they are tiny storylines) with News type second best. Generally you should include your product and the main benefit. Length is less important. Brochures, mail shots and magazine adverts tend to have longer headlines than straightforward advertisements.
- Interest to be aroused: This is where you tell your main story using one of the strategies described earlier; description, comparative, situation or benefits.
- Concentrate on how your product or service fulfils primary and secondary needs. Relate how it satisfies the customers buying factors and success factors that you have defined in your marketing assessment.
- Desire to be created: You need to be enthusiastic here in describing what the product or service can do for the customer. Convince them that they will really benefit from your product. Expand on the detail. For example if your car is economical to run then write about how much money they will save and then buy a holiday with it.
- Conviction needed: Here you need to prove to the reader that your claims about your product are true. Assume that they will disbelieve your claims. If you have statistics use them. Show graphs. Show testimonials or endorsements from satisfied customers. Don't make them up. How could you prove they were real?
- Action: It is imperative that you tell your readers what action you want them to take. And include a benefit along with it. For example; "Send for our full color catalogue. It's free, there is no obligation to buy."

(b) Advertising Message Structure

Message structure refers to how the element of a message are organized .Extensive research has been conducted to understand how the message structure influences its effectiveness and includes “message sidedness, refutation, order of presentation, conclusion drawing and verbal versus visual message characteristics. A message can be either one-sided or two sided. A one-sided message mentions only benefit or positive attributes of the product or service. For example advertisements of Maruti 800 only address its advantage and don't mention any of its

weakness. If the audience is preferably predisposed, or if it is not likely to hear an opposing argument, then a one sided message appears to be most effective. A two sided message highlights both the strengths and weaknesses.

If the audience is hostile, critical and well educated then it is likely to hear opposing claims about the product or service. A two sided message is hugely successful in a market of high competition where every player claims its superiority. In such cases an advertisement can be hugely effective and can claim credibility by disclaiming superiority of some features over other competitors, just as Khaitan fan claimed that they might be better than others in every way but they are more expensive than them. This strategy helps provide consumers with “counter argument “to dilute any attacks by competing brands. Two sided are often seen in case of comparative advertising where the name of one or more competitors are openly mentioned for the purpose of claiming overall superiority or superiority on selective attribute basis. To enhance credibility, the advertiser usually mentions an independent research as the supplier of comparison data.

One-sided messages tend to confirm what the audience already believes about the brand and therefore consumers generate cognitive responses in the form of support arguments which reinforce their initial position. When the audiences are not preferably predisposed, a two sided message is more effective because it acknowledges their initial position and the consumers that view the advertiser as more honest and credible. That minimizes the audience’s use of counter-arguments as the advertiser is perceived as being trustworthy leading to better acceptability of the advertiser’s message. Refutation appeals in an advertising message are considered as a special type of two sided message. The advertisers first present both strong and weak points about the product or service and then the views concerning the weaknesses. This approach is particularly useful when the advertiser wishes to inculcate favorable consumer attitudes toward the product or the firm. The ad is aimed to build resistance in the consumer mind against competitor attacks or criticism. According to many, reputational ads led consumers to generate more support arguments than ads with only supportive information.

Most advertising messages share common components within the message including:

- (i) **The appeal:** This refers to the underlying idea that captures the attention of a message receiver. Appeals can fall into such categories as emotional, and rational. Further emotional appeals include personal and social appeals. These are explained under the following paragraphs.
- (ii) **Value proposition:** The advertising message often contains a reason for customers to be interested in the product which often means the ad will emphasize the benefits obtained from using the product.
- (iii) **Slogan:** To help position the product in a customer's mind and distinguish it from competitors' offerings, advertisements will contain a word or phrase that is repeated across several different messages and different media outlets.

(c) Advertising Message Testing

Before choosing a specific message marketers running large advertising campaigns will want to have confidence in their message by having potential members of the targeted audience provide feedback. The most popular method of testing advertising for the marketer (or their ad agency) is to conduct focus groups where several advertising messages are presented. On the Internet, advertising delivery technology allows for testing of ads by randomly exposing website visitors to different ads and then measuring their response.

4. Types of Advertising Appeals

Advertising appeals aim to influence the way consumers view themselves and how buying certain products can prove to be beneficial for them. The message conveyed through advertising appeals influences the purchasing decisions of consumers. The most basic of human needs is the need for food, clothing and shelter. Special need for these necessities cannot be created with advertising. However there are certain other products that provide comfort in life and advertising aims to generate demand for these products. Advertising uses appeals as a way of persuading people to buy certain products. Advertising appeals are designed in a way so as to create a positive image of the individuals who use certain products. Advertising agencies and companies use different types of advertising appeals to influence the purchasing decisions of people.

The most important types of advertising appeals include emotional and rational appeals. Emotional appeals are often effective for the youth while rational appeals work well for products directed towards the older generation. Here are just some of the various different kinds of advertising appeals seen in the media today:

(a) Emotional Appeals

An emotional appeal is related to an individual's psychological and social needs for purchasing certain products and services. Many consumers are emotionally motivated or driven to make certain purchases. Advertisers aim to cash in on the emotional appeal and this works particularly well where there is not much difference between multiple product brands and its offerings. Emotional appeal includes personal and social aspects. These are explained as follows:

(i) Social appeals: Social factors cause people to make purchases and include such aspects as recognition, respect, involvement, affiliation, rejection, acceptance, status and approval. In an advertisement appeal is made relating to social issues like recognition, status, respect, approval. Those who are conscious about the social issues get attracted by the appeal. Mercedes Benz car is used in advertisement for status appeal. Those who enjoy better position in society go for purchase due to social appeals.

(ii) Personal appeal: Some personal emotions that can drive individuals to purchase products include safety, fear, love, humor, joy, happiness, sentiment, stimulation, pride, self esteem, pleasure, comfort, ambition, nostalgia etc. The personal appeals are explained as follows:

- **Fear appeal:** Fear is also an important factor that can have incredible influence on individuals. Fear is often used to good effect in advertising and marketing campaigns of beauty and health products including insurance. Advertising experts indicate that using moderate levels of fear in advertising can prove to be effective.

- **Humor appeal:** Humor is an element that is used in around 30% of the advertisements. Humor can be an excellent tool to catch the viewer's attention and help in achieving instant recall which can work well for the sale of the product. Humor can be used effectively when it is related to some benefit that the customer can derive without which the joke might overpower the message.
- **Sex appeal:** Sex and nudity have always sold well. Sexuality, sexual suggestiveness, over sexuality or sensuality raises curiosity of the audience and can result in strong feelings about the advertisement. It can also result in the product appearing interesting. However use of sex in types of advertising appeals can have a boomerang effect if it is not used carefully. It can interfere with the actual message of the advertisement and purpose of the product and can also cause low brand recall. If this is used then it should be an integral part of the product and should not seem vulgar. The shift should be towards sensuality.
- **Music appeal:** Music can be used as types of advertising appeals as it has a certain intrinsic value and can help in increasing the persuasiveness of the advertisement. It can also help capture attention and increase customer recall.
- **Scarcity appeal:** Scarcity appeals are based on limited supplies or limited time period for purchase of products and are often used while employing promotional tools including sweepstakes, contests etc.
- **Masculine Feminine appeal:** Used in cosmetic or beauty products and also clothing. This type of appeal aims at creating the impression of the perfect person. The message is that the product will infuse the perfection or the stated qualities in you.
- **Brand appeal:** This appeal is directed towards people who are brand conscious and wish to choose particular products to make a brand statement. Brand appeal helps in attracting the customers over the non branded products.

- **Snob appeal:** This appeal is directed towards creating feeling of desire or envy for products that are termed top of the line or that have considerable qualities of luxury, elegance associated with them.
- **Adventure appeal:** This appeal is directed towards giving the impression that purchasing a product will change the individual's life radically and fill it with fun, adventure and action. These things are shown in the advertisements given by the companies
- **Less than Perfect appeal:** Advertisements often try to influence people to make certain purchases by pointing out their inadequacies or making them feel less perfect and more dissatisfied with their present condition. These types of advertising appeals are used in cosmetic and health industries.
- **Romance appeal:** These advertisements display the attraction between the sexes. The appeal is used to signify that buying certain products will have a positive impact on the opposite sex and improve your romantic or love life. Fragrances, automobiles and other products use these types of advertising appeals.
- **Youth appeal:** Advertisements that reflect youth giving aspects or ingredients of products use these types of appeals. Cosmetic products in particular make use of these appeals.
- **Endorsement:** Celebrities and well known personalities often endorse certain products and their pitching can help drive the sales. Many celebrities have been endorsement by advertisers for advertisements of their products like Amitabh Bachchan, Salman Khan etc.
- **Plain appeal:** These advertisements use every day aspects of life and appeal to ordinary people regarding the use of a product or service. The focus of appeal is on routine of daily life. It is for common man to use the products in daily uses

- **Bandwagon appeal:** This type of advertising appeal is meant to signify that since everybody is doing something you should be a part of the crowd as well. It appeals towards the popularity aspect or coolness aspect of a person using a particular product or service.

(b) Rational Appeals

Rational appeals as the name suggests aims to focus on the individual's functional, utilitarian or practical needs for particular products and services. Such appeals emphasize the characteristics and features of the product and the service and how it would be beneficial to own or use the particular brand. Print media is particularly well suited for rational appeals and is often used with good success. It is also suited for business to business advertisers and for products that are complex and that need high degree of attention and involvement. Its directly related to the thinking process of the audience that involve some sort of a deliberate reasoning process, that a person believe would be acceptable from other members of his social group. You may consider some buying motives behind such appeal that can be considered rational under normal circumstances. These appeals are:

(i) High quality appeal: Most of the consumers durable like Plasma TV, stereophonic music system or other electronic or PC hardware items too are bought for their high quality. Appeal is made on the quality of the products and its quality of performance. Without increasing price, high quality products are offered by the company claimed in advertising.

(ii) Low price appeal: Many people buy low priced locally made like air conditioners for their home because they believe that these products will perform the same as rationally reputed brands. In this case he is exhibiting a rational motive.

(iii) Long life appeal: the durability time factors plays important role for a few prospect performance, ease of use, re-sale value and economy are the matter considered before purchase. Appeal is made on durability of products that would keep the products for longer time in use.

(iv) Emotional motive appeal: Usually the emotional motives are below the level of consciousness they may not be recognized by a person, even if recognized the person may be unwilling to admit to others because he or she may feel that it would be unacceptable as a proper reason for buying among his her associates and colleagues example like sex toys.

These days, promotion and advertising have assumed significant importance to sell products in the global markets for most companies. The increased competition in the markets has compelled people to think of unique advertising techniques to outdo their competitors. Advertising appeals is the approach to attract the consumers and prove to them how your product can satisfy all their needs. Advertising appeals are decided by the senior members of the marketing department of a company by keeping in mind the kind of people they wish to attract to buy their products. Out of the above mentioned appeals these are used individually and in combination depending upon situation to situation.

5. Advertising Budget

Budget is the statement of source and expenses of fund that is used to achieve the objectives. Advertising budget is summary of source of income and expenditure to be made on advertising activities. The advertising budget is to be prepared well in time before the advertising campaign. Without budget the tasks cannot be completed properly. Setting an advertising objective is easy, but achieving the objective requires a well-thought out strategy. One key factor affecting the strategy used to achieve advertising objectives is how much money an organization has to spend. The funds designated for advertising make up the advertising budget and it reflects the amount an organization is willing (i.e., approved by high-level management) to commit to achieve its advertising objectives.

The advertising budget of a business typically grows out of the marketing goals and objectives of the company, although fiscal realities can play a large part as well, especially for new and/or small business enterprises. As William Cohen stated in *The Entrepreneur and Small Business Problem Solver*, "In some cases your budget will be established before goals and objectives due to your limited resources. It will be a given, and you may have to modify your goals and objectives. If money is available, you can work the other way around and see

how much money it will take to reach the goals and objectives you have established." Along with marketing objectives and financial resources, the small business owner also needs to consider the nature of the market, the size and demographics of the target audience, and the position of the advertiser's product or service within it when putting together an advertising budget.

(a) Budgeting Methods

Advertising budget is to be fixed for advertising activities time to time. The advertising managers use different methods for fixing this budget. There is not hard and fast rule that a particular method is to be used. There are several allocation methods used in developing a budget. The most common are listed below:

- (i) Percentage of sales method
- (ii) Objective and task method
- (iii) Competitive parity method
- (iv) Market share method
- (v) Affordable method
- (vi) Combination method

These methods of advertising are explained in the following paragraphs:

(i) Percentage of sales method: Due to its simplicity, the percentage of sales method is the most commonly used by small businesses. When using this method an advertiser takes a percentage of either past or anticipated sales and allocates that percentage of the overall budget to advertising. Critics of this method, though, charge that using past sales for figuring the advertising budget is too conservative and that it can stunt growth. However, it might be safer for a small business to use this method if the ownership feels that future returns cannot be safely anticipated. On the other hand, an established business, with well-established profit trends, will tend to use anticipated sales when figuring advertising expenditures. This method can be especially effective if the business compares its sales with those of the competition (if available) when figuring its budget.

(ii) Objectives and tasks method: Because of the importance of objectives in business, the task and objective method is considered by many to make the most sense, and is therefore used by most large businesses. The benefit of this method is that it allows the advertiser to correlate advertising expenditures to overall marketing objectives. This correlation is important because it keeps spending focused on primary business goals. With this method, a business needs to first establish concrete marketing objectives, which are often articulated in the "selling proposal," and then develop complimentary advertising objectives, which are articulated in the "positioning statement." After these objectives have been established, the advertiser determines how much it will cost to meet them. Of course, fiscal realities need to be figured into this methodology as well. Some objectives (expansion of area market share by 15 percent within a year, for instance) may only be reachable through advertising expenditures that are beyond the capacity of a small business. In such cases, small business owners must scale down their objectives so that they reflect the financial situation under which they are operating.

(iii) Competition parity method: While keeping one's own objectives in mind, it is often useful for a business to compare its advertising spending with that of its competitors. The theory here is that if a business is aware of how much its competitors are spending to inform, persuade, and remind (the three general aims of advertising) the consumer of their products and services, then that business can, in order to remain competitive, either spend more, the same, or less on its own advertising. However, as Alexander Hiam and Charles D. Schewe suggested in *The Portable MBA in Marketing*, a business should not assume that its competitors have similar or even comparable objectives. While it is important for small businesses to maintain an awareness of the competition's health and guiding philosophies, it is not always advisable to follow a competitor's course.

(iv) Market share method: Similar to competitive parity, the market share method bases its budgeting strategy on external market trends. With this method a business equates its market share with its advertising expenditures. Critics of this method contend that companies that use market share numbers to arrive at an advertising budget are ultimately predicating their advertising on an arbitrary guideline that does not adequately reflect future goals.

(v) Affordable method: With this method, advertisers base their budgets on what they can afford. Of course, arriving at a conclusion about what a small business can afford in the realm of advertising is often a difficult task, one that needs to incorporate overall objectives and goals, competition, presence in the market, unit sales, sales trends, operating costs, and other factors.

(vi) Combination method: Combination method for fixing the advertising budget is very complex one. It decides the budget on the basis of the available methods as per the need. It entirely depends upon the advertising manager and situation to select a combination of various methods. It should meet the requirements of the advertising complain. In combination one, two or more methods may be considered but not sure which one to be considered. In practice this method is mainly used for fixing advertising budget because none of the methods are purely used for budget fixing. It may consider competition level, capacity to afford, tasks and objectives methods. It is important to notice that most of these methods are often combined in any number of ways, depending on the situation. Because of this, these methods should not be seen as rigid, but rather as building blocks that can be combined, modified, or discarded as necessary. Remember, a business must be flexible—ready to change course, goals, and philosophy when the market and the consumer demand such a change.

Now in mind of the manager responsible for fixing advertising budget definitely a question is there that which method is the best for fixing advertising budget. None of the above mentioned methods can claim as the best method. Only it can be said that the combination method is flexible and can be adjusted as per the changing needs so it can be said the best method.

(b) Advertising Negotiations and Discounts

No matter what allocation method, media, and campaign strategy that advertisers choose, there are still ways small businesses can make their advertising as cost effective as possible. Writing in *The Entrepreneur and Small Business Problem Solver*, author William Cohen put together a list of "special negotiation possibilities and discounts" that can be helpful to small businesses in maximizing their advertising budget effectiveness:

- (i) **Mail order discounts:** Many magazines will offer significant discounts to businesses that use mail order advertising.
- (ii) **Per Inquiry deals:** Television, radio, and magazines sometimes only charge advertisers for advertisements that actually lead to a response or sale.
- (iii) **Frequency discounts:** Some media may offer lower rates to businesses that commit to a certain amount of advertising with them.
- (iv) **Stand-by rates:** Some businesses will buy the right to wait for an opening in a vehicle's broadcasting schedule; this is an option that carries considerable uncertainty, for one never knows when a cancellation or other event will provide them with an opening, but this option often allows advertisers to save between 40 and 50 percent on usual rates.
- (v) **Help if necessary:** Under this agreement, a mail order outfit will run an advertiser's ad until that advertiser breaks even.
- (vi) **Remnants and regional editions:** Regional advertising space in magazines is often unsold and can, therefore, be purchased at a reduced rate.
- (vii) **Barter:** Some businesses may be able to offer products and services in return for reduced advertising rates.
- (viii) **Seasonal discounts:** Many media reduce the cost of advertising with them during certain parts of the year.
- (ix) **Spread discounts:** Some magazines or newspapers may be willing to offer lower rates to advertisers who regularly purchase space for large (two to three page) advertisements.
- (x) **An in-house agency:** If a business has the expertise, it can develop its own advertising agency and enjoy the discounts that other agencies receive.
- (xi) **Cost discounts:** Some media, especially smaller outfits, are willing to offer discounts to those businesses that pay for their advertising in cash.

Of course, small business owners must resist the temptation to choose an advertising medium only because it is cost effective. In addition to providing a good value, the medium must be able to deliver the advertiser's message to present and potential customers.

6. Media

Media like data is the plural form of a word borrowed directly from Latin. The singular of it is Medium early developed the meaning “an intervening agency, means, or instrument” and was first applied to newspapers two centuries ago. In the 1920s media began to appear as a singular collective noun, sometimes with the plural media. This singular use is now common in the fields of mass communication and advertising, but it is not frequently found outside them: in general, "media" refers to various means of communication. For example, television, radio, and the newspaper are different types of media. The term can also be used as a collective noun for the press or news reporting agencies. Communication channels through which news, entertainment, education, data, or promotional messages are disseminated. Media includes every broadcasting and narrowcasting medium such as newspapers, magazines, TV, radio, billboards, direct mail, telephone, fax, and internet.

(a) Types of Media

In terms of overall advertising expenditures, media advertising is still dominated by Press and television, which are of comparable size (by value of 'sales'). Posters and radio follow some way behind, with cinema representing a very specialist medium. Different types of media and their features are explained as follows:

(i) **Press:** In the United Kingdom, spending is dominated by the national and regional newspapers, the latter taking almost all the classified advertising revenue. The magazines and trade or technical journal markets are about the same size as each other, but are less than half that of the newspaper sectors.

- **National newspapers:** These are still traditionally categorized, from the media buyer's viewpoint, on the basis of class; even though this is of declining importance to many advertisers. 'Quality' newspapers for example, tend to have a readership profile of in excess of 80 per cent of ABC1 readers, though it is more difficult to segment readerships by age categories. They are obviously best matched to national advertisers who are happy with black and white advertisements, although colour is now available - and high-quality

colour is available in some supplements. National newspapers in general, and the quality Press in particular, are supposed to carry more 'weight' with their readers (since they are deliberately read, not treated just as 'background'); so that an advertisement placed in one is taken more seriously than a comparable one in a regional newspaper, although it may be more transitory (since it is not kept for reference as some local weeklies may be).

- **Regional newspapers:** These may be dailies, which look and perform much like the nationals, or weeklies, which are more specialized, though they dominate the classified advertising market. There is usually much more advertising competing for the reader's attention, and the weekly newspaper is now largely the province of the 'free-sheet'—typically delivered free to all homes in a given area—which earn revenue from their high proportion of advertising, and accordingly having the least 'weight' of all.

Advertisements in newspapers, referred to as 'insertions', are usually specified as so many centimeters across so many columns. In these days of metrication, a multiple of 3 cm is used as the standard measure in the UK, instead of the previously traditional inch. Thus, a '30 cm double' is an advertisement that is 30 cm long, down the page, and across two columns of type; where the width of columns varies from paper to paper - an important consideration when you are having the printing 'blocks' made. The position is also often specified; so that, for example, an advertiser of a unit trust will probably pay extra to make certain that the insertion is next to the financial pages.

- **Magazines:** These offer a more selective audience (which is more 'involved', with the editorial content at least). Magazines are traditionally categorized into general interest, special interest and trade or technical. The advertiser will, therefore, be able to select those that match the specific profile demanded by the advertising strategy. The weight, or 'authority', of magazines is correspondingly high, and they may be kept for a considerable time for use as reference - and passed to other readers (so that 'readership' figures may be much higher than 'circulation' figures). They can offer excellent colour printing; but, again, the clutter of many competing advertisements may reduce the impact of the advertiser's message.

- **Trade and technical:** In the trade and professional fields there are now a significant number of 'controlled circulation' magazines. These are like the 'free Press', in that they are delivered free to the recipients; but, at least in theory, those recipients should have been carefully screened to ensure that they are of value to the advertisers - and the circulation can, if properly controlled, represent a wide cross-section of the buyers, and influencers, in the advertiser's target audience. The rates for positioning are usually more varied than for newspapers, with premiums being paid for facing editorial matter and, of course, for colour.

(ii) Television: This is normally the most expensive medium, and as such is generally only open to the major advertisers, although some regional contractors offer more affordable packages to their local advertisers. It offers by far the widest coverage, particularly at peak hours (roughly 7.00—10.30 p.m.) and especially of family audiences. Offering sight, sound, movement and colour, it has the greatest impact, especially for those products or services where a 'demonstration' is essential; since it combines the virtues of both the 'story-teller' and the 'demonstrator'. To be effective, these messages must be simple and able to overcome surrounding family life distractions—especially the TV remote.

Television is relatively unselective, and offers relatively poor coverage of upper class and younger age groups. Being regionally based, however, it can be used for regional trials or promotions (including test markets). The price structures can be complicated, with the 'rate card' (the price list) offering different prices for different times throughout the day. This is further complicated by a wide range of special promotional packages and individual negotiations. This complication provides work for specialist media buyers. Satellite television—long believed the medium of the future, as once was cable television has largely fulfilled that expectation in the US. It is now an important feature in other countries, though terrestrial 'free view' broadcasting poses a challenge.

(iii) Posters: This is something of a specialist medium, which is generally used in support of campaigns using other media. On the other hand, some advertisers, particularly those in brewing and tobacco, have successfully made significant use of the medium; although, to achieve this, they have developed the requisite expertise to make efficient use of its

peculiarities. The main roadside posters are described in terms of how the poster is physically posted on to them (pasted on, one sheet at a time, by a bill-poster); as 16 sheet (the main, 10' x 6'8" size in vertical format) and 48 sheet (10' x 20', in horizontal/landscape format). Those smaller ones, seen in pedestrian areas, are typically four sheets (5' x 3'4"). The best sites are typically reserved for the long-term clients, mainly the brewers and tobacco companies (hence one reason for their success in use of the medium), so that new users may find this a relatively unattractive medium.

This industry is also known as Out of Home Media. However, this category is not limited to posters and billboards. It may involve the use of media space in airports, malls, convenience stores, etc., and it could even tie into guerilla marketing, a nontraditional approach to advertising that may involve grassroots tactics (e.g. posting branded stickers or static clings to buildings, restrooms, and other surfaces in metropolitan areas). In Malaysia there are numerous sizes from 10'x40', 20'x60', 20'x80' to 40'x60'. In both formats landscape and portrait. Current Outdoor Media Owners include Prisma Outdoor, Ganad Media, Seni Jaya, Big Tree, Gelumbang Jaya, & etc...

(iv) Radio: Radio advertising has increased greatly in recent years, with the granting of many more licenses. It typically generates specific audiences at different times of the day—adults at breakfast, housewives, and commuters during rush hours. It can be a cost-effective way of reaching these audiences—especially since production costs are much cheaper than television, though the lack of visual elements may limit the message. In radio advertising we need to identify the timing of radio listeners, like many people listen on time when they are stuck with the traffic, and many of the listeners they listen at night time.

(v) Cinema: Though national audience numbers are down, this may be the most effective medium for extending coverage to younger age groups, since the core audience is 15 to 24. In cinema the advertisements are shown before, and during interval of the show. The advertisements are seen only in the cinema hall and not outside. Its coverage is limited to cinema only and it is costly affair also. But its effectiveness is high. The cinema facilities are only available in cities and some of the towns in India.

(vi) Internet/Web advertising: This rapidly growing marketing force borrows much from the example of press advertising, but the most effective use adopted by search engines is interactive. A lot of advertisements are placed in web sites of the internet. Those who are interested to get information regarding the required products or services they can get at their convenience time with very low cost. Its importance in future would be increasing definitely.

(vii) Mobile advertising: Personal mobile phones have become an attractive advertising media to network operators, but are relatively unproven and remain in media buyers' sidelines.

(viii) Advertising-free media: Advertising-free media refers to media outlets whose output is not funded or subsidized by the sale of advertising space. It includes in its scope mass media entities such as websites, television and radio networks, and magazines. The public broadcasters of a number of countries air without commercials. Perhaps the best known example of this is the United Kingdom's public broadcaster, the BBC, whose domestic networks do not carry commercials. Instead, the BBC, in common with most other public broadcasters in Europe, is funded by a television licence fee levied on the owners of all television sets. A 2006 report by the Senate of Canada suggested that the country's public broadcaster, the Canadian Broadcasting Corporation, be funded sufficiently by the federal government so that it could air without any advertising.

(b) Advertising Media Selection

Media selection is an important decision of advertising management. It is the process of choosing the most cost-effective media for advertising, to achieve the required coverage and number of exposures in a target audience. The proper media selection ensures effective advertising campaign. The required effects would be there through properly selected media. A comprehensive discussion is to be there for finalizing media. Many factors like cost, frequency, coverage, availability and effectiveness are to be considered. These are explained below:

(i) Frequency: To maximize overall awareness, the advertising must reach the maximum number of the target audience. There is a limit for the last few per cent of the general

population who don't see the main media advertisers use. These are more expensive to reach. The 'cumulative' coverage cost typically follows an exponential curve. Reaching 90 per cent can cost double what it costs to reach 70 per cent, and reaching 95 per cent can double the cost yet again. In practice, the coverage decision rests on a balance between desired coverage and cost. A large budget achieves high coverage a smaller budget limits the ambitions of the advertiser.

Frequency even with high coverage, it is insufficient for a target audience member to have just one 'Opportunity To See' (OTS) the advertisement. In traditional media, around five OTS are believed required for a reasonable impact. To build attitudes that lead to brand switching may require more. To achieve five OTS, even in only 70 per cent of the overall audience, may require 20 or 30 peak-time transmissions of a commercial, or a significant number of insertions of press advertisements in the national media. As these figures suggest, most consumers simply don't see the commercials that often (whereas the brand manager, say, sees every one and has already seen them many times before their first transmission, and so is justifiably bored).

The life of advertising campaigns can often extend beyond the relatively short life usually expected. Indeed, as indicated above, some research shows that advertisements require significant exposure to consumers before they even register. As David Ogilvy long ago recommended, "If you are lucky enough to write a good advertisement, repeat it until it stops selling. Scores of good advertisements have been discarded before they lost their potency."

(ii) Spread: More sophisticated media planners also look at the 'spread' of frequencies. Ideally all of the audience should receive the average number of OTS. Those who receive fewer are insufficiently motivated, and extra advertising is wasted on those who receive more. It is, of course, impossible to achieve this ideal. As with coverage, the pattern is weighted towards a smaller number—of heavy viewers, for example—who receive significantly more OTS, and away from the difficult last few percent. However, a good media buyer manages the resulting spread of frequencies to weigh it close to the average, with as few audience members as possible below the average.

Frequency is also complicated by the fact that this is a function of time. A pattern of 12 OTS across a year may be scarcely noticed, whereas 12 OTS in a week is evident to most viewers. This is often the rationale for advertising in 'bursts' or 'waves' (sometimes described as 'pulsing'). This concentrates expenditure into a number of intense periods of advertising, spread throughout the year, so brands do not remain uncovered for long periods.

(iii) Media cost: In the end, it is the media buyers who deliver the goods; by negotiating special deals with the media owners, and buying the best parcels of 'slots' to achieve the best cost (normally measured in terms of the cost per thousand viewers, or per thousand household 'impressions', or per thousand impressions on the target audience. The "best cost" can also be measured by the cost per lead, in the case of direct response marketing). The growth of the very large, international, agencies has been partly justified by their increased buying power over the media owners.

(c) Advertising Media Scheduling

Scheduling refers to the pattern of advertising timing, represented as plots on a yearly flowchart. These plots indicate the pattern of scheduled times advertising must appear to coincide with favourable selling periods. The classic scheduling models are continuity, flighting and pulsing. These are highlighted below:

(i) Continuity: This model is primarily for non-seasonal products, yet sometimes for seasonal products. Advertising runs steadily with little variation over the campaign period. There may be short gaps at regular intervals and also long gaps for instance, one ad every week for 52 weeks, and then a pause. This pattern of advertising is prevalent in service and packaged goods that require continuous reinforcement on the audience for top of mind recollection at point of purchase. The main advantages of this are:

- in the form of large media discounts
- Positioning advantages within Works as a reminder
- Covers the entire purchase cycle
- Cost efficiencies media

Program or plan that identifies the media channels used in an advertising campaign, and specifies insertion or broadcast dates, positions, and duration of the messages.

(ii) Flighting: In media scheduling for seasonal product categories, lighting involves intermittent and irregular periods of advertising, alternating with shorter periods of no advertising at all. This is suitable for the products of seasonal use only. For instance, products like rainwear, woolen clothes, air conditioners etc. During off seasons the schedule is not done much but during season it is used heavily. The main advantage of this are:

- Advertisers buy heavier weight than competitors for a relatively shorter period of time
- Little waste, since advertising concentrates on the best purchasing cycle period
- Series of commercials appear as a unified campaign on different media vehicles

(iii) Pulsing: Pulsing combines lighting and continuous scheduling around the year. The heavy advertising during peak selling periods and low in off seasons are given. Product categories that are sold year round but experience a surge in sales at intermittent periods are good candidates for pulsing. For instance, under-arm deodorants, sell round the year, but more in summer months. Following are the main advantage of it:

- Covers different market situations
- Advantages of both continuity and lighting possible

7. Advertising Media Planning

The two basic tasks of marketing communications are message creation and message dissemination. Media planning supports message dissemination. Media planning helps you determine which media to use--be it television programs, newspapers, bus-stop posters, in-store displays, banner ads on the Web, or a flyer on Face book. It also tells you when and where to use media in order to reach your desired audience. Simply put, media planning refers to the process of selecting media time and space to disseminate advertising messages in order to accomplish marketing objectives. When advertisers run commercials during the Super

Bowl game at more than \$2.5 million per thirty-second spot, for example, media planners are involved in the negotiation and placement.

Media planners often see their role from a brand contact perspective. Instead of focusing solely on what medium is used for message dissemination, media planners also pay attention to how to create and manage brand contact. Brand contact is any planned and unplanned form of exposure to and interaction with a product or service. For example, when you see an ad for Volkswagen on TV, hear a Mazda's "zoom zoom" slogan on the radio, are told by a friend that her iPod is the greatest invention, or sample a new flavor of Piranha energy drink at the grocery store, you are having a brand contact. Television commercials, radio ads, and product sampling are planned forms of brand contact. Word of mouth is an unplanned brand contact -- advertisers normally do not plan for word of mouth. From the consumer's perspective, however, unplanned forms of brand contact may be more influential because they are less suspicious compared to advertising.

The brand contact perspective shows how the role of media planners has expanded. First, media planners have moved from focusing only on traditional media to integrating traditional media and new media. New media like cable and satellite television, satellite radio, business-to-business e-media, consumer Internet, movie screen advertising and videogame advertising is playing an increasingly significant role. Spending on new advertising media is forecast to grow at a compound annual rate of 16.9 percent from 2005-2009. Second, media planners are making more use of product placements now, in lieu of advertising insertions. Advertising insertions, like print ads or television commercials, are made separately from the content and are inserted into it. The ads are distinct from the articles or TV programs, not a part of them. As a result, the ads seem intrusive. In contrast, product placement (also called brand placement or branded entertainment) blends product information with the content itself. Whether content is a television program, movie, video game or other form of entertainment, product placement puts the brand message into the entertainment content. For example, in the movie some of the products brands are used. After the movie release the sales of the product placed in movie increases.

Finally, the role of media planners has expanded as media planners have moved beyond planned messages to take advantage of unplanned messages as well. Whereas planned messages are what advertisers initiate like an ad, press release or sales promotion. Unplanned messages are often initiated by people and organizations other than advertisers themselves. Word of mouth, both online and offline, is one form of unplanned message. Although advertisers have little direct control over the flow of unplanned messages, they can facilitate such a flow. These new approaches have altered how media planning works in the advertising process. "Seven years ago media was the last five minutes of the presentation. Now it's reversed," said Rishad Tobaccowala of Publicis Group Media, whose fast-growing Starcom division helps clients buy and measure interactive, mobile, and gaming ads. Media planners are playing an increasingly important role in today's advertising industry because of the continuing proliferation of new media options and the increased complexity of media and audience research.

8. Media Planning Process

Media planning process involved number of steps to meet the requirement of the advertising. These steps are arranged in a logical order. The four are steps involved in it are following:

- (a) Setting media objectives
- (b) Developing a media strategy for implementing
- (c) Designing media tactics for realizing media strategy
- (d) Procedures for evaluating the effectiveness of the media plan.

These are explained in detail below:

(a) Setting Media Objectives

Media objectives are to be set in line with the marketing and advertising objectives. Media objectives should contribute in achieving the objectives of advertising and finally of marketing. These are to be decided very carefully. There are two objectives of media and these are setting target audience and communication goal. The first objective of a media plan is to select the **target audience**: the people whom the media plan attempts to influence through various forms

of brand contact. Because media objectives are subordinate to marketing and advertising objectives, it is essential to understand how the target audience is defined in the marketing and advertising objectives. The definition may or may not be exactly the same, depending on the marketing and advertising objectives and strategies. The second objective is to achieve communication goal. These two objectives of media are explained as follows:

(i) Selection of target audience: The target audience is very important for releasing an advertisement. It is to be selected very carefully. Many factors are to be considered in this. If care is not taken then all efforts would misfire and it would be fruitless. A common marketing objective is to increase sales by a specific amount. But this marketing objective does not specify a target audience, which is why the media objective is needed. Consider Kellogg's Corn Flakes and all the different strategies the advertiser could use to increase sales among different target audiences. For example, one target audience might be current customers encouraging people who eat one bowl a day to also "munch" the cereal as a snack. Or, the advertiser might target competitors' customers, encouraging them to switch brands. Or, the advertiser might target young adults who are shifting from high sugar "kids cereals" to more adult breakfast fare. Finally, the advertiser could target a broader lower-income demographic. The point is that each campaign could increase sales via a different target audience.

Marketers analyze the market situation to identify the potential avenues for boosting sales increase and consider how advertising might achieve those aims. If the advertiser chooses to attract competitors' customers like what Nokia does to attract users of other mobile phones the media plan will need to define the target audience to be brand switchers and will then identify reasons to give those potential switchers to switch, such as greater convenience, lower cost, or additional plan features. For selection of target audience the following points are to be considered:

- **Demographics and psychographics:** The target audience is often defined in terms of demographics and psychographics. Syndicated research services such as Simmons Market Research Bureau (SMRB or Simmons) and Mediamark Research Inc. (MRI) provide national data on a number of demographics of U.S. consumers, including gender, age, education, household income, marital status, employment status, type of residence, and number of children in the household. Similar way the research agencies provide information in India also. Using demographic variables, for example, the target audience of a media plan could be decided.

Some advertisers believe that demographic definitions of a target audience are too ambiguous, because individual consumers that fit such definitions can be quite different in terms of their brand preference and purchase behavior. For example, think about the students in a media planning class. Even though some of them are the same age and gender, they may like different brands of toothpaste, shampoo, cereal, clothing, and other products. Therefore, media planners use psychographics to refine the definition of the target audience.

Psychographics is a generic term for consumers' personality traits (serious, funny, conservative), beliefs and attitudes about social issues (opinions about abortion, environment, globalization), personal interests (music, sports, movie going), and shopping orientations (recreational shoppers, price-sensitive shoppers, convenience shoppers). Mazda, for example, doesn't define its target audience by age, income or gender, but by psychographic principles. Mazda targets people who have a need for self-expression, are young at heart, and love to drive.

- **Generational cohorts:** In addition to demographics and psychographics, generational cohort is another useful concept for selecting the target audience. Because the members of a particular generational cohort are likely to have had similar experiences during their formative years, they maintain analogous social views, attitudes, and values. Each of the cohorts possesses distinct characteristics in their lifestyles and often serves as a reference group from which finer segments of the target audiences can be selected for specific advertising campaigns.

An interesting example of a generational cohort is "kogals" in Japan. Originating from the world for "high school," kogals are a unique segment of young women in urban Japan who conspicuously display their disposable incomes through unique tastes in fashion, music, and social activity. They have the leisure time to invent new ways of using electronic gadgets. For example, they started changing mobile phones' ring tones from boring beeps to various popular songs and changing screen savers from dull defaults to cute pictures. Manufacturers observe kogals and listen to what they say is unsatisfactory about the products. In some cases, manufacturers simply imitate the new usages that kogals spontaneously invented and incorporate these usages part of their own new commercial services, thereby increasing sales.

Product and Brand Usage: Target audiences can also be more precisely defined by their consumption behavior. Product usage includes both brand usage and the use of a product category such as facial tissue or chewing gum. Product use commonly has four levels: heavy users, medium users, light users and non-users. The levels of use depend on the type of product. This highlights the importance of users for a brand's performance. Examples of defining a target audience by product usage can be "individuals who dine out at least four times in a month" or "individuals who made domestic trips twice or more last year." Similarly, brand usage has several categories. Brand loyal are those who use the same brand all the time. Primary users use a brand most of the time but occasionally also use other brands in the same category; they are secondary users for these competing brands. Brand switchers are those who have no brand preference for a given product category but choose a brand on the basis of situational factors. An analysis of the brand usage pattern is helpful for the identification of the appropriate target audience.

- **Primary and secondary target audience:** The target audience in a media plan can be either primary or secondary. A primary target audience is one that plays a major role in purchase decisions, while a secondary target audience plays a less decisive role. In the case of video game players, for example, children's requests often initiate a purchase process; parents often respect their children's brand selection. Thus, it is reasonable to consider children as the primary target audience and their parents as the secondary target

audience. If the parents are aware of the advertised brand, it will be easier for children to convince them of the purchase. Media planners need to examine and identify the role of consumers in shopping, buying and consuming a product or service to target the right groups of consumers effectively.

- **The size of target audiences:** In the process of defining a target audience, media planners often examine and specify the actual size of a target audience -- how many people or households fit the definition. Knowing the actual size helps advertisers to estimate the potential buying power of the target audience. For example, if the target audience of a campaign is defined as working women 26-to-44 years old who are interested in receiving daily news updates on their mobile phones, media planners should estimate the number of these women to quantify the sales potential.

When the above mentioned factors are considered by the media planner in selection of target audience for advertising, the advertising efforts would be successful otherwise the required result may not be achieved effectively.

(ii) Communication goals: After media planners define the target audience for a media plan, they set communication goals: to what degree the target audience must be exposed to and interact with brand messages in order to achieve advertising and marketing objectives. For example, one communication goal can be that 75 percent of the target audience will see the brand in television commercials at least once during a period of three months. Another communication goal is that 25 percent of the target audience will form a preference for a new brand in the first month of the brand launch. The different communication goals can be better understood in a hierarchy of advertising objectives.

Another group of communication goals is advertising recall, advertising persuasion, leads and sales. Advertising recall represents the cognitive effect of the ad, advertising persuasion represents the emotional effect of the ad, and leads and sales are the behavioral effects of the ads. Each can be specified in a media plan as a communication goal. For example, a communication goal can specify that 50% of the target audience will recall the radio ad during the month of the campaign, or that a campaign will generate 3000 leads.

Media planners often define the communication goals of a media plan using the three interrelated concepts of reach, gross rating points, and frequency. These are explained as follows:

- **Reach gross rating points and frequency:** Media planners use reach to set their objective for the total number of people exposed to the media plan. Reach is one of the most important terms in media planning and has three characteristics. First, reach is a percentage, although the percentage sign is rarely used. When reach is stated, media planners are aware of the size of the target audience. For example, if a media plan targets the roughly 5 million of women who are 18-25 years old, then a reach of 50 means that 50% or 2.5 million of the target audience will be exposed to some of the media vehicles in the media plan. Second, reach measures the accumulation of audience over time. Because reach is always defined for a certain period of time, the number of audience members exposed to the media vehicles in a media plan increases over time. For example, reach may grow from 20 (20%) in the first week to 60 (60%) in the fourth week. The pattern of audience accumulation varies depending on the media vehicles in the media plan. Third, reach doesn't double-count people exposed multiple times if the media plan involves repeated ads in one media category or ads in multiple media categories. Media planners use reach because it represents that total number of people exposed to the marketing communication.

Besides reach, media planners use Gross Rating Points as a shorthand measure of the total amount of exposure they want to buy from media outlets such as TV networks. For example, the 2006 Super Bowl game received a rating of 42, which means 42 percent of U.S. television households tuned in to the program. If an advertiser planned to run a commercial once during the Super Bowl, that ad would appear in 42% of households. If the commercial was run only once, the reach is equal to the rating of the program, a GRP of 42. If the advertiser's media plan called for running the ad twice during the Super Bowl, the GRP would be $2 \times 42 = 84$. Media planners often think in terms of gross rating points because ad prices often scale with this measure. As a rule of thumb, it costs about twice as much to obtain a GRP of 84 as to obtain a GRP of 42. A media plan that calls for a GRP

of 84 doesn't necessarily mean that the advertiser must advertise twice on the Super Bowl. The advertiser could also buy 6 spots on popular primetime shows that each have a rating of 14 ($6 \times 14 = 84$) or buy a large number of spots (say 42 spots) on a range of niche-market cable TV programs, radio stations or magazines that have a rating of 2. Some media vehicles are best-suited to specific target audiences. For example, the Nickelodeon TV channel controls 53% of kids GRPs. Notice the difference between GRP and reach: GRP counts total exposures while reach counts unique people exposed. Thus, GRP does double-count people who see ads multiple times.

Frequency connects the concept of reach with that of GRP. To see this relationship between GRP and reach, let's consider what happens when an advertiser puts two spots on the Super Bowl, one during the first half of the game and another in the second half. As mentioned earlier, this example plan has a GRP of 84. But what is the reach? That depends on how many people watch both halves of the game. Rating services such as A.C. Nielsen monitor who watches the game, when they watch, and whether they watch the first half or the second half or both halves of the game. Frequency is the ratio of GRP over reach. Frequency is a measure of repetition. The formula of calculating frequency is:

$$\text{Frequency} = \text{Gross rating points} / \text{Reach}$$

Using the Super Bowl example again, if the GRPs were 84 and the reach was 56, then the frequency would then be 1.5 ($84/56=1.5$). A frequency of 1.5 would mean that, on average, audience members of the Super Bowl game had one-and-a-half opportunities to watch the ads. The media objectives of a media plan often call for some combination of reach and frequency. Media planners want the highest reach possible because that means more people will be exposed to the campaign, which should lead to more brand awareness, customer loyalty, sales, and so on. Media planners also seek high frequency if they feel that consumers will only take action (that is, buy the product) after multiple exposures to the campaign. For example, launching a new brand or teaching consumers about the features of a product (like the features of a five-bladed shaving system) may take several impressions.

Thus, reach indicates the media dispersion while frequency shows the media repetition. Notice that the formula for frequency can be flipped to make a formula for GRPs; GRPs are the product of reach multiplied by frequency. If a media plan calls for a broad reach and a high frequency, then it calls for very high GRPs (lots of ad exposures to lots of people). Achieving a very high GRP is very expensive, however, and budget issues may preclude such a high GRP. Thus, media planners may start with budget, then estimate the GRPs that they can afford and then either sacrifice reach to maintain frequency or let frequency drop to one in order to maximize reach.

- **Frequency distribution, effective frequency and effective reach:** Media planners also consider frequency distribution in order to fully understand exactly how many exposures different people experience; that is, how many people will see the ad once, twice, three times, etc. This lets the planner estimate the effective reach of the plan at the effective frequency needed by the campaign, the number of people who see the ads a sufficient number of times for the media plan to be effective. Effective frequency refers to the minimum number of media exposures for a communication goal to be achieved, while effective reach is the reach (% of households) at the effective frequency level. Media planners choose an effective frequency based on the communication goals. Communication goals vary across the continuum from awareness, preference, attitude change to trial, purchase, and repurchase. To change brand attitude requires more exposures (higher effective frequency) than does creating brand awareness. If the effective frequency is set for a given communication goal, the reach at that effective frequency level will be the effective reach.
- **Setting Communication Goals:** Media planners can set communication goals based on the level of reach. That is, how many of the target audience should be reached with the media plan, say 50%, 75% or 95%. Theoretically, a reach of 100 is possible, but it is rarely a communication goal because some audience members may not use any of the media, making them unreachable. What, then, would be the optimal level of reach for a given product category or a market situation? There is no quick answer to this question; it all depends on the media planner's analysis of major factors facing the brand. Media

experts suggest high reach is appropriate when something new is associated with the brand, such as new features, new sales incentives, new packaging or new service opportunities. The newness requires a high level of awareness among the target audience. A high reach is also often necessary in three other situations are: advertising in support of sales promotion activities, for reminder advertising for a mass market product, and when the brand faces severe competition.

When setting levels of frequency, media planners have more rules of thumb to choose from when setting levels of reach. For example, media planners have often been setting a frequency of 3 during a purchase cycle, following Michael Naples' seminal study of effective frequency published in 1979. Naples' study suggests that there is a threshold level of repetition; advertising below the threshold level will be ineffective. Therefore, three exposures during a purchase cycle are necessary. Many media planners still use this rule in setting the effective frequency of a media plan.

When setting frequency level goals, media planners know that higher-level communication goals such as persuasion and lead generation require higher frequency levels. For example, brand awareness usually requires a lower level of frequency than advertising persuasion and lead generation. In other words, a media plan that intends to change the brand preference among consumers of competing brands would need a higher frequency of advertising exposures than a media plan that intends to introduce a new brand. In addition to the reach and frequency goals, media planners may set goals for other forms of communication. For example, promotional activities may be used in a media plan, such as sweepstakes, contests and coupons. Media planners estimate and specify response rates for these activities. By establishing communication goals, media planners set the stage for assessing the effectiveness of a media plan at the end.

(ii) Media Strategies: Media planners make three crucial decisions: where to advertise (geography), when to advertise (timing), and what media categories to use (media mix). Moreover, they make these decisions in the face of budget constraints. The actual amount of money that an advertiser spends on marketing communications can vary widely, from billions of dollars for multinational giants such as Procter & Gamble, to a few thousand dollars for

local "mom-n-pop" stores. In general, companies spend as little as 1% to more than 20% of revenues on advertising, depending on the nature of their business. Regardless of the budget, some media options are more cost effective than others. It is the job of media planners to formulate the best media strategies allocating budget across media categories, geographies, and time. Let's look at each of these three decisions in turn, and then consider cost effectiveness.

- **Media mix decisions:** Which media should the advertiser use? Media planners craft a media mix by considering a budget-conscious intersection between their media objectives and the properties of the various potential media vehicles. That is, they consider how each media vehicle provides a cost-effective contribution to attaining the objectives, and then they select the combination of vehicles that best attain all of the objectives. When making media mix decisions, planners look to a whole spectrum of media, not just to traditional media vehicles such as TV, radio, and print. That is, media planners consider all the opportunities that consumers have for contact with the brand. These opportunities can be non-traditional brand contact opportunities such as online advertising, sweepstakes, sponsorships, product placements, direct mail, mobile phones, blogs, and podcasts. The scale and situations of media use are especially important when evaluating suitable brand contact opportunities. For example, product placement in a video game makes sense if the target audience plays video games. Sweepstakes make sense if many of the target audience find sweepstakes attractive.

A media planner's first media mix decision is to choose between a media concentration or a media dispersion approach. The media concentration approach uses fewer media categories and greater spending per category. This lets the media planner create higher frequency and repetition within that one media category. Media planners will choose a concentration approach if they are worried that their brand's ads will share space with competing brands, leading to confusion among consumers and failure of the media objectives. For example, when Nestle launched its 99% fat-free cereal Fitness, the similarity of ads actually increased the sales of the competing Kellogg's Special K Cereal. Media planners can calculate or measure share of voice to estimate the dominance of their

message in each category of media they use. Share of voice is the percentage of spending by one brand in a given media category relative to the total spending by all brands that are advertising in that media category.

A company can create a high share of voice with a concentrated media strategy. That is, the company can be the dominant advertiser in a product category in the chosen channel. Moreover, because only one set of creative materials will need to be prepared, a concentrated media strategy lets advertisers spend a higher percentage of their budget on frequency and reach. But a concentrated strategy is also an "all-eggs-in-one-basket" strategy. If the particular ad is not well received or the particular media category only reaches a fraction of the intended target audience, then it will perform poorly.

In contrast, media planners choose a media dispersion approach when they use multiple media categories, such as a combination of television, radio, newspapers and the Internet. Media planners will use dispersion if they know that no single media outlet will reach a sufficient percentage of the target audience. For example, a concentrated approach using only ads on the Internet might reach only 30% of the target consumers because some consumers don't use the Internet. Similarly, a concentrated approach using national news magazines might reach only 30% of the target audience, because not every target customer reads these magazines. But a dispersed approach that advertises in print magazines as well as on Web sites might reach 50% of the target audience. Media planners also like the dispersion approach for the reinforcement that it brings consumers who see multiple ads in multiple media for a given brand may be more likely to buy. The media concentration approach is often preferable for brands that have a small or moderate media budget but intend to make a great impact.

- **Media category selection:** Whether media planners select media concentration or media dispersion, they still must pick the media category for the media plan. Different media categories suit different media objectives. Most media options can be classified into three broad categories: mass media, direct response media, and point-of-purchase media. A media planner's choice will depend on the media objectives. If the media planner wants to create broad awareness or to remind the largest possible number of consumers about a

brand, then he or she will pick mass media such as television, radio, newspaper and magazine. If the media planner wants to build a relationship with a customer or encourage an immediate sales response, then direct response media such as direct mail, the Internet and mobile phone are good choices.

For example, online ads for car insurance such as link directly to the application process to capture the customers right at the time they are interested in the service. Finally, if media planners want to convert shoppers into buyers, then they might use point-of-purchase media such as sampling, coupons and price-off promotions. In short, each of these three categories of media serve a different role in moving the customer from brand awareness to brand interest to purchase intent to actual purchase and then to re-purchase. An integrated campaign, such as the one described for P&G's Fusion shaving system, might use multiple categories combining national TV ads to introduce the product, Internet media to provide one-to-one information, and in-store displays to drive sales.

The creative requirements of a media category also affect media planners' decisions. Each media category has unique characteristics. For example, television offers visual impact that interweaves sight and sound, often within a narrative storyline. Magazines offer high reproduction quality but must grab the consumer with a single static image. Direct mail can carry free samples but can require compelling ad copy in the letter and back-end infrastructure for some form of consumer response by return mail, telephone or Internet. Rich media ads on the Internet can combine the best of TV-style ads with interactive response via a click through to the brand's own Web site. Media planners need to consider which media categories provide the most impact for their particular brand. The costs of developing creative materials specific to each media category can also limit media planners' use of the media dispersion approach.

- **Geographic allocation decisions:** In addition to allocating advertising by media category, media planners must allocate advertising by geography. In general, a company that sells nationally can take one of three approaches to geographic spending allocation: a national approach (advertise in all markets), a spot approach (advertise only in selected markets),

or a combined national plus spot approach (advertise in all markets with additional spending in selected markets).

Media planners will choose a national approach if sales are relatively uniform across the country, such as for Tide laundry detergent or Toyota automobiles. A national approach will reach a national customer base with a national advertising program. For many other products, however, a company's customers are concentrated in a limited subset of geographic areas, which makes a spot approach more efficient. For example, the sales of leisure boats are much higher in markets such as Florida, California and Michigan due to the large water areas in these markets. A spot approach will target these states. For example, a leisure boat manufacturer such as Sea Ray might use a spot approach to target Florida, California and Michigan while not advertising in other states like Iowa or Nebraska.

Media planners perform geographic analyses by assessing the geographic concentration of sales in two ways. The first method is called the Brand Development Index (BDI) of a geographic region. BDI measures the concentration of sales of a company's brand in that region. The second method is called the Category Development Index (CDI) and measures the concentration of sales of the product category (across all brands) in that region. Media planners use BDI to measure a brand's performance in a given market in comparison with its average performance in all markets where the brand is sold. Mathematically, BDI is a ratio of a brand's sales in a given geographic market divided by the average of its sales in all markets.

- **Media schedule decisions:** Having decided how to advertise (the media mix) and where to advertise (allocation across geography), media planners need to consider when to advertise. Given a fixed annual budget, should all months receive equal amounts of money or should some months receive more of the budget while other months receive less or nothing? Media planners can choose among three methods of scheduling: continuity, flight, and pulse. Continuity scheduling spreads media spending evenly across months. For example, with an annual budget of \$1,200,000 a year, continuity scheduling would allocate exactly \$100,000 per month. This method ensures steady brand exposure over

each purchase cycle for individual consumers. It also takes advantage of volume discounts in media buying. However, because continuity scheduling usually requires a large budget, it may not be practical for small advertisers.

The flight scheduling approach alternates advertising across months, with heavy advertising in certain months and no advertising at all in other months. For example, a board game maker like Parker Brothers might concentrate its advertising in the fall when it knows that many people buy board games as gifts for the holidays. Or, with the same budget of \$1,200,000, for example, a different brand could spend \$200,000 per month during each of six months -- January, March, May, July, September and December -- and spend nothing during the other months, in hopes that the impact of advertising in the previous month can last into the following month.

Pulse scheduling combines the first two scheduling methods, so that the brand maintains a low level of advertising across all months but spends more in selected months. For example, an airline like United Airlines might use a low level of continuous advertising to maintain brand awareness among business travelers. United Airlines might also have seasonal pulses to entice winter-weary consumers to fly to sunny climes. In budget allocation terms, a consumer goods brand may spend \$5,000 in each of the twelve months to maintain the brand awareness and spend an additional \$10,000 in January, March, May, July, September and December to attract brand switchers from competing brands. The pulse scheduling method takes advantage of both the continuity and flight scheduling methods and mitigates their weaknesses. However, this does not mean it is good for all products and services. Which method is the most appropriate for a given campaign depends on several important factors.

How do media planners select among continuity, flight, and pulse scheduling approaches? The timing of advertising depends on three factors: seasonality, consumers' product purchase cycle, and consumers' interval between decision-making and consumption.

The first, and most important, factor is sales seasonality. Companies don't advertise fur coats in summer and suntan lotions in winter. Likewise, some products sell faster around

specific holidays, such as flowers on Mother's Day, candy on Halloween, and ornaments around Christmas. Companies with seasonal products are more likely to choose flight scheduling to concentrate their advertising for the peak sales season. Other goods, however, such as everyday products like milk and toothpaste, may lack a seasonal pattern. Everyday goods may be better served by a continuity approach. Media planners can use a breakdown of sales by month to identify if their brand has seasonal fluctuations, which can serve as a guide for the allocation. They can allocate more money to high-sales months and less to low-sales months.

The second factor that affects when advertising is scheduled is the product purchase cycle: the interval between two purchases. Fast-moving consumer goods such as bread, soft drinks and toilet paper probably require continuous weekly advertising in a competitive market to constantly reinforce brand awareness and influence frequently-made purchase decisions. In contrast, less-frequently purchased products such as carpet cleaner or floor polisher may only need advertising a few times a year.

A third factor that affects media scheduling is the time interval between when the purchase decision is made and when a product or service is actually bought and consumed. For example, many families who take summer vacations may plan their trips months before the actual trips. That is, they make purchase decision in advance. Thus, travel industry advertisers will schedule their ads months before the summer, as we saw in the Wyoming example. Destination advertising has to be in sync with the time of decision making, instead of the actual consumption time.

New product launches usually require initial heavy advertising to create brand awareness and interest. The launch period may last from a few months to a year. As mentioned earlier, P&G launched its Gillette six-bladed Fusion shaving system with advertising on Super Bowl XL, the most expensive form of advertising in the world. If consumers like the product, then personal influence in the form of word-of-mouth or market force (brand visibility in life and media coverage) will play a role in accelerating the adoption of a new brand. Personal influence and market force are "unplanned" messages, which often play

an important role in new product launches. Media planners should take advantage of these "unplanned" messages in a new product launch campaign.

(iii) Designing media tactics: Establishing media objectives and developing media strategies are the primary tasks of media planners. Designing media tactics is largely carried out by media buyers. Media buyers select media vehicles to implement established media strategies. Among the major factors that affect media vehicle selection are reach and frequency considerations.

- **Reach considerations:** As a major component of media objectives, the planned level of reach affects not only media mix decisions but also what media vehicles are used in each media category. High levels of reach will require a different set of media vehicles than low levels of reach. That is, high levels of reach can be better served with a mix that includes multiple media vehicles with different audiences so that cross-media duplication of audience is minimal. For example, if there are three magazines that each reach a portion of the target audience but that have few readers who read more than one magazine, advertising in these three magazines would reach the widest target audience possible because of the low overlap of the readers of these magazines.

What are some ways to maximize the levels of reach? One way is to analyze the audience composition of media vehicles by using syndicated media research. For example, cross-tabulations of Simmons data can be conducted to identify several magazines that reach the target audience of women aged 35 to 55, with little cross-title duplication -- few readers of one magazine also read other the magazines. These magazines can be used to implement high levels of reach in the media plan. When audience data are not available for cross-vehicle comparisons, you can select competing media vehicles in the same media category, because there is usually less duplication among the competing media vehicles. For example, most people who are interested in news may read one of the three major news weeklies: Newsweek, Time, and U.S. News and World Report; few people read all three of them. Therefore, running a print ad in all the three news magazines can reach a wide audience.

In television, media buyers sometimes use road blocking, which means the placement of commercials in all major television networks in the same period of time. No matter which

television channel an audience member tunes in at that time, they have the opportunity to watch the commercial. The road blocking approach has become more expensive and less effective recently because of increasing fragmentation of television audience. The term has been extended to the online world, however, where it has been very effective. To roadblock in the online world, a media planner can buy all the advertising on a Web site for a 24-hour period, such as Coke did for its launch of C2 and Ford did for its launch the F-150. Each company bought all the ad space on the front page of Yahoo for a 24-hour period. The Yahoo front page draws 25 million visitors a day. Alternatively, media planners can roadblock Yahoo, MSN, and AOL all on the same day, as Coke and Pepsi have both done. The results can produce "an astonishing, astronomical amount of reach," said Mohan Ranganathan of MediaVest Worldwide, one of the biggest services for buying ad space.

- **Frequency Considerations:** In contrast to high levels of reach, high levels of frequency can be effectively achieved through advertising in a smaller number of media vehicles to elevate audience duplications within these media vehicles. A commercial that runs three times during a 30-minute television program will result in higher message repetition than the same commercial that runs once in three different programs. Broadcast media are often used when high levels of frequency are desired in a relatively short period of time. Broadcast media usually enjoy a "vertical" audience, who tune in to a channel for more than one program over hours. Another phenomenon in broadcast media is audience turnover, which refers to the percentage of audience members who tune out during a program. Programs with low audience turnover are more effective for high levels of frequency.
- **Media Vehicle Characteristics:** With reach and frequency considerations in mind, media buyers will compare media vehicles in terms of both quantitative and qualitative characteristics. Quantitative characteristics are those that can be measured and estimated numerically, such as vehicle ratings, audience duplication with other vehicles, geographic coverage, and costs. Media buyers will choose vehicles with high ratings and less cross-vehicle audience duplication when they need high levels of reach. Media buyers also evaluate the geographic coverage of media vehicles when implementing spot advertising

such as heavy advertising in certain geographic regions. Finally, media buyers pay attention to the costs of each media vehicle. When two media vehicles are similar in major aspects, media buyers choose the less expensive media vehicle.

There are two basic calculations of media vehicle cost. The first one, cost per rating point (CPP), is used primarily for broadcast media vehicles. To derive the CPP, divide the cost of a 30-second commercial by the ratings of the vehicle in which the advertisement is placed, CPP: The cost of a broadcast ad per rating point (1% of the population) provided by the media vehicle that shows the ads. The formula for calculating CPP is as follows:

$$\text{Cost Per Rating Point} = \text{Cost of the Ad} / \text{Rating of the Vehicle}$$

For example, if the cost for a 30-second commercial ABC's "Grey's Anatomy" television program is \$440,000 and the rating of the program is 9.7, then CPP for this buy will be \$25,360.

Another media cost term is cost per thousand impressions (CPM), which is the cost to have 1000 members of the target audience exposed to ads. Cost Per Thousand (M is the Latin abbreviation for 1000): the cost per 1000 impressions for an advertisement. As you recall, the impressions are simply opportunities to see the ads, one difference between CPP and CPM is that CPM also contains the size of a vehicle audience. CPM is calculated in two steps. First, the gross impressions that an ad may get is calculated using the rating of the program and the size of the market population. Second, CPM is calculated using the cost and gross impressions. The two formulas are as follows:

$$\text{Gross Impressions} = \text{Audience size} * \text{Rating} / 100$$

$$\text{CPM} = \text{Cost} / \text{Gross Impressions} * 1000$$

Using the previous example, the rating of a television program is 10 and the cost for a 30-second commercial is \$25,000. If there are 5,000,000 adults in the market, then CPM for the buy will be as follows:

Gross Impressions = 5,000,000 * 10 / 100 = 500,000

CPM = \$25,000 / 500,000 * 1000 = \$50

Thus, CPM for this media buy is \$50.

CPM can be calculated for different media, including online media. For example, an informal consensus of online media buyers agreed that a \$10 CPM asking price seemed about average to pay for advertising on social-networking like Friendster, Yahoo 360 and Britain's FaceParty.

In contrast to these quantitative characteristics, qualitative characteristics of media vehicles are those that are primarily judgmental, such as vehicle reputation, editorial environment, reproduction quality, and added values. For example, media vehicles vary in reputation; newspapers such as The New York Times and The Wall Street Journal generally enjoy high reputation. Furthermore, the editorial environment can be more or less favorable for advertisers. The impact of food ads, for instance, can be enhanced when they appear around articles about health or nutrition. Likewise, some magazines are better in reproduction quality than others, which enhance the impact of the ads. Finally, some media vehicles offer added values. Added values take various forms, and they benefit advertisers without additional cost. For example, a newspaper may publish a special page whose editorial context fits an advertiser's products, or a television channel may host a local event in association with a car dealership. Media buyers can work with the media to invent creative forms of added values for advertisers.

- **Selection of Media Vehicles:** Media buyers can use tools, like the one shown below, to make the process of selecting a media vehicle easier. To use the selection tool shown in Figure 9I, develop a list of the potential vehicle candidates you are considering. Then, select several quantitative and qualitative characteristics that are relevant to reach and frequency considerations, such as quantitative characteristics like CPM or GRP, and qualitative characteristics like reputation and added value. Next, make a table that lists the vehicle candidates in rows and the characteristics in columns. Now you can rate each of

the characteristics of each vehicle on a scale of 1 to 3. Then add all the numbers in each row, dividing by the total number of characteristics (columns) to arrive at the rating for each vehicle. The best media vehicles to choose are those with the highest index numbers.

(iv) Evaluating Media Plan Effectiveness: Accountability is increasingly important in media planning, as more advertisers expect to see returns on their investments in advertising. Because media spending usually accounts for 80 percent or more of the budget for typical advertising campaigns, the effectiveness of media plans is of particular importance. As a result, media planners often make measures of the effectiveness of a media plan an integral part of the media plan. Although sales results are the ultimate measure of the effectiveness of an advertising campaign, the sales result is affected by many factors, such as price, distribution and competition, which are often out of the scope of the advertising campaign. It is important, therefore, to identify what measures are most relevant to the effectiveness of media planning and buying. The following points are to be considered in evaluation:

- **Things to Measure:** Because of the hierarchical nature of the media effects, the effectiveness of media planning should be measured with multiple indicators. The first measure is the actual execution of scheduled media placements. Did the ads appear in the media vehicles in agreed-upon terms? Media buyers look at "tear-sheets" -- copies of the ads as they have appeared in print media -- for verification purposes. For electronic media, media buyers examine the ratings of the programs in which commercials were inserted to make sure the programs delivered the promised ratings. If the actual program ratings are significantly lower than what the advertiser paid for, the media usually "make good" for the difference in ratings by running additional commercials without charge.

The most direct measure of the effectiveness of media planning is the media vehicle exposure. Media planners ask: How many of the target audience were exposed to the media vehicles and to ads in those vehicles during a given period of time? This question is related to the communication goals in the media objectives. If the measured level of exposure is near to or exceeds the planned reach and frequency, then the media plan is considered to be effective.

Several additional measures can be made of the target audience, such as:

Brand awareness- how many of the target audience are aware of the advertised brand?

Comprehension- does the target audience understand the advertised brand? Is there any miscomprehension?

Conviction- is the target audience convinced by ads? How do they like the advertised brands?

Action -- how many of the target audience have purchased the advertised brand as a result of the media campaign?

The measured results of brand awareness, comprehension, conviction and action are often a function of both advertising creative and media planning. Even effective media planning may not generate anticipated cognitive, affective and cognitive responses if the ads are poorly created and not appealing to the target audience. On the other hand, ineffective media planning may be disguised when the ads are highly creative and brilliant. Thus, these measures should be reviewed by both creative directors and media planners to make accurate assessments of the effectiveness of the media plan.

- **How to Measure:** The measurement of the effectiveness of a media plan can be conducted by the advertising agency or by independent research services, using methods such as surveys, feedback, tracking, and observation. Each method has its strengths and weaknesses. For example, surveys can be conducted among a sampling of the target audience in the different periods of a media campaign, such as in the beginning, the middle and the end of the campaign. Surveys can ask questions about the target audience's media behavior, advertising recall, brand attitudes and actual purchase. Radio watch, for instance, conducts monthly surveys on advertising recall of radio commercials in England. Radio watch surveys 1000 adults age 16-64 and asks them which radio commercials they remember hearing. In the April 2006 survey, the most-recalled ad was for T-Mobile, with 46% of respondents recalling the ads. An ad for McDonald's had 36% recall, while the ad for Peugeot received 18%.

Besides surveys, feedback can be collected to measure the media and ad exposure of the target audience. Feedback devices such as reply cards, toll-free numbers, coupons and Web addresses can be provided in ads so that tallies of the responses or redemptions can be made to estimate the impact of advertising media. Advertisers often use a different code in direct response ads to identify different media vehicles. As you can see from the Radio watch and Garden of Eatin' examples, one advantage of surveys over feedback devices is that surveys reach people who have taken no action on the product, whereas feedback devices require the consumer to mail back, click or call a toll-free number. In this way, surveys can help media buyers evaluate the effectiveness of an ad in relation to other ads, whereas feedback devices help them evaluate the effectiveness of one media vehicle over another.

Tracking is measurement method that media buyers use to track the effectiveness of online ads. When a user visits a Web site or clicks on a banner ad, Web servers automatically log that action in real time. The logs of these visits and actions are very useful for media buyers, because the buyers can use them to estimate the actual interaction of audience members with the interactive media. For example, a banner ad may have a code for each Web site where the ad is placed. Media buyers can compare the click-through rates of the banner ad across all Web sites daily, to estimate the effectiveness of each Web site. Media buyers are making more use of the tracking method given the increasing use of interactive media.

Finally, in the physical world, media buyers can use observation to collect audience reaction information at the points of purchase or during marketing events. For example, researchers can be stationed in grocery stores to observe how consumers react to in-store advertising or how they select an advertised brand in comparison of other brands. The advantage of observation is that it provides rich, detailed data on how consumers behave in real situations in response to the marketing communication. The downside is that direct observation is more costly to conduct and tabulate.

9. Measuring Advertising Effectiveness

All advertising efforts are directed mainly towards the achievement of business, marketing and advertising objectives i.e., to increase the sales turnover and thus to market the maximum profit. The advertiser spends lakhs of rupees in to this advertising activity. In the background of all these efforts, is an attempt to attract the customer towards the product through advertising. As soon as the advertising campaign is over, a need is generally arisen to measure the effectiveness of the campaign. Whether, it has achieved the desired results i.e. desired sales profitability or results in terms the change in customer' behaviour in favour of the company's product which will naturally, affect the future sale of the product.

Our main objective in measuring advertising effectiveness is to determine the effect of each advertising campaign from the results of our measuring and compare it with its price. Then we can decide which campaigns bring the best value for the money spent. It is also important to realise the various factors influencing advertising. The medium, ad copy, format, audience etc. affect the final success of the campaign. Therefore, it is necessary to judge the effectiveness in context. It is necessary to decide the criteria which are to be monitored or measured. These may include the following;

- (a) Customers tell how did they learn about us
- (b) Increase in sales of the promoted goods
- (c) More calls to our toll-free line
- (d) Calls to a campaign-specific phone number
- (e) Specific codes applied by customers to receive offered discount (i.e. „tube“)
- (f) Redeemed coupons or vouchers that were given out at a campaign
- (g) Increased visits on our website
- (h) Other metrics from our website statistics (i.e. Orders amount) – see below

It is best to combine several criteria, because a customer can for example either contact you by calling your line or by sending you an email. Also, accept the fact that we are not going to be able to measure everything. Especially if you run several campaigns in various media simultaneously, it may be difficult to describe the measured effects to a specific campaign.

This can be helped by careful choice of criteria or by running campaigns separately (though it is not always desirable). Contrary to traditional media, online campaigns are usually very easily traceable and can be measured well. Small companies will probably not use the methods of big corporations (ad recognition or recall) which are based on questioning samples of people once the campaign has ended. This would be too costly for small advertisers. Instead, you can simply judge the impact by how many people has the medium reached

All advertising efforts are directed mainly towards the achievement of business, marketing and advertising objectives i.e., to increase the sales turnover and thus to market the maximum profit. The advertiser spends lakhs of rupees in to this advertising activity. In the background of all these efforts, is an attempt to attract the customer towards the product through advertising. As soon as the advertising campaign is over, a need is generally arisen to measure the effectiveness of the campaign. Whether, it has achieved the desired results i.e. desired sales profitability or results in terms the change in customer' behaviour in favour of the company's product which will naturally, affect the future sale of the product.

In order to measure the effectiveness of advertising copy, two types of tests pre tests and post tests- can be undertaken. Pre tests are generally conducted in the beginning of the creation process or at the end of creation process or production stage. There are several pre and post tests techniques to measure the effectiveness of the advertising copy. Not caring about the effectiveness of your advertising usually means you are wasting money. The efficiency can be measured best on the internet, but offline advertisement can be also measured. The aim of advertising is either increase in sales or building brand. Measuring advertising effectiveness is not easy. Sometimes, the results of measuring are just better guesses. Still, it is much better this way than not to address this problem at all. There are dramatic differences in the effectiveness of various forms of advertising. If you pay for advertising, then it is probably important for you see some results. But if we waste money on inefficient advertising, we are missing better opportunities and the results may not come at all.

The effectiveness of advertising in a particular media may also be measured in any of the following ways;

- (a) By giving different addresses to different media,
- (b) Different newspapers may be selected for advertisements of different departments,
- (c) Coupon blank etc. May be provided with the advertisement or
- (d) Enquiry from consumers should mention the name of the source of information.

The technique is known as keying the advertising. Thus in measuring the effectiveness of advertising we include measuring of the effectiveness of advertising campaign, advertising copy and the effectiveness of individual media.

(a) Importance of Measuring the Effectiveness of Advertising

The importance of measuring effectiveness of advertising can be judged from the following advantages:

(i) Acts as a safety measure: Testing effectiveness of advertising helps in finding out ineffective advertisement and advertising campaigns. It facilitates timely adjustments in advertising to make advertising consumer oriented and result oriented. Thus waste of money in faulty advertising can be avoided.

(ii) Provides feedback for remedial measures: Testing effectiveness of advertising provides useful information to the advertisers to take remedial steps against ineffective advertisements. If any deviation is found then that can be corrected timely through this feedback.

(iii) Avoids possible failure: Advertisers are not sure of results of advertising from a particular advertising campaign. Evaluating advertising effectiveness helps in estimating the results in order to avoid complete loss. If the advertisement is not on the track then remedial action can improve it and if after that also it is not doing well then it can be stopped.

(iv) Justify the investment in advertising: The expenditure on advertisement is considered to be an investment. The investment in advertising is a marketing investment and its objectives should be spelt out clearly indicating the results expected from the campaign. The rate and size of return should be determined in advance. If the expected rate of return is achieved in terms of additional profits, the advertisement can be considered as effective one.

(v) Know the communication effect: The effectiveness of the advertisement can be measured in terms of their communication effects on the target consumers or audience. The main purpose of advertising is communicated the general public, and existing and prospective consumers, various information about the product and the company. It is therefore desirable to seek post measurements of advertising in order to determine whether advertisement have been seen or heard or in other words whether they have communicated the theme, message or appeal of the advertising.

(vi) Compare two markets: Under this procedure, advertising is published in test markets and results are contrasted with other. Markets – so called control markets – which have had the regular advertising program. The measurements made to determine results may be measurements of change in sales, change in consumer attitudes, changes in dealer display and so on depending upon the objectives sought by the advertiser.

To assess the effectiveness of your advertising campaign, you can monitor sales, new customers, requests for information, phone inquiries, retail store traffic, website traffic, or click-through rates. Use these tactics to gauge the power of your ads:

- A simple way to tell if your advertising is working is to track retail traffic by counting the people who enter your store. Don't forget to monitor traffic before you start the ad campaign, so you'll have a basis for comparison. And ask new customers how they heard about your business.
- Compare sales before, during, and after an ad campaign. Keep in mind that advertising often has a cumulative or delayed effect, so ad-driven sales may not materialize immediately.
- In print ads, include a coupon that customers can redeem for a discount or gift with their purchase. Code the coupons so you can determine which ad or publication generates the best results.
- Offer an incentive for customers to tell you they're responding to an ad: "Mention this ad and get a 10 percent discount on your first order." Put it on your website or in the local newspaper, or use it as part of an ad on local TV or radio. It's an easy way to know where customers are finding out about you.

- Use dedicated phone lines to track phone orders. For example, if you mention a toll-free number in your ad, assign different extensions to particular advertisements.
- Compare pre- and post-advertising traffic on your website. Your Web host logs the hits on your site and should be able to provide you with daily, weekly, or monthly reports. If you maintain your own Web server, invest in software that generates easy-to-read traffic reports.
- When advertising online, the old metric of click-through rates (the number of viewers who click your banner ads) is not a reliable method of knowing whether your advertisements are working. While ad networks that sell ad space on the Web track click-through rates and can provide you with performance reports, the numbers you really want to know are how long people are spending on your site and how many pages they are viewing per visit. That way, you will know whether you have truly engaged your clients. Of course, if they purchase something from your Web site, then you know you really did capture them.

(b) Techniques for Measuring Effectiveness of Advertising

The most suitable criteria for evaluating the effectiveness of advertising, depends on a number variables, such as the advertising goals, the type of media used, the cost of evaluation, the value that the business or advertising agency places on evaluation measures, the level of precision and reliability required, who the evaluation is for and the budget. It is difficult to accurately measure the effectiveness of a particular advertisement, because it is affected by such things as the amount and type of prior advertising, consumer brand awareness, the availability of cost effective evaluation measures, the placement of the advertising and a range of things about the product itself, such as price and even the ability of the target audience to remember. There are a number of different following models for measuring advertising effectiveness:

(i) Pomerance suggests that advertising agencies might attempt to measure effectiveness under the five headings of Profits, Sales, Persuasion, Communication and Attention. He uses a cube diagram to illustrate how to evaluate advertising that recognizes the effect of repeated exposures.

(ii) Lavidge and steiner suggest a model for 'predictive measurement of advertising effectiveness' which recognises various stages of purchasing behaviour, and suitable measures for each stage. Kotler and Armstrong call these stages, 'Buyer readiness stages' they may be viewed like this: Awareness, Knowledge, Liking, Preference, Conviction, and Purchase.

(iii) Kotler and armstrong suggest that two areas need to be evaluated in an advertising programme. They call them the 'communication effect' and 'the sales effect. To evaluate the sales effect, company information about sales and sales expenditure would be needed. To evaluate the communication effect, Kotler and Armstrong suggested using a number of research tests. They suggest that these evaluation measures are not perfect. One cost effective way of evaluating the effectiveness of the advertisement in terms of sales and movement towards purchasing is what Kotler and Armstrong call Integrated Direct Marketing. It is marketing that has a response section which can lead to more appropriate communication between the company and the prospect. This can also give the company the opportunity to trigger further movement towards purchasing, so it has the potential to have a greater impact on sales than a similar advertisement without the response section.

(iv) Website stats: Website stats counter can be used for collection of data relating to this. Not knowing how many visitors one get each day or where they come from will not help to see which online tactics are working, or if others have found you through offline promotion either. At least one should be aware of what keywords are bringing traffic to the site, how many are coming directly by typing in your domain name, and other referring pages. More detailed info such as bounce rates, visitor paths, landing and exit pages will all give additional information to assess what marketing value the website is providing.

(v) Asking people the source of information: When the persons are coming to the company stores, outlets etc they should be asked regarding the source of information through which they came to know about the products and company along with other relevant questions. This would provide the information regarding source.

(vi) Comparing time with promotion: Some promotions will bring immediate results, others might take months before you see results. For example, if you are consistently sending out postcards to a targeted neighborhood, you likely won't get calls the first month or two. But, after 6 months you might start seeing calls. Make sure before judging that a campaign has been a failure that you've allotted enough time to assess it's effectiveness and give it time to perform.

(vii) Stop running ads: If you've been regularly advertising in the newspaper every week for years for example, try a few weeks of going without the advertising. If you don't see any difference in calls or business, there's an excellent chance you won't miss it and can cut it out unless your seller demands it for their listings.

(viii) Use different phone numbers: You can often track an ad's performance by using different contact phone numbers. If you get calls to a number that's only listed in one advertisement, then you can be pretty certain that ad was successful. On different numbers the calls may not be there many.

(ix) Use direct response postcards: Postcards that can offer a simple pre-paid "drop in the mail for more info" type of response can help you gauge the effectiveness of a direct mail campaign. This works well with an offer to do a free home consultation or to provide the customer with more information about recent news, events, or special promotion. While there is no exact science to understanding how your marketing efforts are paying off and what response and return on investment they are bringing, doing just a few of these will help you choose if what you are doing is working and should be continued, if you should try something else, or if there are other ways to improve your marketing campaigns. Taking the time to analyze the effectiveness of a campaign will not only help you spend less time preparing ads that don't work but also save you money as well. One of the most important techniques for measuring effectiveness is DAGMAR and that is explained separately.

10. DAGMAR Approach

DAGMAR refers to a process of establishing goals for an ad campaign such that it is possible to determine whether or not the goals have been met. It stands for Defining Advertising Goals for Measured Advertising Results. Dagmar Approach is the task of measuring ad effectiveness will not be daunting if we clearly spell out the advertising goals. Russel H. Colley (1961) pioneered an approach known by the acronym DAGMAR – Defining Advertising Goals for Measured Advertising Results, where to establish an explicit link between ad goals and ad results, Colley distinguished 52 advertising goals that might be used with respect to a single advertisement, a year’s campaign for a product or a company’s entire advertising philosophy.

(a) Communication Process in DAGMAR Approach

According to DAGMAR approach, the communication process takes place to gain a number of these things and these are arranged in a local sequence of happening or timing. These are: (a) Awareness, (b) Comprehension, (c) Conviction, (d) Image and (e) Action.

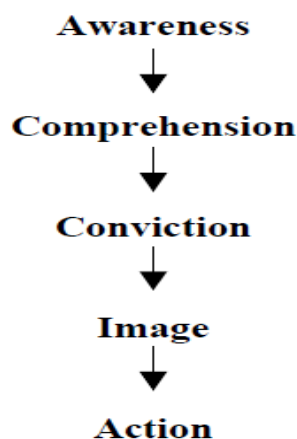


Diagram 3.3.1: Communication Process in DAGMAR Approach

The model suggests that before the acceptance of a product by an individual, there is a series of mental steps which the individual goes through. At some point of time, the individual will be unaware of the product or offer in the market. The initial communication task of the advertising activity is to increase consumer awareness of the product or offer. The second step of the communication process is comprehension of the product or offer and involves the target audience learning something about the product or offer. What are its specific characteristics and appeals, including associated imagery and feelings? In what way does it differ?

(b) Objectives of the DAGMAR Approach

These goals may pertain to sales, image, attitude, and awareness of this approach are following;

- (i) Persuade a prospect to visit a show room and ask for a demonstration.
- (ii) Build up the morale of the company's sales force.
- (iii) Facilitate sales by correcting false impression, misinformation and other obstacles.
- (iv) Announce a special reason for buying now's (price, discount, premium and so on.
- (v) Make the brand identity known and easily recognizable.
- (vi) Provide information or implant attitude regarding benefits and superior features of brand.

(c) Characteristics of Objectives in DAGMAR

DAGMAR also focused attention upon measurement, encouraging people to create objectives so specific and operational that they can be measured. A major contribution of DAGMAR was Colley's specification of what constitutes a good objective. Five following requirements or characteristics of good objectives were noted:

(i) Concrete and measurable: the communications task or objective should be a precise statement of what appeal or message the advertiser wants to communicate to the target audience. Furthermore the specification should include a description of the measurement procedure.

(ii) Target audience: a key tenet to DAGMAR is that the target audience be well defined.

For example – if the goal was to increase awareness, it is essential to know the target audience precisely. The benchmark measure cannot be developed without a specification of the target segment

(iii) Benchmark and degree of change sought: another important part of setting objectives is having benchmark measures to determine where the target audience stands at the beginning of the campaign with respect to various communication response variables such as awareness, knowledge, attitudes, image, etc. The objectives should also specify how much change or movement is being sought such as increase in awareness levels, creation of favorable attitudes or number of consumers intending to purchase the brand, etc. a benchmark is also a prerequisite to the ultimate measurement of results, an essential part of any planning program and DAGMAR in particular.

(iv) Specified time period: A final characteristic of good objectives is the specification of the time period during which the objective is to be accomplished, e.g. 6months, 1 year etc. The time period should be appropriate for the communication objective as simple tasks such as increasing awareness levels can be accomplished much faster than a complex goal such as repositioning a brand. All parties involved will understand that the results will be available for evaluating the campaign, which could lead to a contraction, expansion or change in the current effort. With a time period specified a survey to generate a set of measures can be planned and anticipated.

(v) Written goal: Finally goals should be committed to paper. When the goals are clearly written, basic shortcomings and misunderstandings become exposed and it becomes easy to determine whether the goal contains the crucial aspects of the DAGMAR approach.

Advertising goals should be consistent with these communication tasks. Later performance on these counts and projected goals is compared. For example, a company setting a goal of 15 per cent increase in sales advertises and achieves this objective. Its ad then is successful and effective. It presupposes the understanding of the dynamics of consumer behavior without these goals cannot be set. Besides, a thorough acquaintance of market environment is called for. DAGMAR is a planning and control tool. It may guide the creation of advertising.

However, as well as appreciated, the basic inputs of DAGMAR are not so easily to formulate and may also inhibit creativity.

(d) Criticism of DAGMAR

This approach has been criticized on the basis of following points;

(i) Problems with the response: It is difficult to get proper response from the customers or viewers. They may not give proper feedback regarding advertising exposure. If proper information are not given the results may not be measured properly.

(ii) Sales objectives: cannot be fixed because it is difficult to say how much sales would take place in future. It depends on a number of variable factors. Only an estimate can be made.

(iii) Less practical: The working of this approach is not much practical. The most of the things are on paper and it is very difficult to implement it. In application part the difficulties are there.

(iv) Cost involved: In this approach the functions of planning and control of advertising take place. It is a long process and a lot of efforts are needed with a number of persons to perform these functions. It adds to costs of advertising also. The profitability of the campaign goes down.

(v) Lack of creativity: In this approach a lot of creativity is required in planning and measuring the effectiveness of advertising. The available staff may not have that level of creativity. The work is affected and this way effectiveness of this approach goes down

Keeping in view its advantages and criticism it is summarized that the DAGMAR approach is a modern technique to measure the effectiveness of advertising. If it is planned and implemented properly the results would be more fruitful. This approach is more effective than the other approaches.

Chapter 3.4: Advertising Industry

- 1. Overview**
- 2. The History of the Advertising Industry**
- 3. Overview of Advertising Industry in India**
- 4. Advertising Agency**
- 5. Major Advertisers in India**
- 6. Advertising Regulations in India**
- 7. Current Advertising Position in India**
- 8. Future of Advertising**

3.4: Advertising Industry

1. Overview

Advertising industry is a rapidly growing industry and determines to a considerable extent the GDP or the gross domestic product of any country. The advertising industry besides functioning as an intermediate between the manufacturers and the customers plays an important role in the economy of the country. This industry necessitates investment for funding different resources. One cannot measure the degree of development by interpretation of inputs in the economy. Which yields some production? In the event when consumption levels far exceed than what is reckoned, this is not a means of triggering or bringing about transformation in the culture, society or development in human resources or economy. What the time demands is optimum and efficient execution of advertising projects by involving appropriate technology along scientific lines.

Firms in the advertising and public relations services industry prepare advertisements for other companies and organizations and design campaigns to promote the interests and image of their clients. This industry also includes media representatives-firms that sell advertising space for publications, radio, television, and the Internet; display advertisers-businesses engaged in creating and designing public display ads for use in shopping malls, on billboards, or in similar media; and direct mail advertisers. A firm that purchases advertising time (or space) from media outlets, thereafter reselling it to advertising agencies or individual companies directly, is considered a media buying agency.

Most advertising firms specialise in a particular market niche. Some companies produce and solicit outdoor advertising, such as billboards and electric displays. Others place ads in buses, subways, taxis, airports, and bus terminals. A small number of firms produce aerial advertising, while others distribute circulars, handbills, and free samples. Groups within agencies have been created to serve their clients' electronic advertising needs on the Internet. Online advertisements link users to a company or product's Web site, where information such as new product announcements, contests, and product catalogue appears, and from which purchases may be made.

The advertising industry can be categorized into the following categories; filmed entertainment, television, music, radio and print. As implied, many aspire to join this industry due to the high visibility and glamour associated with many of the top jobs. That said, the opportunities are many and varied, and not all focused on celebrity status, such as in the areas of mass communication, content development, animation, production and event management.

(a) Performance

Movies, Internet, Print Media, broadcasting constitute 0.99% in approximately 57 countries in terms of economic growth worldwide. This ratio was found to be unaltered in the years 2005 through 2006. It was observed that expenses incurred on advertising in the European countries exceeded the expenses incurred by United States of America in the year 2005. Reports also suggest that the trend of growth in the advertising industry may become sluggish in 2007, the ratio being 5.6%. This ratio may drop to 5.3% in the year 2008. 2005 through 2008 will see a majority of the emerging markets whose advertising markets are likely grow as much as USD19.2 billion. On the other hand, the stake in the global advertising market may escalate from 7.9%- 10.8% during the same period. It is apprehended that the advertising industry which contributed 0.96% towards the global GDP in the year 2005, is anticipated to escalate to 0.99% in 2008.

The industry has suffered a great deal during the economic recession, with U.S. top media companies managing flat revenues in 2008 and a 5% contraction in 2009 according to Ad Age reports. Many players, dominated by those in the print industry, have plunged into bankruptcy, primarily due to the shrinking revenues coupled with massive debt loads taken on in the market boom. Though certain digital media firms such as Google fared well (revenues up 23%), others such as Microsoft witnessed a flat top line. Ad spending in the U.S. was also severely depressed, falling 4% in 2008 a further 14% in the H1 2009, according to WPP's TNS Media Intelligence. Despite this sorry state, newspapers, magazines and cable systems continue to operate and media companies have been trying to slash their crippling debt. Analysts believe the worst is over, and globally, the industry is poised to emerge with less debt and stronger balance sheets in the coming 6 months. The situation in Indian market of advertising industry is good and it is progressing. It has not been affected by economic recession.

(b) Growth Potential

The Indian entertainment and media sector is one of the fastest growing sectors in the economy, and its segments have all witnessed tremendous double digit growth in the last few years. The past 2 years were tumultuous, especially due to poor liquidity in the system for financing big projects for the big and small screen. However, with global indicators realigning themselves once again, the Indian media and advertising industry too looks poised to resume where it left off pre 1H 2008. According to a 2009 report jointly published by the Federation of Indian Chambers of Commerce and Industry (FICCI) and KPMG, the media and entertainment industry in India is likely to grow at ~13 % CAGR over 2009-13, touching US\$ 20 billion by 2013. The key reasons favoring the rapid growth of the Indian entertainment and media sector are the demographic and economic factors buoying India's development; with a majority of the population below the age of 35, and increasing disposable income in Indian households, the average spend on media and entertainment is likely to grow, according to the 2009 edition of PricewaterhouseCoopers report. In addition, advances in technology, increasing penetration of communication mediums, policy initiatives of the Indian government to increase FDI and the increased participation of private media companies have been the other key drivers of the industry. As per current estimates the television industry is projected to grow by 22%, filmed entertainment by 16%, radio by 18% and the Indian advertising industry 61% over the next 3 years. Given the lucrative prospects of this segment, international media giants are all vying for a stake in the segment. In addition to domestic growth, the growing popularity of Indian content in the world market and South Asia in particular, has encouraged Indian entertainment industry players to also venture abroad to tap this booming segment; according to a report by CII-AT Kearney, the share of international markets in total box office collections is estimated to increase from 8% in 2006 to 15% in 2010.

The greatest opportunities naturally lie in those sub-areas that are expected to grow the fastest over the next few years, namely, in the development of digital distribution platforms for TV such as DTH, digital music platforms, digital media advertising (internet, mobile and digital signage) and global cinema content. For new graduates, the industry poses great prospects for achievement given its growth trajectory. On the flip side, it is extremely fast-paced and stressful as well. Additionally, being creative on a tight schedule can be emotionally draining, especially because most of the work includes long hours and meeting stringent deadlines.

(c) Trends in Advertising Industry

The advertising business is going through rapid changes due to consolidation and globalization. Meanwhile, advertisers, more than ever before, want to create a seamless global brand—they need the services of multinational agencies and consultants who can help them in dozens of countries worldwide. Campaigns and branding, regardless of scale, must be consistent and cost-effective. Online advertising is booming. Search engines such as Google are seeing revenues soar thanks to paid search inclusion. Also, more and more of advertising budgets are being directed to online ads. Advertisers of all types have learned that targeted ads online are now highly productive. Newspapers, magazines, radio and television are trying to adapt and evolve to changes in audiences and technology. In last few decades the advertising industry has been affected by rapidly changing business environment and following trends have taken place:

(i) Online advertising industry: Trend in the growth of the Online advertising Industry and its impact on the economy is good. It is assumed that by the year 2008, the revenues generated in the Online advertising industry, as a result of searches, will amount to \$5.7 billion. Online advertising industry is growing by leaps and bounds. The Online advertising industry is reckoned to improve further in the years to come. Expenses incurred on online advertising industry are gradually increasing. Reports suggest that in the year 2003, the Online advertising industry yielded revenues equal to \$1.9 billion, which escalated to \$2.3 billion. The year 2007 will be a witness to several alternative means of advertising other than the conventional tools of marketing. Advantage of Online advertising industry is that an individual has the liberty to browse through the different products on offer and can also compare prices from the comfort of one's office or home. Online Advertising industry can use the Internet as a marketing tool for different spheres. Whether an individual wishes to sell, buy relocate etc, the real estate marketing sites can be accessed. There are several instances when the Internet can be made an effective marketing instrument. Online advertising industry is expected to be stable and manifest an upward trend in the year 2007. This trend is likely to continue till 2011. The compound annual growth rate is anticipated to increase by 17.4% during this period(2007 through 2011) and touch the \$197.11 billion mark. Every industry in the US economy use the Online advertising tool for marketing products. The different sectors yield revenues and add to the GDP or the gross domestic product. Online advertising tools can be used in several sectors as enumerated below:

- Banking
- Real Estate
- Steel
- Mining
- Paper
- Plastic
- Software
- Biotechnology
- Health Care
- FMCG
- Agriculture, etc.

(ii) Outdoor advertising industry: Outdoor advertising industry plays an important role in determining the economy of any country. Outdoor advertising is a very cost effective. Way of putting across one's product to the common people. Statistics have indicated that the growth in the revenue due to outdoor advertising industry was approximately 5.5 billion in the year 2002. This sale record in the outdoor advertising market is predicted to go up to around 12.4 billion in the year 2009. Revenues also increased to \$298 million in 2002 which escalated by 9% in the year 2005. It is anticipated that this figure may go up to \$324 million in the next few years.

(iii) Advertising industry and employment: In addition to generating revenue for the country, it also provides employment facilities to individuals directly associated or indirectly associated with the advertising industry. It was found that in Florida alone, the total number of jobs available in the outdoor advertising segment or outdoor advertising related segment was 10,000 in the year 2001. It is believed that there will be a decrease in the number of jobs, the job count going down to 7,600 by 2010. The decline can be attributed to diversification in other industries. The Gross revenue product or the GRP was found to be \$405 million in the year 2001 and is expected to be \$457 million by the year 2010. Statistics also suggest that the real disposal income in the outdoor advertising industry as in 2001 was \$264 million which is likely to rise to \$311 million in 2010.

(iv) Accessing product information: Growth in the economy of United States of America has accelerated the production of different products. Every effort is made by the companies to penetrate into the market by opting for better and efficient marketing tools. . Outdoor advertising is a very effective economic instrument which enables an individual to access critical information about the new products on the shelf. Outdoor advertising industry also helps individuals to decide about purchasing products. The outdoor advertisers comprise of the entertainment industry, lodging, tourism, telecommunications, amusement, automobile industry etc.

(v) Contribution in global development: Advertising Industry trends reflect the dynamics of the advertising industry and its contribution to the economy of the country. The advertising industry plays a significant role in contributing to the global GDP or the gross domestic product. Advertising industry trends suggested that advertising expenses with regard to magazines in the beginning of 2007 escalated by 7.1% as compared to the first half of 2006. The same period witnessed a decrease in the expenses on magazines dealing with business articles, reports and business statistics by as much as 5.2%. A survey conducted on the advertising industry trends also suggested that total amount spent on advertising pertaining all categories of media registered a reduction by 0.3% in the first three months of 2007 as compared to the last quarter of the 2006. The advertising analysis report conducted on advertising industry trends observed that approximately 19.2% was spent on magazines during the first 3 months of 2007. There was an increase by 0.9% as compared to the hike registered last year during the same time.

(vi) Trends in different media: Research and analysis carried out in the context of the advertising industry noticed the following advertising industry trends:

- As many as 1,370 magazines were launched in the United States of America and Canada in the year 2006.
- The advertising industry report anticipates that another 820 magazines are likely to be launched within 2007. This will take the number of magazines to 26,960 by 2007 end.
- It is apprehended that a decrease is likely to occur in the number of advertisement pages in the magazines by around 9% between 2006 through 2011. The shift in the trend of advertising industry from the print media to the Internet is considered to be one of the reasons for the down slope.

- Surfing the Internet for various purposes like shopping on line, information about a store, searching for information or randomly browsing the net accounted for approximately 12%, 15%, 22% and 31% respectively.

Studies on advertising industry trends also revealed that people are opting for surfing the net for commodities on line as compared to the print media. Due to escalation in the cost of postage in the year 2007, a tendency might set in when the publishers may opt for the reduction of the size of papers and decrease in paper weight. Consequently, page volume is likely to go down by 9% by the year 2011. The Advertising Industry Report suggests that the revenue earned from media as well as advertising in the United States of America attained the \$13.10 billion mark in the year 2006. Advertising Industry Report analyzes the trends and the market conditions pertaining to the advertising industry. Advertising industry reports revolving around advertising related activities like campaigning, electronic and printed displays, billboards, shopping malls, retail market etc., are all taken into consideration while working out reports. The contribution of the advertising industry to GDP or the gross domestic product is also accounted for. The advertising industry report also implies that as many as 30,000 plus companies operate in the United States of America.

(d) Advertising Companies

Contributions of advertising companies towards yearly revenue up to approximately \$60 billion. Omnicom, WPP, Interpublic are some of the reputed advertising companies operating in America. Segregation prevails in the advertising market. Trends in the advertising industry indicate that the as many as 50 companies which are quite reputed hold around 40% of the market stake. This was an increase by approximately 4.2% as compared to the revenues earned in the year 2005. The yearly revenue earned from every employee in the advertisement industry amounts to \$150,000. Advertising industry reports indicating risks involved in the advertisement industry. There are many risks which the advertisement industry is subjected to. The advertisement industry report throws light on the various types of risks and the statistical data pertaining to the risks which the advertisement companies have been subjected to at that point of time. Risks can be of three types, structural risks are the risks which may be encountered from within the advertisement industry. Growth risk report provides the probabilities of the risks likely to appear in future. Several factors like prices of articles, regulations of the government rates of

interest and exchange rates may affect the advertising industry to a considerable extent and these factors constitute the last risk factor called the sensitivity risk.

2. The History of the Advertising Industry

An advertising company is a potentially very successful and enjoyable business, but only if done correctly. Advertising promotion is older than most people think, and here is a brief history of advertising companies. There are four very influential inventions that have shaped the media and thus the advertising industry - the printing press, radio, television and the Internet. The printing press made the wide dissemination of information with words on paper possible, mainly advertisements in newspapers and magazines. Selling material had to be created and advertising agencies were born. The first advertising agency, Volney B. Palmer, was opened in Philadelphia in 1841. By 1861 there were 20 advertising agencies in New York City alone. Among them was J. Walter Thompson, today the oldest American advertising agency in continuous existence. Radio became a commercial medium in the 1920s.

For the first time, advertising could be heard, not just seen. Soap operas, music, and serial adventures populated the new medium, and as radios appeared in virtually every home in America, sales of products advertised on the air soared. Advertisers rushed to write infectious advertising jingles, an art form that still has its place in the advertising repertoire of today. Then television changed everything. Although TV was invented in the 1920s, it didn't become a mass commercial medium until the 1950s when the prices of television sets began to approach affordability. Print and radio had to take a back seat because, for the first time, commercials were broadcast with sight, sound and motion. The effect of the television on the advertising industry and the way products were sold was remarkable. Advertising agencies not only had to learn how to produce these mini movies in units of 30 and 60 seconds, they had to learn to effectively segment the audience and deliver the right commercial message to the right group of consumers.

Cable television was the next great innovation, offering a greater variety of channels with more specific program offerings. That allowed advertisers to narrowcast. Before the advent of cable television, the networks attempted to reach demographics by airing at different times throughout the broadcast period. Soap operas were broadcast during the day to reach women, news in the

evening to reach an older target audience. Cable television, on the other hand, brought with it channels like MTV that catered to young music lovers, ESPN, for (typically) male sports fans, and the Food Network, for people who love cooking (or at least love to watch others cook). These new advertising channels were delightful for advertisers who wished to target certain audiences with specific interests, though less so for the networks who saw their share of ad revenue dwindle.

The earliest forms of advertising included simple signs that merchants put over their doors to inform the public about what was for sale inside. Posters, pamphlets, and handbills began appearing in England following the invention of movable type in Germany around 1450. Advertising became a part of newspapers when they first appeared in England in the seventeenth century and in America at the beginning of the eighteenth century. Magazine advertising followed in the early nineteenth century. During the 1700s Great Britain made great advances in advertising. Handbills and trade cards were common. A wide variety of goods were advertised. For example, one of the most exciting subjects of advertising was the New World. Historians have commented that posters and handbills lauding the wonders of the New World may have hastened emigration there.

During the eighteenth century advertising could be found in the British colonies in America a practice that, centuries later, achieved a great level of refinement and popularity in the new nation. Advertising in the colonies, however, initially had little impact. Since America was predominantly wilderness and farm country, many people lived in comparative isolation. In addition, ads appearing in newspapers were often illegible and poorly written. Improvements in printing technology and a new advertising philosophy led to advances in U.S. advertising in the larger cities during the 1820s and 1830s. New York's penny press newspapers began to make their advertising more understandable and accessible to common readers. Finally in 1848 the New York Herald began changing the newspaper's ads daily. This expansion created a need for advertising agencies.

Advertising agencies began to emerge in the United States in the 1840s. They sold space in newspapers and magazines for commission. The commission system allowed the agency to collect a fee for placing an ad in a given newspaper or journal. It became established that agencies were compensated by their clients, that is, agencies represented the newspapers and

periodicals in which advertising appeared. In 1875 George Rowell, who pioneered buying advertising space in bulk, announced that he would reverse the relationship and act on behalf of the advertisers. Soon F.W. Ayer introduced a new arrangement, the "open contract," in which terms were vague, and the agency was permitted to represent the advertiser over an indefinite period of time. It created a dynamic, long-term relationship between advertiser and agency that was generally healthy for the industry.

Changes in the American marketing system in the 1880s made modern advertising models possible. Previously the market was dominated by wholesalers who purchased goods in large lots and sold them in smaller lots for a profit. During the 1880s, however, manufacturers of packaged goods began to package, brand, and distribute their products throughout the country. This change introduced a need for advertising on a national level. These advertisers provided agencies with a new set of clients with higher standards than those who sold to only local markets. For example, packaged goods manufacturers wanted their advertising to create a bond of trust with the consumer, so their advertising needed to be more truthful. Throughout the nineteenth century the most widely advertised products were patent medicines. Even as late as 1893 more than half of all advertisers who spent more than \$50,000 annually on advertising were patent medicine manufacturers.

For firms making durable and non-durable goods advertising served many purposes. It helped introduce new products and suggested new uses for those already existing. It could also reach new audiences to inform them about established products that were unfamiliar to them. Heavily advertised products were safer to stock and easier to sell because advertising created consumer demand and brand loyalty. During the 1890s the advertising industry grew dramatically. By 1897 more than 2,500 companies were conducting large-scale advertising campaigns. This expansion was the result of the increased use of brand names and trademarks and growing newspaper distribution. Copywriters also contributed to the growth. In 1892 N.W. Ayer & Son agency in Philadelphia hired its first copywriter to create an advertisement. Previously it had simply bought advertising space from newspapers and magazines and sold it to advertisers. Now agencies could provide both art and copy for their clients.

In 1900 the major agencies included J. Walter Thompson, N. W. Ayer & Son, and Lord & Thomas. In the nineteenth century J. Walter Thompson had persuaded several literary magazines

to carry advertising, and by 1900 his agency was creating ads for thirty of the most popular women's and general interest monthly periodicals. J. Walter Thompson can be credited with transforming magazines into an advertising medium. The Chicago agency Lord & Thomas, which later became Foote, Cone & Belding, is credited with developing a now-common form of advertising that stressed salesmanship. It originated with Albert Davis Lasker, who joined the agency in 1898 and was its sole owner from 1912 to 1942. Lasker, along with copywriter John E. Kennedy, were the founders of the "reason-why" school of advertising. Until its advent, the industry was mainly concerned with keeping the client's name before the public. Lasker innovated by adding the element of persuasion (stressing benefits to the consumer). He argued that an advertisement must give the consumer a specific reason for buying a product. This new approach later earned him the title, "the father of modern advertising."

During the 1920s the introduction of radio in the United States gave advertising an impetus that carried it through the Great Depression (1929–1939) and World War II (1939–1945). When radio was first introduced, many people felt that radio advertising should be prohibited. This view was supported by then Secretary of Commerce Herbert Hoover (1874–1964). By the end of the decade, however, advertisers began to use radio's advantages as an advertising medium by injecting elements such as drama and immediacy into commercials. With the formation of the NBC and CBS radio networks in 1926 and 1927, respectively, radio became an important medium for advertisers. Ad agencies created nighttime radio programs as a way to communicate their client's message. They also created daytime radio dramas that became known as "soap operas" (a term that was first applied to the dramas created for consumer product giant Proctor & Gamble).

During the 1920s advertising agencies were transformed into professional organizations offering specialized services. Market research was used to gain a better understanding of the prospective audience, and agencies developed separate departments and operating units, including research and art departments (which were added to complement copy-writing services). Ad budgets soared. Following World War II, the introduction of television laid the foundation for an advertising boom in the 1950s. By 1948 one million U.S. homes had television sets; the first coast-to-coast network was established in 1951. It was a period marked by numerous changes: ad

agencies added more staff; new agencies were formed; mergers strengthened those already existing. From 1950 to 1980 advertising expenditures increased tenfold.

After World War II the U.S. advertising industry began spread throughout the world. American companies began to sell again to markets that they had entered before the war and compete in new ones. Offices were set up abroad, and the major agencies became multinational to serve their multinational clients such as Coca-Cola, Ford Motor Company, Eastman Kodak, General Foods, and many others. In the 1980s and 1990s, U.S. advertising came to dominate the international market. There were, however, some notable exceptions. For example, London's Saatchi & Saatchi, became a giant by acquiring smaller shops located in strategic cities around the world. The Dentsu agency was the principal company in Japan. France also had its own dominant agencies.

By 1980 U.S. advertising expenditures were more than \$55 billion, or about two percent of the gross national product. Sears, Roebuck and Co. was the nation's largest advertiser, spending \$700 million in national and local advertising. From 1976 to 1988 U.S. spending on advertising grew faster than the economy as a whole. TV advertising was mainly responsible for this growth. In 1988, as the country began slipping into an economic recession, there was a slowdown in advertising spending. U.S. ad spending would not recover until 1993, when U.S. advertising spending reached \$140.6 billion. At the time of the economic recession industry analysts began to question the effectiveness of traditional advertising to sell products and services. They offered several possible explanations: consumers were becoming less receptive to the continual barrage of advertising messages, and they grew more price conscious and less brand loyal.

Technological innovations also had an impact on traditional advertising. The proliferation of alternative communication, including the rise of cable television, changed the way advertisers could reach their audience. Advanced market research techniques allowed companies to gather a wealth of data about their customers and consumers in general. This data could be effectively used to create a database marketing program. Direct marketing increased in usage and popularity. In addition to traditional advertising, clients began demanding agencies provide integrated marketing programs that combined a variety of elements such as direct mail, direct response, database marketing, coupon redemption, in-store promotions, and other, similar techniques. Although large advertising agencies could offer their clients a range of marketing

services, smaller agencies seemed better able to adjust to the changing marketing needs of their clients. This ability made smaller agencies the fastest-growing segment of the advertising industry in the early 1990s.

In spite of the growth of smaller agencies, advertising in the 1990s was dominated by large marketing conglomerates that owned several well-known advertising agencies. These conglomerates were formed through acquisitions and mergers. The largest included WPP Group PLC (which, among others, owned ad agencies J. Walter Thompson and Ogilvy & Mather); Omnicom Group Inc. (which held BBDO Worldwide Network and DDB Needham Worldwide Network and several independent agencies); Interpublic Group of Companies (whose holdings included McCann-Erickson Worldwide, Lintas: Worldwide, Dailey & Associates, and The Lowe Group); and True North Communications Inc. (which, among other agencies, owned Foote, Cone & Belding and Bozell, Jacobs, Kenyon, & Eckhardt Inc.

3. Overview of Advertising Industry in India

The structure of the advertising industry in Asia Pacific has been affected by globalisation and international alignments creating a smaller number of very large agencies and the growth of independent major media buying houses. Very sophisticated software optimisation and planning systems are now integral to the industry, enabling agencies to offer a unique positioning in the marketplace to attract new business. The Indian advertising industry is talking business today. It has evolved from being a small-scale business to a full-fledged industry. It has emerged as one of the major industries and tertiary sectors and has broadened its horizons be it the creative aspect, the capital employed or the number of personnel involved. Indian advertising industry in very little time has carved a niche for itself and placed itself on the global map.

American companies are discovering the appeal of marketing their products in India. With a population of approximately one billion, and a middle class that's larger than the total population of the United States, there's definitely money to be made. Local retailers in apparel, food, watches and jewellery have all increased their average ad spending by almost 50% in the past two years. Coupled with many other local players big retailing brands are spending to the tune of Rs 12,000 crores annually on advertising and promotional activities. This figure, according to

industry estimates, was less than Rs 400 crores about 3 years ago. Which means the growth has been a whopping 40%? The local firms are using all the available advertising tools from electronic to print, outdoor advertising and even models. The advertising and promotional spending by local brands is substantial during the festival season and almost 70% of the spending is done between September to January.

The advertising industry in India is growing at an average rate of 10-12% per annum. Over 80% of the business is from Mumbai and Delhi followed by Bangalore and Chennai. Indian advertising industry with an estimated value of es13, 200-crore has made jaws drop and set eyeballs gazing with some astonishing pieces of work that it has given in the recent past. The creative minds that the Indian advertising industry incorporates have come up with some mind-boggling concepts and work that can be termed as masterpieces in the field of advertising. Advertising agencies in the country too have taken a leap. They have come a long way from being small and medium sized industries to becoming well known brands in the business. Mudra, Ogilvy and Mathew (O&M), Mccann Ericsonn, Rediffussion, Leo Burnett are some of the top agencies of the country.

Indian economy is on a boom and the market is on a continuous trail of expansion. With the market gaining grounds Indian advertising has every reason to celebrate. Businesses are looking up to advertising as a tool to cash in on lucrative business opportunities. Growth in business has lead to a consecutive boom in the advertising industry as well. The Indian advertising today handles both national and international projects. This is primarily because of the reason that the industry offers a host of functions to its clients that include everything from start to finish that include client servicing, media planning, media buying, creative conceptualization, pre and post campaign analysis, market research, marketing, branding, and public relation services.

(a) Online Ad Spending in India

Online advertising spending is holding its own and will continue to grow steadily over the next several years. Marketers are responding to the economic challenges with new techniques and strategies, along with research data to prove their effectiveness. According to statistics, online ad spending has reached \$23 billion. Nonetheless, nearly three-quarters of web advertising space goes unsold and more than 99.7 per cent of banner ads are not clicked on.

(b) Scope of Advertising Industry in India

The advertising industry in India has several competitive advantages:

- India has a rich pool of strategic planning, creative and media services personnel: Indeed, Indian advertising industry has been exporting senior-level talent to many countries, particularly to the Gulf, South-East Asia, China, the UK and the US. Indian talent is recognised and respected in global agency networks.
- No other country has access to so many trained management graduates who can provide strategic inputs for brand and media planning.
- Indians are multicultural: we learn at least two languages and that gives us a head start in understanding cultural diversity.
- Most of the top 20 agencies in India have a global partner or owner, which should provide an immediate link to global markets.
- Our production standards in TV and print have improved: With a vibrant animation software industry, we have access to this area of TV production.
- India's advanced IT capabilities can be used to develop Web-based communication packages for global clients.

The Indian advertising industry is a very upcoming and promising sector. However there is severe competition and survival is for the fittest and the best. In this sector what matters the most is knowledge and experience of the work and the industry and its functioning. The more the knowledge you can provide the better the productivity you give. Exchange4media is an ad agency that has the knowledge as well as experience that will be a big benefit in making your ad campaigns run successfully.

(c) Indian Advertising Industry Needs to Make Up for Lost Time: Sam Balsara

Cavelossim, Goa: After facing rugged recession, the Indian advertising industry must now begin to look at ways and means to rejuvenate its sagging market share, according to industry experts. "After growing at nearly 20 per cent year on year for five years, the advertising market dipped in 2009 by as much as 10%. Just 0.4% of GDP is contributed by advertising market. It's time to grow now and make up for the lost time with sharp strategies and plans to develop brands,

markets, creativity, media markets and research," Sam Balsara, co-chairman, Discovery Channel India Leadership Conclave, an event held a day ahead of the Adfest Goa, said here. The two-day Adfest begins today with 3,000-odd delegates participating in the event organised by Advertisement Agencies Association of India (AAAI) and Ad club Bombay.

Conclave Chairman Colvyn Harris said the advertising market is under developed in India compared to many developed and developing countries, despite high growth rates in the last five years. "It is not growing at a fast enough pace to drive consumption. India contributes to 17 per cent of the world population but is only 0.7% of the world advertising market," he said. Piyush Mathur, regional managing director, AC Nielsen, suggested that the country should work on 'indo-vation', an innovation emanating from India. "Indo-vation is happening on the streets of India," he said. Shiv Moulee, chief client officer and Director Global Solution Board, Millward Brown opined that the consumer's engagement with brand is declining over the years. "In today's environment brands needs to stand out," they said. "There is need to create unique space in the market. We are equal to any when it comes to effectiveness of advertising but creative impact is low compared to other countries," Moulee said.

4. Advertising Agency

An advertising agency or ad agency is a service business dedicated to creating, planning and handling advertising (and sometimes other forms of promotion) for its clients. An ad agency is independent from the client and provides an outside point of view to the effort of selling the client's products or services. An agency can also handle overall marketing and branding strategies and sales promotions for its clients. Typical ad agency clients include businesses and corporations, non-profit organizations and government agencies. Agencies may be hired to produce an advertising campaign.

(a) History

George Reynell, an officer at the London Gazette, set up what is believed to be the first advertising agency in London, United Kingdom, in 1812. This remained a family business until 1993, as 'Reynell & Son', and is now part of the TMP Worldwide agency (UK and Ireland) under the brand TMP Reynell. Another early advertising agent in London was Charles Barker, and the

firm he established traded as 'Barkers' until 2009 when it went into Administration. Volney B. Palmer opened the first American advertising agency, in Philadelphia in 1850. This agency placed ads produced by its clients in various newspapers produce "photographs, ambrotypes and daguerreotypes." His ads were the first whose typeface and fonts were distinct from the text of the publication and from that of other advertisements. At that time all newspaper ads were set in agate and only agate. His use of larger distinctive fonts caused a sensation. Later that same year Robert Bonner ran the first full-page ad in a newspaper.

In 1864, William James Carlton began selling advertising space in religious magazines. James Walter Thompson joined this firm in 1868. Thompson rapidly became their best salesman, purchasing the company in 1877 and renaming it the James Walter Thompson Company, which today is the oldest American advertising agency. Realizing that he could sell more space if the company provided the service of developing content for advertisers, Thompson hired writers and artists to form the first known Creative Department in an advertising agency. He is credited as the "father of modern magazine advertising" in the US.

(b) Types of Advertising Agencies

Ad agencies come in all sizes and include everything from one or two-person shops (which rely mostly on freelance talent to perform most functions), small to medium sized agencies, large independents and multi-national and multi-agency conglomerates. Different types of advertising agencies are following;

(i) Limited-service advertising agencies: Some advertising agencies limit the amount and kind of service they offer. Such agencies usually offer only one or two of the basic services. For example, although some agencies that specialize in "creative" also offer strategic advertising planning service, their basic interest is in the creation of advertising. Similarly, some "media-buying services" offer media planning service but concentrate on media buying, placement, and billing. When the advertiser chooses to use limited-service advertising agencies, it must assume some of the advertising planning and coordination activities that are routinely handled by the full-service advertising agency. Thus, the advertiser who uses limited-service agencies usually takes greater responsibility for the strategic planning function, gives greater strategic direction to

specialist creative or media agencies, and exercises greater control over the product of these specialized agencies, ensuring that their separate activities are well-ordered and -coordinated.

(ii) Full service advertising agencies: A full service advertising agency is a company that can manage all aspects of the marketing process, which includes planning, designing, manufacturing and placement of products. Those days, a full service agency can provide its clients online advertising as well, PR services or sales promotions. Advertisements are created for printing, radio, television or internet, which means that you get maximum coverage. Based on detailed surveys and market research, a full service agency helps the clients in achieving their advertising goals more effectively because they can have access to all the distribution channels and marketing means. . Full service agency provides service of account management, research, creative, media planning and feedback.

(iii) Specialist advertising agencies: In addition to the full-service, general-line advertising agencies, there are also agencies that specialize in particular kinds of advertising: recruitment, help-wanted, medical, classified, industrial, financial, direct-response, retail, yellow pages, theatrical/entertainment, investment, travel, and so on. Specialization occurs in such fields for a variety of reasons. Often, as in recruitment advertising, for example, specialized media or media uses are involved that require knowledge and expertise not ordinarily found in a general-line agency. In other cases, such as medical or industrial advertising, the subject is technical and requires that writers and artists have training in order to write meaningful advertising messages about it. Such specialist advertising agencies are also usually "full-service," in that they offer all the basic advertising agency services in their area of specialization plus other, peripheral advertising services related to their area of specialization.

(iv) In-house advertising agencies: Some advertisers believe that they can provide such advertising services to themselves at a lower cost than would be charged by an outside agency. There are different departments in an agency and some them provides different type of services to the organisation. It varies from company to company.

(v) Interactive agencies: Interactive agencies may differentiate themselves by offering a mix of web design/development, search engine marketing, internet advertising/marketing, or e-

business/e-commerce consulting. Interactive agencies rose to prominence before the traditional advertising agencies fully embraced the Internet. Offering a wide range of services, some of the interactive agencies grew very rapidly, although some have downsized just as rapidly due to changing market conditions. Today, the most successful interactive agencies are defined as companies that provide specialized advertising and marketing services for the digital space. The digital space is defined as any multimedia-enabled electronic channel that an advertiser's message can be seen or heard from. The 'digital space' translates to the Internet, kiosks, CD-ROMs, DVDs, and lifestyle devices (iPod, PSP, and mobile). Interactive agencies function similarly to advertising agencies, although they focus solely on interactive advertising services. They deliver services such as strategy, creative, design, video, development, programming (Flash and otherwise), deployment, management, and fulfillment reporting. Often, interactive agencies provide: digital lead generation, digital brand development, interactive marketing and communications strategy, rich media campaigns, interactive video brand experiences, Web 2.0 website design and development, e-learning Tools, email marketing, SEO/SEM services, PPC campaign management, content management services, web application development, and overall data mining & ROI assessment.

The recent boost in the interactive agencies can also be attributed to the rising popularity of web-based social networking and community sites. The creation of sites such as MySpace, Facebook and YouTube have sparked market interest, as some interactive agencies have started offering personal and corporate community site development as one of their service offerings. It still may be too early to tell how agencies will use this type of marketing to monetize client ROI, but all signs point to online networking as the future of brand marketing and Interactive being the core of Brand's Communication and Marketing Strategy.

Due to the social networking explosion, new types of companies are doing reputation management. This type of agency is especially important if a company needs online damage control. For example, disgruntled customers can quickly and easily damage a company's reputation via social networking sites. Reputation management companies help stem the negative information or misinformation that might proliferate in their absence.

(vi) Search engine agencies: Lately, pay per click (PPC) and search engine optimization (SEO) firms have been classified by some as 'agencies' because they create media and implement media purchases of text based (or image based, in some instances of search marketing) ads. This relatively young industry has been slow to adopt the term 'agency', however with the creation of ads (either text or image) and media purchases; they do technically qualify as 'advertising agencies'.

(vii) Social media agencies: Social media agencies specialize in promotion of brands in the various social media platforms like blogs, social networking sites, Q&A sites, discussion forums, microblogs etc. The two key services of social media agencies are:

- social media marketing
- online reputation management

(viii) Healthcare communications agencies: Healthcare communications agencies specialize in strategic communications and marketing services for the Healthcare and Life Science industries. These agencies distinguish themselves through an understanding of the strict labeling and marketing guidelines mandated by the U.S. Food and Drug Administration (FDA) and industry group guidelines, most notably Advamed Pharma.

(ix) Medical education agencies: Medical education agencies specialize in creating educational content for the Healthcare and Life Science industries. These agencies typically specialize in one of two areas:

- Promotional education - education and training materials tied to the promotion of a given product or therapy
- Continuing medical education - accredited education and training materials created for continuing physician and medical professional education.

(x) Other agencies: Not advertising agencies only, enterprise technology agencies often work in tandem with advertising agencies to provide a specialized subset of services offered by some interactive agencies: Web 2.0 website design and development, Content management systems, web application

development, and other intuitive technology solutions for the web, mobile devices and emerging digital platforms.

(c) Agency Departments

Depending upon the area of specialization and workloads the advertising are having different departments. It varies from agency to agency. Some of the departments of an advertising agency are following;

(i) Creative department: The people who create the actual ads form the core of an advertising agency. Modern advertising agencies usually form their copywriters and art directors into creative teams. Creative teams may be permanent partnerships or formed on a project-by-project basis. The art director and copywriter report to a creative director, usually a creative employee with several years of experience. Although copywriters have the word "write" in their job title, and art directors have the word "art", one does not necessarily write the words and the other draw the pictures; they both generate creative ideas to represent the proposition (the advertisement or campaign's key message). Once they receive the creative brief from their account team, the creative team will concept ideas to take to their creative director for feedback. This can often be a back and forth process, occurring several times before several ads are set to present to the client. Creative departments frequently work with outside design or production studios to develop and implement their ideas. Creative departments may employ production artists as entry-level positions, as well as for operations and maintenance. The creative process forms the most crucial part of the advertising process.

(ii) Account services: Agencies appoint account executive to liaise with the clients. The account executives need to be sufficiently aware of the client's needs and desires that can be instructed to the agency's personnel and should get approval from the clients on the agency's recommendations to the clients. Creativity and marketing acumen are the needed area of the client service people. They work closely with the specialists in each field. The account manager will develop a creative brief, usually about a page that gives direction to the creative team. The creative brief often includes information about the target audience and their attitudes and behaviors. The creative team will take the brief and, aware of their parameters; develop original copy and graphics depending on media strategy.

(iii) Media services: The media services department may not be so well known, but its employees are the people who have contacts with the suppliers of various creative media. For example, they will be able to advise upon and negotiate with printers if an agency is producing flyers for a client. However, when dealing with the major media (broadcast media, outdoor, and the press), this work is usually outsourced to a media agency which can advise on media planning and is normally large enough to negotiate prices down further than a single agency or client can. They can often be restrained by the client's budget, in which, the media strategy will inform the creative team what media platform they'll be developing the ad for. Modern agencies might also have a media planning department integrated, which does all the spot's planning and placements

(iv) Production: Without the production department, the ads created by the copywriter and art director would be nothing more than words and pictures on paper. The production department, in essence, ensures the TV commercial or print ad, etc., gets produced. They are responsible for contracting external vendors (directors and production companies in the case of TV commercials; photographers and design studios in the case of the print advertising or direct mailers). Producers are involved in every aspect of a project, from the initial creative briefing through execution and delivery. In some agencies, senior producers are known as "executive producers" or "content architects".

(v) Other departments and personnel: In small agencies, employees may do both creative and account service work. Larger agencies attract people who specialize in one or the other, and indeed include a number of people in specialized positions: production work, Internet advertising, planning, or research, for example.

An often forgotten, but integral, department within an advertising agency is traffic. The traffic department regulates the flow of work in the agency. It is typically headed by a traffic manager (or system administrator). Traffic increases an agency's efficiency and profitability through the reduction of false job starts, inappropriate job initiation, incomplete information sharing, over- and under-cost estimation and the need for media extensions. In small agencies without a dedicated traffic manager, one employee may be responsible for managing workflow, gathering

cost estimates and answering the phone, for example. Large agencies may have a traffic department of five or more employees.

Advertising interns are typically university juniors and seniors who are genuinely interested in and have an aptitude for advertising. Internships at advertising agencies most commonly fall into one of five areas of expertise: account services, interactive, media, public relations and traffic. University students working on the creative side can find internships as a assistant art director or assistant copywriter. An internship program in account services usually involves fundamental work within account management as well as offering exposure to other facets of the agency. The primary responsibility of this position is to assist account managers. Interns often take part in the internal creative process, where they may be charged with creating and managing a website as well as developing an advertising campaign. Hands on projects such as these help interns learn how strategy and well-developed marketing are essential to a sound advertising and communications plan. During their internship, the intern will experience the development of an ad, brochure and broadcast or communications project from beginning to end. During the internship, the intern should be exposed to as much as possible within the agency and advertising process.

(d) Advertising Agency Functions

Today advertising agencies are found in virtually every major city on the world and their role in stimulating economic growth is solidly established. Advertising only issue is the advertising agency which, in most cases, making the creative decisions and media. Also often supplies support market research and even participate in the total marketing plan. In some advertiser relations agency, the agency operates fairly autonomous in its sphere of competence, in others the poster continues to participate in the creative decisions and media as the campaign progresses. A modern agency employs three different types of people experts in the field of creative work, media and marketing research, and client services. These professionals at advertising agencies and other advertising organizations offer a number of functions including:

(i) Account management: Within an advertising agency the account manager or account executive is tasked with handling all major decisions related to a specific client. These responsibilities include locating and negotiating to acquire clients. Once the client has agreed to

work with the agency, the account manager works closely with the client to develop an advertising strategy. For very large clients, such as large consumer products companies, an advertising agency may assign an account manager to work full-time with only one client and, possibly, with only one of the client's product lines. For smaller accounts an account manager may simultaneously manage several different, though non-competing, accounts.

(ii) Creative works: The principle role of account managers is to manage the overall advertising campaign for a client, which often includes delegating selective tasks to specialists. For large accounts one task account managers routinely delegate involves generating ideas, designing concepts and creating the final advertisement, which generally becomes the responsibility of the agency's creative team. An agency's creative team consists of specialists in graphic design, film and audio production, copywriting, computer programming, and much more.

(iii) Research service: Full-service advertising agencies employ market researchers who assess a client's market situation, including understanding customers and competitors, and also are used to test creative ideas. For instance, in the early stages of an advertising campaign researchers may run focus group sessions with selected members of the client's target market in order to get their reaction to several advertising concepts. Researchers are also used following the completion of an advertising campaign to measure whether the campaign reached its objectives.

(iv) Media planning: Once an advertisement is created, it must be placed through an appropriate advertising media. Each advertising media, of which there are thousands, has its own unique methods for accepting advertisements, such as different advertising cost structures (i.e., what it costs marketers to place an ad), different requirements for accepting ad designs (e.g., size of ad), different ways placements can be purchased (e.g., direct contact with media or through third-party seller), and different time schedules (i.e., when ad will be run). Understanding the nuances of different media is the role of a media planner, who looks for the best media match for a client and also negotiates the best deals.

(v) Monitoring feedback: By monitoring consumer feedback, a decision on whether to revise the message, the medium, the target audience or all of them can be made. Ad agencies are developing to reach the target audience. As information is the backbone of all advertising, to

prepare ads, one requires information about the product; its competitors, the market situation and trends, information about the audiences (their likes and dislikes and media habits) also need to be collected. Some of the most effective advertising includes advertisement written in their native language. All of these specialized campaigns are creating new demands on agencies and are requiring new talents for people who work in advertising.

In addition, many agencies also offer a variety of allied services. These include:

- Merchandising
- Public relations
- Organizing exhibitions and fairs
- Preparing all kinds of publicity material
- Planning and organizing special events (event management)
- Direct marketing

(e) Top Advertising Agencies in India

Advertising is a big business in this era in India. Indian Advertising industry has witnessed a prominent globalization. With the inception of various divisions, the advertising industry has undergone a sea change. Indian consumer's deepening pocket and blooming markets for ad-spends have touched new heights in India. The Indian Advertising Companies are creating stories and brand experiences in a way that engages and involves. The Best Indian sites offer the names of the top Advertising Organizations in India.

There is a big list of advertising companies big and small. Here is a list of the top Indian websites and a quick glance at them will help you to get the required knowledge about the websites: Following are the top advertising agencies in India.

(i) Ogilvy and Mather: This is one of the leading advertising companies in India. This organization believes that devotion to the brand defines the profile of their company. This company has offices across the globe. The objective of the company is to build brands. It is a subsidiary of WPP Group plc. The headquarters of the company is in New York.

(ii) J Walter Thompson India: One of the most popular companies in the advertising industry is J Walter Thompson India. Their objective is to make advertising a part of the life of the consumers. This is also world's best advertising brand with about 200 offices in 90 countries.

This company is the first one to introduce pioneer careers in ad for women, sex-appeal ads and also produced the first ever sponsored -TV program.

(iii) Mudra Communication Pvt. Ltd: This is one of the renowned advertising companies of India. This advertising organization was founded in the year 1980 at Mumbai. Recently the Ad Company declared the addition of public relations, rural marketing, events etc. The head office of the company is in Bombay Area.

(iv) FCB-Ulka Advertising Ltd: One of the best companies in India in the advertising arena is FCB-Ulka Advertising Ltd. In US, this advertising company ranks third and tenth in the world having about 188 offices in 102 countries. Their aim is to reflect the needs of the brand and not the personality of the brand. It has about 500 professionals and no prima donnas.

(v) Rediffusion-DY&R: This Advertising Company of India has made a benchmark in the field of creativity. India's 5th largest advertising company is Rediffusion. This advertising agency offers a wide array of integrated pr services for external and internal communications. The primary strength of the company lies in the media relations.

(vi) McCann-Erickson India Ltd: The prominent name among the best advertising companies of India is McCann-Erickson India Ltd. They define work in relation to the impact that advertising has on the lives of masses. The testimony of the company in which it firmly believes is the campaign of Coca -cola-'Thanda Matlab Coca Cola'.

(vii) RK Swamy/BBDO Advertising Ltd: It maintained the record of remaining consistently among the top ten advertising agencies in India. Established in 1973, this advertising reached great heights. This is also India's No.1 research company in the market sector and is fully run by Indians. Brand Equity is an integral part of the company.

(viii) Grey Worldwide (I) Pvt. Ltd: A significant name in India in the world of advertising agencies is Grey Worldwide (I) Pvt Ltd. The Company is primarily based in Mumbai and has offices in Kolkata, Ahmedabad, Bangalore and New Delhi. It is a subsidiary of Grey Worldwide. The company specializes in advertising and marketing services.

(ix) Leo Burnett India Pvt. Ltd: It has a significant presence in about 96 offices in 10 countries. This advertising agency was awarded the 'Worldwide Agency of the Year' in

2004. They are proficient in explaining how a single image is worth thousand words and can break the barriers of language but not at the cost of the ad's emotional power.

(x) Contract Advertising India Ltd: This advertising company of India is one of the leading advertising agencies in India. It is one-to-one customer lifecycle management advertising agency. It was founded in 1992 and is situated in Mumbai. It offers a wide range of services like online marketing and strategy and many others.

5. Major Advertisers in India

In past advertising was considered as a luxury. But with fast economic development, competition, customers' awareness, liberalization and globalization the use of advertising has been increased worldwide and India is also no exception. The foreign origin companies having business in different countries are spending more amounts on advertising. Some the local companies are also coming up for advertisements. According to Advertising Age TAM India, the India's leading advertisers in 2008 by media spend are following:

1. Unilever India
2. Pantaloons
3. Tata Group
4. Suzuki
5. Reckitt Benckiser
6. ITC
7. Procter & Gamble
8. LG Group
9. Bharti Group
10. PepsiCo
11. Dabur India
12. Emami
13. Paras Pharmaceutical
14. Hero Honda
15. Nestle
16. Colgate

These are the leading companies and there is big list of advertisers now in India. They started spending more amounts in present time and in future more competitive situation the advertising budget is going to increase definitely. The interest towards advertising of many companies is increasing in the markets. For example, Frito-Lay, Vodafone, Essar and Nestlé are among a growing number of advertisers looking to employ crowd sourcing to connect with their target audience in India. Earlier this year, Frito-Lay which is owned by Pepsi Co launched a contest asking members of the public in India to submit their suggestions for a new flavour of crisp to add to its portfolio. Some 200,000 entries were received in the first week of this programme alone, with the organisation now in the process of selecting which of these options will go forward for popular consideration.

The company will then allow web users to vote for their favourite, with the person behind the winning idea taking a prize of 50 lakh rupees, and 1% of future revenues generated by the product. Alongside supporting this initiative with advertising across TV, outdoor, radio and digital, the Frito-Lay is considering making a reality TV series based around the scheme. "There will be some outrageous flavours out there, and then some that are interesting." Vodafone Essar, the Indian arm of the UK telecoms company, also recently unveiled a new communications campaign featuring animated characters called "Zoozoos". As part of this process, it challenged members of online portals like **Facebook**, the social network, to watch a partially-completed ad featuring these brand mascots, and suggest how it might end. Nestlé India has also called for customers to reveal their real-life stories related to its *Maggi* noodle brand, with some going on to appear on its packaging, and others being recounted in TV spots.

6. Advertising Regulations in India

Advertising Industry in India is on the expansion spree for the last few years and has become a serious and big business growing at a considerable rate. However, the growth of this industry is affected by the prevalent malpractices carried out by advertisers in order to lure the consumers and sustaining an edge over the competitors. Advertisement is often described as commercial speech and enjoys protection under Article 19(1)(a) of the Indian Constitution. As a facet of the Right to Information, it facilitates the dissemination of information about the sellers and their products. However, the manner of facilitation is subject to a number of statutory provisions.

Under the Indian legal regime, the prominent, prohibit legal provisions that regulate advertising are:

- (a) Obscene publication or advertisement of a lottery under the Indian Penal Code.
- (b) Harmful publication under the Young Persons (Harmful Publications) Act, 1956.
- (c) The indecent representation of women under the Indecent Representation of Women (Prohibition) Act, 1986.
- (d) Use of report of test or analysis for advertising any drug or cosmetic under the Drugs and Cosmetics Act, 1940.
- (e) Inviting transplantation of organs under the Transplantation of Human Organs Act, 1994.
- (f) Advertisement of magical remedies of diseases and disorders under Drugs and Magical Remedies (Objectionable Advertisements) Act, 1954.
- (g) Advertisements relating to prenatal determination of sex under the Prenatal Diagnostic Techniques (Regulation and Prevention of Misuse) Act, 1994.
- (h) Advertisements of cigarettes and other tobacco products under the Cigarettes and other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003.
- (i) Any political advertisement forty hours prior to polling time under the Representation of People Act, 1951.

Absence of a single comprehensive legislation had created a lot of confusion in the advertising industry. In 1985, a self regulatory mechanism of ensuring ethical advertising practices was established in the form of the Advertising Standards Council of India (ASCI), a non statutory tribunal. ASCI entertained and disposed of complaints based on its Code of Advertising Practice (ASCI Code). Gradually, the ASCI Code received huge recognition from the advertising industry. In August 2006, the ASCI Code was made compulsory for TV advertisements by amending the Cable Television Networks (Amendment) Rules, 2006: “No advertisement which violates the Code for Self-Regulation in Advertising, as adopted by the ASCI, Mumbai for public exhibition in India, from time to time, shall be carried in the cable service.” This move has provided a binding effect on the ASCI Code. Rule 7 postulates that any advertisement which derides any race, caste and tends to incite people to crime, cause disorder or are indecent or vulgar. Further, section 6 of the Cable Television Networks (Regulation) Act, 1955 prohibits the

transmission or retransmission of any advertisement through a cable service unless they are in conformity with the ASCI Code. The key objectives of ASCI code is to ensure that advertisements must:

- (a) Make truthful and honest representations and claims which is essential to prohibit misleading advertisements;
- (b) Not be offensive to public decency or morality;
- (c) Not promote products which are hazardous or harmful to society or to individuals, particularly minors; and
- (d) Observe fairness in competition keeping in mind consumer's interests.

Under the ASCI Code, complaints against the advertisements can be made by any person who considers them to be false, misleading, offensive, or unfair. The complaints are evaluated by an independent Consumer Complaints Council (CCC). CCC decides on complaints from the general public including government officials, consumer groups, etc., complaints from one advertiser against another and even suo moto complaints from the member of the ASCI Board, CCC, or the Secretariat. The CCC usually decides upon the complaints within a period of 4 to 6 weeks once the party concerned is afforded an opportunity of presenting its case.

The Indian advertising is slowly recognising the potential of web casting as well which is the transmission of video and audio content over the Internet, used for updating the news, weather or coverage of any selected events such as seminar, product launches or training. Though online advertising which is now also considered as Viral Marketing uses social networking sites, popular sites and industry specific portals to target audience. In order to target its audience, it considers the twin formulae of demographic information and online behaviour of the user. Equally popular is the mobile advertising in India, which is growing like forest fire with increasing mobile connections in India.

Technology is here to re-define advertising industry in India. The regulators will have to be cautious with these new trends. The self-regulated industry has so far been managed in a decent way but the recent controversy surrounding the “dil titli” and “dimaag nahi to no kiya” ads have again brought to the fore the ethical and business morals in a competitive environment. We need to wait and watch the trend. The code of self-regulation drawn up for advertisers India is not at

all sufficient and there should be more sincere observance of the code. However whenever there is competitive advertisement the competition drags each of the advertisers to the ASCI which is a non –statutory body. But whenever there is breach of public confidence by these advertisers by showing misleading advertisements, they should be immediately checked to safeguard the interest of innocent customers. Moreover there should be a statutory regulatory authority instead of ASCI which is non statutory which being so, has no binding authority on the non-members. This would definitely help to improve the quality of advertisements in India.

7. Current Advertising Position in India

Advertising, in its profound and deep sense of the term, reminds you of all the embroidered drama, inflated emotions, mellifluous jingles and colourful myriad pictures that form a beautiful collage of incidents and brands and consumer and the beautiful relationship of romance that they share is manifested through this patchwork. Take a brand like Cadbury's; won't you say you love Cadbury's? Won't you feel close to this brand – something that you are possessive about, something that you can identify with and feel comfortable with? And how! Imagine a situation where Cadbury would not have been advertised! Would you feel the same connection that you feel right now? No! Somewhere – lines like 'kuch khass hai zindagi mein', 'Asli swaad zindagi ka', 'khaanewalon ko khaane ka bahana chahiye', 'rishton ki mithaas' etc have etched in our minds. We feel nostalgic when we recollect the girl dancing on the cricket field in the Cadbury ad, our mouth waters when we recollect the swirling melting chocolate shown just before the Cadbury pack shot.

Thus advertising is that magical elixir of romance that creates the sparks between the brand and the consumer. Since ages, advertising is used as a medium of communication. However, today this medium is not just that. It is a means to feel emotions, indulge with the brands, create rippling effects on the consumer and above all make them feel warm, special and important. Advertising takes the consumer through that romantic journey where the consumer first gets acquainted with the brand, then tries to find more information about the product makes the first purchase, expresses his likes and dislikes, and after he likes, he becomes a brand loyal customer. Later discounts and other offers make him feel special and wanted and thus the romantic journey of the brand and the consumer carries on for the rest of the life.

When one considers high involvement products like a car or a diamond set, people collect more information as they are in the process of making a purchase decision. One can just imagine the quixotic, dreamy and indulging process of a woman buying a diamond set (say for instance Nakshatra diamond). Since it is popularly and truly said that diamonds are women's best friend – the romantic buying journey is even more exciting. The lavish and extravagant Aishwarya Rai Nakshatra diamond TVC creates the first bounce of mawkish feelings towards the brand as we repeatedly see the ad with glaring eyes. It is not just wishful and dreamy but establishes a space in your heart that lightens up every time you see the ads. Just imagine the sentiments in the consumer's heart when he or she has just bought Nakshatra diamond earrings. It is this particular feeling that advertising slogs to create in the heart of the consumers. It is that moment when you come home and adore yourself in the mirror with those earrings and the happiness you feel is the same when you are being loved by your special someone.

Many criticize that advertising lures customers into a pit of false dreams and hopes. But doesn't advertising offer a stage for you to romance with your favorite brands, watching them evolve, feeling connected with the characters in the ad, dancing with imaginations about the product, flaunting your purchases, loving your brands, creating long lasting relationships with things you use, feeling nostalgic, experiencing emotions and above all making you feel so special against the rest of the world. Advertising is truly a romantic indulgence. Television advertising in India has is one of the fastest growing markets in the Asia Pacific regions of the globe. Since the Indian television is on a threshold of a major technological change, with new distribution technologies like digital cable, DTH (Direct- to – home) and IPTV (Internet Protocol television), television on advertising is surely going to take on a new role.

Because of the increased interactivity in content and niche programming styles catering to every specific target groups, advertising on television too is going to be more focused and will definitely draw more eyeballs. Moreover, today, TV enabled mobile handsets are gaining popularity in India. This might change the nature of TV advertising. Bharti, Vodafone and Reliance will provide their channels on mobile handsets. Times Now, a 24 hours news and current affair channel from the Times Group was first launched on Reliance mobiles and then on the regular TV sets. Reality formats are popular amongst television and they lay emphasis on audience interaction. SMS voting and in-programme advertising has become a key ingredient in

most of these shows. This too gives new scope of advertising. Because of the increased audience fragmentation, both the advertisers and the broadcasters are constantly on their toes.

Also, the launch of six DTH platforms in India will create innovative advertising spaces. In fact the incoming of the DTH services in India is being viewed as a healthy development for the advertising and the television industry. There has been a 29% growth in TV advertising in during the first quarter of 2008. Hindustan Unilever Ltd. was the number one television advertiser during the first quarter of 2008. At the same time, many companies are refraining to use this medium because of the clutter and lack of focus in the medium. Today in India, the scope for advertising has progressed considerably although the Indian advertising spends as a percentage of the Gross Domestic Product (GDP) is still abysmally low (at 0.34 %) as opposed to other developed and developing countries. Advertising revenues are vital for the growth of Entertainment and Media (E&M) industry in India. These low ad spends are an immense potential for growth. This can be seen through the development of so many new mediums of advertising in recent years. Current advertising revenues are estimated to be about 250 billion for 2010.

Table 3.4.1: The Pitch-Madison Media Advertising Outlook 2009

Medium	Advertising Market size in Crores (2008 estimate)	Growth %	Share %
TV	8319	17	40.2
Press	9825	16	47.4
Radio	662	38	3.2
Cinema	129	24	0.6
Outdoor	1419	11	6.8
Internet	363	45	1.7
TOTAL	20717	17	100

The Pitch-Madison Media Advertising Outlook 2009, now in its 6th consecutive year, the study provides an exhaustive analysis of the year gone by, in terms of advertising spends by media. It shows that the amount spend on different media is large amount and it is increasing at a higher rate. Further it would increase in the forthcoming years.

8. Future of Advertising

Advertising is the most important tool of promotion in the business. It has been used for promotion of products, services and corporate image. It could achieve its objectives very effectively in past and present too. Due to competition it is undergoing tremendous changes and in future also it is likely to face. In future more creativity and innovation is likely to take place due to advance technology. The companies are spending huge amount on advertisement and there is still scope for development in India with the development of economy. Some time false claims are also made by the clients that misguide the customers. The focus of advertising clients and agencies is on relationship based on trust. No doubt the clients want more creative and innovative ideas in advertising but reluctant to pay higher rates. Keeping in view all these factors it is concluded that the future of advertising in business is definitely bright worldwide and in India also. Wait and watch the situation in near future with positive anticipation.

Chapter 4: Industry Analysis: Indian FMCG Sector

Chapter 4: Industry Analysis: Indian FMCG Sector

4.1 Introduction to Economy

4.2 Indian Economy

4.3 Indian FMCG Sector

4.4 Indian FMCG Sector

Chapter 4.1: Introduction to Economy

- 1. Introduction**
- 2. Evolution of Economy**
- 3. World Economies**
- 4. Types of Economies**

4.1: Introduction to Economy

1. Introduction

An economy consists of the economic system of a country or other area, the labor, capital and land resources, and the economic agents that socially participate in the production, exchange, distribution, and consumption of goods and services of that area. A given economy is the end result of a process that involves its technological evolution, history and social organization, as well as its geography, natural resource endowment, and ecology, as main factors. These factors give context, content, and set the conditions and parameters in which an economy functions. As long as someone has been making and distributing goods or services, there has been some sort of economy; economies grew larger as societies grew and became more complex. Global economy generally refers to the economy, which is based on economies of all of the world's countries, national economies. Also global economy can be seen as the economy of global society and national economies - as economies of local societies, making the global one. It can be evaluated in various kind of ways. For instance, depending on the model used, the valuation that is arrived at can be represented in a certain currency, such as 2006 US dollars.

It is inseparable from the geography and ecology of Earth, and is therefore somewhat of a misnomer, since, while definitions and representations of the "world economy" vary widely, they must at a minimum exclude any consideration of resources or value based outside of the Earth. For example, while attempts could be made to calculate the value of currently unexploited mining opportunities in unclaimed territory in Antarctica, the same opportunities on Mars would not be considered a part of the world economy—even if currently exploited in some way—and could be considered of latent value only in the same way as uncreated intellectual property, such as a previously unconceived invention. Beyond the minimum standard of concerning value in production, use, and exchange on the planet Earth, definitions, representations, models, and valuations of the world economy vary widely.

It is common to limit questions of the world economy exclusively to human economic activity, and the world economy is typically judged in monetary terms, even in cases in which

there is no efficient market to help value certain goods or services, or in cases in which a lack of independent research or government cooperation makes establishing figures difficult. Typical examples are illegal drugs and other black market goods, which by any standard are a part of the world economy, but for which there is by definition no legal market of any kind. However, even in cases in which there is a clear and efficient market to establish a monetary value, economists do not typically use the current or official exchange rate to translate the monetary units of this market into a single unit for the world economy, since exchange rates typically do not closely reflect worldwide value, for example in cases where the volume or price of transactions is closely regulated by the government.

Sumer developed a large scale economy based on commodity money, while the Babylonians and their neighboring city states later developed the earliest system of economics as we think of, in terms of rules/laws on debt, legal contracts and law codes relating to business practices, and private property. The Babylonians and their city state neighbors developed forms of economics comparable to currently used civil society (law) concepts. They developed the first known codified legal and administrative systems, complete with courts, jails, and government records.

2. Evolution of Economy

Evolution of national economy is explained in the following paragraphs:

(a) Ancient Time

Several centuries after the invention of cuneiform, the use of writing expanded beyond debt/payment certificates and inventory lists to be applied for the first time, about 2600 BC, to messages and mail delivery, history, legend, mathematics, astronomical records and other pursuits. Ways to divide private property, when it is contended amounts of interest on debt. rules as to property and monetary compensation concerning property damage or physical damage to a person... fines for 'wrong doing'... and compensation in money for various infractions of formalized law were standardized for the first time in history. The ancient economy was mainly based on subsistence farming. The Shekel referred to an ancient unit of weight and currency. The first usage of the term came from Mesopotamia circa 3000 BC. and

referred to a specific mass of barley which related other values in a metric such as silver, bronze, copper etc. A barley/shekel was originally both a unit of currency and a unit of weight just as the British Pound was originally a unit denominating a one pound mass of silver.

For most people the exchange of goods occurred through social relationships. There were also traders who bartered in the marketplaces. In Ancient Greece, where the present English word 'economy' originated, many people were bond slaves of the freeholders. Economic discussion was driven by scarcity. Aristotle (384-322 B.C.) was the first to differentiate between a use value and an exchange value of goods. The exchange ratio he defined was not only the expression of the value of goods but of the relations between the people involved in trade. For most of the time in history economy therefore stood in opposition to institutions with fixed exchange ratios as reign, state, religion, culture, and tradition.

(b) Medieval Times

In Medieval times, what we now call economy was not far from the subsistence level. Most exchange occurred within social groups. On top of this, the great conquerors raised venture capital (from *ventura*, ital.; risk) to finance their captures. The capital should be refunded by the goods they would bring up in the New World. Merchants such as Jakob Fugger (1459–1525) and Giovanni di Bicci de' Medici (1360–1428) founded the first banks. The discoveries of Marco Polo (1254–1324), Christopher Columbus (1451–1506) and Vasco da Gama (1469–1524) led to a first global economy. The first enterprises were trading establishments. In 1513 the first stock exchange was founded in Antwerpen. Economy at the time meant primarily trade

(c) Early Modern Times

The European captures became branches of the European states, the so-called colonies. The rising nation-states Spain, Portugal, France, Great Britain and the Netherlands tried to control the trade through custom duties and taxes in order to protect their national economy. The so-called mercantilism (from *mercator*, was a first approach to intermediate between private wealth and public interest. The secularization in Europe allowed states to use the immense property of the church for the development of towns. The influence of the nobles decreased. The first Secretaries of State for economy started their work. Bankers like Amschel Mayer

Rothschild (1773–1855) started to finance national projects such as wars and infrastructure. Economy from then on meant national economy as a topic for the economic activities of the citizens of a state.

(d) The Industrial Revolution

The first economist in the true meaning of the word was the Scotsman Adam Smith (1723–1790). He defined the elements of a national economy: products are offered at a natural price generated by the use of competition - supply and demand - and the division of labour. He maintained that the basic motive for free trade is human self interest. The so-called self interest hypothesis became the anthropological basis for economics. Thomas Malthus (1766–1834) transferred the idea of supply and demand to the problem of overpopulation. The United States of America became the place where millions of expatriates from all European countries were searching for free economic evolution.

The Industrial Revolution was a period from the 18th to the 19th century where major changes in agriculture, manufacturing, mining, and transport had a profound effect on the socioeconomic and cultural conditions starting in the United Kingdom, then subsequently spreading throughout Europe, North America, and eventually the world. The onset of the Industrial Revolution marked a major turning point in human history; almost every aspect of daily life was eventually influenced in some way. In Europe wild capitalism started to replace the system of mercantilism (today: protectionism) and led to economic growth. The period today is called industrial revolution because the system of Production, production and division of labour enabled the mass production of goods.

(e) After World War II

After the chaos of two World Wars and the devastating Great Depression, policymakers searched for new ways of controlling the course of the economy. This was explored and discussed by Friedrich August von Hayek (1899–1992) and Milton Friedman (1912–2006) who pleaded for a global free trade and are supposed to be the fathers of the so called neoliberalism. However, the prevailing view was that held by John Maynard Keynes (1883–1946), who argued for a stronger control of the markets by the state. The theory that the state can alleviate economic problems and instigate economic growth through state manipulation of

aggregate demand is called Keynesianism in his honor. In the late 1950s the economic growth in America and Europe brought up a new form of economy: mass consumption economy. In 1958 John Kenneth Galbraith (1908–2006) was the first to speak of an affluent society. In most of the countries the economic system is called a social market economy.

National Economy is the historically shaped complex of production sectors in a given country, interrelated through the division of labor. The national economy includes the sectors of the production sphere, where material social product is created, and sectors of the nonproduction sphere, where non-material services are performed. Material production is in turn divided into those sectors that produce the means of production and those sectors that produce consumer goods. The socioeconomic nature of any national economy, as well as its structure and rate of development, is determined by the character of the dominant production relationships in society.

Under capitalism, the national economy as a unified whole first takes shape during the formation of national states. It is a result of the development of productive forces and the division of labor in society, the growing specialization of production sectors, and the emergence of a national market and large-scale mechanized production. Under capitalism, the national economy is based on private ownership of the means of production and on the exploitation of hired labor. In conformity with the economic laws of capitalism, it develops in an anarchical, cyclical manner, always subordinate to the primary purpose of capitalist production, that is, the race for profits. Under this system, primary wealth is owned by a relatively small part of society, the big capitalists. Increasing intervention by the capitalist state in the economy cannot overcome the antagonistic contradictions and uncontrollable character of the capitalist national economy or such periodic crises as currency upheavals, inflation, and unemployment. After the crisis of 1969–71, for example, the rate of economic development in most of the capitalist countries fell.

Under socialism, the national economy is based on public ownership of the means of production, on labor without exploitation, on true realization of the right to work, and on the universality of labor. The development of the socialist economy takes place in a planned manner and at a rapid rate on the basis of the economic laws of socialism; with the purpose of

“ensuring full well-being and free, all-round development of all the members of society” Therefore all the aggregate social product created in the socialist national economy belongs to the working people. A most important characteristic of the socialist national economy is the combination of centralized administration with active participation by production collectives, local bodies, and all working people in such administration. This makes possible the fullest, most efficient use of available material and labor resources in the interests of all of society and of each of its members. In the USSR, the national economies of all the Union republics are formed and developed as an integrated whole of interrelated economic complexes which, on the basis of a socialist division of labor in society, ensure a combination of the economic interests of each republic with those of the country as a whole.

Socialist society ensures the conditions necessary for planned formation of a progressive sectorial structure for the national economy, one that will meet the needs of constructing the material and technical base of communism, of steadily increasing social productivity, and of improving the standard of living. Influenced by such factors as the scientific and technological revolution, the continuous improvement of technology, and the growth of social productivity, the sectorial structure of the national economy becomes more complex. In the course of socialist construction in the USSR, the dimensions of the national economy have increased enormously; the economy has come to be based on multisectorial industry, large-scale agriculture, and scientific advance. In 1972 the industrial output of the USSR was 320 times as great as in 1922

During the ninth five-year plan (1971–75), major structural changes are being made in the national economy of the USSR. Not only are the high growth rates for production of the means of production and of consumer goods being maintained, but they are also being brought significantly into line with each other, although production of the means of production will continue to develop faster. Significant changes are taking place in the structure of each industrial subdivision. In subdivision I, for example, the progressive sectors—including machine building, chemicals and petrochemicals, the production of plastics and synthetic resins, and the manufacture of precision instruments and automated equipment—are developing at higher rates. These sectors are precisely those that determine scientific and technological progress and ensure decreasing production costs, increasing final

output, and rising labor productivity. Special attention is devoted to creating fully mechanized and automated systems of production, as well as to incorporating qualitatively new machine designs and increasing the capacities of such newly introduced equipment.

National economies across the world have been affected by demand, consumption pattern, technology, government policies and competition. In recent past the world economies were further affected due to economic recession. It started from USA, Europe and reached to Japan and Asian countries also. Still some of the economies in European markets have not yet revived. Still they are faced slow progress or not progress at all. Wait and watch their progress in future.

3. World Economies

The world- or global economy generally refers to the economy, which is based on economies of all of the world's countries, national economies. Also global economy can be seen as the economy of global society and national economies - as economies of local societies, making the global one. It can be evaluated in various kind of ways. For instance, depending on the model used, the valuation that is arrived at can be represented in a certain currency, such as 2006 US dollars.

It is inseparable from the geography and ecology of Earth, and is therefore somewhat of a misnomer, since, while definitions and representations of the "world economy" vary widely, they must at a minimum exclude any consideration of resources or value based outside of the Earth. For example, while attempts could be made to calculate the value of currently unexploited mining opportunities in unclaimed territory in Antarctica, the same opportunities on Mars would not be considered a part of the world economy—even if currently exploited in some way—and could be considered of latent value only in the same way as uncreated intellectual property, such as a previously unconceived invention.

Beyond the minimum standard of concerning value in production, use, and exchange on the planet Earth, definitions, representations, models, and valuations of the world economy vary widely.

It is common to limit questions of the world economy exclusively to human economic activity, and the world economy is typically judged in monetary terms, even in cases in which there is no efficient market to help value certain goods or services, or in cases in which a lack of independent research or government cooperation makes establishing figures difficult. Typical examples are illegal drugs and other black market goods, which by any standard are a part of the world economy, but for which there is by definition no legal market of any kind.

However, even in cases in which there is a clear and efficient market to establish a monetary value, economists do not typically use the current or official exchange rate to translate the monetary units of this market into a single unit for the world economy, since exchange rates typically do not closely reflect worldwide value, for example in cases where the volume or price of transactions is closely regulated by the government.

Rather, market valuations in a local currency are typically translated to a single monetary unit using the idea of purchasing power. This is the method used below, which is used for estimating worldwide economic activity in terms of real US dollars. However, the world economy can be evaluated and expressed in many more ways. It is unclear, for example, how many of the world's 6.8 billion people have most of their economic activity reflected in these valuations.

(a) Leading Economies in World

In 2011, the largest economies in the world are the United States, China, Japan, Germany, France and the United Kingdom. Following are the leading economies in the world at present and their future is bright:

(i) The United States: The United States with a GDP of \$13.8 trillion is the world's No.1. A growth of 1 percent was registered by the US economy in the first quarter. However, the U.S has also been badly affected by recession. By June 2008, the economy fell into a recession. About 2.6 million Americans lost their jobs in 2008, the worst since the end of World War II.

(ii) Japan: With a GDP of \$4.37 trillion, Japan is the second largest economy in the world. However it moved further into recession in the fourth quarter as it suffered a great fall in exports. Japan's GDP has fallen at an annual rate of 0.4 per cent from July to September

2008, marking the second consecutive quarter of negative growth. According to Bank of Japan, the economy will suffer a setback of 1.8 per cent this financial year.

(iii) China: China has moved ahead of Germany to become the world's third largest economy after the United States and Japan. It witnessed a growth rate in GDP to the extent of 13 per cent in 2007. China revised the growth rate of its gross domestic product (GDP) for 2007 to 13 per cent from 11.9 per cent. As per the final verification the GDP totaled \$3.76 trillion. However China has also been impacted by recession to a great extent.

(iv) Germany: After holding the third position for several years, recently Germany has been pushed to the 4th position. Its GDP stands at \$3.29 trillion. German economy's GDP fell owing to falling exports by half a percent in July, August and September, which was the second straight quarter of decline. The European economy also witnessed its first recession in 15 years. Europe is facing the worst financial crisis since the great depression. The GDP in the 15 euro nations sank by 0.2 per cent during August, September and October 2008.

(v) United Kingdom: United Kingdom, the fifth largest economy fell by 0.5 per cent July and September. Its GDP stood at \$2.72 trillion. The economy shrank in the third quarter for the first time since 1992.

(vi) France: France holds the sixth position among largest world economies with a GDP of \$2.56 trillion. The economy of France shrank by 0.3 percent in the second quarter of the year. However, the gross domestic product grew by 0.1 per cent in the third quarter of 2008. A 0.5%percent fall of the French economy has been forecast by the International Monetary Fund in 2009.

(vii) Italy: Italy is the 7th largest economy in the world with a GDP of \$2 trillion. The Italian economy shrank in the third quarter of 2008 for the second consecutive quarter. Its GDP fell by 0.5 per cent before a quarter, after a revised drop of 0.4 per cent in the second quarter.

(viii) Spain: With a GDP of \$1.42 trillion, Spain is the eighth largest economy. It got trapped under a recession for the first time in 15 years. The economy of Spain fell for the first time since 1993. While the gross domestic product of Spain fell 0.2% in the third quarter from the second quarter, it rose 0.9% from the third quarter a year earlier.

(ix) Canada: Canada is the 9th largest economy in the world with a GDP of \$1.32 trillion. In the next 2 quarters Canada is expected to register negative growth. The unemployment rate of Canada is set to hit a high of 7.4 per cent in 2009.

(x) Brazil: With a GDP of \$1.31 trillion, Brazil is the 10th largest economy in the world. Brazil is also badly hit by recession. Its industrial output fell by 6.2 per cent in November. Brazil's unemployment rate dropped to its lowest point in seven years.

(xi) India: Indian economy is a mixed economy and fast developing in the present time. True but they are sociologically handicapped by their all pervasive caste system that undermines the formation of a large middle class - which some see as an essential ingredient for stable growth. India is a really amazing country for business. India environment is more suitable for all type of businesses. In USA, Canada, UK, Australia is not like that because in that countries are not a permanent business .its a short term business there. In recent past India was even not much affected by recession and at present it is growing at a faster rate. Future of Indian economy is bright.

(xii) South Korea: GDP per capita of South Korea grew from \$79 in 1950 to \$19,000 in 2009. Korea is largest shipbuilding nation, fourth in auto production, second in electronics, fifth in nuclear energy, and second in construction. South Korea is the future. Very ambitious, hard-working people will no doubt put this country closer to the top someday (they already have, they'll do it again). It is having scope to become a power house of Asia in future.

4. Types of Economies

There are many different kinds of economies around the world, but they all fall into three basic categories. One category is the command economy which is also called central

planning. It has strong government control. The other type is the free market economy which is also called capitalism. In this type of economy, there is very little government control. Currently, all real economies combine parts of capitalism with those of central planning. Each country around the world differs from one another in the amount they use the two systems. For example, the United States and Canada have economic systems that use very little government control so they are usually described as capitalistic.

Command economies have strong government control. So if you wanted to start your own business, you would have to get permission from the government. In a command economy, the government owns most of the industries and companies. One type of command economy is communism. True communism is a type of economic system that doesn't allow ownership of private property. Most of the command economies that existed in the world had strong central governments. These governments dictated how much was made and what was made by industry. The communists believed that life is a class struggle between workers and the owners of an industry or factory. In a communistic economy, goods were distributed on an as-needed-basis.

In the command economy, the government makes the decisions as to what goods to supply to the people. The Soviet Union was an example of a communistic command economy. Many people think China is still a communist country. But they, and other countries like them, have given control over some of their economic activities back to the people. Most economies are the third kind, which is a mixed economy -- a combination of planned economy and market economy -- where there is some government intervention, but also much private enterprise as well. You see often criticisms of President Obama's economic policies as being socialism from conservative circles, but as a literal matter that is a silly charge because all those propositions are adjustments in the mixed economy. America has never been solely a market economy or a planned economy. India is an beautiful example of mixed economy with core industries under control of governments and others are operated by private sector. The two sectors are working in good combination.

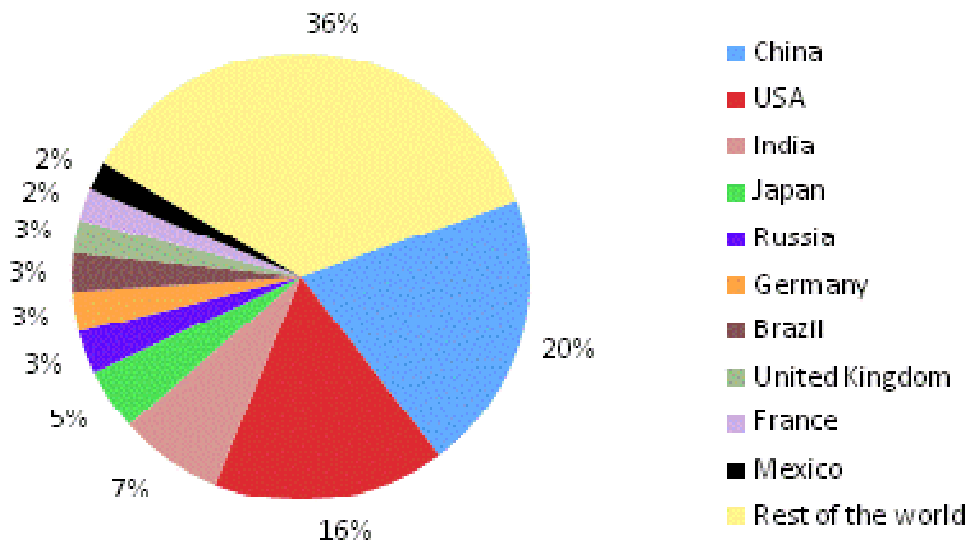


Chart 4.1.1: Contribution of World Economies

(a) Observations

From the observation of various world economies the main observations are following;

(i) Advanced economies are slowing down: Since the 1990s, advanced economies have experienced much slower growth compared to the developing world due to the rapid rise of emerging economies including China and India. The declining trend of advanced economies has been accelerated by the global financial crisis in 2008-2009.

The USA is the world's largest economy. However, its share in world GDP in PPP terms has declined from 23.7% in 2000 to 20.2% in 2010 due to faster growth of emerging economies as well as the severe impact of the financial crisis in 2008-2009. Real GDP contracted by 2.4% in the USA in 2009. The economy has recovered since early 2010 owing to stimulus measures

Japan's economy recovered slightly in the mid-2000s after a prolonged period of stagnation due to inefficient investments and the burst of asset price bubbles. The country has been hit hard by the global economic downturn since 2008 as a result of its overdependence on trade and prolonged deflation. Population ageing has also accelerated Japan's economic slowdown.

In 2009, annual real GDP shrank by 5.2%;

In 2010, the European Union (EU) economies account for 20.6% of world GDP measured at PPP terms, down from 25.1% in 2000. Population ageing and rising unemployment have contributed to their slowdown;

The IMF forecasts that annual real GDP growth of advanced economies will reach 2.3% in 2010 and 2.4% in 2011 after a contraction of 3.2% in 2009. This is much slower than the 8.7% expected in emerging Asian economies for both 2010 and 2011, which are driving the global economic recovery. Many advanced economies will also face the challenge of reducing public debts and government budget deficits, which will weigh on economic growth potential into the medium term.

(ii) Emerging countries are catching up and will overtake: Emerging economies are catching up with the advanced world. By 2020, there will be changes in the global balance of economic power:

- China's share in world total GDP in PPP terms has increased from 7.1% in 2000 to 13.3% in 2010. By 2020, it will reach 20.7%. China will overtake the USA to become the world's largest economy as early as 2017;
- India is the fourth largest economy in 2010. By 2012, it will have overtaken Japan to become the world's third largest economy, with GDP accounting for 5.8% of the world total in PPP terms. In the long term, India could grow even faster than China due to its younger and faster growing population;
- By 2020, Russia will rank higher than Germany in the top ten economies in terms of GDP measured at PPP terms and become the fifth largest economy. Brazil, on the other hand, will have overtaken both the UK and France to become the seventh largest economy in 2020. Being amongst the world's major exporters of energy and natural resources, Russian and Brazilian growth potential is promising although Russia's lack of economic diversification may cause problems in the longer term;

- By 2020, Mexico will have overtaken Italy to be the world's 10th largest economy by GDP measured at PPP terms. A growing population and proximity to the USA aid the country's economic development;
- With five emerging countries in the list of top ten largest economies, global power will become more balanced by 2020.

(b) Economy – overview

- (i) 2006 - USA leads expansion:** Economic outputs of 178 markets expanded by \$3.9 trillion during 2006. USA accounted for one-fifth while China accounted for one-ninth of the global output expansion. The economic output of 5 markets contracted by \$193 billion. Japan accounted for almost all the global output contraction.
- (ii) 2007 - China leads expansion:** The economic output of 182 markets expanded by \$6.3 trillion during 2007. China accounted for one-eighth while the USA accounted for one-tenth of the global output expansion.
- (iii) 2008 - credit crisis begins:** The economic output of 171 markets expanded by \$5.8 trillion during 2008. China accounted for one-sixth of the global output expansion. The economic output of 11 markets contracted by \$267 billion during 2008. UK accounted for one-half while South Korea accounted for two-fifth of the global output contraction. Though the crisis first affected most countries in 2008, it was not yet deep enough to reverse growth.
- (iv) 2009 - credit crisis spreads:** The economic output of 132 markets contracted by \$4.1 trillion during 2009. However, UK was the largest victim accounting for one-eighth while Russia accounted for one-tenth of the global output contraction. The economic output of 50 markets expanded by \$781 billion during 2009. China accounted for three-fifth while Japan accounted for one-fourth of the global output expansion.

(v) **2010 - IMF forecasts recovery:** The economic output of 138 markets is expected to expand by \$4.6 trillion during 2010. China is expected to account for one-sixth and the USA is expected to account for one-ninth of the global output expansion. The economic output of 44 markets is expected to contract by \$498 billion during 2010. Despite bailouts, France is expected to account for one-fifth, Spain is expected to account for one-fifth, and Italy is expected to account for one-sixth of the global output contraction.

IMF's economic outlook for 2010 noted that banks faced a "wall" of maturing debt, which presents important risks for the normalization of credit conditions. There has been little progress in lengthening the maturity of their funding and, as a result, over \$4 trillion in debt is due to be refinanced in the next 2 years.

Chapter 4.2: Indian Economy

- 1. Indian Economy Overview**
- 2. History of India Economy**
- 3. Challenges before Indian economy**
- 4. Important Trends in the Indian Economy**
- 5. Classification of Indian Industries**

4.2: Indian Economy

1. Indian Economy Overview

India is a South Asian country that is the seventh largest in area and has the second largest population in the world. The land covers an area of 3,287,240 square km (India geography) and the population stands at 1,202,380,000 people (India population) . India has great plains, long coastlines and majestic mountains. Thus, the land has abundant resources. India shares its borders with China, Bangladesh, Pakistan, Nepal, Sri Lanka and Myanmar. Large, dynamic and steadily expanding, the Indian economy is characterized by a huge workforce operating in many new sectors of opportunity. The Indian economy is one of the fastest growing economies and is the 12th largest in terms of the market exchange rate at \$1,242 billion (India GDP). In terms of purchasing power parity, the Indian economy ranks the fourth largest in the world. However, poverty still remains a major concern besides disparity in income.

The Indian economy has been propelled by the liberalization policies that have been instrumental in boosting demand as well as trade volume. The growth rate has averaged around 7% since 1997 and India was able to keep its economy growing at a healthy rate even during the 2007-2009 recession, managing a 5.355% rate in 2009 (India GDP Growth). The biggest boon to the economy has come in the shape of outsourcing. Its English speaking population has been instrumental in making India a preferred destination for information technology products as well as business process outsourcing. The economy of India is as diverse as it is large, with a number of major sectors including manufacturing industries, agriculture, textiles and handicrafts, and services. Agriculture is a major component of the Indian economy, as over 66% of the Indian population earns its livelihood from this area.

However, the service sector is greatly expanding and has started to assume an increasingly important role. The fact that the Indian speaking population in India is growing by the day means that India has become a hub of outsourcing activities for some of the major economies of the world including the United Kingdom and the United States. Outsourcing to India has been primarily in the areas of technical support and customer services.

Other areas where India is expected to make progress include manufacturing, construction of ships, pharmaceuticals, aviation, biotechnology, tourism, nanotechnology, retailing and telecommunications. Growth rates in these sectors are expected to increase dramatically. Despite the liberalization the economy still largely controlled by the government and the 500+ major companies it owns, which together are worth around US\$500 billion, or around 40% of GDP at current exchange rates. Thanks to past profligate spending, government debt is running at around 80% of GDP. Servicing the interest payments on that debt is now the single largest component of the federal budget. Fiscal discipline and deficit reduction is therefore vital for India's future prospects.

It is also crucial to understand that India is driven primarily by domestic (consumer) consumption. This stands in marked contrast to Japan, the Asian Tigers and now China, all of whom have followed the export-oriented model. With the massive growth of the Indian middle class, this vast country may become Asia's first major 'buy' economy.

2. History of India Economy

India economy, the third largest economy in the world, in terms of purchasing power, is going to touch new heights in coming years. As predicted by Goldman Sachs, the Global Investment Bank, by 2035 India would be the third largest economy of the world just after US and China. It will grow to 60% of size of the US economy. This booming economy of today has to pass through many phases before it can achieve the current milestone of 9% GDP. The history of Indian economy can be broadly divided into three phases: pre- colonial, colonial and pre-liberalization and post liberalization. This is explained below:

(a) Pre-colonial Period

The spice trade between India and Europe was the main catalyst for the Age of Discovery. The citizens of the Indus Valley civilisation, a permanent settlement that flourished between 2800 BC and 1800 BC, practiced agriculture, domesticated animals, used uniform weights and measures, made tools and weapons, and traded with other cities. Evidence of well planned streets, a drainage system and water supply reveals their knowledge of urban planning, which

included the world's first urban sanitation systems and the existence of a form of municipal government. Maritime trade was carried out extensively between South India and southeast and West Asia from early times until around the fourteenth century AD. Both the Malabar and Coromandel Coasts were the sites of important trading centres from as early as the first century BC, used for import and export as well as transit points between the Mediterranean region and southeast Asia. Over time, traders organised themselves into associations which received state patronage. However, state patronage for overseas trade came to an end by the thirteenth century AD, when it was largely taken over by the local Jewish and Muslim communities, initially on the Malabar and subsequently on the Coromandel coast. Further north, the Saurashtra and Bengal coasts played an important role in maritime trade, and the Gangetic plains and the Indus valley housed several centres of river-borne commerce. Most overland trade was carried out via the Khyber Pass connecting the Punjab region with Afghanistan and onward to the Middle East and Central Asia. Although many kingdoms and rulers issued coins, barter was prevalent. Villages paid a portion of their agricultural produce as revenue to the rulers, while their craftsmen received a part of the crops at harvest time for their services.

Silver coin minted during the reign of the Gupta king Kumara Gupta I (AD 414–55). Religion, especially Hinduism and the caste and the joint family systems, played an influential role in shaping economic activities. The caste system functioned much like medieval European guilds, ensuring the division of labour, providing for the training of apprentices and, in some cases, allowing manufacturers to achieve narrow specialisation. For instance, in certain regions, producing each variety of cloth was the specialty of a particular sub-caste. Textiles such as muslin, Calicos, shawls, and agricultural products such as pepper, cinnamon, opium and indigo were exported to Europe, the Middle East and South East Asia in return for gold and silver.

Assessment of India's pre-colonial economy is mostly qualitative, owing to the lack of quantitative information. The Mughal economy functioned on an elaborate system of coined currency, land revenue and trade. Gold, silver and copper coins were issued by the royal mints which functioned on the basis of free coinage. The political stability and uniform revenue

policy resulting from a centralised administration under the Mughals, coupled with a well-developed internal trade network, ensured that India, before the arrival of the British, was to a large extent economically unified, despite having a traditional agrarian economy characterised by a predominance of subsistence agriculture dependent on primitive technology. After the decline of the Mughals, western, central and parts of south and north India were integrated and administered by the Maratha Empire. After the loss at the Third Battle of Panipat, the Maratha Empire disintegrated into several confederate states, and the resulting political instability and armed conflict severely affected economic life in several parts of the country, although this was compensated for to some extent by localised prosperity in the new provincial kingdoms. By the end of the eighteenth century, the British East India Company entered the Indian political theatre and established its dominance over other European powers. This marked a determinative shift in India's trade, and a less powerful impact on the rest of the economy.

(b) Colonial Period (1773–1947)

An aerial view of Calcutta Port was taken in 1945. Calcutta, which was the economic hub of British India, saw increased industrial activity during World War II. There is no doubt that our grievances against the British Empire had a sound basis. As the painstaking statistical work of the Cambridge historian Angus Maddison has shown, India's share of world income collapsed from 22.6% in 1700, almost equal to Europe's share of 23.3% at that time, to as low as 3.8% in 1952. Indeed, at the beginning of the 20th Century, "the brightest jewel in the British Crown" was the poorest country in the world in terms of per capita income. Company rule in India brought a major change in the taxation and agricultural policies, which tended to promote commercialization of agriculture with a focus on trade, resulting in decreased production of food crops, mass impoverishment and destitution of farmers, and in the short term, led to numerous famines. The economic policies of the British Raj caused a severe decline in the handicrafts and handloom sectors, due to reduced demand and dipping employment. After the removal of international restrictions by the Charter of 1813, Indian trade expanded substantially and over the long term showed an upward trend. The result was a significant transfer of capital from India to England, which, due to the colonial policies of

the British, led to a massive drain of revenue instead of any systematic effort at modernisation of the domestic economy.

India's colonisation by the British created an institutional environment that, on paper, guaranteed property rights among the colonisers, encouraged free trade, and created a single currency with fixed exchange rates, standardised weights and measures and capital markets. It also established a well developed system of railways and telegraphs, a civil service that aimed to be free from political interference, a common-law and an adversarial legal system. This coincided with major changes in the world economy industrialisation, and significant growth in production and trade. However, at the end of colonial rule, India inherited an economy that was one of the poorest in the developing world, with industrial development stalled, agriculture unable to feed a rapidly growing population, a largely illiterate and unskilled labour force, and extremely inadequate infrastructure.

The 1872 census revealed that 91.3% of the population of the region constituting present-day India resided in villages, and urbanisation generally remained sluggish until the 1920s, due to the lack of industrialisation and absence of adequate transportation. Subsequently, the policy of discriminating protection (where certain important industries were given financial protection by the state), coupled with the Second World War, saw the development and dispersal of industries, encouraging rural-urban migration, and in particular the large port cities of Bombay, Calcutta and Madras grew rapidly. Despite this, only one-sixth of India's population lived in cities by 1951.

The impact of the British rule on India's economy is a controversial topic. Leaders of the Indian independence movement and left-nationalist economic historians have blamed colonial rule for the dismal state of India's economy in its aftermath and stated that financial strength required for industrial development in Europe was derived from the wealth taken from colonies in Asia and Africa. At the same time, right-wing historians have countered that India's low economic performance was due to various sectors being in a state of growth and decline due to changes brought in by colonialism and a world that was moving towards industrialisation and economic integration.

(c) Pre-liberalisation Period (1947–1991)

Compare India (orange) with South Korea (yellow). Both started from about the same income level in 1950. The graph shows GDP per capita of South Asian economies and South Korea as a percentage of the American GDP per capita. Indian economic policy after independence was influenced by the colonial experience, which was seen by Indian leaders as exploitative, and by those leaders' exposure to democratic socialism as well as the progress achieved by the economy of the Soviet Union. Domestic policy tended towards protectionism, with a strong emphasis on import substitution, industrialisation, state intervention, a large public sector, business regulation, and central planning, while trade and foreign investment policies were relatively liberal. Five-Year Plans of India resembled central planning in the Soviet Union. Steel, mining, machine tools, water, telecommunications, insurance, and electrical plants, among other industries, were effectively nationalised in the mid-1950s.

Jawaharlal Nehru, the first prime minister of India, along with the statistician Prasanta Chandra, formulated and oversaw economic policy during the initial years of the country's existence. They expected favorable outcomes from their strategy, involving the rapid development of heavy industry by both public and private sectors, and based on direct and indirect state intervention, rather than the more extreme Soviet-style central command system. The policy of concentrating simultaneously on capital- and technology-intensive heavy industry and subsidizing manual, low-skill cottage industries was criticised by economist Milton Friedman, who thought it would waste capital and labour, and retard the development of small manufacturers. The rate of growth of the Indian economy in the first three decades after independence was derisively referred to as the Hindu rate of growth, because of the unfavourable comparison with growth rates in other Asian countries, especially the East Asian Tigers. Since 1965, the use of high-yielding varieties of seeds, increased fertilisers and improved irrigation facilities collectively contributed to the Green Revolution in India, which improved the condition of agriculture in India by increasing productivity of food as well as commercial crops, improving crop patterns and strengthening forward and backward linkages between agriculture and industry. However, it has also been criticised as an unsustainable effort, resulting in the growth of capitalistic farming, ignoring institutional reforms and widening income disparities.

(d) Post-liberalisation Period (Since 1991)

In the late 1970s, the government led by Morarji Desai eased restrictions on capacity expansion for incumbent companies, removed price controls, reduced corporate taxes and promoted the creation of small scale industries in large numbers. However, the subsequent government policy of Fabian socialism hampered the benefits of the economy, leading to high fiscal deficits and a worsening current account. The collapse of the Soviet Union, which was India's major trading partner, and the first Gulf War, which caused a spike in oil prices, caused a major balance-of-payments crisis for India, which found it facing the prospect of defaulting on its loans. India asked for a \$1.8 billion bailout loan from IMF, which in return demanded reforms.

In response, Prime Minister Narasimha Rao, along with his finance minister Manmohan Singh, initiated the economic liberalisation of 1991. The reforms did away with the Licence Raj (investment, industrial and import licensing), reduced tariffs and interest rates and ended many public monopolies, allowing automatic approval of foreign direct investment in many sectors. Since then, the overall direction of liberalisation has remained the same, irrespective of the ruling party, although no party has tried to take on powerful lobbies such as the trade unions and farmers, or contentious issues such as reforming labour laws and reducing agricultural subsidies. By the turn of the century, India had progressed towards a free-market economy, with a substantial reduction in state control of the economy and increased financial liberalisation. This has been accompanied by increases in life expectancy, literacy rates and food security, although the beneficiaries have largely been urban residents.

While the credit rating of India was hit by its nuclear tests in 1998, it has since been raised to investment level in 2003 by S&P and Moody's. In 2003, Goldman Sachs predicted that India's GDP in current prices would overtake France and Italy by 2020, Germany, UK and Russia by 2025 and Japan by 2035. By 2035, it was projected to be the third largest economy of the world, behind the US and China. India is often seen by most economists as a rising economic superpower and is believed to play a major role in the global economy in the 21st century.

3. Challenges Before Indian economy

Following are the challenges faced by Indian economy:

(a) Population Explosion

This monster is eating up into the success of India. According to 2001 census of India, population of India in 2001 was 1,028,610,328, growing at a rate of 2.11% approx. Such a vast population puts lots of stress on economic infrastructure of the nation. Thus India has to control its burgeoning population.

(b) Poverty

As per records of National Planning Commission, 36% of the Indian population was living Below Poverty Line in 1993-94. Though this figure has decreased in recent times but some major steps are needed to be taken to eliminate poverty from India.

(c) Unemployment

The increasing population is pressing hard on economic resources as well as job opportunities. Indian government has started various schemes such as Jawahar Rozgar Yojna, and Self Employment Scheme for Educated Unemployed Youth (SEEUY). But these are proving to be a drop in an ocean.

(d) Rural urban divide

It is said that India lies in villages, even today when there is lots of talk going about migration to cities, 70% of the Indian population still lives in villages. There is a very stark difference in pace of rural and urban growth. Unless there isn't a balanced development Indian economy cannot grow.

These challenges can be overcome by the sustained and planned economic reforms through followings:

- Maintaining fiscal discipline
- Orientation of public expenditure towards sectors in which India is faring badly such as health and education.

- Introduction of reforms in labour laws to generate more employment opportunities for the growing population of India.
- Reorganization of agricultural sector, introduction of new technology, reducing agriculture's dependence on monsoon by developing means of irrigation.
- Introduction of financial reforms including privatization of some public sector banks.

Table 4.2.1: India's GDP Rate Since 1951

Financial year	GDP of India at factor cost (in percent)
1951-52	2.3
1952-53	2.8
1953-54	6.1
1954-55	4.2
1955-56	2.6
1956-57	5.7
1957-58	-1.2
1958-59	7.6
1959-60	2.2
1960-61	7.1
1961-62	3.1
1962-63	2.1
1963-64	5.1
1964-65	7.6
1965-66	-3.7
1966-67	1
1967-68	8.1
1968-69	2.6
1969-70	6.5
1970-71	5
1971-72	1
1972-73	-0.3
1973-74	4.6
1974-75	1.2
1975-76	9
1976-77	1.2
1977-78	7.5

1978-79	5.5
1979-80	-5.2
1980-81	7.2
1981-82	6
1982-83	3.1
1983-84	7.7
1984-85	4.3
1985-86	4.5
1986-87	4.3
1987-88	3.8
1988-89	10.5
1989-90	6.7
1990-91	5.6
1991-92	1.3
1992-93	5.1
1993-94	5.9
1994-95	7.3
1995-96	7.3
1996-97	7.8
1997-98	4.8
1998-99	6.5
1999-2000	6.1
2000-01	4.4
2001-02	5.8
2002-03	3.8
2003-04	8.5
2005-06	
2004-05	7.5
2005-06	9

4. Important Trends in the Indian Economy

In an article in the Business Standard a couple of months ago, economic commentator T N Ninan pointed to some of the important emerging trends in the Indian economy, what he called the “mega trends”. In his words, these trends deserve to be called “mega trends” because they “cannot easily be

reversed, have large ripple effects, and ... therefore will define the future". While these "mega trends" are important for throwing up interesting empirical regularities, these can be equally well, if not better, understood within a Marxist paradigm, a paradigm built on looking at reality from the perspective of labour. Adopting the perspective of labour is important for another reason: it allows us to see the incompleteness, the one-sidedness of bourgeois economic analysis. It is only by complementing Ninan's "mega trends" with some important but neglected trends that are often invisible to bourgeois economists (which I merely point to at the end) that we can get a better understanding of the evolution of Indian economy and society.

The first trend – "acquiring of scale" in Ninan's words – refers to the growing "concentration and centralization" of Indian capital, a process that inevitably accompanies the development of capitalism. The growth of concentration and centralization is leading to the much talked about growth of "self-confidence" of Indian capital, buttressed no doubt with incursions into foreign territories. As Ninan points out, Indian capital was acquiring "three overseas companies a week, through 2006."

The second trend – "spread of connectivity and awareness" according to Ninan – refers to the technological development accompanying the growth of capitalism; Ninan limits himself to the technological developments in the communications sector but it can easily be extended to other sectors of the economy too. But there are several important reasons to focus on the transportations and communications sector. First, an increasing efficiency of communications and transportations is essential for a smooth and efficient completion of the numerous "circuits of capital"; the increasing volume of surplus value being generated in the economy needs well functioning circuits of capital to be realized into profit. Second, technological development of the communications technology, especially information technology, is important for the establishment of the networks through which finance capital exerts its influence over the economy. Third, and related to the earlier, is the necessity of swift and reliable communications to support all the processes that facilitates the "concentration and centralization of capital".

The third trend – "the growth of the middle class" in Ninan's analysis – if put into proper perspective, refers to two things: (1) the increasing inequality that inevitably comes along with the growth of capitalism, and (2) the changing nature of the Indian working class. What Ninan refers to as the "middle class" is really the fraction of the Indian working class (though it does not want to see itself as

part of the working class) that acquires high wage employment in the “leading” sectors of the economy by acquiring skills useful for capital.

The fourth trend – what Ninan calls the “growing problems of growth” – refers to the serious environmental problems created by a regime dominated by the logic of capital accumulation. As the problem of global warming caused by increasing concentrations of greenhouse gases in the Earth’s atmosphere has come into focus, it has become clear that cosmetic changes and technological solutions will not be enough to deal with the whole range of environmental problems under capitalism. What will be required is a wholesale, radical socio-economic transformation, in other words, a transition to socialism. It will become increasingly important for radical political forces representing the interests of capital to come to grips with this issue in India and other underdeveloped economies undergoing rapid (dependent) capitalist development.

The fifth trend – “India’s growing openness to the world” according to Ninan – refers to the growing penetration of the Indian economy by imperialist capital; being supplemented by the growing “export of capital” from India to foreign economies, the two together points to the growing “interpenetration” of imperialist and Indian capital and the incorporation of the Indian capitalist class into the global ruling bloc. The penetration of imperialist capital underlies the oft-forgotten “dependent” nature of the capitalist development in India, a capitalism which cannot, almost axiomatically, benefit the majority of the population.

The sixth trend – what Ninan sees as “the continuing dominance of youth” – refers to the demographic backdrop of capital accumulation in India. The fact that a large proportion of the population will be part of the workforce (if they manage to get employed at all!) will mean that huge reserves of labour will be readily available for capital to exploit and extract surplus value. It will be a long time before these reserves dry up and increasing wages start eating into the profit rates, a process that seems to have already started in China.

It is not, as Ninan asserts, that these “mega trends” will “define” the future in a mechanical sense; it is rather the case that these trends will define the framework within which the class struggle will unfold. For it is the class struggle which will ultimately “define” the future of India. But even in the sense of defining the framework of class struggle, Ninan’s characterization is inadequate because it leaves out labour from the picture, other than in a marginal sense. How will India’s working class evolve over the next few years or decades? What are the trends, working silently but decisively, that can be observed

in the evolution of the Indian working class? To even attempt to pose this question adequately, one will have to look at the agricultural sector of the Indian economy and all the forms of labour associated (directly or indirectly) with it. Ninan, quite remarkably, has nothing to say about the sector of the economy which continues to employ (directly or indirectly) the majority of the working people in India.

5. Classification of Indian Industries

India is the world's third largest economy in terms of purchasing power parity (PPP), with a gross domestic product (GDP) of US \$4.042 trillion. It is the twelfth largest economy in the world when measured in exchange-rate terms, with a GDP of US \$930.0 billion (2007). It is the second fastest growing major economy in the world, with a GDP growth rate of 9.2% at the end of the second quarter of 2006–2007. However, due to its huge population, it has a per capita income of \$3400 at PPP and \$714 at nominal. The World Bank has placed it in the list of low-income economy. India's economy is diverse, depending on agriculture, handicrafts, textile, manufacturing, and a multitude of services.

The two-thirds of the Indian workforce depend directly or indirectly on agriculture. However, the service sector also plays an important role in India's economy. India's major industries include textiles, chemicals, food processing, steel, transportation equipment, cement, mining, petroleum, machinery and software, telecommunication, energy and power, steel and iron, automobiles, banking and insurance, pharmaceutical, port etc. India is a major exporter of highly-skilled workers in software, and financial services,. Due to continuous economic expansion, India has made significant progress in reducing its federal fiscal deficit. However, the massive growth of population is the fundamental social, economic, and environmental problem. Classification of Indian Industries used by the governments is given below:

Table 4.2.2: Classification of Indian Industries

Ind. Code	Description Of Industries
201	Slaughtering Preparation and Preservation Of Meat
202	Manufacture of Dairy Products
203	Canning And Preservations of Fruits And Vegetables
204	Canning And Preservations of Fish And Other Sea Foods
205	Manufacture of Grain Mill Products
206	Manufacture of Bakery Products
207	Sugar Factories and Refineries
208	Manufacture of Cocoa, Chocolate And Sugar Confectionery
209	Manufacture of Miscellaneous Food Preparations
211	Distilling, Rectifying and Blending Of Spirits (Alcohol)
212	Wine Industries
213	Breweries and Manufacturing Of Malt
214	Soft Drinks and Carbonated Water Industries
220	Tobacco Manufactures
231	Spinning, Weaving and Finishing of Textiles
232	Knitting Mills
233	Cordage, Rope and Twine Industries
239	Manufacture of Textiles Not Elsewhere Classified
241	Manufacture of Footwear
242	Repair of Footwear
243	Manufacture of Wearing Apparel (Except Footwear)
244	Manufacture of Made-up Textile Goods (Excl Wearing Apparel)X
251	Saw Mills, Planing and Other Wood Mills
252	Wooden And Cane Containers And Cane Smallware
259	Manufacture of Cork And Wood Products N.E.C.
260	Manufacture of Furniture And Fixtures
271	Manufacture of Pulp, Paper And Paper Board
280	Printing, Publishing and Allied Industries
291	Tanneries and Leather Finishing Plants
292	Manufacture of Fur Products
293	Manufacture of Leather Products Excl Footwear/Other Wearingx
300	Manufacture of Rubber Products
311	Basic Industrial Chemicals, Including Fertilizers
312	Vegetable and Animal Oils and Fats (Except Edible Oils)
313	Manufacture of Paints, Varnishes and Lacquers

319	Manufacture of Miscellaneous Chemical Products
321	Petroleum Refineries (Motor & Aviation Spirit, Diesel Etc.)X
329	Manufacture of Miscellaneous Products Of Petroleum And Coalx
331	Manufacture of Structural Clay Products
332	Manufacture of Glass and Glass Products
333	Manufacture of Pottery, China and Earthen-Ware
334	Manufacture of Cement (Hydraulic)
339	Manufacture of Non-Metallic Mineral Products N.E.C.
341	Iron And Steel Basic Industries
342	Non-Ferrous Basic Metal Industries
350	350 Manufacture Of Metal Products Except Machinery Equipment
360	360 Manufacture Of Machinery Except Electrical Machinery
370	370 Manufacture Of Electrical Machinery,Apparatus,Appliances
381	381 Shipbuilding And Repairing
382	382 Manufacture Of Rail-Road Equipment
383	383 Manufacture Of Motor Vehicles
384	384 Repair Of Motor Vehicles
385	385 Manufacture Of Motor Cycles And Bicycles
386	386 Manufacture Of Aircraft
389	389 Manufacture Of Transport Equipment N.E.C.
391	391 Manufacture Of Professional And Scientific Instruments
392	392 Manufacture Of Photographic And Optical Goods
393	393 Manufacture Of Watches And Clocks
394	394 Manufacture Of Jewellery And Related Articles
395	395 Manufacture Of Musical Instruments
399	399 Manufacturing Industries Not Elsewhere Classified
511	511 Electricity (Generation, Transmission And Distribution)
512	512 Gas Manufacture And Distribution

Chapter 4.3: Indian FMCG Sector

- 1. The evolution of Indian FMCG market**
- 2. Report on India FMCG sector**
- 3. List of Major FMCG Companies in India**

4.3: Indian FMCG Sector

1. The Evolution of Indian FMCG market

Fast moving consumer goods are the goods purchased by the consumers for their own use and purchased repeatedly. They buy these products on daily or weekly basis in small quantity. The price of such products per unit is low. The consumption of such products is very high due to requirement of every one and large in number of consumers. Indian population is a huge population over 120 crores. A separate sector called FMCG sector is well established in India. India has always been a country with a big chunk of world population, be it the 1950's or the twenty first century. In that sense, the FMCG market potential has always been very big. However, from the 1950's to the 80's investments in the FMCG industries were very limited due to low purchasing power and the government's favouring of the small-scale sector.

The consumer markets in India are constantly evolving. The first phase of consumer market evolution in the 1980s and the 1990s was characterized by some major structural changes: changes in income distribution, increased product availability (in terms of both quality and quantity), increased competition, increased media penetration and improved advertising (impacting lifestyle). These raised the levels of consumer awareness and propensity to consume, etc. The late 1990s witnessed a surge in consumer finance products owing to steady financial sector reforms in the economy and innovative marketing. The consumer markets in India have entered the second phase of evolution with the turn of the century. The Fast Moving Consumer Goods (FMCG) sector is the fourth largest sector in the economy with a total market size in excess of Rs 60,000 crore. This industry essentially comprises Consumer Non Durable (CND) products and caters to the everyday need of the population.

Hindustan Lever Limited (HLL) was probably the only MNC Company that stuck around and had its manufacturing base in India. At the time, the focus of the organised players like HLL was largely urbane. There too, the consumers had limited choices. However, Nirma's entry changed the whole Indian FMCG scene. The company focused on the 'value for money' plank and made FMCG products like detergents very affordable even to the lower strata of the society. Nirma became a great success story and laid the roadmap for others to follow.

MNC's like HLL, which were sitting pretty till then, woke up to new market realities and noticed the latent rural potential of India. The government's relaxation of norms also encouraged these companies to go out for economies of scale in order to make FMCG products more affordable. Consequently, today soaps and detergents have almost 90% penetration in India. Post liberalisation not only saw higher number of domestic choices, but also imported products. The lowering of the trade barriers encouraged MNC's to come and invest in India to cater to 1bn Indians' needs. Rising standards of living urban areas coupled with the purchasing power of rural India saw companies introduce everything from a low-end detergent to a high-end sanitary napkin. Their strategy has become two-pronged in the last decade. One, invest in expanding the distribution reach far and wide across India to enable market expansion of FMCG products. Secondly, upgrade existing consumers to value added premium products and increase usage of existing product ranges.

So you could see all companies be it HLL, Godrej Consumer, Marico, Henkel, Reckitt Benckiser and Colgate, trying to outdo each other in getting to the rural consumer first. Each of them has seen a significant expansion in the retail reach in mid-sized towns and villages. Some who could not do it on their own, have piggy backed on other FMCG major's distribution network (P&G-Marico). Consequently, companies that have taken to rural India like chalk to cheese have seen their sales and profits expanding. For example, currently 50% of all HLL sales come from rural India, and consequently, it is one the biggest beneficiaries of this. There are others, like Nestle, which have till date catered mostly to urban India but have still seen good growth in the last decade. The company's focus in the last decade has largely been on value added products for the upper strata of society. However, in the last couple of years, even these companies have looked to reach consumers at the slightly lower end.

One of the biggest changes to hit the FMCG industry was the 'sachet' bug. In the last 3 years, detergent companies, shampoo companies, hair oil companies, biscuit companies, chocolate companies and a host of others, have introduced products in smaller package sizes, at lower price points. This is the single big innovation to reach new users and expand market share for value added products in urban India, and for general FMCG products like detergents, soaps and oral care in rural India. Another interesting phenomenon to have hit the FMCG industry is the mushrooming of regional companies, which are posing a threat to bigger FMCG

companies like HLL. For example, the rise of Jyothi Laboratories, which has given sleepless nights to Reckitt Benckiser, the 'Ghari' detergent, that has slowly but surely built itself to take on Nirma and HLL in detergents, and finally, the rise of 'Anchor' in oral care, which has become synonymous with 'cat', which walks away with spoils when two monkeys fight (HLL and Colgate). There are numerous other examples of this.

What does all this mean for the future of FMCG industry in India? Undoubtedly, all this is good for the consumers, who can now choose a variety of products, from a number of companies, at different price points. But for the players who cater to the Indian consumer, the future brings a lot more competition. In this environment, only the innovators will survive. Focus will be the key to profitability (ala HLL). From an investor's point of view, Indian FMCG companies do offer long-term growth opportunities given the low penetration and usage in most product categories. To choose the best investment opportunities look at the shapers (i.e. innovators) that have been constantly proactive to market needs and have built strong, efficient and intelligent distribution channels. Management vision to growth is the key, as consumers going forward are likely to become even more sophisticated in their demand.

The Rs 86,000-crore FMCG industry is expected to witness a lot of action in 2010. With the economy showing signs of revival, the industry is expected to register a more than 12% growth in 2010 as compared to the previous year. "The industry will witness a spate of acquisitions & mergers in the 2010. There will be a renewed focus on rural consumers too," said an analyst based in Mumbai. The country's FMCG industry registered a 12% growth in 2009 despite the economic downturn. The captains of the FMCG sector are optimistic about the industry's performance in the New Year. Godrej Group chairman Adi Godrej said, "With 8% GDP growth and GST implementation, we feel it will be a great year for the FMCG sector in India. The focus area for the Godrej Group will be on FMCG business in 2010."

Sharing similar sentiments, Amit Burman, vice-chairman of Dabur India said the industry is expected to register a 14% growth this year as India is getting out of the recessionary blues. Our focus would be on OTC healthcare and skincare brands to sustain our growth in this sector," he added. According to Wipro Consumer Care & Lighting CEO Vineet Agarwal, the industry is expected to perform better in the new year as compared to the previous year. Even

during the economic slowdown, the FMCG industry registered a 12% growth. When you see buoyancy in economy, the industry will further grow in 2010. Our core focus will continue to be on rural consumers,” he said.

Harsh Agarwal, director of Emami Ltd said Emami is looking at both organic and inorganic growth strategy in 2010. “The industry is poised for a double digit growth as the overall growth rate of the country is growing,” he said. Echoing similar views, Saugata Gupta, CEO, Consumer Products, Marico Ltd said the industry will register a 15 % growth in 2010 as compared to the previous year.” I expect the topline growth of the industry to register 15-20 % this year,” he added. Nikhil Vora, managing director , IIDFC SSKI Securities Ltd said the topline of the FMCG is likely to grow by 14.2% y-o-y in Q3FY2010, substantially driven by volume growth. Despite the rise in input costs, FMCG industry is likely to sustain its robust growth momentum aided by increased rural incomes, taxation benefits and gradual shift from the unorganised sector/regional players.

2. Report on India FMCG sector

With the presence of 12.2% of the world population in the villages of India, the Indian rural FMCG market is something no one can overlook. Increased focus on farm sector will boost rural incomes, hence providing better growth prospects to the FMCG companies. Better infrastructure facilities will improve their supply chain. FMCG sector is also likely to benefit from growing demand in the market. Because of the low per capita consumption for almost all the products in the country, FMCG companies have immense possibilities for growth. And if the companies are able to change the mindset of the consumers, i.e. if they are able to take the consumers to branded products and offer new generation products, they would be able to generate higher growth in the near future. It is expected that the rural income will rise in 2007, boosting purchasing power in the countryside. However, the demand in urban areas would be the key growth driver over the long term. Also, increase in the urban population, along with increase in income levels and the availability of new categories, would help the urban areas maintain their position in terms of consumption. At present, urban India accounts for 66% of total FMCG consumption, with rural India accounting for the remaining 34%. However, rural India accounts for more than 40% consumption in major FMCG categories such as personal

care, fabric care, and hot beverages. In urban areas, home and personal care category, including skin care, household care and feminine hygiene, will keep growing at relatively attractive rates. Within the foods segment, it is estimated that processed foods, bakery, and dairy are long-term growth categories in both rural and urban areas.

Indian FMCG industry is expected to grow at a base rate of at least 12% annually to become a Rs 4,000 billion industry in 2020, according to a new report by Booz & Company. The Report titled “FMCG Roadmap to 2020 - The Game Changers” was released at the CII FMCG Forum 2010 in New Delhi Thursday. The Report noted that the positive growth drivers mainly pertain to the robust GDP growth, opening up and increased income in the rural areas of the country, increased urbanization and evolving consumer lifestyle and buying behaviour. The report further revealed that if some of the positive factors – driven mainly by improved and supportive government policy to remove supply constraints – play out favourably, the industry could even see a 17% growth over the next decade, leading to an overall industry size of Rs 6,200 Billion by 2020. The last decade has already seen the sector grow at 12% annually as result of which the sector has tripled in size.

Releasing the report, Booz & Company Partner Abhishek Malhotra said, “While on an aggregate basis the industry will continue to show strong growth, we will see huge variations at multiple levels – product category (e.g. processed foods growing faster than basic staples), companies and geographies.”

“Many Indian customer segments are reaching the tipping point at which consumption becomes broad based and takes off following the traditional “S shaped” curve seen across many markets.” The sector is poised for rapid growth over the next 10 years and by the year 2020, FMCG industry is expected to be larger, more responsible and more tuned to its customers,” he further added.

The Report identifies 9 key mega trends across consumers, markets and environment that will have a significant impact in shaping how the industry will look like in year 2020.

(a) Increasing Premiumization

Continued income growth coupled with increased willingness to spend will see consumers' up-trading, creating demand for higher priced and increased functionality (real or perceived) products. The size of this segment will be large.

(b) Evolving Categories

Many consumers will move up the ladder and will shift from basic “need” to “want” based products. In addition evolving behaviour and emphasis on beauty, health & wellness will see increased requirements for customized and more relevant product offerings.

(c) Value at BoP

Significant majority of the population in the country, especially in the rural markets, will become a consumption source by moving beyond the “survival” mode. This segment will require tailored product at highly affordable prices which will come with the potential of very large volumes.

(d) Increasing Globalisation

While many leading MNCs have operated in the country for years given the liberal policy environment, the next 10 years will see increased competition from Tier 2 and 3 global players. In addition, larger Indian companies will continue to seek opportunities internationally and also have an access to more global brands, products and operating practices.

(e) Decentralization

Despite the complexity of the Indian market (languages, cultures, distances) the market has mainly operated in a homogenous set-up. Increased scale and spending power will result in more fragmented and tailored business models (products, branding, operating structures).

(f) Growing Modern Trade

Modern trade share will continue to increase and is estimated to account for nearly 30% by year 2020. This channel will complete existing traditional trade (~8 million stores which will

continue to grow) and offer both a distribution channel through its cash & carry model as well as more avenues to interact with the consumer.

(g) Focus on Sustainability

Global climatic changes, increasing scarcity of many natural resources (e.g. water, oil) and consumer awareness (e.g. waste) are leading to increased concerns for the environment. The pressure on companies to be environmentally responsible is gradually increasing due to involvement of various stakeholders – from government (through policy) to consumers (through brand choice) and NGOs (through awareness).

(h) Technology as a Game Changer

Increased and relevant functionality coupled with lower costs will enable technology deployment to drive significant benefits and allow companies to address the complex business environment. This will be seen both in terms of efficiencies in the back-end processes (e.g. supply chain, sales) as well as the front-end (e.g. consumer marketing).

(i) Favourable Government Policy

Many government actions – in discussions as well as planned – will help in creating a more suitable operating environment. This will be done both on the demand side by increased income and education as well as on the supply side by removing bottlenecks and encouraging investments in infrastructure.

The confluence of many of these change drivers – consumers, technology, government policy, and channel partners – will have a multiplication impact and magnify both the amount as well as the pace of change. Winning in this new world will require enhancing current capabilities and building new ones to bridge gaps. In this new world FMCG companies will have 6 imperatives from a business strategy perspective: disaggregating the operating model, winning the talent wars, bringing sustainability into the strategic agenda, re-inventing marketing for ‘i-consumers’, re-engineering supply chains, partnering with modern trade. The report urges the need for other stakeholders – government, retailers, NGOs and investors

–to play a key role and evolve in a similar fashion to support the growth of the industry while continuing to deliver on their core business and social mandates.

3. List of Major FMCG Companies in India

The Indian FMCG sector is the fourth largest in the economy and has a market size of US\$13.1 billion. Well-established distribution networks, as well as intense competition between the organised and unorganised segments are the characteristics of this sector. FMCG in India has a strong and competitive MNC presence across the entire value chain. It has been predicted that the FMCG market will reach to US\$ 33.4 billion in 2015 from US \$ billion 11.6 in 2003. The middle class and the rural segments of the Indian population are the most promising market for FMCG, and give brand makers the opportunity to convert them to branded products. Most of the product categories like jams, toothpaste, skin care, shampoos, etc, in India, have low per capita consumption as well as low penetration level, but the potential for growth is huge.

The Indian Economy is surging ahead by leaps and bounds, keeping pace with rapid urbanization, increased literacy levels, and rising per capita income. The big firms are growing bigger and small-time companies are catching up as well. According to the study conducted by AC Nielsen, 62 of the top 100 brands are owned by MNCs, and the balance by Indian companies. Fifteen companies own these 62 brands, and 27 of these are owned by Hindustan Lever. Pepsi is at number three followed by Thums Up. Britannia takes the fifth place, followed by Colgate (6), Nirma (7), Coca-Cola (8) and Parle (9). These are figures the soft drink and cigarette companies have always shied away from revealing. Personal care, cigarettes, and soft drinks are the three biggest categories in FMCG. Between them, they account for 35 of the top 100 brands.

The companies mentioned in Exhibit I, are the leaders in their respective sectors. The personal care category has the largest number of brands, i.e., 21, inclusive of Lux, Lifebuoy, Fair and Lovely, Vicks, and Ponds. There are 11 HLL brands in the 21, aggregating Rs. 3,799 crore or 54% of the personal care category. Cigarettes account for 17% of the top 100 FMCG sales,

and just below the personal care category. ITC alone accounts for 60% volume market share and 70% by value of all filter cigarettes in India.

Table 4.3.1: The Top 10 Companies in FMCG Sector

S. NO.	Companies
1.	Hindustan Unilever Ltd.
2.	ITC (Indian Tobacco Company)
3.	Nestlé India
4.	GCMMF (AMUL)
5.	Dabur India
6.	Asian Paints (India)
7.	Cadbury India
8.	Britannia Industries
9.	Procter & Gamble Hygiene and Health Care
10.	Marico Industries

The foods category in FMCG is gaining popularity with a swing of launches by HLL, ITC, Godrej, and others. This category has 18 major brands, aggregating Rs. 4,637 crore. Nestle and Amul slug it out in the powders segment. The food category has also seen innovations like softies in ice creams, chapattis by HLL, ready to eat rice by HLL and pizzas by both GCMMF and Godrej Pillsbury. This category seems to have faster development than the stagnating personal care category. Amul, India's largest foods company, has a good presence in the food category with its ice-creams, curd, milk, butter, cheese, and so on. Britannia also ranks in the top 100 FMCG brands, dominates the biscuits category and has launched a series of products at various prices.

In the household care category (like mosquito repellents), Godrej and Reckitt are two players. Goodknight from Godrej, is worth above Rs 217 crore, followed by Reckitt's Mortein at Rs

149 crore. In the shampoo category, HLL's Clinic and Sunsilk make it to the top 100, although P&G's Head and Shoulders and Pantene are also trying hard to be positioned on top. Clinic is nearly double the size of Sunsilk.

Dabur is among the top five FMCG companies in India and is a herbal specialist. With a turnover of Rs. 19 billion (approx. US\$ 420 million) in 2005-2006, Dabur has brands like Dabur Amla, Dabur Chyawanprash, Vatika, Hajmola and Real. Asian Paints is enjoying a formidable presence in the Indian sub-continent, Southeast Asia, Far East, Middle East, South Pacific, Caribbean, Africa and Europe. Asian Paints is India's largest paint company, with a turnover of Rs.22.6 billion (around USD 513 million). Forbes Global magazine, USA, ranked Asian Paints among the 200 Best Small Companies in the World

Cadbury India is the market leader in the chocolate confectionery market with a 70% market share and is ranked number two in the total food drinks market. Its popular brands include Cadbury's Dairy Milk, 5 Star, Eclairs, and Gems. The Rs.15.6 billion (USD 380 Million) Marico is a leading Indian group in consumer products and services in the Global Beauty and Wellness space.

There is a huge growth potential for all the FMCG companies as the per capita consumption of almost all products in the country is amongst the lowest in the world. Again the demand or prospect could be increased further if these companies can change the consumer's mindset and offer new generation products. Earlier, Indian consumers were using non-branded apparel, but today, clothes of different brands are available and the same consumers are willing to pay more for branded quality clothes. It's the quality, promotion and innovation of products, which can drive many sectors.

4. List of major FMCG Companies in India Segment Wise

- **Hindustan Unilever Limited** : Hindustan Unilever Limited (abbreviated to HUL), formerly Hindustan Lever Limited , is India's largest consumer products company and was formed in 1933 as Lever Brothers India Limited. 18,079 hits

- **ITC Ltd. :** ITC is one of India's foremost private sector companies with a market capitalisation of nearly US \$ 15 billion and a turnover of over US \$ 4.75 billion. 12,231 hits
- **Nestle India :** Nestl India is a subsidiary of Nestl S.A. of Switzerland. 9,603 hits
- **Britannia Industries Ltd :** Biscuits, bread, cakes, dairy products 8,415 hits
- **Emami Limited :** Personal care, beauty care, health care 7,216 hits
- **Colgate-Palmolive (India) Limited :** Oral care, personal care, skin care products 6,777 hits
- **Dabur India Limited :** Consumer care products, ayurvedic specialities 6,487 hits
- **Radico Khaitan Limited :** Radico Khaitans product range comprises whiskey, rum, vodka, gin, and brandy. Brands include 8PM Whiskey, Contessa Rum, Old Admiral Brandy, and Magic Moments Vodka, amongst others. 6,479 hits
- **Nirma Limited :** Nirma is one of the few names - which is instantly recognized as a true Indian brand 6,476 hits
- **Procter & Gamble Hygiene and Health Care Limited :** Health care, feminine hygiene products 6,476 hits

Chapter 4.4: Companies in Indian FMCG Sector

- 1. Introduction**
- 2. Dabur India Limited**
- 3. Hindustan Unilever Limited**
- 4. Procter & Gamble**
- 5. Colgate-Palmolive**
- 6. ITC Limited**

4.4: Companies in Indian FMCG Sector

1. Introduction

India is one of the fast developing economies in the world and its population and territory are big also.. Population is nearly 120 crorer and territory is from J and K to Kerala, from Assam to Gujarat is very wide. The industries are of different types and markets are of different types and can be segmented as urban, sub- urban and rural markets. The rural market is very wide and still it is difficult to cover. Nearly 70 percent of Indian population is living in rural areas. There is a great opportunity for companies in Indian markets including FMCG sector for the companies in Indian markets. Up to 1991 Indian economy was a protected economy and in this year due to liberalization a good number of MNCs have entered in India market and mainly in FMCG sector also. There is tough competition from local and foreign companies in Indian markets. They have started producing products like skin care, toothpaste, toiletries, fast food, chocolates, cosmetics and many other products. The FMCG sector is flooded by companies from India and abroad. In future the level of competition would increase further. The situation in Indian economy is very favourable for foreign companies. The major factors attracting them are availability of raw materials, low labour cost, market potential for consumption and more disposable income of Indian customers. More over the GDP in Indian economy is increasing every year so per capita income increasing and there is scope for further development. At present large and small companies are operating in Indian FMCG sector. There is a big list of companies in FMCG sector in India. For the study purpose five companies leading one with foreign and Indian origin are selected. These companies are explained below:

2. Dabur India Limited

(a) History

Dabur India Limited is a leading Indian consumer goods company with interests in Hair Care, Oral Care, Health Care, Skin Care, Home Care and Foods. From its humble beginnings in the bylanes of Calcutta way back in 1884 as an Ayurvedic medicines company, Dabur India Ltd has come a long way today to become a leading consumer products manufacturer in India. For the past 125 years, we have been dedicated to providing nature-based solutions for a healthy

and holistic lifestyle. Through our comprehensive range of products, we touch the lives of all consumers, in all age groups, across all social boundaries. And this legacy has helped us develop a bond of trust with our consumers. That guarantees you the best in all products carrying the Dabur name. With a basket including personal care, health care and food products, Dabur India Limited has set up subsidiary Group Companies across the world that can manage its businesses more efficiently. Given the vast range of products, sourcing, production and marketing have been divested to the group companies that conduct their operations independently. Dabur's mission of popularizing a natural lifestyle transcends national boundaries. Today, there is growing global awareness on alternative medicine, nature-based and holistic lifestyles and an interest in herbal products. Dabur has been in the forefront of popularising this alternative way of life, marketing its products in more than 60 countries all over the world. Over the years, Dabur's overseas business has successfully transformed from being a small operation into a multi-location business spreading through the Middle East, North Africa, West Africa and South Asia.

Dabur has spread itself wide and deep to be close to our overseas consumers. Overseas product portfolio is tailor-made to suit the needs and aspirations of our growing consumer base in the international markets. Strategic partnerships with leading multinational food and health care companies to introduce innovations in products and services. Six modern manufacturing facilities spread across South Asia, Middle East and Africa to optimise production by utilising local resources and the most modern technology available. The journey of the company stated in 1884 and it was founded by Doctor Burman and after his name the name Dabur derived. Dr. Burman was a young and qualified person took venture to start this company. It started humbly and developed to a leading manufacturer of consumer healthcare, personal care and food products. At present it has over 125 years of proven track record of business.

Under one brand name Dabur it has marketed a variety of products, ranging from hair care to honey, oil, chyawanprash, Amla, Vatika, Hajmola and Real. The company is taking care of young and old generation demands into mid for development of products. It is having its manufacturing plants mainly in hilly areas where it can get the raw materials of herbs for production of ayurvedic medicines and other products. In 1936 Dr. Burman established

Dabur India Limited. From its beginning it has launched many products and these are doing successful business in Indian as well as foreign markets on the basis of trust and loyalty. The products are consumer friendly with almost no side effects on human body. This company has development its own research laboratory for development and testing of the products. The future of the company is very bright at least in Indian markets.

(b) Products of Dabur

Dabur India Limited is a leading Indian consumer goods manufacturer of Hair Care, Oral Care, Health Care, Skin Care, Home Care and Foods. The company is committed to provide natural solution healthy and holistic lifestyle. The products are herbal based and very friendly to the health without any adverse effects. The company is manufacturing a variety of products and marketing with trust and on the basis of loyalty of customers in India and abroad. Through research and development facilities the products are developed as per the emerging demands of the customers. Dabur is manufacturing products and medicines related to ayurvedic area. It is having a long list of its products for customers to use. The list of the products is appended below;

- **Hair care products:** Dabur amla hair oil, Dabur hair oil sikakai, Dabur vatika hair oil, Dabur amla hair oil lite, Dabur special hair oil, Dabur jasmine hair oil, Dabur jasmine hair oil, Parachute coconut oil, Cocoraj coconut oil , Dabur anmol coconut oil
- **Soaps:** Dabur neem soap, Dabur sandalwood soap, Dabur sandalwood soap, Dabur aloe vera soap
- **Ayurvedic medicines:** Dabur hajmola tablets, Dabur shilajit health tonic, Dabur hingwastak churan, Dabur nature care triphla. Dabur hajmola candy, Dabur herbal toothpaste, Basil, Sat isabgol, Dabur nature care triphla, Dabur hingwastak churan, Dabur lavan bhaskar churan, Dabur honey, Dabur sitopaladi churan, Dabur pudin hara pearls
- **Dabur healthcare products:** Dabur chyawanprakash - sugar free, Dabur chyawanshakti - energy food, Dabur chyawanprash, , Dabur chyawan junior, Chocolate flavoured health drink for kids.

(c) SWOT Analysis of Dabur India

SWOT is the process and it stands for Strengths, Weaknesses, Opportunities and Threats, and is an important tool often used to highlight where a business or organisation is, and on the basis of this the company can take the strategic decisions for the business in the future. It looks at internal factors, the strengths and weaknesses of a business, and external factors, the opportunities and threats facing the business. This process highlights strength, weakness, opportunities in the markets and threats to the business of the company. The SWOT analysis of Dabur would make the position of the company clear and it can assess the capacity of the company and the market positions for the business. The SWOT process for Dabur is carried out as follows:

(i) Strengths: It highlights the plus points of the company internally. It shows the position of the company relating to its resources, management approach etc. On the basis of this management can dare to take further steps. The strengths of the company are:

- Support from leading businesses houses from abroad.
- Financial position of the company is sound.
- Research and development facilities are adequate for further development of the products.
- Market position is well maintained
- Niche marketing strategy is doing well.

(ii) Weaknesses:

- The impact of Dabur products is slow and of low quality and that is to be improved;
- Production and operating costs are higher and these reduce the profits of the company.
- Dabur India's R&D facilities are comparatively inadequate and needs improvements.
- In experienced staff sometimes creating problems and giving weak performance.
- Old and outdated technologies not helping in production of more production of higher quality.
- Lack of innovative approach in the company exists.

(iii) Opportunities

- Indian market is very wide and having great potential for further development.
- The knowledge of the company regarding customers and their profile is good.
- The availability of raw materials and low labour cost is another opportunity.
- Less level of competition in herbal based products

(iv) Threats

- Export expansion chances are very less.
- Competition is slowly increasing and for further it would be a threat.
- Higher inflation increasing the total costs

(d) Recent Performance

Dabur India limited is one of the leading companies in India producing herbal products mainly. Its progress is very attractive and hopes it would maintain in future also. It has a large number of products in its portfolio and developing further also. It has its business in India as well as in other countries outside of India. In recent past worldwide economies were facing recession so the demands of the products of MNCs were down whereas the demand, sales, revenue and profit of this company did not fall. Sincere efforts of the management are there to sustain its growth rate further also. The result of the last financial year shows the performance below:

Table 4.4.1: Result Table

	Q3 FY10	Q3 FY09	% yoy	Q2 FY10	% qoq
Net sales	9,262	7,787	18.9	8,480	9.2
Material cost	(3,620)	(3,317)	9.1	(3,311)	9.3
Purchase of FG	(584)	(651)	(10.3)	(507)	15.3
Personnel cost	(731)	(621)	17.8	(722)	1.2
Advertising cost	(1,349)	(876)	54.1	(1,202)	12.3
Other overheads	(1,204)	(1,033)	16.6	(984)	22.3
Operating profit	1,773	1,290	37.5	1,754	1.1
OPM (%)	19.1	16.6	258 bps	20.7	(154) bps

Depreciation	(146)	(109)	33.8	(139)	4.6
Interest	(37)	(69)	(46.2)	(33)	13.1
Other income	59	114	(48.1)	107	(44.7)
PBT	1,650	1,226	34.6	1,690	(2.4)
Tax	(271)	(152)	78.5	(287)	(5.5)
<i>Eff. tax rate (%)</i>	<i>16.4</i>	<i>12.4</i>	-	<i>17.0</i>	-
Minority interest	(1)	11	-	(11)	-
Reported PAT	1,378	1,085	27.0	1,391	(1.0)
<i>PAT margin (%)</i>	<i>14.9</i>	<i>13.9</i>	<i>95 bps</i>	<i>16.4</i>	<i>(153) bps</i>
Ann. EPS (Rs)	6.4	5.0	26.9	6.4	(1.0)

Source: Company, India Infoline Research

Dabur India Ltd has posted a net profit of Rs. 1271.70 mn for the quarter ended December 31, 2010 as compared to Rs. 1201.30 mn for the quarter ended December 31, 2009. Total Income has increased from Rs. 8012.60 mn for the quarter ended December 31, 2009 to Rs. 9101.20 million for the quarter ended December 31, 2010. For the Consolidated period for the quarter ended December 31, 2010, the Group has posted a net profit after minority interest of Rs. 1544.50 million for the quarter ended December 31, 2010 as compared to Rs. 1393.00 million for the quarter ended December 31, 2009. Total Income has increased from Rs. 9323.60 mn for the quarter ended December 31, 2009 to Rs. 10888.30 mn for the quarter ended December 31, 2010.

3. Hindustan Unilever Limited

(a) History

Hindustan Lever Ltd (HLL) is India's largest and highly progressive company in FMCG sector. HLL's brands like Lifebuoy, Lux, Surf Excel, Rin, Wheel, Fair & Lovely, Pond's, Sunsilk, Clinic, Pepsodent, Close-up, Lakme, Brooke Bond, Kissan, Knorr-Annapurna, Kwality Wall's are household names across the country and span a host of categories, such as soaps, detergents, personal products, tea, coffee, branded staples, ice cream and culinary products. These products are manufactured over 40 factories across India and the associated

operations involve over 2,000 suppliers and associates. Hindustan Lever Limited's distribution network comprises about 4,000 redistribution stockists, covering 6.3 million retail outlets reaching the entire urban population, and about 250 million rural consumers. HLL is also one of India's largest exporters. It has been recognised as a Golden Super Star Trading House by the Government of India. Presently, HLL has over 16,000 employees including over 1,200 managers. Its mission is to "add vitality to life." The Anglo-Dutch company Unilever owns a majority stake in Hindustan Lever Limited.

Hindustan Unilever Limited (HUL), a 52%-owned subsidiary of Anglo-Dutch giant Unilever, has been working its way into India since 1888, when it started selling its products there. As India's largest consumer goods firm, HUL markets more than 400 brands that include beverages, food, and home and personal care goods. Some of its names include Kwality Wall's ice cream, Sunlight dish detergent, Lifebuoy soap, Lipton tea, Pepsodent toothpaste, and Surf laundry detergent. HUL markets atta (a type of meal), maize, rice, and salt, and its export division ships castor oil and fish. The company also sells bottled water and over-the-counter healthcare items. It licenses its Lakmé and Lever Ayush brands.

Hindustan Lever Limited (HLL) is India's leading consumer goods supplier, with a focus on the Fast-Moving Consumer Goods (FMCG) category that includes detergents, soap, shampoo, deodorant, toothpaste, and other personal care items, and cosmetics. HLL's personal care brands include soap brands such as Lux, Lifebuoy, Liril, Breeze, Dove, Pear's, and Rexona; shampoos and hair coloring brands including Sunsilk Naturals and Clinic; skin care brands Fair & Lovely and Pond's; and oral care brands Pepsodent and Close-Up. The company's cosmetic line is led by the Lakme brand; HLL also produces a line of Ayurvedic personal and healthcare items under the Ayush brand. In addition to the FMCG segment, HLL has developed a line of food items, primarily under the Kissan and Knorr Annapurna brands, as well as the ice cream brand Kwality Wall's. In the early 2000s, HLL also acquired baked goods producer Modern Food Industries. In addition to its domestic brand family, HLL sells bulk foods, including maize, rice, salt, and atta. HLL is also an active exporter, shipping its FMCG and food brands, as well as rice; marine products including surimi, shrimp, crabsticks, and others; and castor oil. HLL has completed a restructuring of its business in the first half of the 2000s, streamlining its brand portfolio, from 110 brands to 35 "power" brands, while

exiting a number of businesses, such as teas (sold to the Woodbriar Group in 2006) and specialty chemicals. HLL maintains a strong manufacturing presence in India, with some 80 factories located throughout the country; the company also subcontracts to more than 150 third-party producers. HLL is itself a subsidiary of Unilever, which controls 51.55 percent of the group. Hll is listed on the mumbai stock exchange.

(i) Indian manufacturing base starting in 1931: England's Lever Brothers began importing their Sunlight brand soap into India in the late 1880s. By 1895, Lever had introduced another of its brands, Lifebuoy, which became the company's longest-running successful brand in India. Other Lever brands followed into the beginning of the next century, including the Lux soap flake brand in 1905; and scouring powder Vim as well as soap brand Vinolia in 1913. Lever Brothers, by then well into an international expansion that would see the company become one of the world's top multinationals, also acquired and introduced a number of other brands into the Indian market, including Pear's soap, in 1917. By 1930, Lever Brothers, which also had entered areas such as food production, including edible oils and margarine, had merged with The Netherlands' Margarine Unie, forming Unilever.

Unilever's Indian sales were based on imports into the early 1930s. The company had begun planning, however, to establish a manufacturing presence in the Indian subcontinent as early as 1923. The company began talks with the British and Indian authorities, and finally received permission to build its first factory in 1931. In that year, the company incorporated a new subsidiary, Hindustan Vanaspati Manufacturing Company, to produce edible oils. That company opened a production facility in Sewri in 1932. Two years later, the company added another subsidiary, Lever Brothers India Limited, for the production of soap, and began construction of a factory next to its Vanaspati facility. That company launched production of Sunlight-branded soap at a factory in Bombay in 1934. In that year, as well, the company took over production at the Calcutta factory of another company, Northwest Soap, where it began producing the Lever brand family. That factory, known as the Garden Reach factory, added production of a line of personal care products in 1943. In 1935, Unilever added a third subsidiary in India, United Traders Limited. This unit was created to provide marketing support for the company's other operations, tailoring the group's sales to the specifics of the Indian population. Through the 1940s, Unilever's Indian unit began extending its sales

network throughout India, building up its own sales team, and adding sales offices in Mumbai, Chennai, Calcutta, Karachi, and elsewhere.

The transition of Unilever's multiple businesses to the single Hindustan Lever Limited began in the 1940s. In 1944, the three Indian companies were reorganized under a unified management. Nonetheless, the companies retained separate sales and marketing businesses. In the meantime, the company had launched an effort to transition the company from one led almost entirely by foreign and, in large part, European management, to one staffed primarily by Indians. This effort began in 1942, when the company began training Indians for its junior and then senior management positions. By 1951, the company appointed an Indian, Prakash Tandon, to the managing director's position. Tandon led the merger of the three Indian subsidiaries into a single entity, Hindustan Lever Limited (HLL), in 1956. By the end of the decade, Tandon had taken over the chairman's position as well. By then, nearly all of the group's management positions were filled by Indians. HLL was then taken public, as Unilever reduced its stake in the company in favor of domestic shareholders. By 1980, Unilever's stake in HLL had dropped to less than 52 percent.

HLL already produced a wide range of consumer goods for the Indian market by the early 1960s. In 1962, the company launched its own export operations as well, in a move made in part to bring foreign exchange capital into the struggling Indian economy. HLL's exports reflected the company's own multifaceted operations. In addition to producing and supplying raw materials and finished products, including a number of specialty chemicals and tea, in the support of the international Unilever brand family, HLL also developed a bulk goods export business. For this the company focused on Indian-specific goods, such as castor oil, Basmati rice, and a variety of marine products, including shrimp and surimi.

HLL set up a new headquarters in Mumbai in 1963. The following year, the company entered the dairy industry, establishing its Etah dairy and launching the Anik brand of ghee (a prepared butter product used in Indian cooking). The company also began producing animal feed that year. Meanwhile, HLL launched a new shampoo, Sunsilk, for the Indian market. By the end of the decade, HLL had launched a number of other successful brands, including Signal toothpaste, Taj Mahal tea, Bru coffee, and Clinic shampoo, launched in 1971. By then,

the company had firmly established itself as the leading producer of so-called "fast-moving consumer goods." Part of the company's success came from its highly active sales network. A significant proportion of India's population, which would top one billion before the dawn of the 21st century, still lived in rural regions and in extreme poverty. For much of this population, personal care products remained luxury items. Yet the company recognized the importance of building its brands in this region as well, and as such the company developed a vast sales network. Much of this network was based on an army of independent, direct sales agents, who hawked the company's products in the country's more than 150,000 villages.

Into the 1970s, HLL also began diversifying beyond its consumer goods operations. The company opened the Hindustan Lever Research Center, in Mumbai, in 1967. This led the group to begin producing fine chemicals in 1969. By 1971, the company had received permission from Unilever to enter the production of industrial chemicals. The company began construction of a pilot plant for this operation in Taloja in 1974. This unit was completed in 1976. In that year, HLL launched the construction of a larger chemicals complex, at Haldia. That facility began producing sodium tripolyphosphate in 1979. The production of these chemicals enabled HLL to begin producing synthetic detergents at Jammu in 1977. Through the 1980s, HLL continued to develop its businesses. In 1986, the company set up an agri-products business, based in Hyderabad, which began producing hybrid seeds that year. HLL also added a new soap production facility in Khamgaon, and a personal products factory in Yavatmal that year. HLL's growth had nonetheless been limited by restrictions put into place by the Indian government's quasi-socialist economic policies. In 1991, however, in the face of a major economic crisis, the government was forced to liberalize the country's economy. This opened up a new era of opportunity for HLL.

(ii) Power brand focus into the 21st century: A major step forward for the group came in 1993, when the company acquired its leading rival, Tata Oil Mills. By then, HLL also had met with success in the detergents category, with the launch of its Surf Ultra brand. This brand targeted the country's middle class, which, with the liberalization of the country's economy, was also becoming one of the fastest growing segments of India's population. In a further move to target this population, the company launched a new, high-end detergent brand, Surf Excel, in 1996. By the mid-1990s, HLL's revenues had topped \$540 million. The company

also had launched its first foreign subsidiary, establishing Nepal Lever Limited. That unit began producing soaps and detergents and other products within the HLL brand family, both for the Indian and Nepal market, as well as for the larger export market.

HLL also began developing a series of joint venture partnerships in the 1990s. In 1995, the company teamed up with Tata, this time forming a 50-50 joint venture with Tata's Lakme cosmetics group. HLL bought the Lakme brand family just three years later, taking full control of Lakme Lever. By then, the company also had formed a joint venture with Kimberly-Clark, which began marketing the Huggies diaper and Kotex sanitary pad brands in India. HLL also deepened its food brands during the 1990s and into the 2000s. The company acquired Kwalita and Milkfood, which included the Kwalita Wall's ice cream brand. In 2000, HLL marked the beginning of a new era in India's economy, when it acquired 74 percent of Modern Food Industries Limited. A major baked goods business in India, Modern Food had previously been owned by the Indian government, and marked HLL's extension into an entirely new product category. HLL subsequently acquired full control of Modern Food in 2002.

The first half of the 2000s nonetheless represented a difficult period for the company, which was faced with an economic slowdown in its core Indian markets. At the same time, HLL underwent a dramatic restructuring as part of the parent company's global "power brand" strategy. The company began streamlining its brand portfolio, which had grown to some 110 brands by the beginning of the decade, cutting that number back to just 35 brands by mid-decade. As part of this refocus, HLL also began selling off its noncore operations, including its chemicals businesses. That process was completed in large part with the sell-off of the last of HLL's tea plantation and production units, Tea Estates India, which was sold to a subsidiary of the Woodbriar Group in 2006.

By then, HLL appeared to have once again moved into a growth phase, posting revenue gains of 9 percent, and net profit growth of some 23 percent, over the previous year. HLL also prepared to enter a new management era; in 2006, the company appointed Douglas Baillie, who previously headed Unilever's operations in Africa, as the company's CEO. That appointment placed a non-Indian at the head of the company for the first time in more than 40

years. HLL appeared certain to clean up in India's consumer goods market for decades to come. In February 2007, the company has been renamed to "Hindustan Unilever Limited" to strike the optimum balance between maintaining the heritage of the Company and the future benefits and synergies of global alignment with the corporate name of "Unilever". Hindustan Unilever Limited has informed that Mr. Sanjiv kakkar, Executive Director, Sales & Customer Development has been appointed Chairman, Unilever Russia, Ukraine and Belarus (RUB), with effect from 1st September, 2008. HUL completes 75 years on 17th October 2008

(iii) principal subsidiaries: Bon Limited; Daverashola Tea Company Limited; Hindlever Trust Limited; Indexport Limited; Indigo Lever Shared Services Limited; International Fisheries Limited; KICM (Madras) Limited; Kimberly-Clark Lever Private Limited (50%); Lever India Exports Limited; Levers Associated Trust Limited; Levindra Trust Limited; Lipton India Exports Limited; Merryweather Food Products Limited; Modern Food and Nutrition Industries Limited; Modern Food Industries (India) Limited; Nepal Lever Limited (Nepal) (80%); Ponds Exports Limited; Quest International India Limited (49%); Thiashola Tea Company Limited; TOC Disinfectants Limited.

(iv) Principal competitors: Nirma Ltd.; Jocil Ltd.; Nahar Industrial Enterprises Ltd.; Shrihari Laboratories P Ltd.; Ruchi Infrastructure Ltd.; Procter & Gamble Hygiene and Healthcare Ltd.; Amrit Banaspati Company Ltd.; Henkel SPIC India Ltd.; K S Oils Ltd.; Ultramarine and Pigments Ltd.; Vashisti Detergents Ltd., Nestle, Colgate – Palmolive Ltd, Godrej Consumers and many other local players in Indian markets.

(b) Hindustan Lever Ltd - Products

With 400 brands spanning 14 categories of home, personal care and foods products, no other company touches so many people's lives in so many different ways. Brand portfolio has made us leaders in every field in which we work. It ranges from much-loved world favourites including Lipton, Knorr, Dove and Omo, to trusted local brands such as Blue Band and Suave. From comforting soups to warm a winter's day, to sensuous soaps that make customers feel fabulous, and products help people get more out of life. HUL is constantly enhancing its brands to deliver more intense, rewarding product experiences. It invests nearly €1 billion every year in cutting-edge research and development, and has five laboratories around the

world that explore new thinking and techniques to help develop products. Consumer research plays a vital role in its brands' development. They are constantly developing new products and developing tried and tested brands to meet changing tastes, lifestyles and expectations. And our strong roots in local markets also mean they can respond to consumers at a local level. By helping improve people's diets and daily lives, can help them keep healthier for longer, look good and give their children the best start in life. There is a big list of products of this company and explained below:

(i) Health & personal care

- First launched in France in 1983, leading male grooming brand, Axe, now gives guys the edge in the mating game in over 60 countries
- Oral care brands Mentadent, Peptosident and Signal have teamed up with the world's largest dental federation, the FDI, which represents over 750 000 dentists around the world
- Lux became the first mass-marketed soap when it launched in 1924. Today it achieves annual global sales of over €1 billion
- Domestos is a best-selling brand in nine of the 35 countries in which it's sold
- Recent breakthroughs at Rexona include Rexona Crystal, a deodorant that eliminates unsightly white deposits on dark garments
- Small & Mighty concentrated liquid fits into a smaller bottle, requiring half the packaging, water and lorries to transport it, making it kinder on the environment
- Hindustan Unilever in India has launched a hand-wash product, Surf Excel Quick Wash, with a low foaming formulation, reducing the amount of water needed for rinsing by up to two buckets per wash.

(ii) Foods

- Knorr is our biggest food brand with a strong presence in over 80 countries and a product range including soups, sauces, bouillons, noodles and complete meals
- Lipton's tea-based drinks include the international Lipton Iced Tea range, the Lipton range in North America and Lipton Yellow Label, the world's favourite tea brand

- Becel/Flora pro.activ products have been recognised as the most significant advancement in the dietary management of cholesterol in 40 years
- In the mid-1990s it led the industry with a programme to eliminate almost all trans fat from margarine
- World's largest ice cream manufacturer, thanks to the success of Heartbrand which includes Magnum, Cornetto, Carte d'Or and Solero, and Ben & Jerry's and Breyers in the US.

(c) Hindustan Lever Limited - SWOT Analysis

Hindustan Unilever Limited (HUL) is a packaged mass consumption fast moving consumer goods (FMCG) company based in India. It offers foods, beverages, home care and personal care products. The company primarily operates in India. It is headquartered in Mumbai, India and employs 41,000 people. Since long it is leader in India FMCG market and position is going day by day stronger. It has a large number of world renowned brands in its portfolio. The customers are scattered in urban, suburban and rural areas in India. A vast territory is covered by this company and still there is great potential for further development. SWOT analysis of this sector is carried as follows:

Strengths:

- HUL has its subsidiaries across the world and has production, marketing and research facilities across the world. The distribution network of this company is very strong since long.
- Profit generated every year so reserves are of huge amount for further developments
- Leader in the market with high market shares.
- Supported with advance technology and cooperative manpower.

Weaknesses:

- Export of its products is low because it has its units across the world.
- There is no major weakness of the company in India.

Opportunities:

- Indian market is very large and still it is uncovered.

- Export potential is there and can be utilized.
- Opportunity for boosting sales and revenue is very good.
- Low cost operations in India due to availability of raw materials and cheap labour costs.

Threats:

- Imports from China at lower cost creating difficulty.
- Government policies and tax regulation are necessary to be implemented.
- Slowdown in demand due to local factors in India economy.
- From internal and external foreign player tough competition is being faced.

(d) Hindustan Unilever Limited - Recent Performance

The competition level in Indian FMCG sector is very high. The competition is faced from MNCs and local players strongly. Heavy expenses are made on advertising and other promotional methods for promoting their brands to gain product awareness, customer base, and their shares of the customers' wallets. To facilitate launch new products and re-launch of existing products companies are increasing their research and development expenditure. The research and development, and promotional efforts add to the costs of the company and lower the profitability of the company. HUL has consistently been the top advertisement spender over the years with expenditure of Rs 650 crore in the year 2008. Second largest spending is Rs 240 crore by a telecom company. P&G India and Colgate-Palmolive, other FMCG players, also feature in the top 10 advertisers list. HUL has increased its advertising expenses by 26.56% in CY'07. Also the money spent in Research and Development which facilitates new product launches and re-launches of existing products has seen a raise by 38.16% in the same year.

Harish Manwani, Chairman commented that in an environment of heightened competitive intensity we have accelerated volume growth, ahead of market. Broad based actions have been taken to enhance competitiveness of our brands, build new segments, expand offerings in Foods and improve the overall quality of our innovations and speed to market. These initiatives have started to yield positive results.

(i) For quarter ended March 2010: The net sales for Q4 have increased by 8% to Rs 4380.24 crore including the other operating income of Rs 64.49 crore. Other operational income includes charge of Rs 0.19 crore on account of foreign exchange Mark to Market (MTM) valuation of open forward contracts & monetary items. Domestic Consumer and FMCG business grew 8%, driven by strong 11% volume growth. Growth was broad based across Home and Personal Care (HPC) and Foods and in aggregate, ahead of reported market growth. HPC business grew 5.5%, with strong volume growth in Soaps, Laundry Powders and Personal Products. Amidst heightened competitive intensity in the Laundry category, proactive and decisive actions were implemented and these helped deliver double-digit volume growth in both Rin and Wheel powder. Portfolio rejuvenation in Personal Wash category has yielded positive results with robust volume growth in the premium and popular segment.

Personal Products grew 19%, delivering strong volume growth for the fourth successive quarter. All segments including Hair, Oral and Skin care registered robust volume growth. Leadership in Shampoo segment was further strengthened, driven by innovations behind Dove and Clinic Plus. In Oral, toothpaste growth was ahead of market, with both Pepsodent and Close-up growing double digit. In Skin care, sales growth was well ahead of market with continued focus on market development and expansion into new segments of the future. A significant entry into the male grooming segment was made through the launch of Vaseline Menz. The Facial cleansing portfolio was expanded, driven by multiple variants under Dove, Ponds, Pears and Lakme. Market share improved in the fast growing premium fairness and anti ageing segment.

Foods business grew at 18% largely driven by volume. All segments in Foods viz Tea, Coffee, Processed Foods and Ice creams have grown in double digit. The Tea portfolio now straddles the consumer pyramid with the launch of nutritional tea - Brooke Bond Sehatmand in the mass segment. Knorr soupy noodles herald entry into the attractive noodles market, with a unique offering combining the taste of noodles with the health of soup. Kissan and Annapurna brands continued their strong growth. Ice-cream grew 22% led by strong innovations for the summer season. Swirl's parlours continue to offer a unique Ice Cream consumption experience with 100 parlours now in operation nationally.

Pure-it continued its strong growth momentum. Pure-it Compact was launched at an attractive price of Rs 1000. This innovation makes Pure-it accessible to a larger group of consumers without any compromise to the standard of water purity. OPM declined by 110 basis points to 13.6% due to rise in ASP cost by 260 basis points to 14% and purchased of goods by 180 basis points to 15% of adjusted net sales. New innovations, entry into new segments and competitive brand support led to A&P expenditure. However, there was a fall in raw material/packaging cost by 50 basis points to 38%, staff cost by 50 basis points to 5% and other expenditure by 170 basis points to 15% of adjusted net sales. As a result, operating profit remained stagnant at Rs 595.48 crore. Other income increased by 40% to Rs 28.41 crore, which includes interest income, dividend income and net gain on sale of other non-trade investments. Depreciation saw a rise of 22% to Rs 50.29 crore. Profit before tax before exceptional item remained stagnant at Rs 573.46 crore.

There was an exceptional income of Rs 143.39 crore, which include profit on sale of properties Rs 5.47 crore, profit on sale of long term trade investments Rs 91.10 crore, reduction in provision for retirement benefits of Rs 53.36 crore arising out of change in actuarial assumptions (net of impact on account of increase in gratuity limits), restructuring costs of Rs 6.53 crore. As a result, the profit before tax after exceptional items has inclined by 54% to Rs 716.85 crore. Tax outgo has increased by 164% to Rs 187.76 crore. There was an extraordinary items of Rs 52.11 crore which is writeback of provision against advances to and diminution in the value of Investments in Bon Ltd. The net profit has increased by 47% to Rs 581.20 crore due EO incomes.

(ii) For FY10: The net sales for FY10 have increased by 6% to Rs 17725.33 crore including the other operating income of Rs 201.53 crore. Other operational income includes charge of Rs 56.33 crore on account of foreign exchange Mark to Market (MTM) valuation of open forward contracts & monetary items. Domestic Consumer business grew 8.6%. OPM has inclined by 29 basis points to 15.5% due fall in raw material/packaging cost by 220 basis points to 37%, purchase of goods by 40 basis points to 13%, staff cost by 30 basis points to 5% and other expenditure by 110 basis points to 16% of adjusted net sales. However, there was rise in advertising & promotion (A&P) cost by 350 basis points to 13% of adjusted net sales. As a result, operating profit has inclined by 8% to Rs 2749.97 crore. Other income

declined by 19% to Rs 148.11 crore. Interest cost has decreased by 68% to Rs 6.98 crore while depreciation inclined by 16% to Rs 184.03 crore. Profit before tax before exceptional items increased by 6% to Rs 2707.07 crore. Exceptional items income stood at Rs 55.45 crore. As a result, the profit after tax after exceptional item increased by 9% to Rs 2762.52 crore. Total tax paid has increased by 49% to Rs 616.37 crore. There was an EO income (net of taxes) of Rs 55.88 crore. The net profit inclined by 4% to Rs 2202.03 crore due to EO income.

(iii) Segmented result

- **Soaps & detergents**

The revenue has decreased by 2% to Rs 1978.48 crore for Q4 due to cut in prices on back of pricing competitive pressure. PBIT margins had declined by 380 basis points to 12.8%. As a result, PBIT had decreased by 24% to Rs 252.73 crore. The category contributed around 45% to the revenues while the contribution to PBIT stood at 42%. The revenues for FY10 grew by 1% to Rs 8265.64 crore. PBIT margins had declined by 99 basis points to 14.3%. As a result, PBIT had decreased by 5% to Rs 1185.27 crore. The category contributed around 49% to the revenues while the contribution to PBIT stood at 42%.

- **Personal care**

The revenues grew 19% to Rs 1255.21 crore for the Q4. PBIT margin have decreased by 90 basis points to 21.8%. Despite it, there was increase in PBIT by 14% to Rs 273.37 crore. The category contributed around 29% to the revenues while the contribution to PBIT stood at 45%. The revenues grew 16% to Rs 5047.9 crore for FY10. PBIT margin have decreased by 140 basis points to 25.7%. Despite it, there was increase in PBIT by 10% to Rs 1296.52 crore. The category contributed around 26% to the revenues while the contribution to PBIT stood at 46%.

- **Beverages**

The sales grew by 15% during the quarter to Rs 570.16 crore. The segment contributed 13% to the total revenues. PBIT margin has inclined by 60 basis points to 13.8%. As a result, PBIT increased by 21% to Rs 78.96 crore. It contributes 13% to the total PBIT. The sales for FY10

grew by 15% to Rs 2142.43 crore. The segment contributed 11% to the total revenues. PBIT margin has inclined by 130 basis points to 14.9%. As a result, PBIT increased by 26% to Rs 319.75 crore. It contributes 11% to the total PBIT.

- **Processed foods**

The sales have increased by 23% to Rs 197.57 crore for Q4. PBIT margin turn positive to 4% as a result, there was PBIT of Rs 7.9 crore. The sales grew by 11% to Rs 730.78 crore for the FY10. PBIT margin turn positive to 0.6% as a result, there was PBIT of Rs 4.44 crore.

- **Ice-creams**

The sales grew by 22% to Rs 55.3 crore for the Q4. PBIT margin is remained negative, as a result there was loss before interest and tax of Rs 1.57 crore. The sales grew by 16% to Rs 231 crore for FY10. PBIT margin is declined by 10 basis points to 5.5%, despite it the PBIT has increased by 14% to Rs 12.69 crore.

- **Export revenue**

Export revenues increased by 16% to Rs 255.51 crore for the Q4. Margin declined by 130 basis points to 5.2%. As a result, there was a decline in PBIT by 7% to Rs 13.34 crore. The category contributed around 6% to the revenues while the contribution to PBIT stood at 2%. The export revenues decreased by 15% to Rs 1005.25 crore for the FY10. Margin declined by 190 basis points to 5.8%. As a result, there was a decline in PBIT by 35% to Rs 58.58 crore. The category contributed around 7% to the revenues while the contribution to PBIT stood at 2%.

- **Valuation**

The Board proposed a final dividend of Rs 3.50 per share for the financial year ending March 31, 2010. Together with interim dividend of Rs 3.00 per share the total dividend for the financial year ending March 31, 2010 amounts to Rs 6.50 per share. The scrip was trading at Rs 231.35 on 26th May 2010 on BSE. Promoters of the company hold 52.02% stake in the company.

Table 4.4.2: Hindustan Unilever: Consolidated Results

	1003(12)	0903(15)
Sales	17979.18	20891.51
OPM (%)	15.5	14.7
OP	2790.82	3071.38
Other Income	129.06	189.65
PBIDT	2919.88	3261.03
Interest (Income)/expenses	7.47	26.45
PBDT	2912.41	3234.58
Depreciation	191.94	199.97
PBT before EO	2720.47	3034.61
EO	53.79	-7.72
PBT after EO	2774.26	3026.89
Total Tax	628.24	517.94
PAT from ordinary activities	2146.02	2508.95
EO (net of taxes)	18.59	0.99
MI	7.98	5.43
Net profit	2156.63	2504.51
EPS *	9.5	9.1

*Annualised on Diluted equity of Rs 221.19 crore, Face Value Rs 1 each

LP: Loss to Profit, PL: Profit to Loss Variance exceeding 999 restricted to 999
Figures Rs in Crore

Source: Capitaline Corporate Database

4. Procter & Gamble

(a) History

William Procter, a candle maker, and James Gamble, a soap maker, formed the company known as Procter & Gamble in 1837. The two men, immigrants from England and Ireland

respectively, had settled earlier in Cincinnati and had married sisters. The two men decided to pool their resources to form their own company, formalizing the relationship on October 31, 1837. The company prospered during the nineteenth century. In 1859, sales reached one million dollars. By this point, approximately eighty employees worked for Procter & Gamble. During the Civil War, the company won contracts to supply the Union army with soap and candles. In addition to the increased profits experienced during the war, the military contracts introduced soldiers from all over the country to Procter & Gamble's products. Once the war was over and the men returned home, they continued to purchase the company's products.

In the 1880s, Procter & Gamble began to market a new product, an inexpensive, yet high quality, soap. The company called the soap "Ivory." In the decades that followed, Procter & Gamble continued to grow and evolve. The company became known for its progressive work environment in the late nineteenth century. William Cooper Procter, William Procter's grandson, established a profit-sharing program for the company's workforce in 1887. He hoped that by giving the workers a stake in the company, they would be less inclined to go on strike.

Over time, the company began to focus most of its attention on soap, producing more than thirty different types by the 1890s. As electricity became more and more common, there was less need for the candles that Procter & Gamble had made since its inception. Ultimately, the company chose to stop manufacturing candles in 1920.

In the early twentieth century, Procter & Gamble continued to grow. The company began to build factories in other locations in the United States, because the demand for products had outgrown the capacity of the Cincinnati facilities. The company's leaders began to diversify its products as well and, in 1911, began producing Crisco, a shortening made of vegetable oils rather than animal fats. In the early 1900s, Procter & Gamble also became known for its research laboratories, where scientists worked to create new products. Company leadership also pioneered in the area of market research, investigating consumer needs and product appeal. As radio became more popular in the 1920s and 1930s, the company sponsored a number of radio programs. As a result, these shows often became commonly known as "soap operas."

Throughout the twentieth century, Procter & Gamble continued to prosper. The company moved into other countries, both in terms of manufacturing and product sales, becoming an international corporation. In addition, numerous new products and brand names were introduced over time, and Procter & Gamble began branching out into new areas. The company introduced "Tide" laundry detergent in 1946 and "Prell" shampoo in 1950. In 1955, Procter & Gamble began selling the first toothpaste to contain fluoride, known as "Crest". Branching out once again in 1957, the company purchased Charmin Paper Mills and began manufacturing toilet paper and other paper products. Once again focusing on laundry, Procter & Gamble began making "Downy" fabric softener in 1960 and "Bounce" fabric softener sheets. One of the most revolutionary products to come out on the market was the company's "Pampers", first test-marketed in 1961. Prior to this point, there were no disposable diapers. Babies always wore cloth diapers, which were leaky and labor intensive to wash. Pampers simplified the diapering process.

Over the second half of the twentieth century, Procter & Gamble acquired a number of other companies that diversified its product line and increased profits significantly. These acquisitions included Folgers Coffee, Norwich Eaton Pharmaceuticals, Richardson-Vicks, Noxell, Shultons Old Spice, and Max Factor among others. In 1996, Procter & Gamble made headlines when the Food and Drug Administration approved a new product developed by the company, Olestra. Olestra, also known by its brand name Olean, is a substitute for fat in cooking potato chips and other snacks. Procter & Gamble has expanded dramatically throughout its history, but its headquarters still remain in Cincinnati.

In 2000, Procter & Gamble Home Products introduced Tide Detergent Powder - the largest selling detergent in the world. In June, Procter & Gamble Home Products Limited launched Pantene Lively Clean its unique Pro-Vitamin formula cleans oil-build up, dirt and grime in just one wash, delivering lively, free-flowing and sparkling-clean hair. In August, Procter & Gamble Home Products Limited launched New Ariel Power Compact detergent with a new global technology that breathes new life into clothes, by removing dinginess from them and restoring the original colors of the fabric, by detecting and removing deposits which are left behind from successive washes. In November, Procter & Gamble Home Products Limited

presented India in the first International Hair Styling and Beauty Expert Contest- Hair Asia Pacific 2000 in collaboration with Sri Lankan Association of Hairdressers and Beautician.

In January 2001, Procter & Gamble Home Products Limited and Whirlpool India Ltd. launched a special 'Ariel - Whirlpool Superwash' offer, making washing machines more affordable to the people of Hyderabad. In June, Procter & Gamble in partnership with the Association of Beauty Therapy & Cosmetology (ABTC), India hosted the Pantene Artist 2001 a national stylist competition, which included categories such as Bridal Dressing, Hair Cutting and Body Painting. Present at the event was world-renowned hairdresser and stylist Jun L. Encarnacion, who demonstrated the hottest international haircuts and styles in vogue via an interesting hairshow. Mr. Encarnacion has trained students in leading hairdressing schools like Robert Fielding School of Hair Dressing (U.K), Pierre Alexander International Academy (U.K), Vidal Sassoon Academy, (U.S.A) among others and also enjoys the reputation of being the official hairdresser for the 1993 Miss Universe pageant.

In July 2001, Procter & Gamble Home Products Limited launched New Ariel Total Compact with Magicare a New System of Washing that completely removes stains without scrubbing, significantly reducing time spent on washing clothes. In April 2002, Procter & Gamble Home Products Limited announced the launch of a special Ariel Bar Refund Offer along with its new Advanced Ariel Compact. Under the Ariel Bar Refund Offer, consumers could exchange their detergent bar on purchase of Advanced Ariel Compacts 1kg and 500gms packs, and avail of a Rs.15 and Rs.7 discount respectively on MRP.

Additionally, Procter & Gamble Home Products announced the Beat The Summer Dandruff offer on which 200ml Head & Shoulders bottle was available for Rs.99/- only, thus giving a benefit of a Rs.23/- discount to consumers. In August, Pantene unveiled the launch of the Shine Morning to Night campaign that helps consumers get long lasting hair shine with regular use of Pantene. The Shine Morning to Night campaign had two exciting components to it The MTV Shine Your Soul contest where one could win diamonds worth Rs.12.5 lacs and the launch of the Pantene Shine Booths across the country to help achieve the shine that lasts from morning to night.

In 2003, Procter & Gamble Home Products Limited launched Head & Shoulders Naturally Clean, a new variant in its Head & Shoulders range of Shampoos especially for Tamil Nadu, Kerala, Andhra Pradesh, Karnataka and West Bengal. Its Smart ZPT combined with Natural Citrus (lemon) extracts removes 100% dandruff and rinses oil and stickiness from the scalp, giving light, loose, free flowing hair. In 2003, Procter & Gamble Home Products Limited reduced the prices of Pantene and Head & Shoulders 7.5ml sachets from Rs. 4/- to Rs. 3/-, with no change in its superior product-quality or packaging, improving affordability to a large number of Indian consumers. In June, Procter & Gamble Home Products Limited launched Pampers - world's number one selling diaper brand with sales of US\$ 6 billion annually. Pampers provides superior dryness for uninterrupted overnight sleep, with just one pampers diaper. In India, Pampers Fresh & Dry is available in a variety of three sizes – 4s, 10s and 25s.

In January 2004, Procter & Gamble Home Products Limited announced the launch of Rejoice – Asia's No. 1 shampoo, in India. Rejoice's patented Micro-Silicone conditioning technology gives twice as smooth, and easy to comb hair versus ordinary shampoos, at affordable prices in 100 ml bottles and 7.5 ml sachets. In March, Procter & Gamble Home Products Limited reduced the prices of Ariel and Tide bags (large packs) by 20-50%, while maintaining the superior quality. The superior quality one kg pack of Tide now cleans a family's one month laundry in just Rs.23/-, while a one kg pack of Ariel cleans a family's one month laundry in just Rs.50/-. In August 2004, Procter & Gamble Home Products Limited signed Preity Zinta – Bollywood's #1 Actress, as Brand Ambassador for its Head & Shoulders anti-dandruff shampoo that gives 100% dandruff-free soft beautiful hair. In October 2004, Procter & Gamble Home Products Limited launched New Pantene Amino Pro-V Complex shampoos, which makes hair ten times stronger.

At present P and G is having a very wide network and having many subsidiaries across the world. It is one of the leaders in the world markets. In Indian markets also it is maintain very good position with HUL and other giants. The company is very progressive and future of it seems to be bright.

(b) Procter & Gamble - Products

Procter & Gamble (P&G) is America's biggest maker of household products, with at least 250 brands in six main categories: laundry and cleaning (detergents), paper goods (toilet paper), beauty care (cosmetics, shampoos), food and beverages (coffee, snacks), feminine care (sanitary towels) and health care (toothpaste, medicine. P&G's famous brands include Ariel, Pantene, Head & Shoulders, Fabreze, Sunny Delight, and Oil of Olaz. About half of P&G's sales come from its top ten brands. P&G also makes pet food and PUR water filters and produces the soap operas Guiding Light and As the World Turns. Finally, P&G produces chemicals. Today, P&G markets its products to more than five billion consumers in 130 countries. P&G is one of the world's biggest advertisers. Advertising Age estimate a 1999 media spend of \$4.7bn, of which around \$3bn was outside the US, making it the world's #2 advertiser. Fortune 500 lists America's Top Performing Companies. P&G ranks #39 on the list, before its main competitor Johnson & Johnson (#57) and Kimberly-Clark (#142). P&G also outperforms Unilever and Nestle, the company's main competitors overseas.

Its portfolio includes healthcare brand, Vicks and feminine hygiene brand, Whisper. Under healthcare business, the company's revenue is driven by products such as Vicks Vaporub, Vicks Cough Drops, Vicks Action-500, Vicks Formula 44 and Vicks Inhaler.

(i) All brands

- **Beauty & Grooming** - Anna Sui, Aussie, Braun, Camay, Christina Aguilera Perfumes, Clairol Professional, Cover Girl, DDF, Dolce & Gabbana, Dunhill Fragrances, Escada Fragrances, Fekkai, Fusion, Ghost, Gillette, Gucci Fragrances, HUGO BOSS Fragrances, Head & Shoulders, Herbal Essences, Ivory, Lacoste Fragrances, MACH3, Naomi Campbell, Natural Instincts, Nice 'n Easy, Nioxin, Ola, Old Spice, Pantene, Pert, Prestobarba/Blue, Puma, Rejoice, SK-II, Safeguard, Sebastian Professional, Secret, Venus, Vidal Sassoon, Wella, Zest

- **Health and Well-Being** – Align, Always, Crest, Discreet, Eukanuba, Fixodent, Iams, Kukident, Lines, Metamucil, Oral-B, PUR, Pepto Bismol, Prilosec OTC, Pringles, Scope, Tampax, Vicks
- **Household Care** – Ace, Ariel, Bold, Bounce, Bounty, Cascade, Charmin, Cheer, Comet, Dash, Dawn, Downy, Dreft Laundry, Duracell, Era, Febreze, Gain, Joy, Luvs, Mr. Clean, Pampers, Puffs, Swiffer, Tide

(c) Procter & Gamble SWOT Analysis

Procter & Gamble Hygiene & Health Care Limited (PGHHCL) is a public company that is engaged in providing consumer goods (FMCG) in India. PGHHCL is principally involved in manufacturing, marketing and distributing healthcare and feminine hygiene products. This comprehensive SWOT profile of the company provides you an in-depth strategic analysis of the company's businesses and operations. The profile has been compiled to bring to a clear and an unbiased view of the company's key strengths and weaknesses and the potential opportunities and threats. The profile helps to formulate strategies that augment business by enabling to understand partners, customers and competitors better. SWOT analysis is as follows:

(i) Strengths:

- In India the distribution network has been well established with the local dealers..
- Brands of the company are very popular among customers.
- Low cost operations due to better technology and well managed workforce.
- Competent employees along with updated technology.

(ii) Weaknesses:

- Export of the company is limited due to high consumption in local markets.
- Knowledge of local customers and territory sometimes not available

(iii) Opportunities:

- Indian Territory is still untapped and it is with huge potential for growth.
- Export potential can be utilized by the company.
- Cost competitive advantage to the company due to favourable Indian market position.
- Opportunity for expansion in all relevant aspects of FMCG sector exists.

(iv) Threats:

- Threats from low cost production imports.
- Necessary implementation of policies and taxation rules in India.
- Sometime the local market conditions affect the demands and sales.
- Connectivity in rural areas is not good for better coverage.

(d) Recent Performance

Procter & Gamble (P&G) is an American giant manufacturer of variety of products with more than 250 brands accepted in the markets worldwide. The main categories of products are: laundry and cleaning (detergents), paper goods (toilet paper), beauty care (cosmetics, shampoos), food and beverages (coffee, snacks), feminine care (sanitary towels) and health care (toothpaste, medicine). It is the leader in most of the product categories and in some of them as the challenger. In last five years it has outperformed the leader like HUL also and it is earning high profit on year basis. The efforts of the company are remarkable and dedicated. It is promoting its products and spending a huge amount on advertising and other promotional methods. The main competitors are HUL, Nestle, Johnson and Johnson etc. in India and abroad. It is expected that it would give very attractive performance in near future due to more preferred brands by the customers.

Table 4.4.3: Procter & Gamble Co. Balance Sheet

Period Ending	30-Jun-2010	30-Jun-2009	30-Jun-2008
Assets			
Current Assets			
Cash And Cash Equivalents	2,879,000	4,781,000	3,313,000
Short Term Investments	-	-	228,000
Net Receivables	6,325,000	7,045,000	8,773,000
Inventory	6,384,000	6,880,000	8,416,000
Other Current Assets	3,194,000	3,199,000	3,785,000
Total Current Assets	18,782,000	21,905,000	24,515,000
Long Term Investments	-	-	-
Property Plant and Equipment	19,244,000	19,462,000	20,640,000
Goodwill	54,012,000	56,512,000	59,767,000
Intangible Assets	31,636,000	32,606,000	34,233,000
Accumulated Amortization	-	-	-
Other Assets	4,498,000	4,348,000	4,837,000
Deferred Long Term Asset Charges	-	-	-
Total Assets	128,172,000	134,833,000	143,992,000

Liabilities				
Current Liabilities				
	Accounts Payable	15,810,000	14,581,000	7,977,000
	Short/Current Long Term Debt	8,472,000	16,320,000	13,084,000
	Other Current Liabilities	-	7,768,000	9,897,000
Total Current Liabilities		24,282,000	30,901,000	30,958,000
Long Term Debt		21,360,000	20,652,000	23,581,000
Other Liabilities		10,189,000	9,146,000	8,154,000
Deferred Long Term Liability Charges		10,902,000	10,752,000	11,805,000
Minority Interest		324,000	283,000	-
Negative Goodwill		-	-	-
Total Liabilities		67,057,000	71,734,000	74,498,000
Stockholders' Equity				
Misc Stocks Options Warrants		-	-	-
Redeemable Preferred Stock		-	-	-
Preferred Stock		1,277,000	1,324,000	1,366,000
Common Stock		4,008,000	4,007,000	4,002,000
Retained Earnings		64,614,000	57,309,000	48,986,000

Treasury Stock	(61,309,000)	(55,961,000)	(47,588,000)
Capital Surplus	61,697,000	61,118,000	60,307,000
Other Stockholder Equity	(9,172,000)	(4,698,000)	2,421,000
Total Stockholder Equity	61,439,000	63,382,000	69,494,000
Net Tangible Assets	(24,209,000)	(25,736,000)	(24,506,000)

Currency in USD.

5. Colgate-Palmolive

(a) History

Colgate-Palmolive Company is a leading multinational corporation operating in Indian market mainly in oral care products. It is leader in toothpaste and toothbrush products. The products and reputation of the company in Indian markets is very high. is an American diversified multinational corporation focused on the production, distribution and provision of household, health care and personal products, such as soaps, detergents, and oral hygiene products (including toothpaste and toothbrushes). Under its "Hill's" brand, it is also a manufacturer of veterinary products. The company's corporate offices are on Park Avenue in Midtown Manhattan, New York City.

In 1890, Madison University in New York State was re-named Colgate University in honor of the Colgate family following decades of financial support and involvement. The Colgate-Palmolive Company has sponsored a non-profit track meet close to women of all ages. This event is called the Colgate Women's Games. The Colgate Women's Games is the nation's smallest amateur track series open to all girls from elementary school through college. Held at Brooklyn's Pratt Institute, competitors participate in preliminary meets and semi-finals over five weekends throughout January. Finalists compete for trophies and educational grants-in-aid from Colgate-Palmolive Company at New York City's Madison Square Garden in

February. The Ethical Consumer Research Association once recommended that its readers do not buy Colgate because of its use of animal testing, though this is no longer the case. The Ethical Consumer Association has also urged a boycott on many other products, including all products from the country of Canada. Ethiscore.org has rated Colgate a 5.5 out of a possible 20. However, the company has made important steps and according to PETA "in March 1999, Colgate-Palmolive established a moratorium on animal testing for adult personal care products (this includes deodorants, shampoos, fragrances, and shaving creams)."

Colgate now markets a broadly diversified mix of products in the United States and other countries. Major product areas include household and personal care products, food products, health care and industrial supplies, and sports and leisure time equipment. In the U.S., the company operates approximately 60 properties of which 15 are owned. Major U.S. manufacturing and warehousing facilities used by the oral, personal and home care segment of Colgate-Palmolive are located in Morristown, New Jersey; Morristown, Tennessee; and Cambridge, Ohio. The pet nutrition segment has major facilities in Bowling Green, Kentucky; Topeka, Kansas; Commerce, California; and Richmond, Indiana. The primary research center for oral, personal and home care products is located in Piscataway, New Jersey and the primary research center for pet nutrition products is located in Topeka, Kansas. Overseas, the company operates approximately 280 properties of which 76 are owned in over 70 countries. Major overseas facilities used by the Oral, Personal and Home Care segment are located in Australia, Brazil, China, Colombia, France, Guatemala, Italy, Mexico, Poland, South Africa, Thailand, Venezuela and elsewhere throughout the world. Colgate-Palmolive has closed or is in the process of phasing out production at certain facilities under a restructuring program initiated in 2004 and has built new state-of-the-art plants to produce toothpaste in the U.S. and Poland.

In 1902, Stylish Palmolive advertising begins, emphasizing ingredient purity and product benefits. 1906 -Colgate & Company celebrates its 100th anniversary. Product line includes over 800 different products. 1908 -Colgate is incorporated by the five sons of Samuel Colgate. -Ribbon opening added to Colgate tube: "We couldn't improve the product so we improved the tube." 1911 -Colgate distributes two million tubes of toothpaste and toothbrushes to schools, and provides hygienists to demonstrate tooth brushing. 1912 -

William Mennen introduces the first American shaving cream tube. 1914 -Colgate establishes its first international subsidiary in Canada. 1920s -Colgate begins establishing operations in Europe, Asia, Latin America and Africa. 1926 -Soap manufacturers Palmolive and Peet merge to become Palmolive-Peet Company. 1928 -Colgate merges with Palmolive-Peet to become Colgate-Palmolive-Peet Company. 1930 -On March 13, Colgate is first listed on the New York Stock Exchange.

In 1937, The Company was incorporated on 23rd September, as a private limited company. The Company Manufacture and market dental care products (dental cream and tooth powder), hair care products (hair oils, shampoos, brilliantine) and other personal care products such as shaving creams, and lotions, face creams, baby powder, talcum powder, etc. The products are marketed under the trademarks "Colgate". "Palmolive", "Halo" and "Charmis". - A distribution set up was also developed on an all-India basis with warehouse facilities in Mumbai, Chennai and Calcutta. Colgate-Palmolive Company, U.S.A. supplemented this reinvestment by providing, technical assistance, new product information and its worldwide developments in quality dental care and other personal care products. The Company has its own research and development facilities. 1939 - Dr. Mark L. Morris develops a pet food to help save a guide dog named Buddy from kidney disease. This breakthrough leads to the first Hill's Prescription Diet product. 1947 -Ajax cleanser is launched, establishing a powerful now-global brand equity for cleaning -products. 1953 -Colgate-Palmolive Company becomes company's official name. 1956 -Colgate opens corporate headquarters at 300 Park Avenue in New York City.

1962, Colgate opens research center in Piscataway, NJ. -Fabric conditioner is launched in France as Soupline. Today, fabric conditioners are sold in over 54 countries around the world. 1966 -Palmolive dishwashing liquid is introduced and today it is sold in over 35 countries. 1968 -Colgate toothpaste adds MFP Fluoride, clinically proven to reduce cavities. 1970 -Irish Spring launches in Germany in Europe as Nordic Spring. In 1972, Irish Spring is introduced in North America. 1972 -Colgate acquires Hoyt Laboratories, which later becomes Colgate Oral Pharmaceuticals. 1975 -Caprice hair care launches in Mexico. Today, hair care products are sold in over 70 countries, with variants to suit every type of hair need. 1976 -Colgate-Palmolive acquires Hill's Pet Nutrition. Today Hill's is the global leader in pet nutrition and

veterinary recommendations. 1986 -The Chairman's You Can Make A Difference Program is launched, recognizing innovation and exceptional excellence by Colgate people. 1987 - Colgate acquires Soft soap liquid soap business from the Minnetonka Corporation. Today, Colgate is the global leader in liquid hand soap.

1988, The Company received a licence for producing 24,000 tonnes per annum of fatty acids. It also registered with DGTD for production of 30,000 tonnes of toilet soap per annum. Shares were subdivided on 29.9.1978. 19,50,000 bonus shares were then issued in prop. 130:1. Orders were placed for setting up a fatty acid plant with an annual capacity of 20,000 tonnes and a toilet soap plant with an annual finishing capacity of 15,000 tonnes. 1993. The Company participated in the global launch of Colgate Total Toothpaste and Asia/Pacific regional launch of Protex Soap. The Company proposed to negotiate with appropriate global partners for the necessary technology needed to implement vertically integrated projects and diversification into high technology areas to effect import substitutions for a range of materials. During September, 112,92,735 No. of equity shares of Rs 10 each were allotted at a premium of Rs 50 per share to Colgate Palmolive Company, U.S.A. with a view to raise its shareholding to 51% of the subscribed capital. 615,96,735 bonus shares issued in prop. 1:1.

1994, The Company acquired the oral hygiene business of Hindustan Ciba-Geigy Ltd. - The Company offered 123,19,347 No. of equity shares of Rs 10 each at a premium of Rs 10 per share on Rights basis in the proportion 1:10 (all were taken up). 2,40,000 shares of Rs 10 each were issued to the employees at a premium of Rs 10 per share on an equitable basis (Details of allotment non-known). 1996, The Company launched colgate fresh stripe tooth paste and palmolive naturals soap in personal care products segments, Keratin Treatment Shampoo and Palmolive optima in Hair care segment during the year. Axion dishwashing paste was test launched in Maharashtra. 1998, The Company received a licence for producing 24,000 tonnes per annum of fatty acids. The company paid a dividend of Rs.4.50 per share in 3 instalments first interim Rs.1.60 second interim Rs.1.60 and final of Rs.1.30 per share.

Colgate is the market leader in oral care with its toothpaste commanding a market share of over 60 per cent, followed by Hindustan Lever with around 35 per cent. 2000, The Company has introduced two new variants to its Palmolive Naturals soap range and has revitalised its

sandalwood soap. - The Company has launch of two new variants in its Palmolive Naturals range of beauty soap lime and milk cream. - The Company has re-launched Colgate Gel as 'Colgate Fresh Energy Gel.' The Company has entered into a strategic tie-up with Calcutta-based First-net Solutions Ltd, under which both partners will go for joint sales promotion of Colgate Fresh Energy Gel toothpaste on the Web portal, Yantram.com. 2001, Colgate-Palmolive (India) Ltd. has launched its biggest national-level consumer promotion involving its toothpaste, toothbrush and soaps. Colgate-Palmolive (India) Ltd. has launched international cleaning product -- Ajax in the Indian household products category for summer.

2003 -Colgate-Palmolive has divested its stake in its subsidiary Camelot Investment Company. -Colgate has decided to concentrate on its non-oral care division, by launching an international range of Palmolive Aromatherapy personal care products. -"Navigator Plus" was launched with its unique characteristics as a premium toothbrush. 2004, Vikram Kaushik resigns from the Board of Colgate Palmolive India. Colgate-Palmolive launches shower gel variant. Unveils Palmolive Aroma Sensual Shower Gel, enriched with a blend of Orchid extract and pure essential oils of jasmine and rose, the gel is priced at Rs 90 for a 250 ml pack. 2005, Colgate-Palmolive unveils Colgate Active Salt toothpaste. Colgate emerges top brand. 2006, Colgate enters the fast-growing Naturals segment by purchasing Tom's of Maine, a leader in that market in the United States. -Colgate-Palmolive conducts free dental check-ups -Colgate Palmolive rolls out Colgate Max Fresh Gel -Colgate to acquire 84 pc shares of Tom's of Maine 2007, Colgate-Palmolive India, the market leader in toothpaste in India, declared the acquisition of three domestic companies in south India recently. 2009, Colgate Palmolive India Ltd has appointed Mr. Mukul Deoras as Managing Director of the Company.

(b) Colgate - Palmolive Limited - Products

The company is a multinational corporation and it started its operation in America and reached to different countries in various continents. It is having in most of the major countries its presence in production, marketing, logistics and research activities. The requirements of the customers are considered to a good extent and the products have been designed. Time to time the emerging preference of the customers has been considered and products have been designed through research and development facilities. It is having long history in India also. It

is manufacturing mainly products taking care of various aspects of individual of day to day use. Colgate-Palmolive Company is one of the leading consumer products company in the world. It offers products in various categories including oral care, personal care, household surface, fabric care and pet nutrition. The list of the products of the company is very big. The following list includes the products of the company:

(i) Oral Care

- Toothpastes - Colgate Dental Cream, Colgate Max Fresh, Colgate Active Salt, Colgate Total 12, Colgate Sensitive, Colgate Kids, Colgate Advanced Whitening, Colgate Herbal, Colgate Cibaca, Colgate Fresh Energy Gel, Colgate Maxwhite
- Toothbrushes - Colgate Massager, Colgate Navigator Plus, Colgate Extra Clean Gum Care, Colgate Sensitive Toothbrush, Colgate 360 Toothbrush, Colgate Zig Zag
- Toothpowder - Colgate Super Rakshak
- Whitening Products - Colgate Advanced Whitening
- KidsProduct - Colgate Kids ToothPaste, Colgate Kids 2+
- Mouthwash - Colgate Pl

(ii) Personal Care

- Bodywash - Palmolive Aroma Bodywash Relaxing, Palmolive Thermal Spa Bodywash Firming, Palmolive Aroma Bodywash Vitality, Palmolive Thermal Spa Bodywash Massage, Palmolive , naturals Moisturising Bodywash Milk & Almond, Palmolive Naturals Moisturising Bodywash , Milk & Honey
- Liquid Handwash - Palmolive Naturals Milk and Honey Hand Wash, Palmolive Aroma Liquid , Hand Wash Relaxing, Palmolive Naturals Liquid Hand Wash Family Health
- Hair Care - Palmolive Halo Shampoo,
- Skin Care - Palmolive Charmis Cream
- Shave Preps - Shave Cream
- Home Care - Axion - Dish Washing , Paste

(iii) Professional Oral Care

- Gingivitis Treatment - Colgate PerioGard
- Sensitivity Treatment - Colgate Sensitive, Colgate Gel Kam
- Tooth Whitening - Colgate Visible White
- Fluoride Therapy - Phos Flur
- Mouth Ulcer Treatment - Oragard-B
- Specialty Cleaning - Specialty Cleaning

(c) Colgate-Palmolive Company - SWOT Analysis - new company profile published

SWOT Analysis company profile is the essential source for top-level company data and information. Colgate-Palmolive Company SWOT Analysis examines the company's key business structure and operations, history and products, and provides summary analysis of its key revenue lines and strategy. Colgate-Palmolive Company (Colgate-Palmolive or 'the company') is one of the leading consumer products company in the world.. It offers products in various categories including oral care, personal care, household surface, fabric care and pet nutrition. Colgate-Palmolive primarily operates in North America, Latin America, Europe/South Pacific and Greater Asia/Africa. The company undisputed market leader in toothpastes with over 45% share in the Rs 21 bn (90,000 TPA) oral care segment. The company's parent has a presence in over 200 countries worldwide: The SWOT analysis of the company in India market is as follows;

(i) Strengths:

- Due to long experience in Indian market it has a well-established distribution network.
- Brands of the company are very popular and customers are not ready to change over to products of competitors'.
- Better production technology, skilled and motivated manpower and with sound financial position the company is doing its business in India.

(ii) Weaknesses:

- Export earning is less due to internationally tough competition faced.

- In some of the cases the knowledge of Indian customers is low to understand their requirements.
- Due to tough competition the operating costs are going up.
- Small scale operation permission from governments.

(iii) Opportunities:

- Indian market with huge potential for future.
- Export potential with special planning can be increased.
- Business expansion possibility is there in Indian markets.
- Availability of raw materials and cheaper labour costs in operation.
- Low cost operations due to availability of raw materials and workers for their factories

(iv) Threats:

- Tough competition from foreign and local players.
- Inflation creates problems because it adds to the costs.
- Government policies and taxation law are to be implemented.

(d) Colgate Palmolive Limited - Recent Performance

Colgate-Palmolive Company reported record net income and diluted earnings per share in fourth quarter 2009 of \$631 million and \$1.21, respectively. Fourth quarter 2008 reported net income and diluted earnings per share was \$497 million and \$.94, respectively, which included \$31 million of after-tax charges (\$.06 per diluted share) related to the 2004 Restructuring Program. Excluding restructuring charges (which pertain only to 2008), net income and diluted earnings per share increased 20% and 21%, respectively. Worldwide sales were \$4,081 million, up 11.5% versus the year ago quarter and unit volume increased 3.0%. Global pricing increased 3.5% while foreign exchange added 5.0%. Organic sales (excluding foreign exchange, acquisitions and divestments) grew 6.5%. Gross profit margin increased to 59.5% in fourth quarter 2009 from 56.0% in the year ago period. Excluding restructuring charges in 2008, gross profit margin increased 320 basis points to 59.5% in fourth quarter 2009 from 56.3% in fourth quarter 2008, primarily reflecting the benefits of increased pricing and cost-savings programs.

Selling, general and administrative expenses were 34.2% and 33.7% of net sales in fourth quarter 2009 and 2008, respectively. Excluding restructuring charges in 2008, selling, general and administrative expenses increased to 34.2% of net sales in fourth quarter 2009 from 33.0% of net sales in fourth quarter 2008. Worldwide advertising costs increased 50 basis points as a percentage to sales versus the year ago period to 9.7% from 9.2%. Operating profit was \$991 million in fourth quarter 2009 compared to \$777 million as reported in fourth quarter 2008. Excluding restructuring charges in 2008, operating profit rose 21% to \$991 million in fourth quarter 2009 from \$816 million in fourth quarter 2008, increasing to 24.3% from 22.3% as a percent to sales.

Net cash provided by operations year to date increased by 42% to \$3,277 million. Working capital improved by 290 basis points from 2.5% to sales in 2008 to -0.4% to sales in 2009. These results reflect the strength of the Company's overall balance sheet and key ratios as well as its tight focus on working capital. Ian Cook, Chairman, President and Chief Executive Officer, commented on the results excluding restructuring charges, "We are delighted to have finished the year so strongly with fourth quarter operating profit, net income and earnings per share all increasing double-digit and organic sales growing a healthy 6.5%, driven by positive volume and higher pricing. "We are particularly pleased that our renewed focus on unit volume growth is indeed working with global unit volume increasing sequentially in each of the last two quarters. "The excellent 320 basis point improvement in gross profit margin allowed for higher advertising spending behind Colgate's brands both in absolute dollars and as a percent to sales, which helped to drive global market share gains."We are delighted that Colgate's global market shares in toothpaste and manual toothbrushes both finished the year at record highs. Colgate's share of the global toothpaste market strengthened to 45.1% for the year, led by share gains in Mexico, Brazil, China, Hong Kong, India, Russia and Venezuela. Colgate also strengthened its global leadership in manual toothbrushes, with its global market share in that category reaching 31.0% year to date, up 0.6 share points versus year ago."

"Overall, despite difficult economic conditions around the world and the currency devaluation in Venezuela, our strong top and bottom line momentum should continue which bodes well for another year of double-digit earnings per share growth in 2010." For the full year 2009, worldwide sales as reported were \$15,327 million, even with the year ago period, reflecting

0.5% unit volume growth, 6.0% higher pricing and 6.5% negative foreign exchange. Organic sales grew 6.5%. Net income and diluted earnings per share for the full year 2009 were \$2,291 million and \$4.37, respectively. Full year 2008 reported net income and diluted earnings per share were \$1,957 million and \$3.66, respectively, which included \$113 million of aftertax charges (\$0.21 per diluted share) related to the 2004 Restructuring Program. Excluding restructuring charges (which pertain only to 2008), net income and diluted earnings per share increased 11% and 13%, respectively.

Colgate's major advantages are the strength of its brand and its strong, global presence: over 82% of the company's 2009 revenues came from outside the United States. 45% of sales came from rapidly growing emerging markets, with Latin America representing Colgate's single largest source of revenue in 2009. Colgate's brand strength in foreign markets allows the company to command impressive market share and high profit margins. For example, Colgate leads mouthwash sales in Brazil with a market share of 40%. Colgate has been steadily expanding its operations throughout Latin America, Africa, and Asia, maintaining consistent positive sales growth in these regions. For example, in 2009 Colgate increased operating profit from Latin America and Asia/Africa by 15% and 20%, respectively.

In the quarter ending March 2010, Colgate reported earnings of \$357 million, or \$0.69 a share, down 30% from \$508 million in the year-ago period, continuing to be hurt by hyperinflation in Venezuela even as worldwide sales climbed 9.3% to \$3.83 billion. Excluding the Venezuela charge, earnings were \$1.21 per share compared to analyst expectations of \$1.19 per share on revenue of \$3.89 billion. Global volume grew 6% while pricing held steady, with all divisions reporting sales volume increases except Hill's pet food division. The company's posted a 10.5% sales increase on a volume increase of 8% in South America, its biggest region.

6. ITC Limited

(a) History

ITC was established by an Indian entrepreneur in mid of 1910 under the name of Imperial Tobacco Company of India Limited and later on in 1970 the name was changes to India

Tobacco Company Limited. At present it is in ;the business of Foods, Lifestyle Retailing, Education & Stationery and Personal, Packaging, Paperboards & Specialty Papers, Agri-business, Cigarettes & Tobacco, Hotels, Information Technology the full stops in the Company's name were removed effective September 18, 2001. The Company now stands rechristened 'ITC Limited'.ITC Limited a public conglomerate company which headquartered in Kolkata, India. Its turnover is \$6 billion and a market capitalization of over \$30 Billion. The company has its registered office in Kolkata. It started off as the Imperial Tobacco Company, and shares ancestry with Imperial Tobacco of the United Kingdom, but it is now fully independent, and was rechristened to Indian Tobacco Company in 1970 and then to I.T.C. Limited in 1974.

The company is currently headed by Yogesh Chander Deveshwar. It employs over 26,000 people at more than 60 locations across India and is listed on Forbes 2000. ITC Limited completed 100 years on 24 August 2010. ITC has a diversified presence in Cigarettes, Hotels, Paperboards & Specialty Papers, Packaging, Agri-Business, Packaged Foods & Confectionery, Information Technology, Branded Apparel, Personal Care, Stationery, Safety Matches and other FMCG products. While ITC is an outstanding market leader in its traditional businesses of Cigarettes, Hotels, Paperboards, Packaging and Agri-Exports, it is rapidly gaining market share even in its nascent businesses of Packaged Foods & Confectionery, Branded Apparel, Personal Care and Stationery. ITC's aspiration to be an exemplar in sustainability practices is manifest in its status as the only company in the world of its size and diversity to be 'carbon positive', 'water positive' and 'solid waste recycling positive.' In addition, ITC's businesses have created sustainable livelihoods for more than 5 million people, a majority of whom represent the poorest in rural India.

ITC's Agri-Business is India's second largest exporter of agricultural products. ITC is one of the India's biggest foreign exchange earners (US \$ 2 billion in the last decade). The Company's 'e-Choupal' initiative is enabling Indian agriculture significantly enhance its competitiveness by empowering Indian farmers through the power of the Internet. This transformational strategy, which has already become the subject matter of a case study at Harvard Business School, is expected to progressively create for ITC a huge rural distribution infrastructure, significantly enhancing the Company's marketing reach.

The company places computers with Internet access in rural farming villages; the e-Choupals serve as both a social gathering place for exchange of information (choupal means gathering place in Hindi) and an e-commerce hub. What began as an effort to re-engineer the procurement process for soy, tobacco, wheat, shrimp, and other cropping systems in rural India has also created a highly profitable distribution and product design channel for the company—an e-commerce platform that is also a low-cost fulfillment system focused on the needs of rural India. The e-Choupal system has also catalyzed rural transformation that is helping to alleviate rural isolation, create more transparency for farmers, and improve their productivity and incomes.

(b) Products of ITC

In FMCG, ITC has a strong presence in Indian markets and the main product categories are cigarettes, foods, apparel, personal care, stationery, safety matches and agarbattis, hotel services and IT services. The list of the products is as follows;

(i) Cigarettes: W. D. & H. O. Wills, Gold Flake, Navy Cut, Insignia, India Kings, Classic (Verve, Rush, Regular, Mild & Ultra Mild), Silk Cut, Scissors, Capstan, Berkeley, Bristol, Lucky Strike and Flake.

(ii) Foods: (Kitchens of India; Ashirvaad; Minto; Sunfeast; Candyman; Bingo; Yippee brands in Ready to Eat, Staples, Biscuits, Confectionery, Noodles and Snack Foods);

(iii) Apparel: (Wills Lifestyle and John Players brands);

(iv) Personal care: (Fiama di Wills; Vivel; Essenza di Wills; Superia; Vivel brands of products in perfumes, haircare and skincare)

(v) Stationery: (Classmate and Paperkraft brands)

(vi) Safety Matches and Agarbattis: [Ship (through ownership of WIMCO); iKno; Mangaldeep; Aim brands]

(vi) Other businesses include:

- Hotels: ITC's hotels (under brands including ITC Hotel /Welcom hotel) have evolved into being India's second largest hotel chain with over 80 hotels throughout the country. ITC is also the exclusive franchise in India of two brands owned by Sheraton International Inc.-

The Luxury Collection and Sheraton which ITC uses in association with its own brands in the luxury 5 star segment. Brands in the hospitality sector owned and operated by its subsidiaries include Fortune and Welcom heritage brands.

- Paperboard, Specialty Paper, Graphic and other Paper;
- Packaging and Printing for diverse international and Indian clientele.
- Infotech (through its near-wholly owned subsidiary ITC Infotech India Limited which is a SEI CMM Level 5 company)

(c) SWOT Analysis of ITC

ITC is one of India's biggest and best-known private sector companies. In fact it is one of the World's most high profile consumer operations. Its businesses and brands are focused almost entirely on the Indian markets, and despite being most well-known for its tobacco brands such as Gold Flake, the business is now diversifying into new FMCG (Fast Moving Consumer Goods) brands in a number of market sectors - including cigarettes, hotels, paper, agriculture, packaged foods and confectionary, branded apparel, personal care, greetings cards, Information Technology, safety matches, incense sticks and stationery.

(i) Strengths: ITC leveraged its traditional businesses to develop new brands for new segments. For example, ITC used its experience of transporting and distributing tobacco products to remote and distant parts of India to the advantage of its FMCG products. ITC master chefs from its hotel chain are often asked to develop new food concepts for its FMCG business. ITC is a diversified company trading in a number of business sectors including cigarettes, hotels, paper, agriculture, packaged foods and confectionary, branded apparel, personal care, greetings cards, Information Technology, safety matches, incense sticks and stationery.

(ii) Weaknesses: The company's original business was traded in tobacco. ITC stands for Imperial Tobacco Company of India Limited. It is interesting that a business that is now so involved in branding continues to use its original name, despite the negative connection of tobacco with poor health and premature death.

To fund its cash guzzling FMCG start-up, the company is still dependant upon its tobacco revenues. Cigarettes account for 47 per cent of the company's turnover, and that in itself is responsible for 80% of its profits. So there is an argument that ITC's move into FMCG (Fast Moving Consumer Goods) is being subsidised by its tobacco operations. Its Gold Flake tobacco brand is the largest FMCG brand in India - and this single brand alone holds 70% of the tobacco market.

(iii) Opportunities: Core brands such as Aashirvaad, Mint-o, Bingo! And Sun Feast (and others) can be developed using strategies of market development, product development and marketing penetration. ITC is moving into new and emerging sectors including Information Technology, supporting business solutions.

E-Choupal is a community of practice that links rural Indian farmers using the Internet. This is an original and well thought of initiative that could be used in other sectors in many other parts of the world. It is also an ambitious project that has a goal of reaching 10 million farmers in 100,000 villages. ITC leverages e-Choupal in a novel way. The company researched the tastes of consumers in the North, West and East of India of atta (a popular type of wheat flour), then used the network to source and create the raw materials from farmers and then blend them for consumers under purposeful brand names such as Aashirvaad Select in the Northern market, Aashirvaad MP Chakki in the Western market and Aashirvaad in the Eastern market. This concept is tremendously difficult for competitors to emulate.

Chairman Yogi Deveshwar's strategic vision is to turn his Indian conglomerate into the country's premier FMCG business. Per capita consumption of personal care products in India is the lowest in the world offering an opportunity for ITC's soaps, shampoos and fragrances under their Wills brand.

(iv) Threats: The obvious threat is from competition, both domestic and international. The laws of economics dictate that if competitors see that there is a solid profit to be made in an emerging consumer society that ultimately new products and services will be made available. Western companies will see India as an exciting opportunity for themselves to find new market segments for their own offerings.

ITC's opportunities are likely to be opportunities for other companies as well. Therefore the dynamic of competition will alter in the medium-term. Then ITC will need to decide whether being a diversified conglomerate is the most competitive strategic formation for a secure future.

TC was incorporated on August 24, 1910 under the name of 'Imperial Tobacco Company of India Limited'. Its beginnings were humble. A leased office on Radha Bazar Lane, Kolkata, was the centre of the Company's existence. The Company celebrated its 16th birthday on August 24, 1926, by purchasing the plot of land situated at 37, Chowringhee, (now renamed J.L. Nehru Road) Kolkata, for the sum of Rs 310,000.

(v) Recent performance: ITC Ltd is one of India's premier private sector companies with diversified presence in businesses such as Cigarettes, Hotels, Paperboards & Specialty Papers, Packaging, Agri-Business, Packaged Foods & Confectionery, Information Technology, Branded Apparel, Greeting Cards, Safety Matches and other FMCG products. It is facing tough competition from other giants in the markets. Still it is in position to maintain its good position in Indian markets. The markets shares of the different products are given below:

- **Foods products market share:** TC Foods, a division of the ITC Limited, aims to pick up a 25 percent share in Orissa's snacks market. In order to achieve the target, the company launched its new snacks brand 'Bingo' in the state market today. This marks the company's foray into the fast growing branded snacks segment. "We are foraying into a new but fast growing snacks segment of the state", R Venkateswar Rao, Branch Manager of ITC told the media. Earlier, the company had launched biscuits, ready-to-eat and confectionary business. Encouraged by the market response it launched the new range. Currently, the company sells atta, salt and spices under Aashirvad brand along with its brands Candyman and Mintofresh. While the size of the national branded snacks market size is approximately Rs.2000 crore, the fingers snacks segment was the main segment. However, the size of the organised snacks market in Orissa was small at an estimated Rs.12 crore. The share of the potato chips was about Rs.7 crore while cheese balls accounted for the remaining Rs.5 crore, he pointed out. Though there was predominance of the unorganised sector in the state, the organised sector was slowly picking up. The company aimed to cash on it and was eyeing a 25

percent market share in Orissa during the current fiscal. The Bingo range included an array of 16 products in both potato chips and finger snacks segment.

• **Soaps and shampoos market shares:** Nothing succeeds like success. The management at ITC would believe so, as it enters into fairness segment with elan. The company's foray into the consumer staple business is well chronicled. Its personal care segment has delivered strong revenue growth of 70 per cent on an annual basis in the current financial year, and an increasing market share in the soap and shampoo categories. From almost nothing in 2007, the soap and shampoo categories garnered market shares of 5 per cent and 4 per cent, respectively. And, even if the share of the cigarette business continues to fall to around 75 per cent in the coming years, it is strongly positioned as well. Analysts note ITC took a 13 per cent average price increase, post-budget. This sharp hike could have an impact and the June quarter may actually see a fall in volumes. Yet, profitability is expected to be intact.

• **Cigarettes market share:** According to analysts at Edelweiss, the cigarette business' earnings before interest, tax depreciation and amortisation (Ebitda) margins are likely to rise 3050 basis points in the next financial year. The company is currently test marketing a 59 mm mid-size filter (in Berkeley, Scissors and Capstan brands) in 30 markets, and is cautiously positive on the segment, they mention. Also analysts at Macquarie Research reckon volumes would bounce back in the second half of the current financial year. "The income-based indicator shows the cigarette price growth has lagged the per capita income growth and has increasingly become much more affordable," the report mentions. More, the company would be generating strong cash flows, and this is what makes it a favourite on the bourses, besides the bonus issue. Analysts estimate the company will have around Rs 1,500 crore of utilised cash and allow to grow the way it wants. Another observation from Macquarie analysts is that the company's share price has done well, even when rains have been deficient. In past raindeficient years, it has been observed that Hindustan Unilever underperformed relative to the market during the June-September period and ITC outperformed. So, it's gung-ho for the company at the moment.

• **Biscuits market shares:** Though ITC is nearly synonymous with tobacco, it has in no way stopped people from munching ITC's biscuits. The company has managed to corner nearly

11% of the national biscuit market. Since the Rs 9,000-crore biscuit market witnessed a growth of 20% last year and is slated to sustain its growth this fiscal, ITC is looking at enhancing its biscuit manufacturing capacities by at least 15-20%, primarily to manage supply chain costs and improve profitability. “We plan to set up additional capacities in such areas where we have developed a significant front-end scale, but are limited by proximate capacities. Attempts are being made to create new biscuit variants in segments that are relevant to the consumer. The positioning of the marketing mix is also being worked upon to drive consumption by creating convenient price points or by differentiating product propositions,” Mr Chitranjan Dar, chief operating officer, ITC Foods Division, told ET. For starters, ITC plans to drive growth by vitalising its brand ‘Sunfeast’ through product innovation, contemporary packaging and targeted brand communication. A huge investment is also being planned for brand building and product development. At the same time, the company is looking at investments in building trade loyalty across channels and markets.

Elaborating further, Mr Dar said, “While ITC per se has no plans to rationalise its biscuits portfolio, we review the basket from time to time. Additions or deletions take place on the basis of the market feedback and actual sales. The idea is to strengthen the winners and replace the average performers with potential winners from the biscuits stable. As of now, there is no product which does not contribute positively to the overall pool of contributions.” Incidentally, a large proportion of the growth in the biscuits segment is coming from the mid-price offers growing at 35%. The mid-price offers are the non glucose segment and includes cookies and sandwich cream products. “There are clear indications that consumers are upgrading to mid-price offers in line with the growth of packaged foods in the country. Since consumers are ready to pay for good quality and tasty products, we find a growing value for product quality and hygiene. Hence, our capacity additions will partly be in line with these requirements Mr Dar pointed out. The basic product glucose, however, continues to be largest category in terms of volumes.

5: Data Analysis

5: Data Analysis

1. Part I: For Customers of FMCG Products

2. Part-II: For Media Planners of Company / Agency

3. Part III: Testing of Hypotheses

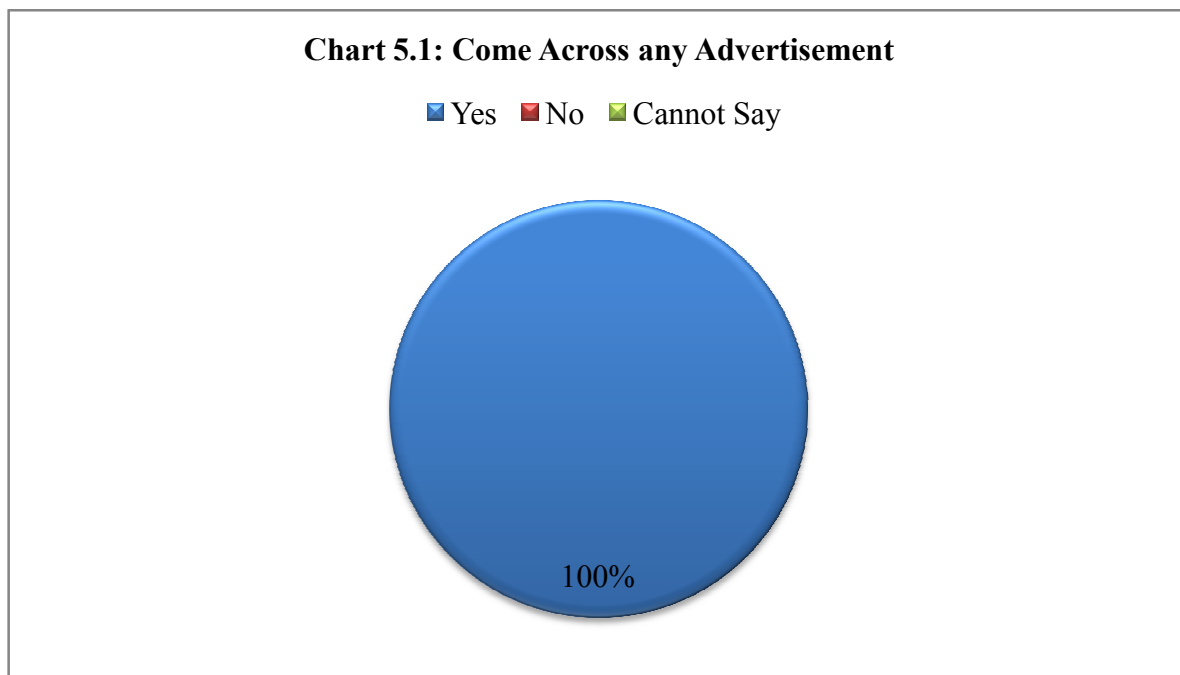
5: Data Analysis

1. Part I: For Customers of FMCG Products

1. Do you come across any advertisement regarding FMCG products?

Table 5.1: Come Across any Advertisement

Option	Come Across any Advertisement	No. of Customers Out of 150	Percentage
a	Yes	150	100
b	No	-	-
c	Cannot Say	-	-
	Total	150	100



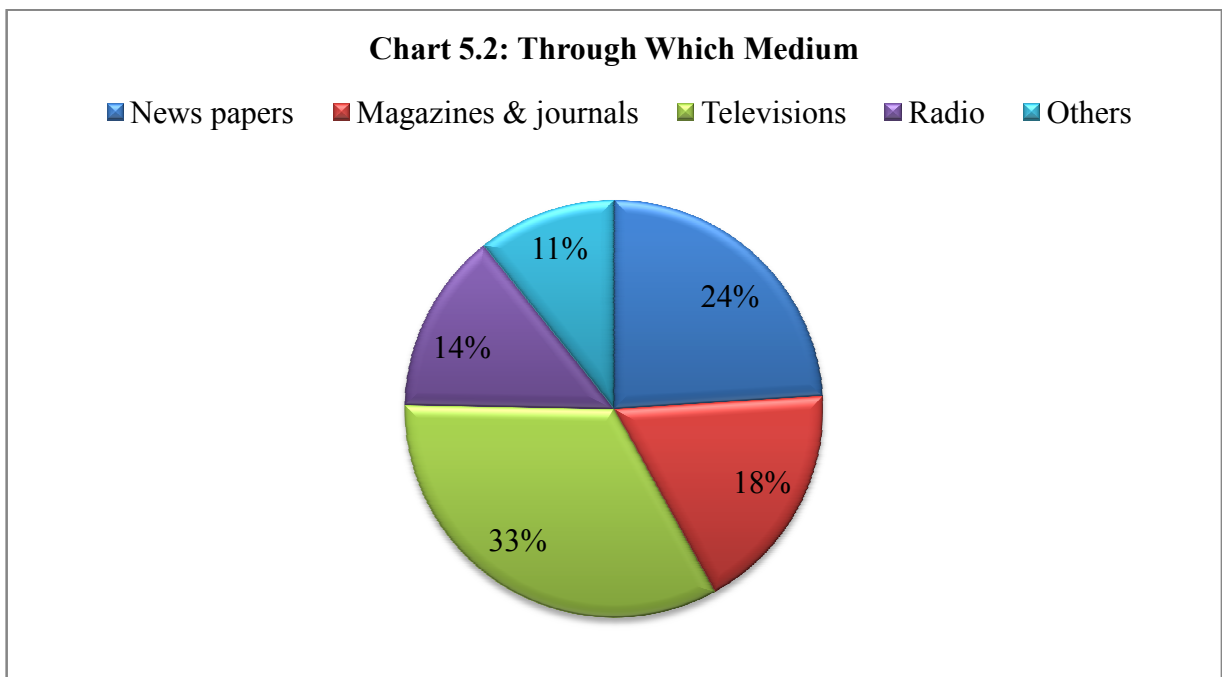
Interpretation:

The above pie chart says that 100% of the customers come across different types of advertisement regarding FMCG products.

2. If yes in Q.1 then through which medium does it reach to you?

Table 5.2: Through Which Medium

Option	Through Which Medium	No. of Customers Out of 150	Percentage
a	News papers	36	24.0
b	Magazines & journals	27	18.0
c	Televisions	50	33.3
d	Radio	21	14.0
e	Others	16	10.7
	Total	150	100



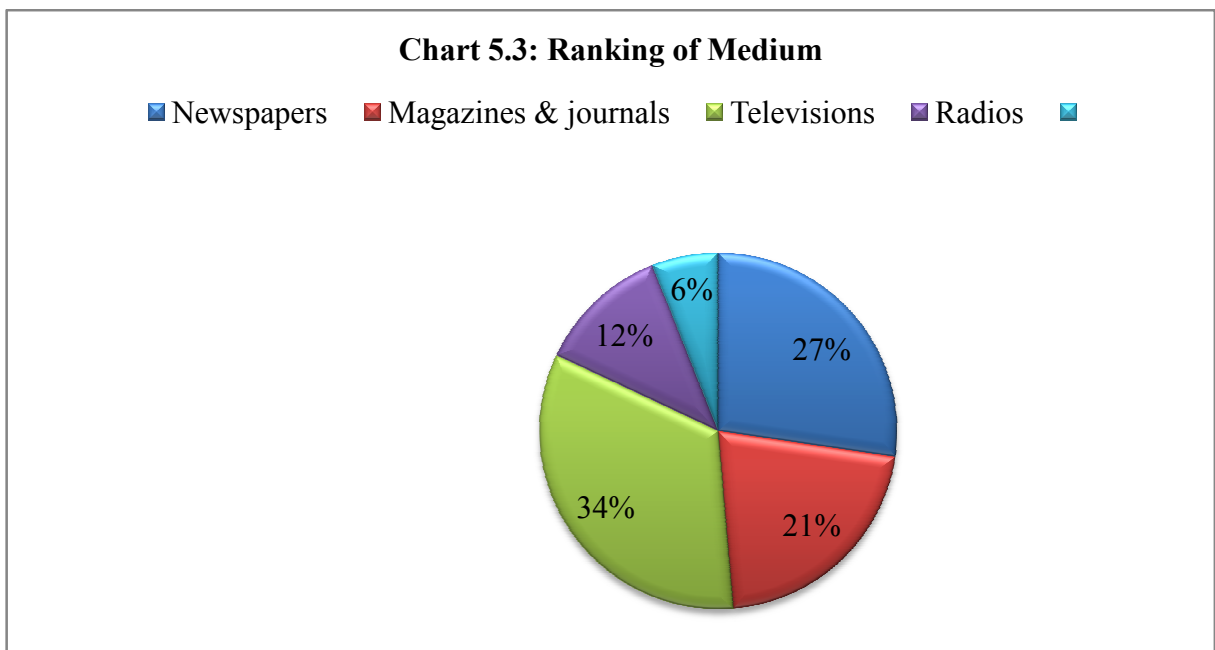
Interpretation:

The above pie chart shows that out of 150 customers, 36% say that the advertisement reach them through newspapers, 27% say that through magazines & journals, 50% say through TV, 21% say that through radio and 16% say all of the above.

3. Which medium of advertising do you watch frequently? Rank them according to frequency of advertisements appeared. (1 to 5).

Table 5.3: Ranking of Medium

Option	Ranking of Medium	No. of Customers Out of 150	Percentage	Rank
a	Newspapers	41	27.3	2
b	Magazines & journals	32	21.3	3
c	Televisions	50	33.3	1
d	Radios	18	12.0	4
e	Others	09	06.0	5
	Total	150	100	



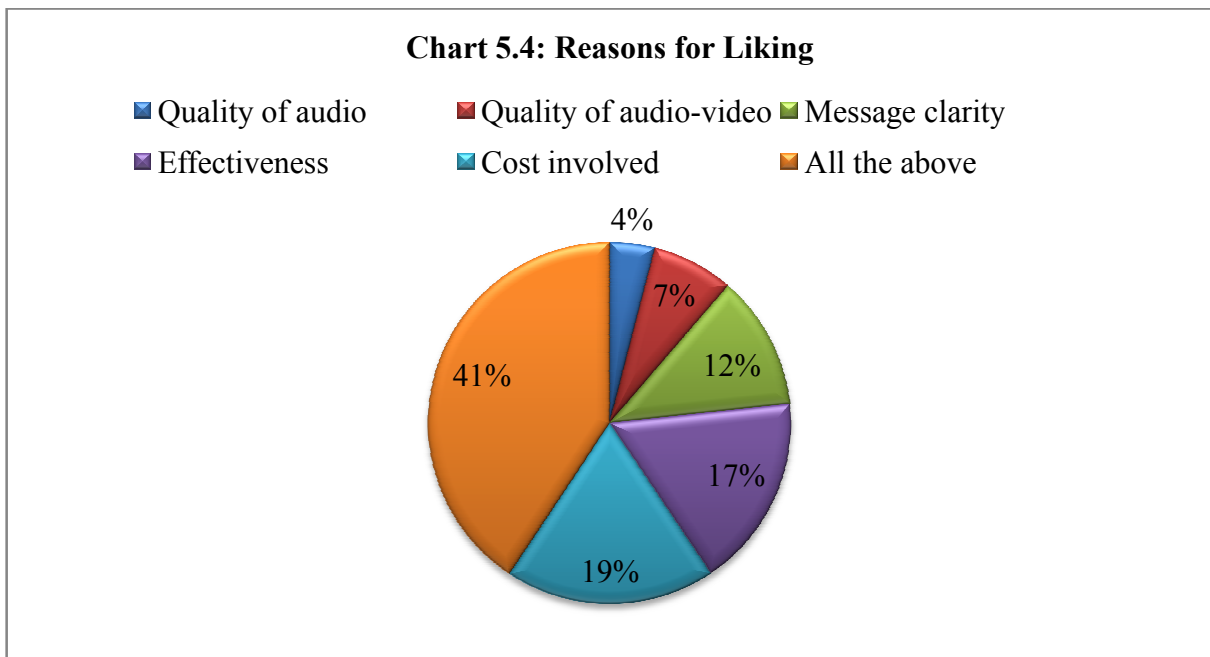
Interpretation:

According to customers, Television is the first ranked medium of advertisement which they watch frequently. Newspapers are ranked second. Magazine and journals comes at rank 3. Radio is the medium of advertisement which comes at the last position.

4. Why do you like the medium of advertising you come across frequently?

Table 5.4: Reasons for Liking

Option	Reasons for Liking	No. of Customers Out of 150	Percentage
a	Quality of audio	06	04.0
b	Quality of audio-video	11	07.3
c	Message clarity	18	12.0
d	Effectiveness	26	17.3
e	Cost involved	28	18.7
f	All the above	61	40.7
	Total	150	100



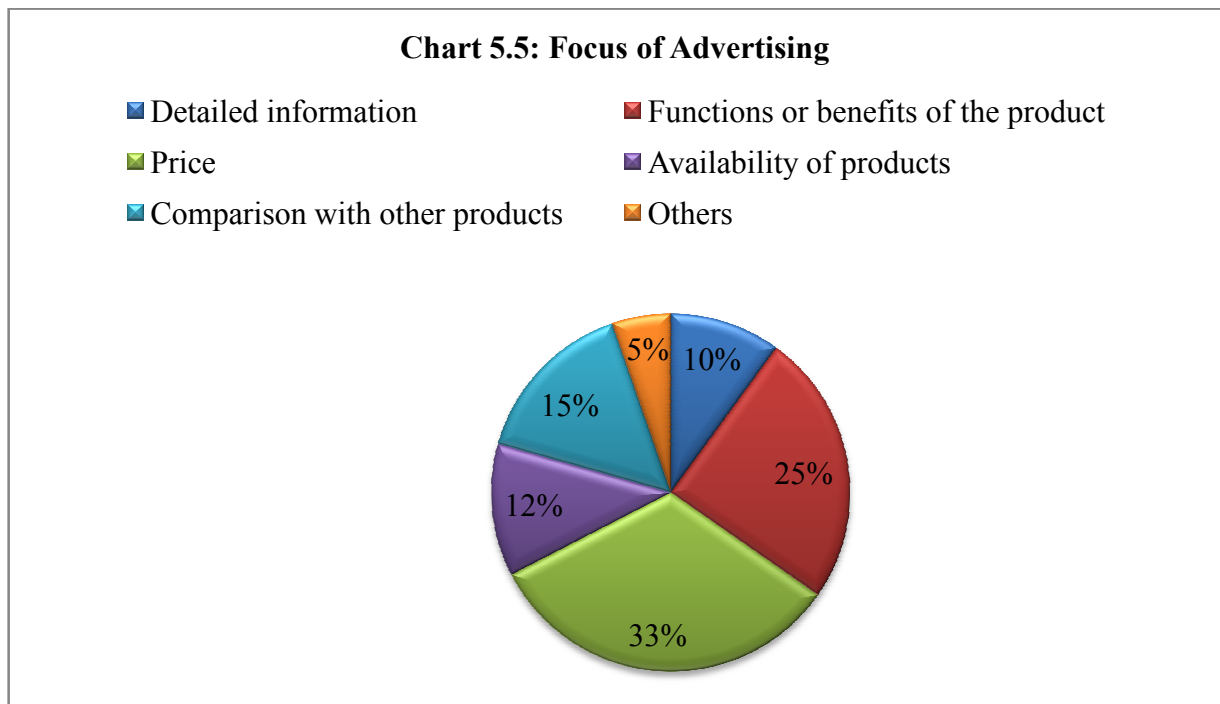
Interpretation:

The survey reveals that out of 150 customers, 28 of the customers like the medium because of the cost involved. 26 say due to message clarity, 11 say due to quality of audio video, 6 say due to quality of audio but majority i.e. 61 say that the medium of advertisement is liked due to all the above reasons.

5. On which point does the advertiser give focus mainly in his message?

Table 5.5: Focus of Advertising

Option	Focus of Advertising	No. of Customers Out of 150	Percentage
a	Detailed information	15	10.0
b	Functions or benefits of the product	37	24.7
c	Price	49	32.7
d	Availability of products	18	12.0
e	Comparison with other products	23	15.3
f	Others	08	05.3
	Total	150	100



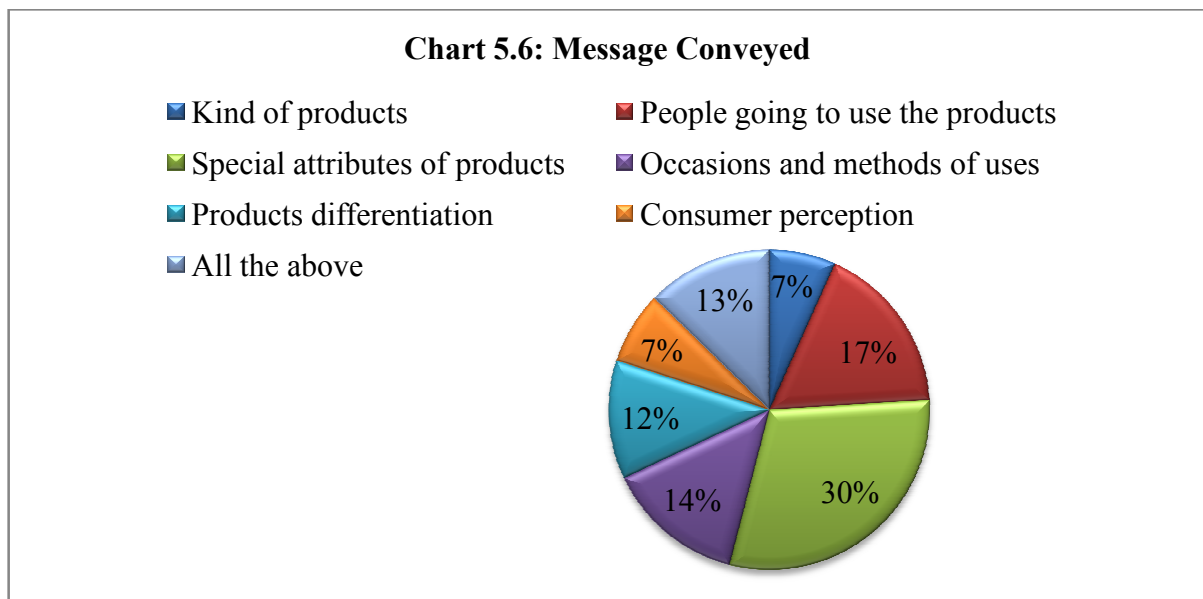
Interpretation:

According to the above pie chart, 32% customers say that the advertisement focus mainly on price. 24% say they focus on functions or benefits of the product. 10% say the focus is on detailed information, 15% say the products comparison with the other products and 12% feel availability of products.

6. What are the messages conveyed by the advertiser to you regarding products?

Table 5.6: Message Conveyed

Option	Message Conveyed	No. of Customers Out of 150	Percentage
a	Kind of products	10	06.7
b	People going to use the products	26	17.3
c	Special attributes of products	45	30.0
d	Occasions and methods of uses	21	14.0
e	Products differentiation	18	12.0
f	Consumer perception	11	07.3
g	All the above	19	12.7
	Total	150	100



Interpretation:

The survey shows that the majority i.e. 30% of the customers say that special attributes of products is the message conveyed by the advertisers. 17% say it is the people going to use the products, 14% say it is occasion and methods of uses, 6% say it is about the kind of product, products differentiation is what 12% feel, 7% say it is about the consumer perception and 12% say that all the above messages are conveyed by the advertisement to them regarding the products.

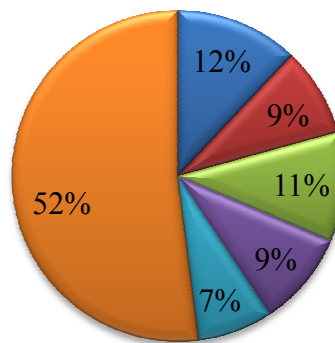
7. What are the objectives of advertisers when communicating frequently?

Table 5.7: Objectives of Advertisers

Option	Objectives of Advertisers	No. of Customers Out of 150	Percentage
a	To create awareness	18	12.0
b	To remind customers	13	08.7
c	To persuade customers to buy	16	10.7
d	To retain customers	14	09.3
e	To neutralize competition effect	11	07.3
f	All the above	78	52.0
	Total	150	100

Chart 5.7: Objectives of Advertisers

■ To create awareness ■ To remind customers
■ To persuade customers to buy ■ To retain customers
■ To neutralize competition effect ■ All the above



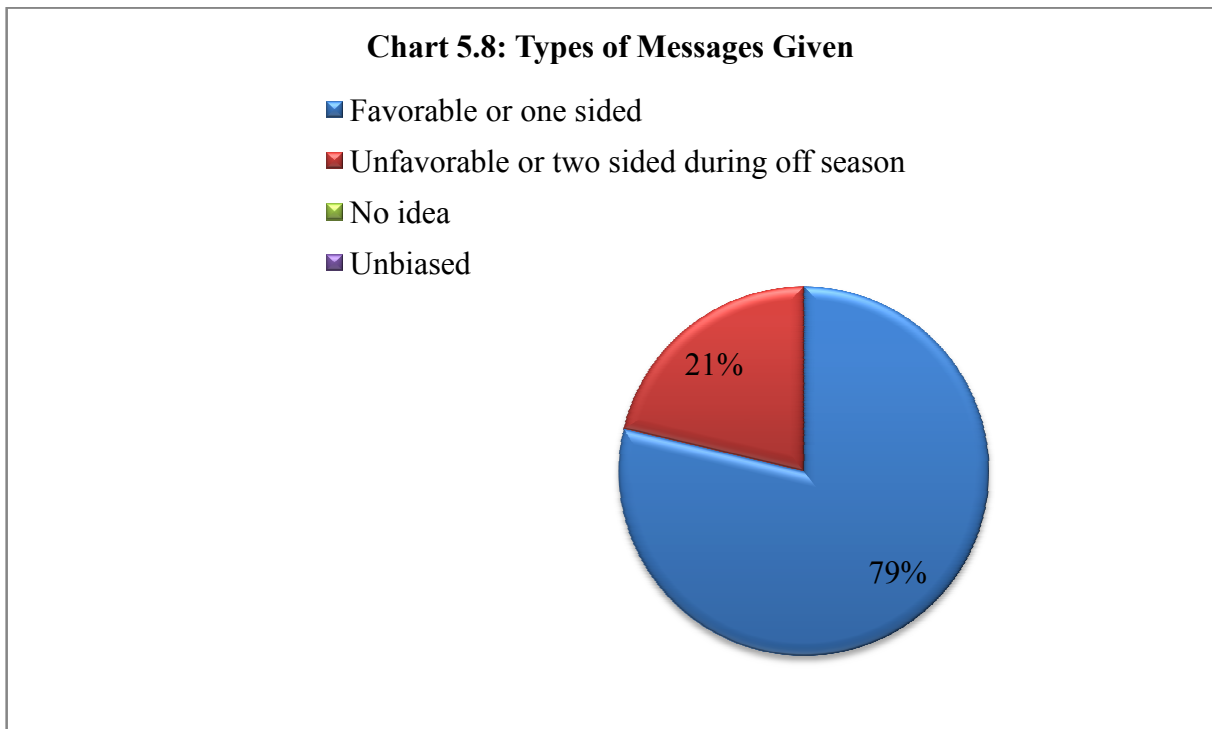
Interpretation:

The above pie chart says that out of 150 customers, 7% say that the objective of advertisers for frequent communication is to neutralize the competition effect. 9% say it is to retain customers, 10% say to persuade customers to buy, 8% think is to remind customers according to 12% it is to create awareness but majority 52% says that all the reasons are the objective of advertisers.

8. What types of messages are given for the customers generally?

Table 5.8: Types of Messages Given

Option	Types of Messages Given	No. of Customers Out of 150	Percentage
a	Favorable or one sided	118	78.7
b	Unfavorable or two sided during off season	32	21.3
c	No idea	-	-
d	Unbiased	-	-
	Total	150	100



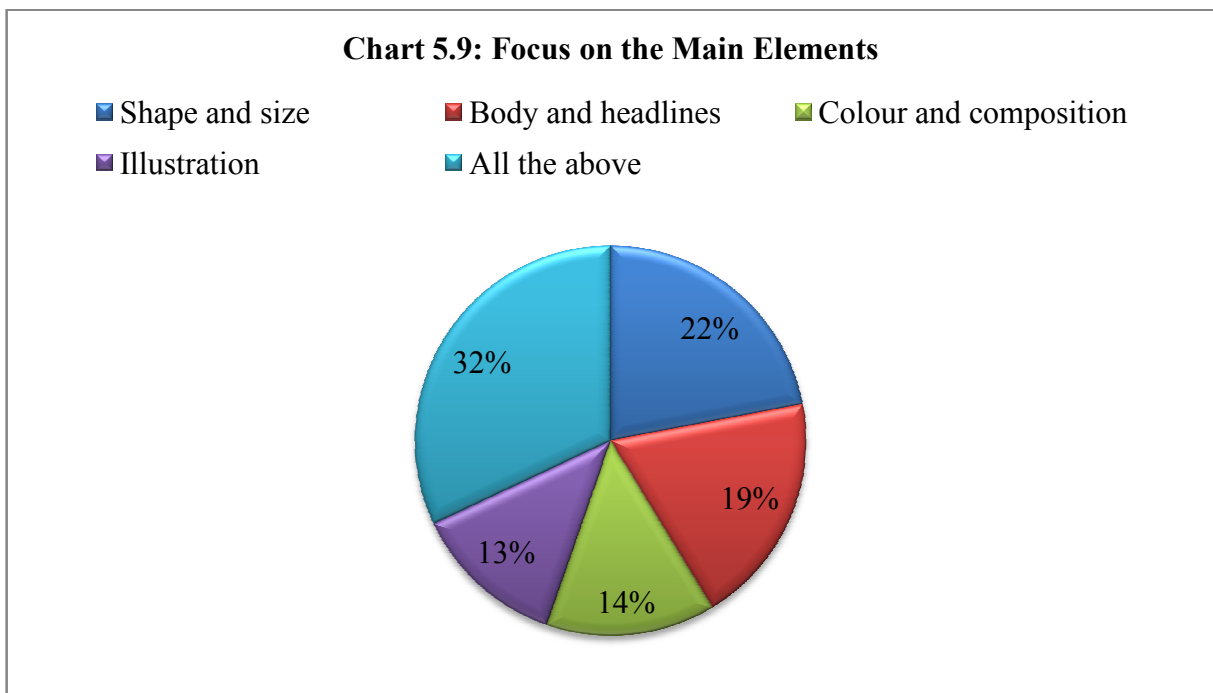
Interpretation:

The survey shows that 79% customers feel that the messages for the customers are generally favorable and only 21% say it is unfavorable or two sided. Nil percentage of customers say no idea regarding type of message given in advertisement.

9. What are the main elements of the message on which focus is there in print media?

Table 5.9: Focus on the Main Elements

Option	Focus on the Main Elements	No. of Customers Out of 150	Percentage
a	Shape and size	33	22.0
b	Body and headlines	29	19.3
c	Colour and composition	21	14.0
d	Illustration	19	12.7
e	All the above	48	32.0
	Total	150	100



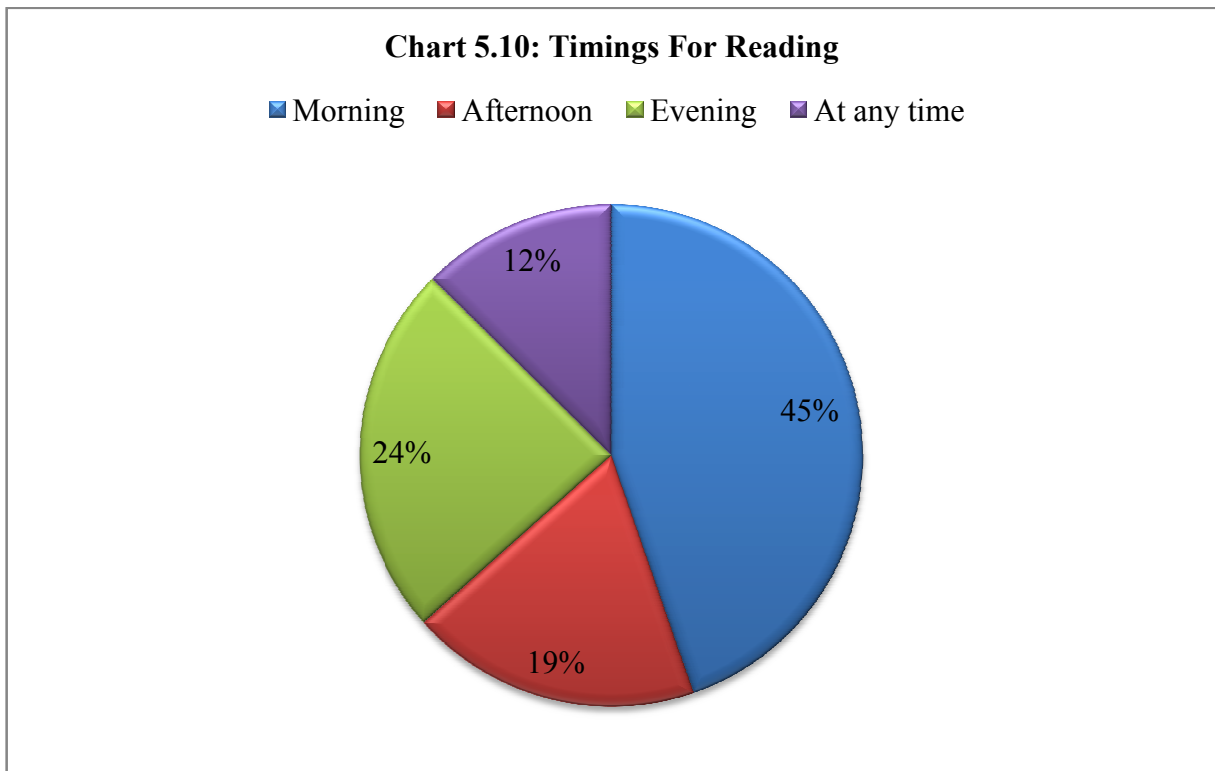
Interpretation:

The survey says that the main focus of print media is on body and headline in print media. 22% say its on shape and size. 14% say it is on color and composition, 12% say it is illustration but the majority i.e. 32% says the main focus is on all the above options.

10. When do you read newspaper or magazine generally?

Table 5.10: Timings for Reading

Option	Timings for Reading	No. of Customers Out of 150	Percentage
a	Morning	67	44.7
b	Afternoon	28	18.7
c	Evening	36	24.0
d	At any time	19	12.6
	Total	150	100



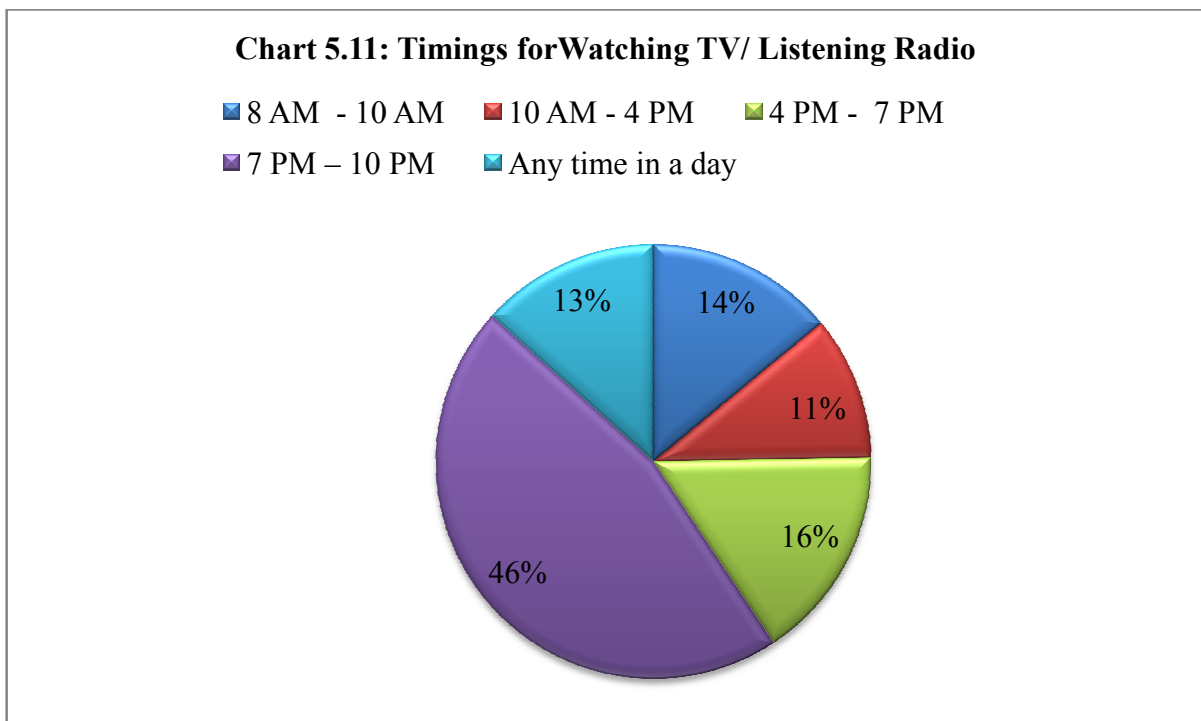
Interpretation:

The above pie charts say that most of the customers i.e. 44% read the newspapers or magazines in the morning. 18% read it in the afternoon, 24% in the evening and 12% read it any time of the day.

11. When do you watch TV or listen radio during the day?

Table 5.11: Timings for Watching TV/ Radio Listening

Option	Timings for Watching TV/ Radio Listening	No. of Customers Out of 150	Percentage
a	8 AM - 10 AM	21	14.0
b	10 AM - 4 PM	16	10.7
c	4 PM - 7 PM	24	16.0
d	7 PM – 10 PM	69	46.0
e	Any time in a day	20	13.3
	Total	150	100



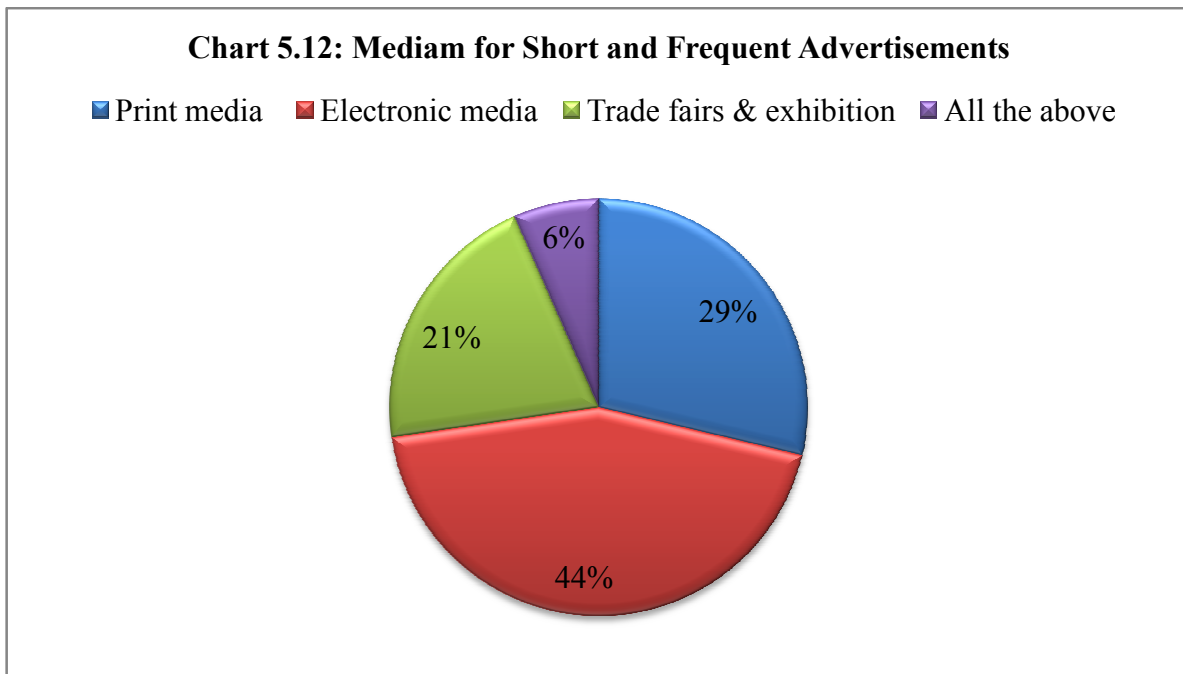
Interpretation:

According to the above pie chart 46% customers watch TV or listen to radio between 7 pm to 10 pm. 16% between 4 pm to 7pm, 10% between 10 am to 4 pm, and 13% customers say they watch TV or listen to the radio during any time of the day.

12. Where do you come across shorter and frequent advertisements in a day?

Table 5.12: Medium for Short and Frequent Advertisements

Option	Medium for Short Frequent Advertisements	No. of Customers Out of 150	Percentage
a	Print media	43	28.7
b	Electronic media	66	44.0
c	Trade fairs & exhibition	31	20.7
d	All the above	10	06.6
	Total	150	100



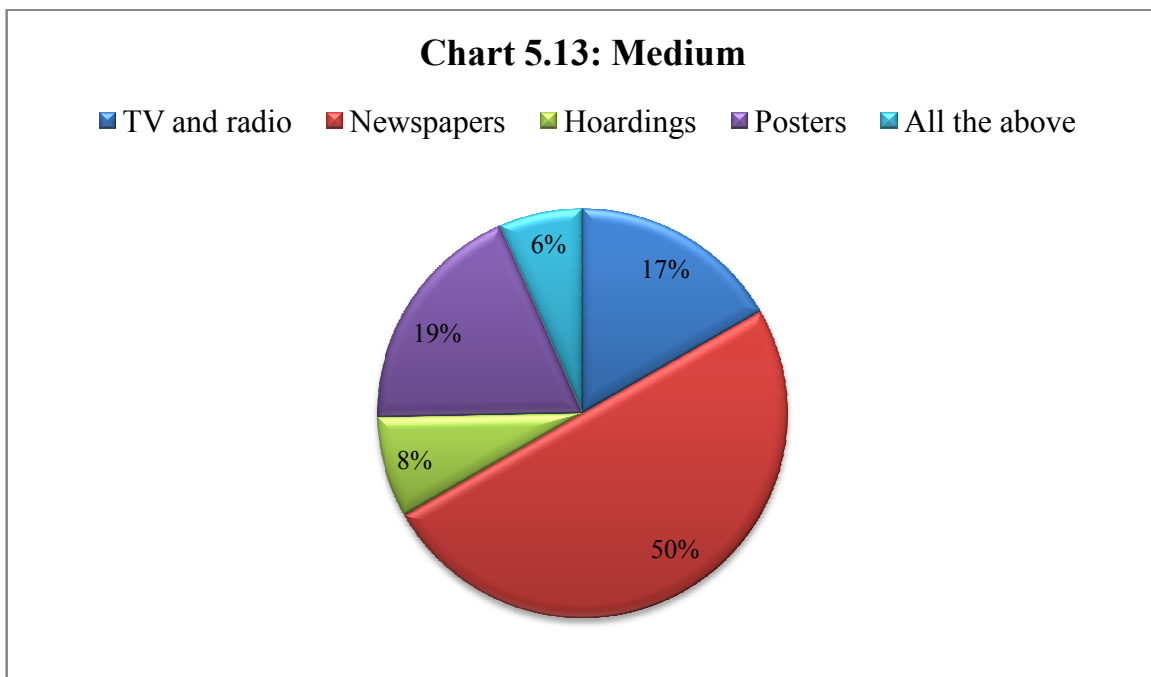
Interpretation:

The above survey concludes that 44% of the short and frequent advertisement comes on electronic media, 28% say it is in print media, 20.7% say trade fairs and exhibition and the majority 66.6% say all of the above.

13. Where do you see longer but not frequent advertisement in a day?

Table 5.13: Medium

Option	Medium	No. of Customers Out of 150	Percentage
a	TV and radio	25	16.7
b	Newspapers	75	50.0
c	Hoardings	12	08.0
d	Posters	28	18.7
e	All the above	10	06.6
	Total	150	100



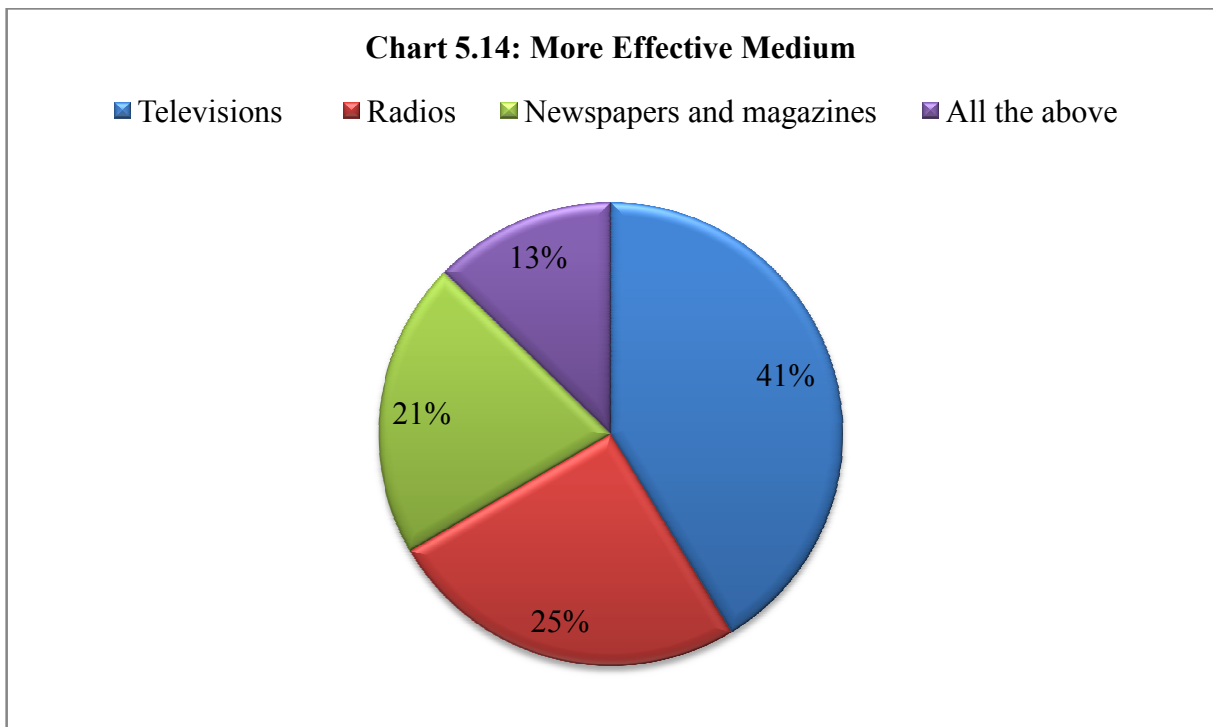
Interpretation:

The above pie chart says that 50% of the customers believe that a newspaper is the medium which show longer but not frequent advertisement in a day. 17% approximately say TV and radio. Approximately 19% say the source is posters. 8% say the medium is hoardings and only 7% say that they see long but not frequent advisement on all of the above.

14. Which medium of advertising is more effective to communicate the consumers as per your perception?

Table 5.14: More Effective Medium

Option	More Effective Medium	No. of Customers Out of 150	Percentage
a	Televisions	62	41.3
b	Radios	38	25.3
c	Newspapers and magazines	31	20.7
d	All the above	19	12.7
	Total	150	100



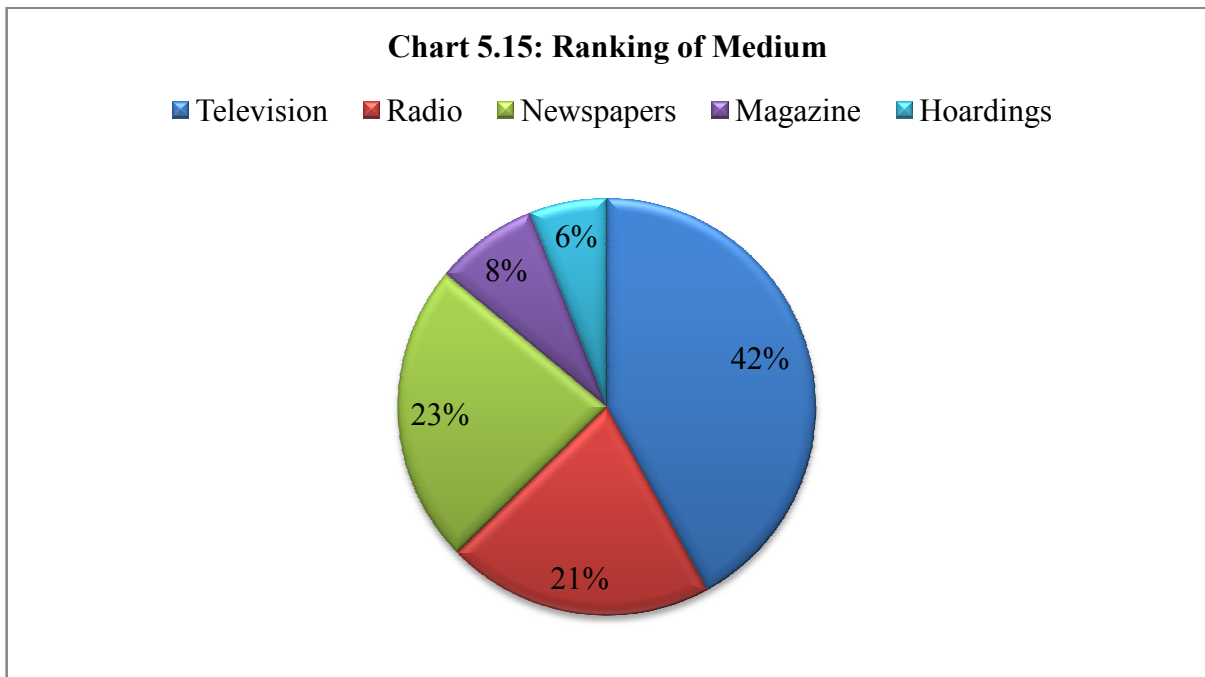
Interpretation:

The above pie chart says that 41% say that TV is the more effective medium, 25% say that it is radio, 20% say that newspaper and magazines, 12% say all of the above are effective medium to communicate the consumers as per your perception.

15. Which medium does play more important role in advertising? Rank them (1 to 5).

Table 5.15: Ranking of Medium

Option	Ranking of Medium	No. of Customers Out of 150	Percentage	Ranking
a	Television	63	42.0	1
b	Radio	31	20.7	3
c	Newspapers	35	23.3	2
d	Magazine	12	08.0	4
e	Hoardings	09	06.0	5
	Total	150	100	



Interpretation:

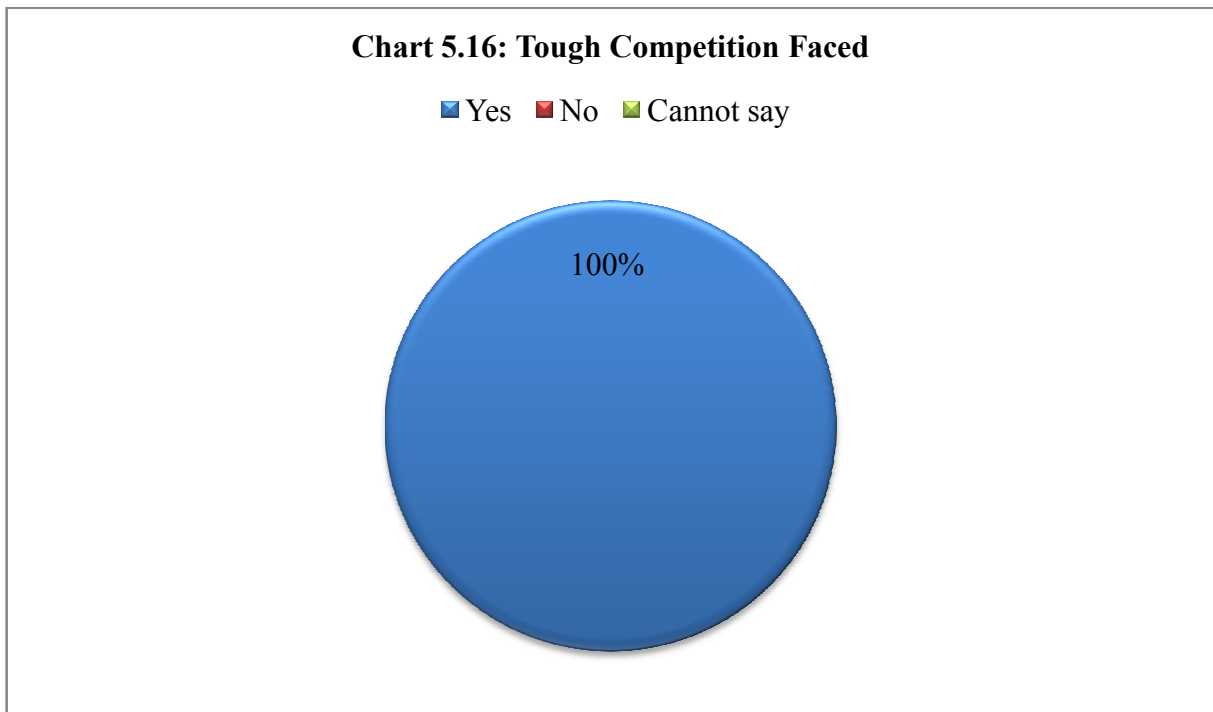
According to the above survey, 42 % of customers ranked Television number 1. Newspapers are ranked at 2 by 23.3 % and Radio at No.3 by nearly 21% of customers. Magazine at number 4 and hoardings are ranked 5 by 8 % and 6 % respectively as the important medium of advertising.

2. Part-II: For Media Planners of Company / Agency

16. Do you feel tough competition is there in advertising in FMCG sector?

Table 5.16: Tough Competition Faced

Option	Tough Competition Faced	No. of Media Planners Out of 50	Percentage
a	Yes	50	100
b	No	-	-
c	Cannot say	-	-
	Total	50	100



Interpretation:

According to above pie chart, 100% of Medium planners of FMCG Company feel that there is competition in advertising in FMCG sector.

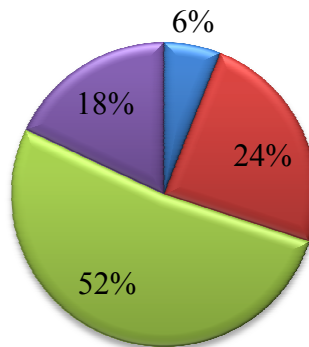
17. How do you neutralize the competition effect or be more effective in advertising campaign in the market?

Table 5.17: Methods for More Effectiveness

Option	Methods for More Effectiveness	No. of Media Planners Out of 50	Percentage
a	Competition does not matter	03	06
b	Sending as per affordability	12	24
c	Strategic planning for competition	26	52
d	All the above	09	18
	Total	50	100

Chart 5.17: Methods for More Effectiveness

■ Competition does not matter ■ Sending as per affordability
■ Strategic planning for competition ■ All the above



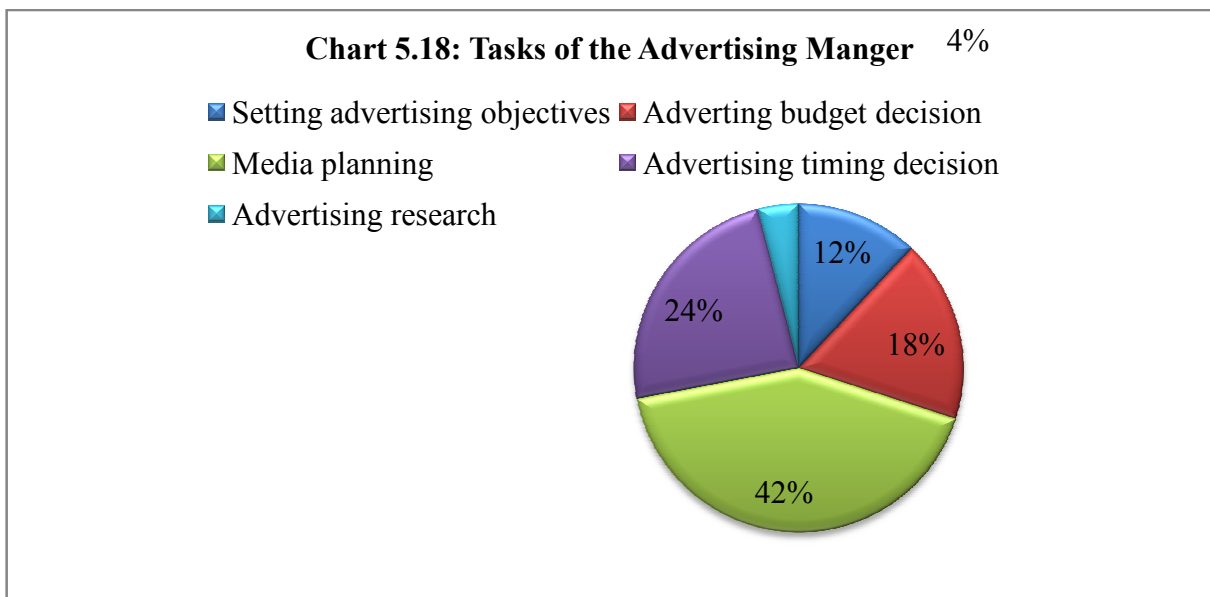
Interpretation:

According to above pie chart, 6% medium planner of FMCG Company feel that competition does not matter for making effective advertising campaign in the market. To become more effective in the market through advertising campaign 24% of medium planners of FMCG companies feel that spending as per affordability should be done precisely. According to 52% of medium planners of FMCG companies, strategic planning for competition is more effective for advertising campaign in market. 18% of medium planners of FMCG companies think all the above methods are for more effective advertising campaign.

18. What are the main tasks of the advertising manager of the company?

Table 5.18: Tasks of the Advertising Manger

Option	Tasks of the Advertising Manger	No. of Media Planners Out of 50	Percentage
a	Setting advertising objectives	06	12
b	Adverting budget decision	09	18
c	Media planning	21	42
d	Advertising timing decision	12	24
e	Advertising research	02	04
	Total	50	100



Interpretation:

According to above pie chart, 12% of medium planners of FMCG companies think that setting advertising objectives is main task of advertising manager. 18% of medium planners of FMCG companies think that advertising budget decision is main task of advertising manager. 42% of medium planners of FMCG companies think that media planning is main task of advertising manager. 24% of them think that advertising timing decision is main task of advertising manager and 4% say that setting advertising objectives is advertising research.

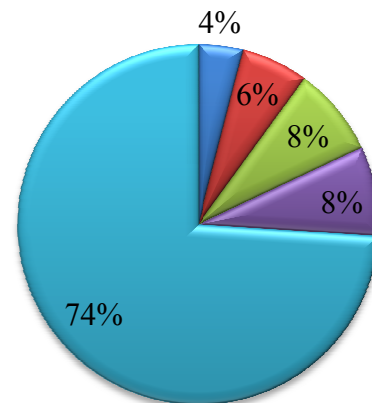
19. What is the advertising objective of your strategic planning?

Table 5.19: Advertising Objectives of Strategic Planning

Option	Advertising Objectives of Strategic Planning	No. of Media Planners Out of 50	Percentage
a	To create awareness	02	04
b	To remind customers	03	06
c	To persuade customers to buy	04	08
d	To retain customers	04	08
e	All the above	37	74
	Total	50	100

Chart 5.19: Advertising Objectives of Strategic Planning

- To create awareness
- To remind customers
- To persuade customers to buy
- To retain customers
- All the above



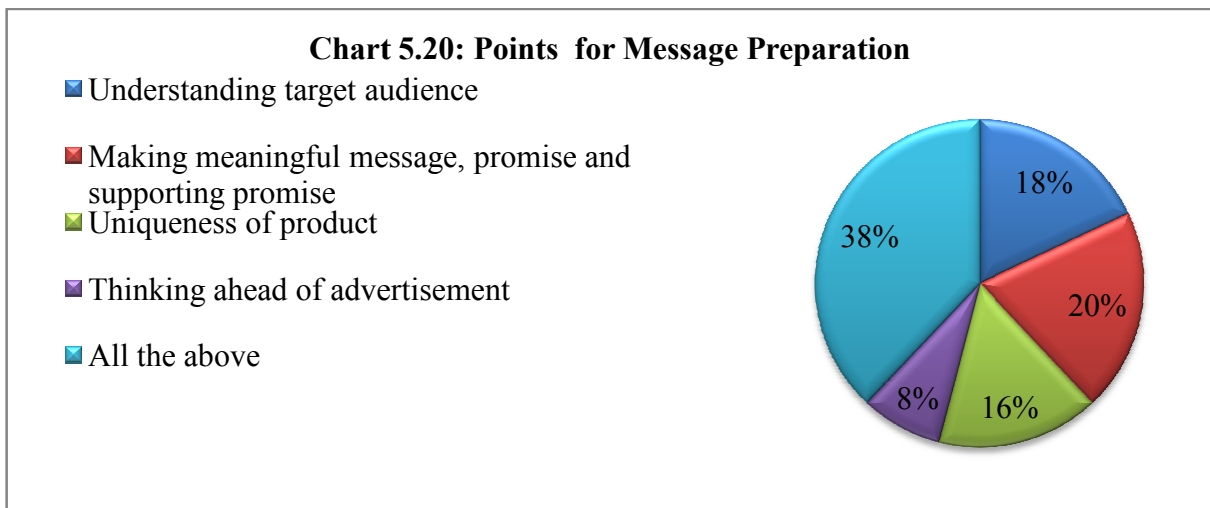
Interpretation:

According to above pie chart, 4% of medium planners of FMCG companies think that creating awareness, 6% of medium planners of FMCG companies think that reminding customers are their main. 8% of medium planners of FMCG companies think that pursuing customers to buy are their main. 8% of medium planners of FMCG companies think that retaining customers are their main, and 74% of medium planners of FMCG companies think that creating awareness, reminding customers, pursuing customers to buy and retaining customers all the above are their main advertising objectives for strategic planning.

20. What points do you keep in mind in preparing message for target audience?

Table 5.20: Points for Message Preparation

Option	Points for Message Preparation	No. of Media Planners Out of 50	Percentage
a	Understanding target audience	09	18
b	Making meaningful message, promise and supporting promise	10	20
c	Uniqueness of product	08	16
d	Thinking ahead of advertisement	04	8
e	All the above	19	38
	Total	50	100



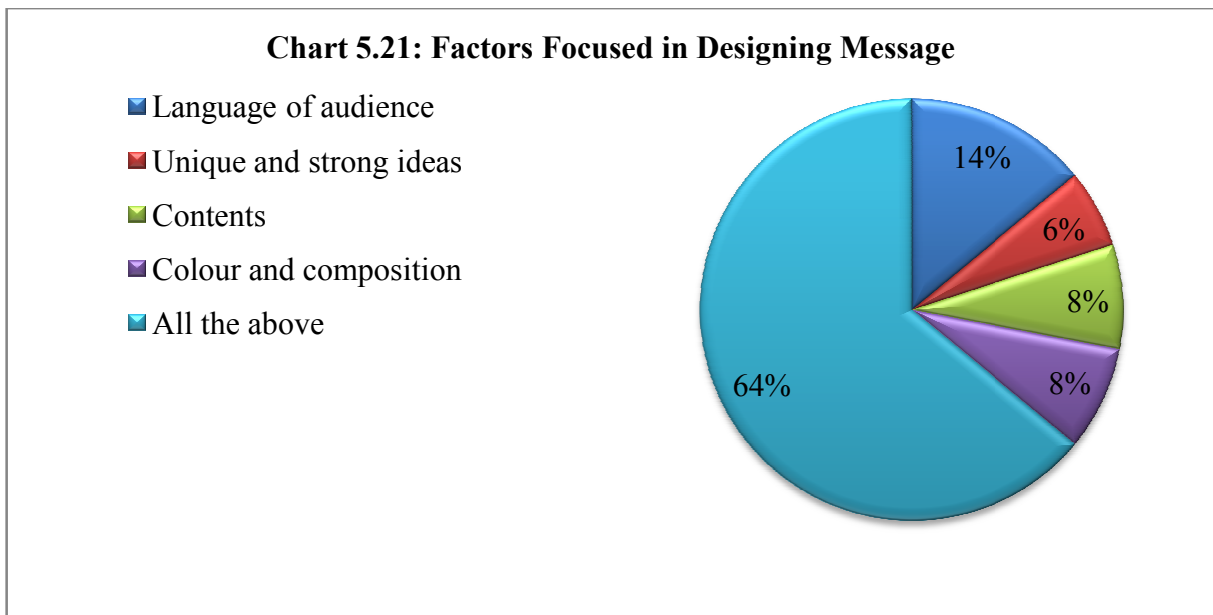
Interpretation:

According to above pie chart, 18% of medium planners of FMCG companies understand target audience for message preparation, 20% consider are making meaningful message, promise and supporting promise for message preparation, 16% are making uniqueness of product for message preparation, 8% thinking ahead of advertisement for message preparation to target audience, and 38% of medium planners of FMCG companies understand all the above points are to be considered for message preparation target audience.

21. Which factors do you focus in designing message for advertisement?

Table 5.21: Factors Focused in Designing Message

Option	Factors Focused in Designing Message	No. of Media Planners Out of 50	Percentage
a	Language of audience	07	14
b	Unique and strong ideas	03	06
c	Contents	04	08
d	Colour and composition	04	08
e	All the above	32	64
	Total	50	100



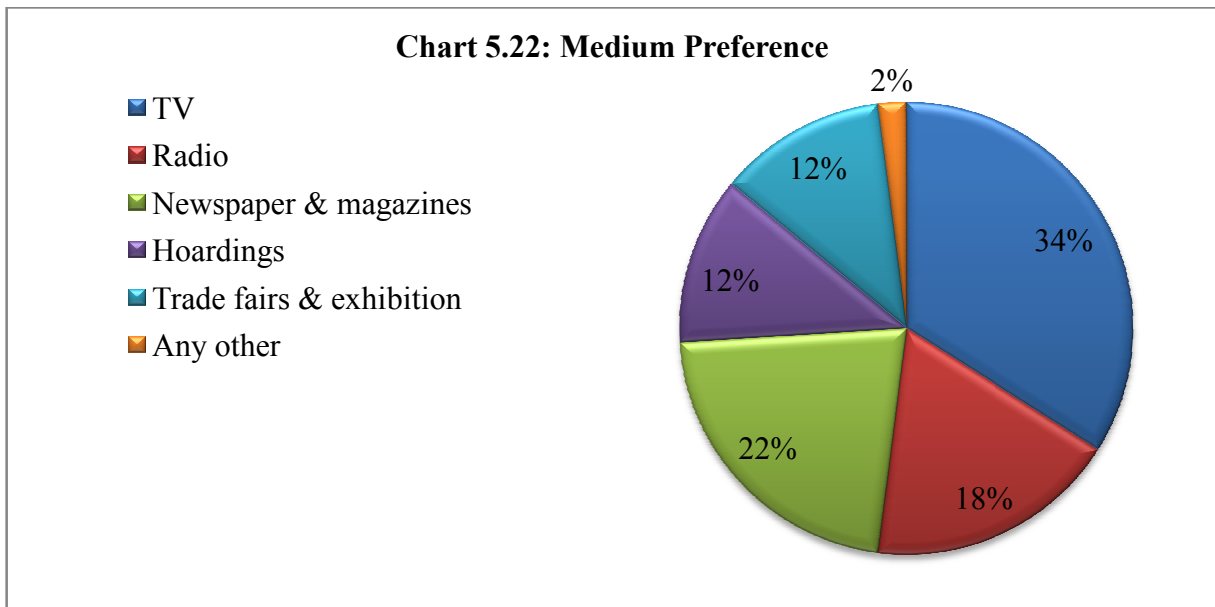
Interpretation:

According to above pie chart, 14% of medium planners of FMCG companies are focusing on language, 6% on unique and strong ideas, 8 % focusing on contents for designing message for advertisement, 8 % focusing on colour and composition of message, and 64% of medium planners of FMCG companies/ agencies are focusing on all the above factors for designing message for advertisement.

22. Which medium do you prefer for advertising purpose?

Table 5.22: Medium Preference

Option	Medium Preference	No. of Media Planners Out of 50	Percentage
a	TV	17	34
b	Radio	09	18
c	Newspaper & magazines	11	22
d	Hoardings	06	12
e	Trade fairs & exhibition	06	12
f	Any other	01	02
	Total	50	100



Interpretation:

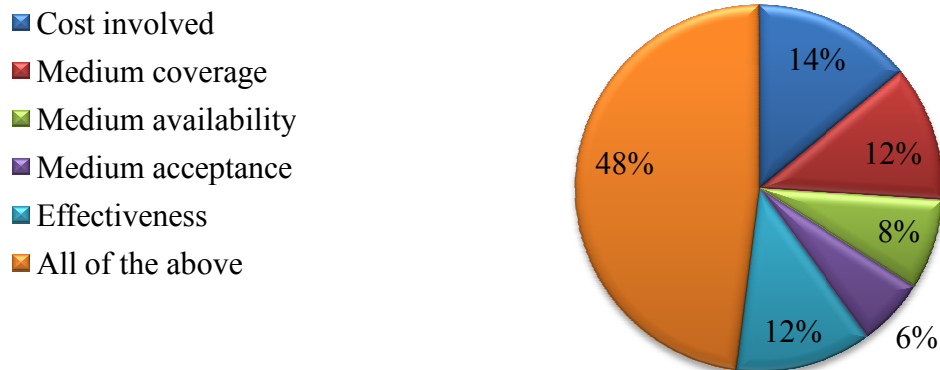
According to above pie chart, 34% of medium planners are focusing on TV for medium of advertisement. 18% prefer radio for medium of advertisement, 22% prefer Newspaper and magazines, 12% favour Hoardings for medium of advertisement, 12% prefer Trade fairs and exhibitions for medium of advertisement, and 2% of them prefer other medium of advertisement.

23. Which factor do you considered in choosing the medium for advertising as part of your strategic media planning?

Table 5.23: Factors Considered

Option	Factors Considered	No. of Media Planners Out of 50	Percentage
a	Cost involved	07	14
b	Medium coverage	06	12
c	Medium availability	04	08
d	Medium acceptance	03	06
e	Effectiveness	06	12
f	All of the above	24	48
	Total	50	100

Chart 5.23: Factors Considered



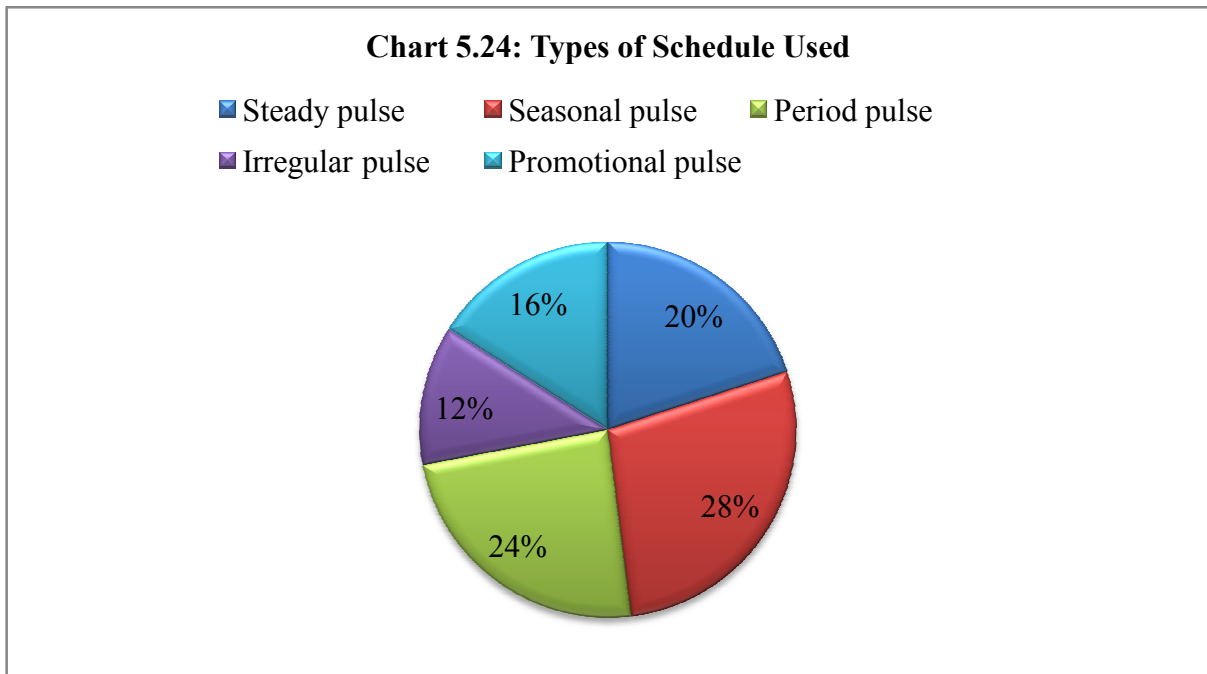
Interpretation:

According to above pie chart, 14% of medium planners for selection of media consider cost as a important factor, 12% considered media coverage as a main factor, 8% considered media availability as a main factor, 6% considered media acceptance as a main factor, 12% considered effectiveness as a main factor, and 48% of medium planners considered all the above factor important for media selection.

24. What types of schedules are used in strategic media planning?

Table 5.24: Types of Schedule Used

Option	Types of Schedule Used	No. of Media Planners Out of 50	Percentage
a	Steady pulse	10	20
b	Seasonal pulse	14	28
c	Period pulse	12	24
d	Irregular pulse	06	12
e	Promotional pulse	08	16
	Total	50	100



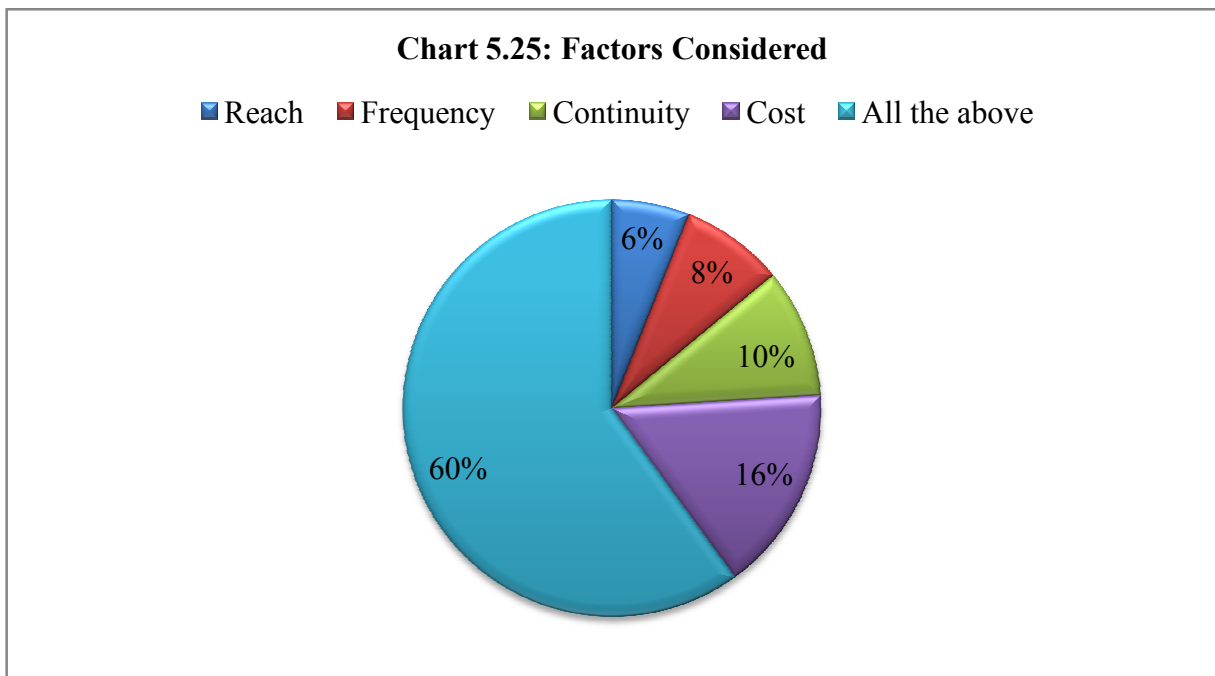
Interpretation:

According to the above pie chart, 20% of medium planners considered steady pulse as a part of strategic media planning. 28% used seasonal pulse, 24% used period pulse, 12% used irregular pulse, and 16% of medium planners used promotional pulse as a part of strategic media planning.

25. What factors do you consider for selection of advertising schedule?

Table 5.25: Factors Considered

Option	Factors Considered	No. of Media Planners Out of 50	Percentage
a	Reach	03	06
b	Frequency	04	08
c	Continuity	05	10
d	Cost	08	16
e	All the above	30	60
	Total	50	100



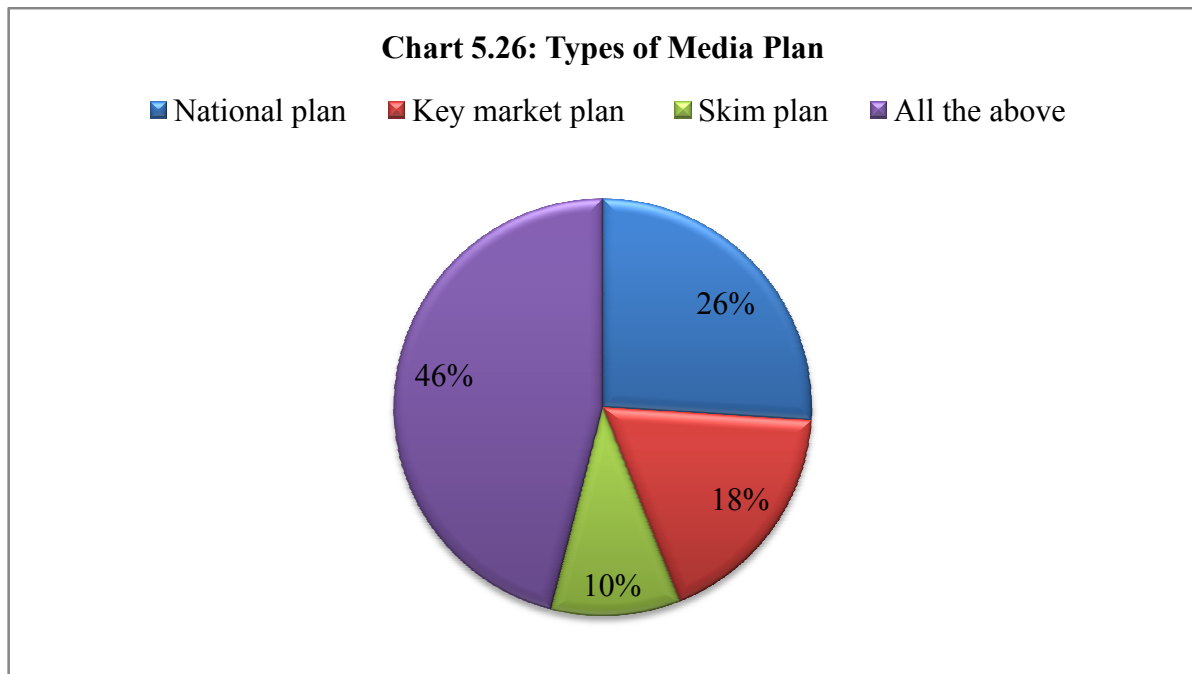
Interpretation:

According to above pie chart, 6% of medium planners considered reach as main factor for selection of advertising medium, 8% considered frequency as main factor for selection, 10% considered continuity as main factor, 16% considered cost as main factor, and 60% of medium planners all the above factors for selection of advertising medium.

26. What type of media plan do you use in your strategic media planning?

Table 5.26: Types of Media Plan

Option	Types of Media Plan	No. of Media Planners Out of 50	Percentage
a	National plan	13	26
b	Key market plan	09	18
c	Skim plan	05	10
d	All the above	23	46
	Total	50	100



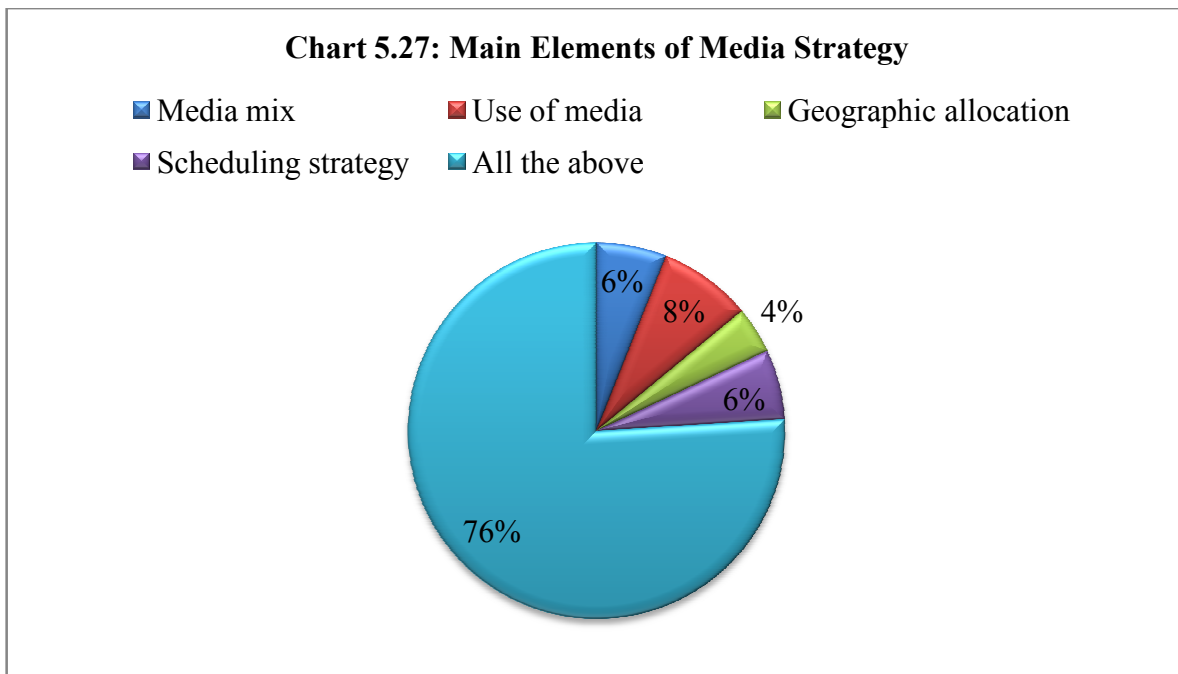
Interpretation:

According to the above pie chart, 26% of medium planners considered national plan for strategic media planning. 18% used key market plan, 10% considered skim plan, and 46% of medium planners of FMCG sector used all the above media plans for strategic media planning.

27. What are main elements of your media strategy?

Table 5.27: Main Elements of Media Strategy

Option	Main Elements of Media Strategy	No. of Media Planners Out of 50	Percentage
a	Media mix	03	06
b	Use of media	04	08
c	Geographic allocation	02	04
d	Scheduling strategy	03	06
e	All the above	38	76
	Total	50	100



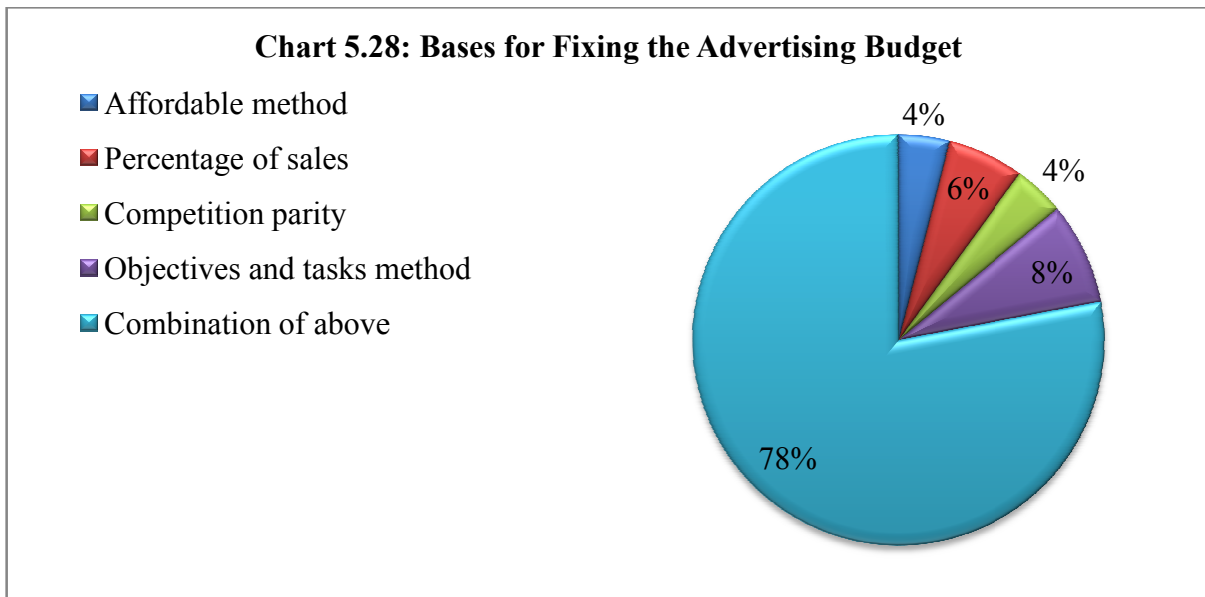
Interpretation:

According to above pie chart, 6% of medium planners considered media mix as main element of media strategy, 8% considered use of media as main element, 4% considered geographic allocation, 6% of them considered scheduling strategy, and 76% of medium planners considered all of above elements as main elements of media strategy.

28. What are the bases for fixing the advertising budget as part of your strategic planning?

Table 5.28: Bases for Fixing the Advertising Budget

Option	Bases for Fixing the Advertising Budget	No. of Media Planners Out of 50	Percentage
a	Affordable method	02	04
b	Percentage of sales	03	06
c	Competition parity	02	04
d	Objectives and tasks method	04	08
e	Combination of above	39	78
	Total	50	100



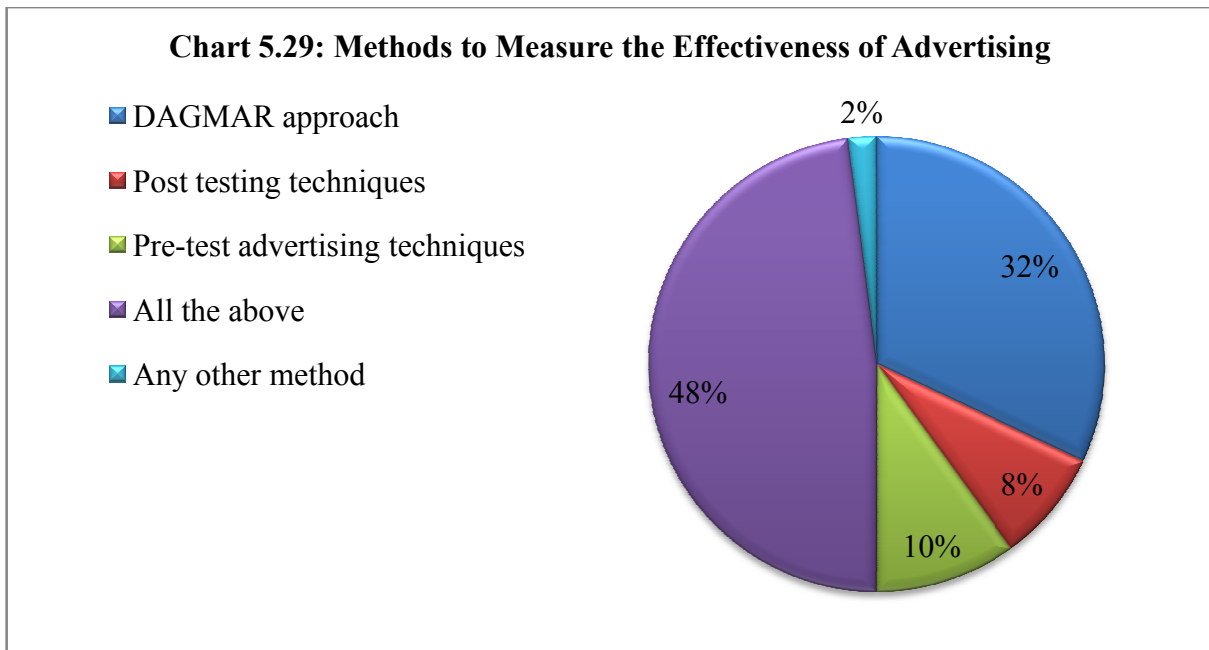
Interpretation:

According to the above pie chart, 4 % of medium planners considered affordable method as a base for fixing the advertising budget for strategic planning. 6 % of them considered percentage of sales method as base, 4 % considered competition parity method as base, 8 % considered objectives and tasks method as a base, and 78 % of medium planners are in favour of any combinations of above method as base for fixing the advertising budget for strategic planning.

29. How do you measure the effectiveness of advertising under your strategy?

Table 5.29: Methods to Measure the Effectiveness of Advertising

Option	Methods to Measure the Effectiveness of Advertising	No. of Media Planners Out of 50	Percentage
a	DAGMAR approach	16	32
b	Post testing techniques	04	08
c	Pre-test advertising techniques	05	10
d	All the above	24	48
e	Any other method	01	02
	Total	50	100



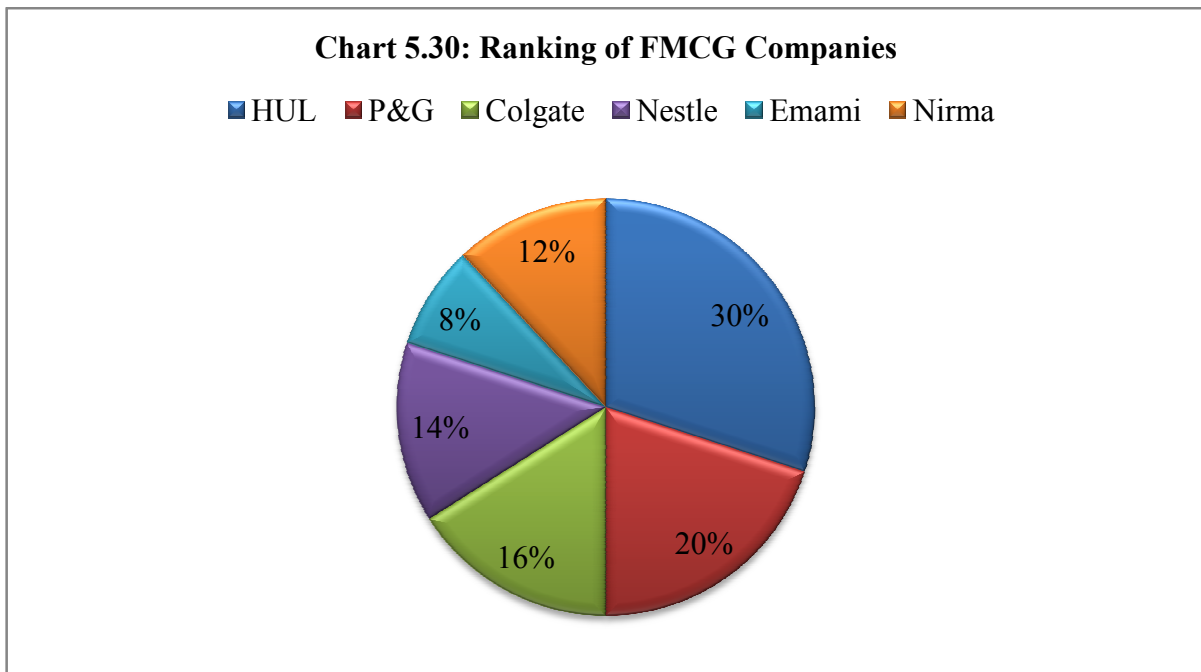
Interpretation:

According to above pie chart, 32 % of medium planners of FMCG companies are using DAGMAR approach to measure effectiveness of advertising. 8 % of them using post testing techniques to measure effectiveness, 10 % used pre-test advertising techniques, 48 % used all above methods, and 2 % of medium planners are using any other method to measure effectiveness of advertising.

30. On the basis of your knowledge and experience, which company is leader in the market in advertising? Rank them.

Table 5.30: Ranking of FMCG Companies

Option	Ranking of FMCG Companies	No. of Media Planners Out of 50	Percentage	Rank
a	HUL	15	30	1
b	P&G	10	20	2
c	Colgate	08	16	3
d	Nestle	07	14	4
e	Emami	04	08	5
f	Nirma	06	12	6
	Total	50	100	



Interpretation:

According to above pie chart, On the basis of knowledge and experience of medium planners of FMCG in sector, they ranked 1st HUL in advertising market, 2nd to P & G, 3rd to Colgate, 4th to Nestle, 5th to Emami, 6th to Nirma.

31. How do you evaluate the effectiveness of strategic planning for advertisement of your company?

Table 5.31: Effectiveness of Strategic Planning

Option	Effectiveness of Strategic Planning	No. of Media Planners Out of 50	Percentage
a	Excellent	05	10
b	Very good	14	28
c	Good	23	46
d	Average	06	12
e	Poor	02	04
	Total	50	100



Interpretation:

According to above pie chart, 10 % of medium planners evaluate as excellent, 28 % of them evaluate effectiveness of strategic planning as very good, 46 % evaluate as good, 12 % evaluate average, and 4 % of medium planners evaluating effectiveness of strategic planning for advertising as poor.

3. Part III: Testing of Hypotheses

(A) For Customers of FMCG Products

With Reference to the Question No. 5

5. On which point does the advertiser give focus mainly in his message?

(i) Testing the data using the chi-square test

Step 1: Stating the hypothesis;

Ho: There is no significant difference in the points on which the advertiser gives main focus in his message

Ha: There is significant difference in the points on which the advertiser gives main focus in his message

Step 2: Setting the rejection criteria; Significance level: 0.7%

Step 3: Computing χ^2_{cal}

Frequencies				
Q 5. On which point does the advertiser give focus mainly in his message?				
	Category	Observed N	Expected N	Residual
1	Availability of products	18	23.3	-5.3
2	Comparison with other products	23	23.3	-.3
3	Detailed Information	15	23.3	-8.3
4	Functions or benefits of the product	37	23.3	13.8
Total		93		

Now applying the formula $\chi^2_{cal} = \frac{(O-E)^2}{E}$ using SPSS

Test Statistics	
	5
Chi-Square	12.247 ^a
dof	3
Asymp. Sig.	.007
a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 23.3.	

(ii) Interpretation

Result: Ho is rejected, as Significance is less than 5%

Conclusion: Customers do not perceive difference in the points on which the advertiser gives main focus in his message. Note: 59 respondents who answered "All of above" have been excluded. Now according to the rule of chi-square test, therefore Ho (null hypothesis) is rejected and hence Ha is accepted.

With Reference to the Question No. 8

8. What types of messages are given for the customers generally?

(i) Testing the data using the chi-square test

Step 1: Stating the hypothesis;

Ho: There is no significant difference in the types of messages are given for the customers

Ha: There is significant difference in the types of messages is given for the customers

Step 2: Setting the rejection criteria;

Significance level: 0.0%

Step 3: Computing χ^2_{cal}

Frequencies				
Q 8. What types of messages are given for the customers generally?				
	Category	Observed N	Expected N	Residual
1	Favorable or one sided	118	75.0	43.0
2	Unfavorable or two sided during off season	32	75.0	-43.0
Total		150		

Now applying the formula $\chi^2_{cal} = \frac{(O-E)^2}{E}$ using SPSS

Test Statistics	
	8
Chi-Square	49.307 ^a
Dof	1
Asymp. Sig.	.000
a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 75.0.	

(ii) Interpretation

Result: Ho is rejected, as Significance is less than 5%

Conclusion: Customers are given different types of messages. Now according to the rule of chi-square test, therefore Ho (null hypothesis) is rejected and hence Ha is accepted.

With Reference to the Question No. 12

12. Which method of sales promotions is more effective to motivate customers to buy?

(i) Testing the data using the chi-square test

Step 1: Stating the hypothesis;

Ho: There is no significant difference in the media where consumers come across shorter and frequent advertisements in a day

Ha: There is a significant difference in the media where consumers come across shorter and frequent advertisements in a day

Step 2: Setting the rejection criteria;

Significance level: 0.0%

Step 3: Computing χ^2_{cal}

Frequencies				
Q 12. Where do you come across shorter and frequent advertisements in a day?				
	Category	Observed N	Expected N	Residual
1	Electronic Media	66	46.7	19.3
2	Print Media	43	46.7	-3.7
3	Trade fairs & exhibition	31	46.7	-15.7
Total		140		

Now applying the formula $\chi^2_{cal} = \frac{(O-E)^2}{E}$ using SPSS

Test Statistics	
	12
Chi-Square	13.557 ^a
Dof	2
Asymp. Sig.	.001
a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 46.7.	

(ii) Interpretation

Result: Ho is rejected, as Significance is less than 5%

Conclusion: Consumers come across shorter and frequent advertisements in a day on different mediums. Now according to the rule of chi-square test, therefore Ho (null hypothesis) is rejected and hence Ha is accepted. Note: 12 respondents who answered "All of above" have been excluded.

With Reference to the Question No. 13

13. Where do you see longer but not frequent advertisement in a day?

(i) Testing the data using the chi-square test

Step 1: Stating the hypothesis;

Ho: There is no significant difference in the media where consumers come across longer and non-frequent advertisements in a day

Ha: There is significant difference in the media where consumers come across longer and non-frequent advertisements in a day

Step 2: Setting the rejection criteria;

Significance level: 0.0%

Step 3: Computing χ^2_{cal} :

Frequencies				
Q 13. Where do you see longer but not frequent advertisement in a day?				
	Category	Observed N	Expected N	Residual
1	Hoarding	18	34.3	-16.3
2	Newspaper	70	34.3	35.8
3	Posters	25	34.3	-9.3
4	TV and Radio	24	34.3	-10.3
Total		137		

Now applying the formula $\chi^2_{cal} = \frac{(O-E)^2}{E}$ using SPSS

Test Statistics	
	13
Chi-Square	50.591 ^a
Dof	3
Asymp. Sig.	.000
a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 34.3.	

(ii) Interpretation

Result: Ho is rejected, as Significance is less than 5%

Conclusion: Consumers come across longer and non- frequent advertisements in a day on different mediums. Now according to the rule of chi-square test, Ho (null hypothesis) is rejected and hence Ha is accepted. Note: 15 respondents who answered "All of above" have been excluded.

With Reference to the Question No. 14

14. Which medium of advertising is more effective to communicate the consumers as per your perception?

(i) Testing the data using the chi-square test

Step 1: Stating the hypothesis;

Ho: There is no significant difference in the effectiveness of medium of advertising to communicate the consumers

Ha: There is significant difference in the effectiveness of medium of advertising to communicate the consumers

Step 2: Setting the rejection criteria;

Significance level: 0.2%

Step 3: Computing χ_{cal}^2

Frequencies			
Q 14. Which medium of advertising is more effective to communicate the consumers as per your perception?			
Category	Observed N	Expected N	Residual
Newspaper/Magazine	31	43.7	-12.7
Radio	38	43.7	-5.7
Television	62	43.7	18.3
Total	131		

Now applying the formula $\chi^2_{cal} = \frac{(O-E)^2}{E}$ using SPSS

Test Statistics	
	14
Chi-Square	12.107 ^a
Dof	2
Asymp. Sig.	.002
a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 43.7.	

(ii) Interpretation

Result: Ho is rejected, as Significance is less than 5%

Conclusion: Customers do not perceive all mediums of advertising to be equally effective, Television is the most effective followed by radio. Note: 21 respondents who answered “All

of above" have been excluded. Now according to the rule of chi-square test, Ho (null hypothesis) is rejected and hence Ha is accepted.

(B) For: Media Planners of Company

With Reference to the Question No. 17

17. How do you neutralize the competition effect or be more effective in advertising campaign in the market?

(i) Testing the data using the chi-square test

Steps 1: Stating the hypothesis;

Ho: There is no significant difference in the strategy to neutralize the competition effect or be more effective in advertising campaign in the market

Ha: There is no significant difference in the strategy to neutralize the competition effect or be more effective in advertising campaign in the market.

Step 2: Setting the rejection criteria; Significance level: 0.0%

Step 3: Computing χ_{cal}^2

Category	Observed N	Expected N	Residual
Competition does not matter	3	13.7	-10.7
Sending as per affordability	12	13.7	-1.7
Strategic planning for competition	26	13.7	12.3
	41		

Now applying the formula $\chi_{cal}^2 = \frac{(O-E)^2}{E}$ using SPSS

Test Statistics	
	17
Chi-Square	19.659 ^a
dof	2
Asymp. Sig.	.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 50.0.

(ii) Interpretation

Result: Ho is rejected, as Significance is less than 5%

Conclusion: Customers are differently influenced by each of the promotion methods, most by advertising & least by personal selling. Now according to the rule of chi-square test, therefore Ho (null hypothesis) is rejected and hence Ha is accepted. Therefore the conclusion is all four methods differently make you buy the products

With Reference to the Question No. 18

18. What are the main tasks of the advertising manager of the company?

(i) Testing the data using the chi-square test

Step 1: Stating the hypothesis;

Ho: There is no significant difference in opinion as to main tasks of advertising manager

Ha: There is significant difference in opinion as to main tasks of advertising manager

Step 2: Setting the rejection criteria; Significance level: 0.0%

Step 3 - Computing χ_{cal}^2

Q 18. What are the main tasks of the advertising manager of the company?				
	Category	Observed N	Expected N	Residual
1	Adverting budget decision	9	10.0	-1.0
2	Advertising research	2	10.0	-8.0
3	Advertising timing decision	12	10.0	2.0
4	Media planning	21	10.0	11.0
5	Setting advertising objectives	6	10.0	-4.0
Total		50		

Now applying the formula $\chi^2_{cal} = \frac{(O-E)^2}{E}$ using SPSS

	18
Chi-Square	20.600 ^a
dof	4
Asymp. Sig.	.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 40.0.

(ii) Interpretation

Result: Ho is rejected, as Significance is less than 5%

Conclusion: Customers think different promotion methods are used by companies, most think that price off Discounts are used. Now according to the rule of chi-square test, therefore Ho (null hypothesis) is rejected and hence Ha is accepted. Therefore the conclusion is there is

difference perceived by Customers as to the methods of sales promotions used by companies to push sales

With Reference to the Question No. 23

23. Which factor do you considered in choosing the medium for advertising as part of your strategic media planning?

(i) Testing the data using the chi-square test

Step 1: Stating the hypothesis;

Ho: There is no significant difference in the factors considered in choosing the medium for advertising as part of strategic media planning

Ha: There is significant difference in the factors considered in choosing the medium for advertising as part of strategic media planning

Step 2: Setting the rejection criteria; Significance level: 0.0%

Step 3 - Computing χ^2_{cal}

Q 23. Which factor do you considered in choosing the medium for advertising as part of your strategic media planning?			
Category	Observed N	Expected N	Residual
All of the above	24	8.3	15.7
Cost involved	7	8.3	-1.3
Effectiveness	6	8.3	-2.3
Medium acceptance	3	8.3	-5.3
Medium availability	4	8.3	-4.3
Medium coverage	6	8.3	-2.3
	50		

Now applying the formula $\chi^2_{cal} = \frac{(O-E)^2}{E}$ using SPSS

Test Statistics	
	23
Chi-Square	36.640 ^a
Dof	5
Asymp. Sig.	.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 46.0.

(ii) Interpretation

Result: Ho is rejected, as Significance is less than 5%

Conclusion: Customers do not perceive all the sales promotion methods to be equally effective. Note: 16 respondents who answered "others" have been excluded.

Now according to the rule of chi-square test, therefore Ho (null hypothesis) is rejected and hence Ha is accepted.

With Reference to the Question No. 24

24. What types of schedules do you use in strategic media planning?

(i) Testing the data using the chi-square test

Steps 1: Stating the hypothesis;

Ho: There is no significant difference in the types of schedules do you use in strategic media planning

Ha: There is significant difference in the types of schedules do you use in strategic media planning

Step 2: Setting the rejection criteria; Significance level: 40.6%

Step 3 - Computing χ^2_{cal}

Frequencies				
Q 24. What types of schedules do you use in strategic media planning?				
	Category	Observed N	Expected N	Residual
1	Irregular pulse	6	10.0	-4.0
2	Period pulse	12	10.0	2.0
3	Promotional pulse	8	10.0	-2.0
4	Seasonal pulse	14	10.0	4.0
5	Steady pulse	10	10.0	.0
Total		50		

Now applying the formula $\chi^2_{cal} = \frac{(O-E)^2}{E}$ using SPSS

	24
Chi-Square	4.000 ^a
Dof	4
Asymp. Sig.	.406

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 31.0.

(ii) Interpretation

Result: H_0 is accepted, as Significance is more than 5%

Conclusion: All pulses are equally used. Now according to the rule of chi-square test, H_0 (null hypothesis) is accepted and hence H_a is rejected.

(C) Conclusion

The chi square test interprets that for customers there exists a great difference in the point on which the advertisement is made and in the type of message for different customers. There is no difference in the types of schedule of media planners in strategic planning and different factors are considered by them in choosing the medium of advertising. There is different opinion about the task of the advertisement manager which depend the type of advertisement and type of customers. Hence according the above research and testing the data using chi square we conclude that the null hypothesis is rejected and hence there is need for advertising for promotion of business in present competitive situation and there is significant impact of effective advertising and media planning in achieving the advertising objectives.

6: Findings, Conclusions and Suggestions

Chapter 6: Findings, Conclusions and Suggestions

I. Findings

II. Conclusions and Suggestions

Chapter 6: Findings, Conclusions and Suggestions

I. Findings

From the analysis of the data collected following are the findings:

Part I: For Consumers of FMCG Products

1. All the customers contacted have come across advertisements regarding FMCG products.
2. Television and newspaper are main media through which customers come across advertisements.
3. Televisions, newspapers, magazines and journals are top rankers in media viewed/read by customers.
4. Medium of advertising are liked by the customers due to high quality of audio-video, clarity of message and cost involved.
5. Advertising companies focus mainly on price, benefits and compression of products in advertising messages.
6. Messages are conveyed to customers mainly regarding attributes, uses, occasions and methods of use of the products.
7. Main objective of advertising are to create awareness, remind persuade, retain customers and neutralize competition effect.
8. Most of the time favorable or one sided message are conveyed through advertising.
9. In print media attention is paid on shape and size, body and headlines, colour composition and illustration.
10. Newspaper and magazines are read more in morning and evening by customers.
11. Televisions and radio are watched listen in evening and night mainly by customers.

12. Shorter and frequent advertisements have seen mainly on electronic media, print media, trade fairs and exhibitions.
13. Longer and not frequent advertisements are come across in newspaper and posters.
14. Television, radio and newspapers are more effective media respectively to communicate to customers.
15. On the basis of role in advertising, television, newspapers and radio are ranked first, second and third respectively.

Part-II: For Media Planners of Company/Agency

16. All media planner accepted that they are facing tough completion in advertising.
17. To be more effective in advertising the companies are going for strategic planning and spending on affordable basis.
18. Main tasks of advertising managers are media planning, scheduling and budget fixation mainly.
19. In strategic planning the main objectives of advertising are to create awareness, remind persuade and retain customers.
20. While preparing message the planners pay attention on meaningful message, understanding target audience and uniqueness of products mainly.
21. For designing message the focus of planners is language, colour composition, ideas and contents.
22. Most preferred media for advertising are TV, newspapers and radio mainly according to planners.
23. For selection of media the factors considered by planners are cost, coverage, effectiveness and availability of media.
24. Mainly seasonal type of schedules are used and others period pulse and steady pulse.
25. For selection of media, reach, frequency continuity and costs are main factors considered.

26. Media planners use mainly national and specific market media plan in strategic media planning.
27. Main elements in media strategy of planners are media mix, use of media, geographical allocation and scheduling strategy.
28. Basis for fixing advertising budget is combination method is used by majority of media planners.
29. For measuring advertising effectiveness the techniques used by media planners are DAGMAR approach, pre-testing and post testing techniques. DAGMAR is main out of these techniques.
30. In advertising in FMCG sector in India, HUL, P&G and Colgate are top three ranked companies by planners.
31. Media planners have evaluated the effectiveness of strategic planning for advertising good and very good.

II. Conclusions and Suggestions

On the basis of findings of the research conclusions and suggestion are given:

1. Customers awareness regarding advertising is very high. It should be kept in mind by companies for communication purpose.
2. Use of televisions and newspapers are more planners also should use these media to reach to maximum number of viewers/readers.
3. Media are liked by customers due to their positive features. These points of high quality of audio, video, clarity of message and cost involved should be taken care of specially in advertising campaign.
4. Message needed by customers is clear message. Media planner should give message regarding attributes, prices, benefits, uses and occasions for use properly to improve effectiveness of advertising campaign.
5. Objective of advertising are more in use. The objectives should be reviewed time to time so it can contribute in target achievement effectively.

6. Mainly one sided message are given in advertising. When it is required and not harmful then two sided message should be given by the media planners.
7. In print media adverting copy attracts customers. To do so further more attention should be given on shape, size, body and headings, colour and composition etc.
8. Readers read newspapers mainly in morning and evening in a day. Media planners should focus on morning and evening both edition of the newspapers to reach to more readers with messages.
9. Television and radio are used by customers in evening and night. The planner should select schedule in these hours to communicate to more viewers/listeners.
10. Short advertisements on TV and radio, lengthy advertisement should be given in newspapers and magazines.
11. On the basis of ranking television, newspapers and radio should be more in use for effective advertising campaign.
12. Tough competition is being faced by companies in market media planners should be more careful in giving message to the customers.
13. Effectively in advertising campaign is highly expected to achieve this the planners should have proper media strategic planning and spend according o capacity.
14. Media planners are playing important role major areas of advertising. The top level management should take care of them to satisfy, motivate and retain them in the current job.
15. In preparing message media planners pay proper attention. In future they should be more careful for improvement in advertising campaign.
16. Media selection factors are proper and these should be focused more carefully by media planners. Proper selection of media would give satisfactory results.
17. Different types of schedules are being used and for selection of media all relevant factors are considered. Proper care should be taken in future to sustain progress.

18. Media plans used by the planners are as per the need and proper. It should be maintained in future too.
19. Main elements of media strategy used by planner are proper and these should be used in future without fail.
20. Importance of measuring advertising effectiveness is known to planners. In future it should be measured periodically with proper attention.
21. Techniques used for measuring advertising effectiveness are large in number proper and selective techniques are to be focus for better implementation.
22. Methods used for fixing adverting budget are adequate. Their uses should be reviewed time to time. One method may not be suitable for all times.
23. Strategic planning effectiveness is good and sincere efforts should be taken by planners to improve its result to very good and excellent.

Chapter 7: Annexure

Chapter 7: Annexure

1: Questionnaire

Part I. Customers for FMCG Products

Part II. For Medium Planners of Company/ Agency

Chapter 7: Annexure

1: Questionnaire

Note: Through this questionnaire data are collected for Ph.D research work and other than this is no other objective. The personal details of the respondents will be kept confidential.

Part-1: Customers for FMCG Products

Personal Particulars:

Name :

Age :

Sex :

Level of Income: Low/Medium/High

Q.1. Do you come across any advertisement regarding FMCG products?

(a) Yes

(b) No

(c) Cannot Say

Q.2. If yes in Q.1 then through which medium does it reach to you?

(a) News papers

(b) Magazines & journals

(c) Televisions

(d) Radio

(e) Others

Q.3. Which medium of advertising do you watch frequently? Rank them.

(a) Newspapers

(b) Magazines & journals

(c) Televisions

(d) Radios

(e) Others

Q.4. Why do you like the medium of advertising you come across frequently?

(a) Quality of audio

(b) Quality of audio-video

(c) Message clarity

(d) Effectiveness

(e) Cost involved

(f) All the above

Q.5. On which point does the advertiser give focus mainly in their message?

(a) Detailed information

(b) Functions or benefits of the product

(c) Price

(d) Availability

(e) Comparison with other products

(f) Others

Q.6. What are the messages conveyed by the advertiser to you regarding products?

(a) Kind of products

(b) People going to use the products

(c) Special attributes of products

(d) Occasions and methods of uses

- (e) Products differentiation
- (f) Consumer perception
- (g) All the above

Q.7. What are the objectives of advertisers when communicating frequently?

- (a) To create awareness
- (b) To remind customers
- (c) To persuade customers to buy
- (d) To retain customers
- (e) To neutralize competition effect
- (f) All the above

Q.8. What types of messages are given for the customers generally?

- (a) Favourable or one sided
- (b) Unfavourable or two sided during off season
- (c) No idea

Q.9. What are the main elements of the message on which focus is there in print media?

- (a) Shape and size
- (b) Body and headlines
- (c) Colour and composition
- (d) Illustration
- (e) All the above

Q.10. When do you read newspaper or magazine generally?

- (a) Morning
- (b) Afternoon
- (c) Evening
- (d) At any time

- Q.11. When do you watch TV or listen radio during the day?
- (a) 8 AM - 10 AM
 - (b) 10 AM - 4 PM
 - (c) 4 PM - 7 PM
 - (d) 7 PM – 10 PM
- Q.12. Where do you come across shorter and frequent advertisements in a day?
- (a) Print media
 - (b) Electronic media
 - (c) Trade fairs & exhibition
 - (d) All the above
- Q.13. Where do you see longer but not frequent advertisement in a day?
- (a) TV and radio
 - (b) Newspapers
 - (c) Hoardings
 - (d) Posters
 - (e) All the above
- Q.14 Which medium of advertising is more effective to communicate the consumers as per your perception?
- (a) Televisions
 - (b) Radios
 - (c) Newspapers and advertising
 - (d) All the above
- Q. 15 Which medium does play more important role in advertising? Rank them (1 to 5).
- (a) Television
 - (b) Radio
 - (c) Newspapers
 - (d) Magazines
 - (e) Hoardings

Part – II: For Medium Planners of Company/ Agency

Personal Particulars

Name :

Designation :

Experience :

Q.16. Do you feel tough competition in advertising in FMCG sector?

- (a) Yes
- (b) No
- (c) Cannot Say

Q.17. How do you neutralize the competition effect or be more effective in advertising campaign in the market?

- (a) Competition does not matter
- (b) Sending as per affordability
- (c) Strategic planning for competition
- (d) All the above

Q.18. What are the main tasks of the advertising manager of the company?

- (a) Setting advertising objectives
- (b) Adverting budget decision
- (c) Media planning
- (d) Advertising timing decision
- (e) Advertising research

- Q.19. What is the advertising objective of your strategic planning?
- (a) To create awareness
 - (b) To remind customers
 - (c) To persuade customers to buy
 - (d) To retain customers
 - (e) All the above
- Q.20. What points do you keep in mind in preparing message for target audience?
- (a) Understanding target audience
 - (b) Making meaningful message, promise and supporting promise
 - (c) Uniqueness of product
 - (d) Thinking ahead of advertisement
 - (e) All the above
- Q.21. Which factor do you focus in designing message for advertisement?
- (a) Language of audience
 - (b) Unique and strong ideas
 - (c) Contents
 - (d) Colour and composition
 - (e) All the above
- Q.22. Which medium do you prefer for advertising purpose?
- (a) TV
 - (b) Radio
 - (c) Newspaper & magazines
 - (d) Hoardings
 - (e) Tradefairs & exhibition
 - (f) Any other

- Q.23. Which factor do you considered in choosing the medium for advertising as part of your strategic media planning?
- (a) Cost involved
 - (b) Medium coverage
 - (c) Medium availability
 - (d) Medium acceptance
 - (e) Effectiveness
 - (f) All the above
- Q24. What types of schedules are used in strategic media planning?
- (a) Steady pulse
 - (b) Seasonal pulse
 - (c) Period pulse
 - (d) Irregular pulse
 - (e) Promotional pulse
- Q.25. What factors do you consider for selection of advertising sehedule?
- (a) Reach
 - (b) Frequency
 - (c) Continuity
 - (d) Cost
 - (e) All the above
- Q.26. What type of media plan do you use in your strategic media planning?
- (a) National plan
 - (b) Key market plan
 - (c) Skim plan
 - (d) All the above
- Q.27. What are main elements of your media strategy?
- (a) Media mix
 - (b) Use of media

- (c) Geographic allocation
 - (d) Scheduling strategy
- Q.28. What are the bases for fixing the advertising budget as part of your strategic planning?
- (a) Affordable method
 - (b) Percentage of sales
 - (c) Competition parity
 - (d) Objectives and tasks method
- Q.29. How do you measure the effectiveness of advertising under your strategy?
- (a) DAGMAR approach
 - (b) Post testing techniques
 - (c) Pre-test advertising techniques
 - (d) All the above
- Q.30. On the basis of your knowledge and experience, which company is leader in the market in advertising? Rank them
- (a) HUL
 - (b) P&G
 - (c) Colgate
 - (d) Nestle
 - (e) Emami
 - (f) Nirma
- Q.31. How do you evaluate the effectiveness of strategic planning for advertisement of company?
- (a) Excellent
 - (b) Very good
 - (c) Good
 - (d) Average
 - (e) Poor

Chapter 8: Bibliography

Chapter 8: Bibliography

8.1: Reference Books

8.2: Newspapers

8.3: Journals

8.4 Web Sites

8: Bibliography

8.1: Reference Books

Marketing Research

1. Beri G.C, Marketing Research, 4th Edition, 2008, TMH, New Delhi.
2. Boyd, Harper W. Junior, Westfall, Ralph and Stasch, Marketing Research Text and Cases, Richard D. Irwin Inc, Homewood, Illinois.
3. Burns, Bush, Marketing Research, 5th Edition, 2007, Pearson Pub, New Delhi.
4. Churchili, Lacobucci, Marketing Research, 9th Edition, 2009, Cengage, Australia.
5. Cooper, Schindler, Marketing Research, 1st Edition, 2006, TMH, New Delhi.
6. Easwaran, Singh, Marketing Research, 1st Edition, 2007, Oxford, New Delhi.
7. Easwaran, Singh, Marketing Research: Concepts Practices and Cases, 1st Edition, 2006, Oxford.
8. Green and Tull, Research for Marketing Decisions, Fifth edition, Prentice Hall of India, New Delhi.
9. Gupta S.L, Marketing Research, 1st Edition, 2007, Excel Books, New Delhi.
10. Gupta S.L, Marketing Research, 1st Edition, 2006, Excel Books, New Delhi.
11. Hair, Bush & Ortinau, Marketing Research, 3rd Edition, 2007, TMH, New Delhi.
12. Kumar V, International Marketing Research, 1st Edition, 2007, PHI, New Delhi.
13. Luck, Wales, Taylor DA and Rubin, Marketing Research, 7th Edition, 2007, PHI, New Delhi.
14. Malhotra Naresh K, Marketing Research: Applied Orientation, 5th Edition, 2007, Pearson Pub, New Delhi.
15. Mishra M.N, Modern Marketing Research, 1st Edition, 2005, Himalaya Pub, Mumbai.
16. Nair Suja, Marketing Research, 1st Edition, 2007, Himalaya Pub. Mumbai.
17. Nargundakar, Rajendra, Marketing Research: Text and Cases, 2007, TMH, New Delhi.
18. Sontakki C.N, Marketing Research, 1st Edition, 2006, Himalaya Pub, Mumbai.
19. Sumathi, Saravanavel, Marketing Research & Consumer Behavior, 1st Edition, 2007, Vikas, New Delhi.

20. Suresh K, Marketing Research: Approach & Application, 1st Edition, 2005, ICFAI, Hyderabad.
21. Tull, and Hawkins, Marketing Research, 6th Edition, 2008, PHI, New Delhi.
22. Zikmund, Babin, Essentials of Marketing Research, 3rd Edition, 2007, Thomson, Australia.

Advertising and Sales Promotion

1. Arens Willam F, Contemporary Advertising, 10th Edition, 2008, TMH, New Delhi.
2. Batra, Myers & Aaker, Advertising Management, 1st Edition, 2006, PHI, New Delhi.
3. Batra, Myers & Aaker, Advertising Management, 5th Edition, 2007, Pearson, New Delhi.
4. Batra, Myers & Aaker, Advertising Management, 5th Edition, 2008, Pearson, New Delhi.
5. Chatterjee Sabyasachi, Media and Advertising Management, 1st Edition, 2006, ICFAI, Hyderabad.
6. Chunawala S.A, Sethia K.C, Foundations of Advertising: Theory and Practice, 6th Edition, 2007, Himalaya Pub, Mumbai.
7. Chunawala S.A, Advertising Sales and Promotion Management, 3rd Edition, 2008, Himalaya Pub, Mumbai.
8. Chunawala S.A, Advertising Sales and Promotion Management, 2nd Edition, 2006, Himalaya Pub, Mumbai.
9. Clow, Baak, Integrated Advertising Promotion and Marketing Communications, 3rd Edition, 2007, Pearson Pub, New Delhi.
10. Duncan Tom, Principles of Advertising & IMC, 2nd Edition, 2006, TMH, new Delhi.
11. Jain, Singh, Modern Advertising Management, 1st Edition, 2007, Regal, New Delhi.
12. Jefkins, Yadin, Advertising, 4th Edition, 2009, Pearson Pub, New Delhi.
13. Jethwaney, Jain, Advertising Management, 1st Edition, 2006, Oxford, New Delhi.
14. Kazmi, Batra, Advertising & Sales Promotion, 1st Edition, 2007, Excel Books, New Delhi.

15. Kelley, Jugenheimer, Advertising Media Planning: A Brand Management Approach, 1st Edition, 2008, PHI, New Delhi.
16. Mishra M.N, Sales Promotion and Advertising Management, 2nd Edition, 2004, Himalaya Pub, Mumbai,
17. Mohan Mahendra, Advertising Management: Concepts and Cases, 28th Edition, 2008, TMH, New Delhi.
18. Mohan Mahendra, Advertising Management: Concepts and Cases, 1st Edition, 2007, TMH, New Delhi.
19. Oguinn, Allen & Semenik, Advertising & Integrated Brand Promotion, 4th Edition, 2009, Cengage, Australia.
20. Rajput, Vasishth, Advertising & Personal Selling, 1st Edition, 2008, Himalaya Pub, Mumbai.
21. Sarathay Parthav, Changing Face of Advertising, 1st Edition, 2005, ICFAI, Hyderabad.
22. Sarathy Partha, Advertising Agencies, 1st Edition, 2006, ICFAI, Hyderabad.
23. Sharma, Singh, Advertising: Planning and Implementation, 2nd Edition, 2008, PHI, New Delhi.
24. Shimp Tarence, Advertising and Promotion: An IMC Approach, 4th Edition, 4th Edition, 2008, Cengage, Australia.
25. Stafford, Faber, Advertising Promotion and New Media, 1st Edition, 2006, PHI, New Delhi.
26. Suresh, Advertising: Innovative Media Options, 1st Edition, 2006, ICFAI, Hyderabad.
27. Wells, Woriarty & Burnett, Advertising: Principles and Practice, 7th Edition, 2008, Pearson Pub, New Delhi.

Research Methodology

1. Bhattacharyya, Research Methodology, 2nd Edition, 2006, Excel Books, New Delhi.
2. Donald R Cooper and Pamela S Schindler, Business Research Methods, Tata MacGraw Hill, 2007, New Delhi.
3. Kothari C.R, Research Methodology: Methods & Techniques, 2nd Edition, 2009, New age, New Delhi.

4. Krishnaswamy, Sivkumar & Mathirajan, Management Research Methodology, 2nd Edition, 2008, Pearson Pub, New Delhi.
5. Mohan, Elangovan, Research Methodology in Commerce, 1st Edition, 2007, Deep & Deep, New Delhi.
6. Narsh Malhotra, Marketing Research: An applied Orientation, Pearson Education, Fourth edition, 2004. New Delhi.
7. Panneerselvam R, Research Methodology, 6th Edition, 2008, PHI, New Delhi.
8. Rao KV, Research Methods for Management and Commerce, Sterling.
9. Wilkinson Bhandarkar, Methodology and Techniques of Social Research, Himalaya Publishing House, Mumbai.
10. Uma Shekaran, Research Methods for Business, Wiley Publications.

Marketing Management

1. Appannaiah, Reddy & Ramanath, BBM Marketing Management, 1st Edition, 2006, Himalaya Pub, Mumbai.
2. Bose Biplab S, handbook of Marketing Management, 1st Edition, 1998, Himalaya Pub, Mumbai.
3. Czinkota, Kotabe, Marketing Management, 1st Edition, 2007, Thomson, Australia.
4. Dhunna Mukesh, Marketing Management: Text and Cases, 1st Edition, 2005, Wisdom, New Delhi.
5. Gaur, Saggere, Event Marketing Management, 2nd Edition, 2007, Vikas, New Delhi.
6. Gavindarajan M, Marketing Management, 1st Edition, 2007, Vikas, New Delhi.
7. Govindarajan M, Industrial Marketing Management, 2nd Edition, 2007, Vikas, New Delhi.
8. Govindrajana M, Marketing Management: Concepts, Cases, Challenges & Trends, 2nd Edition, 2007, PHI, New Delhi.
9. ICFAI, Case Studies in Marketing Management, 1st Edition, 2001, ICFAI, Hyderabad.
10. ICMR, Fundamental of Marketing Management, 1st Edition, 2004, ICMR, Hyderabad.
11. ICMR, Fundamental of Marketing Management Workbook, 1st Edition, 2004, ICMR, Hyderabad.

12. ICMR, Marketing Management, 1st Edition, 2004, ICMR, Hyderabad.
13. ICMR, Strategic Marketing Management, 1st Edition, 2002, ICMR, Hyderabad.
14. ICMR, Strategic Marketing Management Workbook, 1st Edition, 2004, ICMR, Hyderabad.
15. Jain, Singh, Modern Marketing Management: Principles and Techniques, 1st Edition, Regal Pub, New Delhi.
16. Jayachandran S, Marketing Management: Text and Cases, 1st Edition, 2006, Excel Books, New Delhi.
17. Karunakaran K, Marketing Management: Text and Cases in Indian Context, 1st Edition, 2007, Himalaya Pub, Mumbai.
18. Kazmi S H H, marketing Management: Text and Cases, 1st Edition, 2007, Excel Books, New Delhi.
19. Keegan Warren, Global Marketing Management, 7th Edition, 2008, Pearson Pub, New Delhi.
20. Kotler and Other, Marketing Management, 12th Edition, 2007, Pearson Pub, New Delhi.
21. Kotler Philip, Framework for Marketing Management, 2nd Edition, 2006, Pearson Pub, New Delhi.
22. Kotler, Keller, Framework for Marketing Management, 3rd Edition, 2008, Pearson Pub, New Delhi.
23. Kotler, Keller, Marketing Management, 12th Edition, 2007, Pearson Pub, New Delhi.
24. Kotler, Keller, Marketing Management, 12th Edition, 2006, Pearson Pub, New Delhi.
25. Kotler, Keller, Marketing Management, 13th Edition, 2008, PHI, New Delhi.
26. Kumar, Meenakshi, Marketing Management, 1st Edition, 2006, Vikas, New Delhi.
27. Lal, Quelch & Rangan, marketing management: Text, and \cases, 1st Edition, 2007, TMH, New Delhi.
28. Lee, Carter, Global Marketing Management, 1st Edition, Oxford, New Delhi.
29. Mathur V S, Strategic marketing Management: Text and Cases, 1st Edition, 2006, Macmillan, New Delhi.
30. Mukund, Dutta, Marketing Management, 1st Edition, 2003, ICFAI, Hyderabad.

31. Panda Tapan, Marketing Management: Text and Cases, 1st Edition, 2007, Excel Books, New Delhi.
32. Parikh, Radhakrishna, Marketing Management, 12th Edition, 2007, Pearson Pub, New Delhi.
33. Rajagopal, Marketing Management: Text and Cases, 1st Edition, 2007, Vikas, New Delhi.
34. Ramaswamy, Namakumari, Marketing Management: planning, Implementation & Control, 3rd Edition, 2007, Macmillan, New Delhi.
35. Rudani R. B, Basic of Marketing Management, 1st Edition, 2009, S.Chand, New Delhi.
36. Saxena Rajan, Marketing Management, 3rd Edition, 2007, TMH, New Delhi.
37. Saxena Rajan, Marketing Management, 15th Edition, 2009, TMH, New Delhi.
38. Sherlekar S.A, marketing Management, 13th Edition, 2007, Himalaya Pub, Mumbai.
39. Sherlekar S.A, marketing Management, 13th Edition, 2008, Himalaya Pub, Mumbai.
40. Sherlekar, Sherlekar, Global Marketing Management, 1st Edition, 2002, Himalaya Pub, Mumbai.
41. Sherlekar S.A, Marketing Management, 13th Edition, 2007, Himalaya Pub, Mumbai.
42. Winer Russell, Marketing Management, 3rd Edition, 2007, Pearson Pub, New Delhi.

Indian Economy

1. Ahluvalia Montek S, State Level Performance under Economic Reforms in India, 2002, Oxford, New Delhi.
2. Ahuja H.L, Economics: Micro Economics, Indian Macroeconomic Environment, 1st Edition, 2005, S.Chand, New Delhi.
3. Byres Terence J, The Indian Economy Major Debates since Independence, 1998, Oxford, New Delhi.
4. Byres Terence J, The State Development Planning and Liberalization in India, 1996, Oxford, New Delhi.
5. Chakravarty S, Reflections on the Growth Process in the Indian Economy, 1977, TMH, New Delhi.

6. Chakravarty Sukhamoy, Development Planning the Indian Experience, 1987, Oxford, New Delhi.
7. Chandrasekhar C.P, The Market that Failed: A Decade of Neoliberal Economics Reforms in India, 2002, Leftword, New Delhi.
8. Chatopadhyay Manabendu, Planning and Economic Policy in India Evaluation and Lessons for the Future, 1996, Sage, New Delhi.
9. Dutta, Sundharam, Indian Economy, 58th Edition, 2008, S.Chand, New Delhi.
10. Frankel Frankin R, India's Political Economy 1947-2004, 2005, Oxford, New Delhi.
11. Govt. of India, Second Five Year Plan, 2nd Edition, 1956, Planning Commission, New Delhi.
12. Govt. of India, Tenth Five Year Plan, 10th Edition, 2003, Planning Commission, New Delhi.
13. Jalan Bimal, The Indian's Economy: Problems and Prospects, 1992, Viking, New Delhi.
14. Jalan Bimal, India's Economic Crisis, 1991, Oxford, New Delhi.
15. Jalan Bimal, India's Economic Policy, 1996, Viking, New Delhi.
16. Joshi Vijay, Little I.M.D, India's Economic Reforms 2001, 1996, Oxford, New Delhi.
17. Kabra Kamal Nayan, Development Planning in India, 1997, Sage, New Delhi.
18. Kurien C.T, Poverty, Planning and Social: Transformation, 1978, Allied, Bombay.
19. Kurien C.T, Reconciling Growth and Social Justice, 1986, Oxford, New Delhi.
20. Kurien C.T, Economic Reforms and the People, 1996, Madhyam Books, New Delhi.
21. Misra, Puri, Indian Economy, 25th Edition, 2007, Himalaya Pub., Mumbai.
22. Mungekar, Nachane & Rao, Indian Economy in the New Millennium, 1st Edition, 2003, Himalaya pub., Mumbai.
23. Nayyar Deepak, Economic Liberalization in India, Annalistic, Experience and Lessons, 1996, Orient Longman, Calcutta.
24. Rao Janardhtan, India: An Emerging Economic Powerhouse, 1st Edition, 2005, ICFAI, Hyderabad.
25. Sivayya, Das, Indian Industrial Economy, 1st Edition, 2004, S.Chand, New Delhi.

8.2: Newspapers

1. Economic Times
2. Times of India
3. Business Standard
4. Financial Express
5. Indian Express
6. The Hindu
7. The Hindu
8. DNA
9. Navabharat Times
10. Hindustan Times
11. Gujarat Samachar
12. Mint (Hindustan Times)

8.3: Journals

- 1 Bulletin of Economic Research
- 2 Business to Business
- 3 Environmental Ethics
- 4 Foreign Affairs
- 6 International Journal of Management
- 7 Journal of Consumer Research
- 8 Strategic Entrepreneurship Journal
- 9 Strategy & Business
- 10 Harward Business Review
- 11 Indian Journal of Marketing
- 12 Journal of Scientific and Industrial Research
- 13 Sales & Marketing Management
- 14 Vikalpa
- 15 Indian Management
- 16 Marketing Mastermind
- 17 Journal of Consumer behavior
- 18 Business World
- 19 Seminar
- 20 4Ps Business Marketing
- 21 Marketing Management News

8.4: Web Sites

Economy and Indian Economy

1. www.investopedia.com
2. www.investorguide.com
3. mapsofindia.com
4. www.india.tm
5. cnx.org
6. www.worldeconomies.co.uk
7. economictimes.indiatimes.com
8. www.theworldeconomy.org
9. www.economywatch.com
10. en.wikipedia.org
11. business.mapsofindia.com
12. www.theodora.com
13. www.mapsofindia.com
14. www.economywatch.com
15. www.answerbag.com
16. www.olympiadesmaths.org
17. www.thinkquest.org
18. en.wikipedia.org
19. business.mapsofindia.com
20. business.mapsofindia.com
21. ezinearticles.com
22. radicalnotes.com
23. www.indiadata.com
24. www.icmrindia.org
25. www.equitymaster.com
26. www.sportzpower.com
27. www.ibef.org
28. www.naukrihub.com
29. www.stockmarketsreview.com
30. www.tamilnow.com
31. www.chillibreeze.com
32. www.naukrihub.com
33. www.managementparadise.com
34. www.stockmarketsreview.com
35. www.naukrihub.com
36. www.mbapundit.com
37. www.managementparadise.com
38. www.guwahatiyp.com

Marketing and Advertising

1. www.Answer.com
2. www.hyperdictionary.com
3. www.excellentguru.com
4. www.directessays.com
5. en.wikipedia.org
6. www.yourdictionary.com
7. managementhelp.org
8. www.blurtit.com
9. advertisingadvice.blogspot.com
10. e-library.net
11. www.wspromotion.com
12. www.knowthis.com/
13. www.buzzle.com
14. www.knowthis.com
15. www.mbaknol.com
16. www.blurtit.com
17. advertising.indiabizclub.com
18. www.buzzle.com
19. hubpages.com
20. tools.devshed.com
21. ezinearticles.com
22. www.mbaknol.com
23. www.optaros.com
24. ezinearticles.com
25. adland.tv
26. www.seriworld.org
27. www.ehow.com
28. www.smallbusiness-marketing-plans.com
29. www.inpex.com
30. www.bmcommunications.com
31. www.nku.edu
32. www.blurtit.com
33. firealarmmarketing.com
34. www.articlesbase.com
35. www.management-hub.com
36. answers.yahoo.com
37. ezinearticles.com
38. www.facebook.com
39. en.wikipedia.org
40. www.seocorporation.net
41. www.wisegeek.com
42. ezinearticles.com
43. ayushveda.com
44. www.yadvertisingblog.com
45. www.allbusiness.com
46. www.mbanotesworld.in
47. www.basimsalim.com
48. kalyan-city.blogspot.com
49. drypen.in
50. www.24dunia.com
51. www.missionpossible.co.uk
52. www.zeromillion.com
53. www.mbaguys.net
54. www.knowthis.com
55. www.businessdictionary.com
56. en.wikipedia.org
57. www.smalltownmarketing.com
58. www.weblinx.co.uk
59. www.answers.com
60. tutor2u.net
61. www.knowthis.com
62. www.grokdotcom.com
63. hubpages.com/topics
64. www.allbusiness.com
65. www.mbaknol.com
66. upstartagent.com
67. www.mira-vlach.com
68. searchwarp.com
69. www.marcusinc.com
70. ezinearticles.com
71. www.buzzle.com
72. www.knowthis.com
73. www.ehow.com
74. www.contentwriter.in
75. www.articlesbase.com
76. www.bestindiansites.com

77. www.indiantelevision.com
 79. www.mediasarkar.com
 80. www.bloomberg.com
 81. www.about.com
 82. www.fastcompany.com
 83. advertisinginindia.wordpress.com
 84. www.adoimagazine.com
 85. en.wikipedia.org
 86. www.citeman.com
 87. www.chanimal.com
 88. www.mta75.org
 89. ezinearticles.com
 90. en.wikipedia.org
 91. www.medialit.org
 92. www.ladyluckmedia.co.uk
 93. ezinearticles.com
 94. www.insideselfstorage.com
 95. www.gaebler.com
 78. www.manpowerindia.net
 96. searchengineland.com
 97. www.megaessays.com
 98. www.businessdictionary.com
 99. www.managementparadise.com
 100. www.buzzle.com
 101. www.articleswave.com
 102. www.businessmantra.net
 103. www.mba-tutorials.com
 104. www.knowthis.com
 105. www.ehow.com
 106. www.mbaknol.com
 107. www.adbrands.net
 108. indiatoday.intoday.in
 109. www.warc.com
 110. in.answers.yahoo.com
-