

STUDY MATERIAL OF SEMESTER III HONOURS- PAPER- C7 (ADVERTISING AND PUBLIC RELATIONS)

Advertising Appropriation :

Advertising appropriation is the amount of money or budget which is kept aside for marketing / advertising for a specified time period by an organization. Advertising appropriation is an important aspect of marketing and advertising, so that better planning can be done with the allocated funds. There are numerous ways in which advertising appropriation amount can be allocated.

It can be allotted based on certain parameters like a certain percentage of revenues or sales. However, this is not a very definite way of allocating funds as fluctuations in sales or revenues can adversely affect the advertising appropriation.

The terms 'budget' and 'appropriation' are very often used interchangeably as if they are having the same meaning. However, there is fine technical difference between the two. An 'Advertising appropriation' is the total amount granted or earmarked by the top management for advertising.

Such sum is arrived at by arbitrary calculations based on guesswork. On the other hand, 'advertising budget' is one that is divided into amounts set aside for specific activities.

These separate figures together makeup an advertising appropriation. Budgeting suggests planning the size of the appropriation on the basis of specific advertising objectives and the cost of attaining them. Thus, advertising appropriation is that part of company's communication budget which is to be spent or say invested on media, men and other ancillary services so as to communicate the message to target consumers impersonally.

The size of appropriation:

there is no magic formula to arrive at the right amount of advertising expenditure to be defrayed. The total amount of appropriation is the biggest question to be answered each year by the advertising manager. There is no precise answer as to what should be the size of the advertising budget.

However, determination of the appropriate advertising outlay is essential for the development of creative media strategies because, in a large measure the tempo and the tenor of the ad campaigns depend on how

much is available for advertising. There are several factors that form the basis for arriving at the advertising budget and its size.

Factors affecting budget decisions:

1. A stage in the product life cycle-new products requires large advertising budgets to build brand awareness in comparison to established brands.
2. Market share and consumer base- High market share brands need less ad expenditure as a percentage of sales to maintain share
3. Competition and clutter- in a market with high competition, a brand must advertise heavily to get heard. Cluttering of advertisements confuse the customers and make them forget your brand easily.
4. Advertising frequency- the number of times the ad is displayed puts an impact on the advertising budget
5. Product substitutability- Brands belonging to less- differentiated or commodity-like product classes need heavy advertising to establish a unique image.

Most important factors governing the size of the budget are:

1. The objectives to be attained.
2. The coverage expectations.
3. The product class.
4. The stage of the product life-cycle.
5. The prevailing economic conditions.
6. The age of the company.
7. The size of the company.

8. The funds available.

9. The competitive activities.

10. The approach to advertising.

Methods of advertising appropriations:

There are number of methods which companies apply to decide upon their advertising appropriation policy. Some of the important methods used are listed below:

1. Affordable method-

One of the methods is to find out what the company can afford in a given business situation. However, according to this method, advertising opportunities are usually overlooked because the advertising expenses are considered to be unaffordable.

Example- for a start-up company, investing in advertising would cost a lot.

2. Percentage of Sales method-

The advertising spend can be some percentage of the sales revenue of the company.

3. Percentage of Profit method-

The ad spent percentage is related to profits instead of sales, wherein profit provides even more assurance than sales.

4. Competitive parity method-

The method takes the total budget to be allocated for advertising to be at par with hat of competitors to prevent any price wars.

5. Returns on Investment method-

In this method, all the profits generated by advertising are compared with the cost of the funds and a proportional ad budget is decided.

6. Objectives and tasks method-

Advertising objectives are decided upon for the coming budget period and all the costs that would be incurred for achieving these objectives are calculated in terms of the tasks to be performed.

[8:47 pm, 21/02/2023] Asgar 118: Relation between marketing and advertising

Marketing is the systematic planning, implementation, and control of business activities to bring together buyers and sellers. Marketing encompasses a range of activities to sell a product or service. Advertising is just one aspect of marketing strategy — it is a paid, public, persuasive message by an identified sponsor. The purpose of advertising is the non-personal promotion of a business's products or services. The approach is unique to that product or service.

The focus of advertising is to make repeat or potential new customers aware of an individual product or service, while the focus of marketing encompasses the overall picture to promote, distribute, and price products or services.

An example of the relat...

[8:47 pm, 21/02/2023] Asgar 118: What Is Advertising

Advertising is a business practice where a company pays to place its messaging or branding in a particular location. Businesses leverage advertising to promote their products and services for sale as well as establish corporate culture and branding. When employed properly and strategically, advertising can drive customer acquisition and boost sales.

Advertising establishes a one-way channel of communication, where companies can broadcast non-personal messaging to a general audience. Unlike other types of marketing or even public relations, companies have total control over advertising. When a company pays to place an ad, it has complete control over how the content involved is promoted.

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Relation between marketing and advertising :

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An example of the relationship between marketing and advertising management can be seen in an illustration of various marketing tactics in relation to the use of advertising management. A popular marketing tactic is to put goods or services on sale. The sale may be a reduction of the normal price of the good or service by a stated percentage. Such a sale or price reduction must be communicated to the consumers. Through the use of various advertising mediums, the company can spread the word or create an awareness of the sale. This ad may be in the form of bright sale signs in the front of shops, through catalogs or weekly newsletters, through the Internet, through the radio or through the television. The process of getting the word about the marketing tactic out is advertising management.

Another relationship between marketing and advertising management can be seen in the use of advertising to promote other types of marketing tactics. For example, advertising can be used to promote a raffle drawing or a promotion offering a cash prize for fulfilling a stated condition, which is a part of the marketing strategy. Advertising may also be used to promote offers like the buy-one-get-one-free marketing tactic. Managing the use of advertising to promote these marketing tactics involves such decisions as to the type of medium to use, how much the advertising budget will be, and the frequency with which the advertisement will run.

The consideration of the amount of the budget in marketing and advertising management involves such factors like whether to air a television advert during prime time and whether to use expensive popular actors and actresses. The choice of the scope of the television advert production matters as well because using expensive producers and directors, lots of extras, and securing a location for the advert means more money. For print adverts, the decision to take out an expensive colored front-page ad, take a center spread, or take a less expensive alternate page is part of advertising management.

Key Differences Between Marketing and Advertising:

The difference between marketing and advertising is given as follows.

1. Advertising is marketing, but Marketing is not advertising.

The product, Price, Promotion, Place, People, Process are the six major aspects of Marketing. Promotion is the major aspect of Advertising.

2. Marketing is done with the intent of increasing sales while Advertising is done with the objective of inducing customers.

3. Marketing focuses on creating a market for the product, and building reputation whereas advertising focuses on seeking public attention.

4. Marketing is a long-term process. On the other hand, advertising is a short term process.

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There are countless benefits to a successful advertising campaign. In common practice, businesses can leverage advertising to:

Educate customers on the nature of products or services.

Convince customers that products or services are superior.

Improve customer perception of brand or culture.

Generate customer need or want for products or services.

Exhibit new applications for products or services.

Publicize new products or services to potential customers.

Attract new customers to purchase products or services.

Retain the existing customer base.

Taken as a whole, companies that dedicate resources to advertising can reap many valuable benefits. In order to achieve those benefits, many businesses engage in one, or several, of the common types of advertising explained below.

Public Relations and allied Disciplines :

In order to represent the client in the best manner possible, public relations has to cover a wide range of areas. All communication with the target audience and media can be carried out by a single PR specialist but the profession is getting increasingly specialised. According to the areas covered, the following PR disciplines are :

Financial PR :

Like its name suggests, it is focused on financial matters including investments, disclosure agreements, takeovers, adherence to government regulations, etc. Due to the complexity of the financial matters, financial PR often includes a staff of lawyers who present the client's financial matters in a way that creates and maintains a positive perception of the client in the public. Rather than with the general public, the financial PR is usually specialised in communication with the media, stockholders, businesses and the investor community.

Consumer PR :

This PR discipline is specialised in presentation of products or service with an aim to attract publicity and make them attractive to the target consumer audience. Although consumer PR in a way helps promote particular products/services and subsequently increase the sales, it has little in common with marketing.

Crisis communication :

PR services are especially sought after in crisis situations in which PR specialists are often the best "lawyers". The goal of crisis PR specialists is to get the situation under control in a way that causes minimal damage to the client in terms of public image and reputation. In order to prevent the client from losing good reputation, crisis PR requires excellent communication skills in order to tell the other side of the story and change the public opinion. Crisis communication PR methods may also include spin which, in contrary to the common perception, does not always include deceit or manipulation of the public opinion.

Government PR :

It refers to a discipline of PR which is specialised in engaging with the government bodies with an aim to influence policy making. The methods and tools used also include lobbying but the latter is not enough to win the support of the politicians for a particular position. Government relations should not be confused with government communication which refers to communication between the government and the public.

Internal PR :

This PR discipline is focused on communication within the company or organisation. Most organisations that utilise internal PR usually have their own PR departments with staff who undertake MSP training for the MSP exam which make sure that relevant information is communicated to the employees on time.

Public Relations and publicity :

Public relations is the management of relationships and communication to establish goodwill and mutual understanding between an organization and its public. Public relations is more wide ranging than marketing which primarily focuses on markets, distribution channels and customers.

Marketers primarily focus on customers and distributors but needs and interests of other groups such as those of employees, shareholders, local community, media, government and pressure groups are also important.

By communicating to other groups, public relations creates an environment in which it is easier to conduct marketing. Public relation activities include publicity, corporate advertising, seminars, publications/ lobbying and charitable donations.

A company has to understand the importance of stakeholders other than its customers, suppliers and channel partners. A company's very existence as a business entity will be in jeopardy if these stakeholders do not have positive perceptions of the company. For instance, it will not be allowed to set up its factories and offices if it has antagonized the community in which the business is to be set up. Public and banks would not finance its operation if it lacks credibility.

Aggrieved media and pressure groups can berate the company to the extent that its suppliers and other partners would not want to do business with it. And all these stakeholders shape customer's opinion to some extent. In sum, a company would find it impossible to do business if its major stakeholders are aggrieved with it, even if the company has a very good product and marketing program in place.

A company has to be deliberate in managing its relationship with its important stakeholders. It cannot assume that its good practices will ensure good public relations. It has to research the interests and expectations of various stakeholders and serve them. It will be fatal to equate public relations with good corporate communication.

For maintaining a good relationship with important stakeholders, the company has to first serve their interests and then communicate to them that their interests are being served in particular ways. Focusing exclusively on communications would make the whole exercise a gimmick and the stakeholders will see through the facade. Public relations is as real as any other marketing activity, i.e. it is based on achieving something substantial for the stakeholders.

Public relations is a growth area as marketing has recognized its power and value. Increased advertising cost has led to exploration of more cost effective communication channels.

Publicity:

A major element of public relations is publicity. It implies communication about a product or organization by the placing of news about it in the media without paying for time and space directly.

Though a company can manage to get talked about in the media without doing anything which is newsworthy, it will not help its cause if the readers or the viewers do not find the story about the company stimulating enough to take a note of it and register it in their minds. A big portion of the publicity budget is spent on maintaining relations with media with the hope that the media will feature the company more frequently and prominently.

the company should expend its resources in staging events, building associations, and doing other things depending upon the type of business the company is in, that the public would be genuinely interested in knowing about.

Savvy companies know the triggering points of public and the media attention and conduct themselves in a manner that invites the attention of the public and media. Their publicity endeavor does not end with courting the media. Media, anyway, will carry the stories that its readers and viewers will want to read and view.

Tasks of Publicity Department:

Responding to requests from media which requires availability of well organized information of the company.

Supplying the media with information on events and occurrences relevant to the organization. This requires developed internal communication channels and knowledge of the media.

Stimulating the media to carry the information and viewpoint of the organization. This requires creative development of ideas, developing close relationships with media people and understanding their needs and motivations.

Characteristics of Publicity:

One important task is to supply information to important stakeholders. Information dissemination may be through news releases, news conferences, interviews, feature articles, seminars and conferences. Publicity has five important characteristics:

Credible message: The message has a higher credibility than advertising as it appears to have been written independently by a media person than by an advertiser. Because of the high credibility it is more persuasive than a similar message in an advertisement.

No media cost: Since space or time in a media is not bought, there is no direct media cost; but someone has to write the news release, take part in interviews or organize the news conference. This may be organized internally by a press officer or publicity department or externally by a public relations agency.

Loss of control of publication: Unlike advertising there is no guarantee that the news item will be published. The decision is in the hands of the editor and not with the organization. A key factor is whether the item is judged to be newsworthy. The item must be distinctive in the sense of having news value. The topic of the news item must be of interest to the publication's readers.

Corporate Relations :

A corporate relations specialist handles promotions and public relations for a company. Corporate relations specialists write and edit press releases, arrange interviews of key company personnel and work with other departments to provide information and market about their company. They mostly attempt to place a positive spin on their business but sometimes also have to work on putting out fires.

Corporate relations specialists, sometimes referred to as public relations specialists, work in a variety of industries. They deal primarily with print and broadcast journalists, assisting reporters getting the word out about their corporation or, in some cases, fending off reporters when the corporation wants to keep certain information confidential. Corporate relations specialists help design their company's website, distribute press credentials and guest passes to events, and announce company landmarks via written release, many of which they distribute via email.

Skills :

Corporate relations specialists must be skilled verbal communicators and possess strong writing and editing skills. They often act as a spokesperson for their corporation and therefore must maintain the professionalism and poise that comes with the job. They should be courteous, confident, organized and even energetic, since they often have to portray a positive, upbeat attitude when interacting with members of the press. On top of these qualities, corporate relations specialists will likely need to exhibit strong computer skills and at least a basic understanding of design.

Organizations need to keep all their audiences informed. They need to communicate benefits and workplace procedures to employees. They need to introduce new products and announce price reductions to customers. And they have to market their brand to the public and let the media know about their good-citizen activities in the community. Corporate communication and one of its functions, public relations, are tools for meeting these challenges.

Corporate communication is a blanket term for various functions that organizations use to inform, educate and engage internal and external audiences. Company heads use communication strategies to raise productivity or expand the market share of goods or services. Communication plans also help companies heighten brand recognition and meet social responsibility obligations to the community. To fulfill these and other strategic goals, organizations rely on writers, graphic designers, marketers, photographers, event planners, media specialists and crises handlers. Public relations is a corporate communication function, along with employee messaging, marketing and investor, government and media relations. Internal audiences are employees, directors and stockholders. External audiences include customers, print and electronic media, industry regulators, state, federal and local governments, business and civic associations, academic institutions and other organizations.

What is House Journal? How PR help in bring out a House Journal?

A house journal is a selective media and we can identify the audience who received it or not. The target audience is identifiable in this case. In other mass media, it is difficult to know whether or not the target audience has read, seen or listened to a message.

House journals can be Internal, External and combination of both internal and external. The internal journal is meant for internal public's mainly employees.

The external house journal is meant for external public's like dealers, shareholders or consumers. The external house journals can also be meant for employees as well as external public's.

An internal house journal serves as an important connection between a management and the employees.

In a large corporation, a house journal reaches employees belonging to different disciplines, cadres and interests. It bridges the gap and creates a fellow-feeling among them.

The PR department is generally responsible for bringing out the house journal. Editorial policy of the journal must be approved from the management.

The house journal reflects whether the organization is an open or a closed one. In a closed organization, there will be a one-way channel of communication. It does not take into account the views of employees.

Such journal generally covers the views of top executives mainly the Chief Executive Officer or Managing Director. In an open company, the journal also covers the views of employees.

Employees get an opportunity to put forth their point of view. The journal becomes a two-way communication in an open company.

PR cell Steps to bringing out a successful house journal:

Planning: At this stage, a concept that best serves the objectives of the company has to be developed including the format, size and periodicity. Plan all these keeping in view the objective, target audience and the budget. Get approved of all these by the management.

Organizing: After the management's approval, organize staff members to proceed with the task. A detailed schedule for writing/collection of stories, production, printing and mailing has to be worked out and adhered to strictly.

Publishing: Before sending the journal for publishing, you have lots of tasks in your hand. Press job include editing, proof-reading, designing, selecting photographs, graphics and cover page designs.

Distribution: After the journal is printed, you have to distribute it among the target audience. Select the quickest and economical means to get the journal into the hands of the readers.