

Advertisements are a waste of resources

[Business](#), [Marketing](#)



In a competitive economy, companies seek to persuade consumers to buy their products or to avail their services. It is impractical to think that companies should only stock their warehouses and wait for consumers to come knocking on their doors. If this is what businesses did, there would be an economic waste in terms of products being produced but not being bought.

The critics of advertising attack the form of competition it provokes by saying it results in duplication and waste. It is equivalent to an arms race in the sense that a certain pattern might exist within an industry or sector concerning the extent of advertising. So if one competitor increases the extent to which it advertises, others feel it is necessary that they do the same or at the very least engage in some form of advertising in order to maintain its market share or face the prospect of losing it.

The advertisement rates during the Indian Premier League (IPL) season 6 might be an example to some advocates who believe advertising is a waste of resources. In this case, the resource alluded to is money. A ten-second advertisement spot cost between Rs 4-4.5 lakhs, while the associate sponsors of the event PepsiCo and Vodafone shelled something between Rs 40-60 crores each.

These are nothing short of extortionate rates but companies must be having evidence to show that such rates are justified. It should however make marketers ask themselves an important question. Should they spend money on making a brand promise through advertising, or should they focus on keeping their brand promise by means of delivering what consumers want.

However, although competition in advertising involves such waste, it is also a driver of innovation and setting new benchmarks. Competition is vital as it far outweighs its negatives with its positives and is a necessary requisite of a successful economy.

There are some companies that literally manage to survive by spending almost nothing on advertising. Zara uses this strategy and does it by employing a strong in-store experience and keeping their shelves stocked with the latest fashion through quick production methods. One might say Zara is more focused on keeping their brand promise. Marketers would agree that advertisements should not be made simply to create a buzz, but to help in the generation of sales.

An important point to consider is the brand life cycle, as the role played by advertising depends on it. A new brand may find advertising a very important function so as to target potential consumers. At this stage, brand recognition is critical and advertising is the only way to build it when there are new products or services to offer. A mature brand on the other hand might want to further its reach through advertising or may even be trying to bounce back from a recent decline in sales.

But is advertising a waste of resources? To answer this question, it must be kept in mind that advertising doesn't exist in a vacuum. It has to be considered as one of the alternatives available in the marketing of products and services.

The decision doesn't lie at the extreme end of whether to advertise or do nothing, but is rather to either engage in advertising or in some other form of sales effort. It is one part of the marketing effort which includes packaging, servicing, direct selling, pricing and is generally undertaken when it can justify being the most effective and economical method to appeal to customers.

It is a vital function if you consider its reach and ability to communicate with all potential customers and is therefore used widely by many companies. If a company decides to substitute advertising with another method that might prove to be less efficient, it would result in economic waste. The use of resources for advertising to differentiate products from competitors would not always mean that its use has been diverted. On the other hand and quite frequently, it denotes the use of resources that would otherwise be idle and thus avoids the waste that comes with such idleness.