

# Structure and relationships between parties in communication industry



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Advertisers are the important participants in the communication process. They have the products, services to be advertised, and they afford the funds that pay for advertising. The advertisers also imagine major responsibility for developing the marketing program and making the final decisions about the advertising and promotional program to be employed. The organization may perform most of these efforts itself, either through its own advertising department or by establishing an in house agency. “ It is an agency that is set up, owned and operated by the advertiser”.

### **The Role of Advertiser:**

Approximately each business organizations use some type of marketing communications. Conversely, the method by which a company organizes for these efforts depends on quite a few factors, for example its size, the quantity of products it markets, the function of advertising, promotion in its marketing mix, the promotional funds, and its marketing organization arrangement (or Structure). Many persons all over the business organization may be concerned in the promotions decision making process.

Advertising people have mainly direct relationship with advertising, are seldom involved in too many aspects of the decision process, for example participation in the campaign plan, agency selection. Top management in the organization is generally involved in how the marketing plan represents the firm. Many people both internal and external of the organization put some effort into the advertising and promotion process.

## **Advertising Agencies:**

They are external organizations that specializes in the formation, production, positioning of the advertisement message and that possibly will provide extra services to help the marketing and promotions process. Many big advertisers keep the services of a number of agencies. For Example, Kraft Food uses as many as 8 advertising agencies for its various brands. On the other hand, Procter & Gamble uses 12 agencies and 2 major media buying services companies.

## **Role of Ad Agency:**

The main reasons outside agencies are used is that they provide the client with the services of exceedingly skilled personnel that are experts in their own fields. Advertising agency set up comprise of artists, writers, media analysts, and few others having particular skills; knowledge and experience that can help advertise the clients' products or services. Ad agencies also provide objective view point of the market and are businesses that are not subject to internal policies of the companies.

## **Media Organizations:**

The most important function of the majority of media is to provide knowledge to their viewer. But from the viewpoint of the promotional planner, the function of media is to give surroundings or environment to the organization's marketing promotional messages. The media must have editorial or program content that attracts consumers so that advertisers and their agencies will want to buy time or space with them.

Media perform many other functions that help advertisers understand their markets and their customers.

### **Collateral services:**

The final participants shown in the promotions process are those that provide collateral services, an ample variety of support functions implemented by ad agencies, media organizations, and specialized marketing promotional organizations. These persons and organizations perform specialized activities the other participants in communication industry follow in planning and executing advertising and other promotional functions.

There is strong relationship between an advertiser and different advertising agencies, because advertisers provide finance and make final decision on making a promotional campaign for the products in hand. For this purpose they employ ad agencies who provide specialist services of a writer, artist, media analyst which are required for making an effective advertisements. More and more ad agencies are acting nowadays, as partners with advertisers and assuming more responsibilities for developing the marketing and promotional programs. These agencies usually share the profits resulting from the advertisements with advertisers instead of charging commissions. On the other hand, ad agencies have good relations with the media organizations because they make the content of the advertisement attractive so that advertisers and their ad agencies are able to buy time space on TVs. The success of ad agencies is dependent on media organizations. Collateral services provide support function to advertisers, media organizations, during executing advertising functions. Keeping good

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relationship with ad agencies, media organizations, and collateral services organizations is important for the advertiser who hires the other parties for making an effective ads for different companies' products.

P2: Identify and discuss the current trends in advertising and evaluate its impacts?

Advertising is a type of communication “ planned to persuade an audience to purchase products, or services.” (gaye Advert)

Trend can be defined as “ a general progress or change in a situation or in the way that people are behaving”.

The following are the current trend in advertising:

### **Media Fragmentation:**

In Pakistan Media fragmentation is happening from 2000 onwards. It includes Radio Stations, Television, Internet, Newspapers, and Mobile Phones. When worldwide broadcast I. e. TV cable in some countries was the only way of transmitting video signals over big geographic areas, the result was that there were massive audiences for a small number of channels.

The adding up of satellite TV, and a raise in the number of cable channels, means that audiences are now divided between more operators. This is called fragmentation of the media.

## **Implications of Media Fragmentation:**

These changes are disturbing few other media. Digital radio and podcasts are splitting the audience for audio. Completely new media I. e. internet web is competing with old media, dividing the audience further up.

The result has been not only loss of market share for media companies, but it has also made advertising more difficult. Advertisers need to buy and manage ad time over a lot greater number of channels. This has produced opportunities for advertisers businesses. (Pietersz, 2005-2011)

## **Micro Marketing:**

Micromarketing is the practice of shaping different product brands and marketing strategies locally within a smaller region such as city. In Micromarketing a marketing message is designed more personally to a buyer. For example cable advertisement i. e. Pizza hut chicken tikka pizza developed keeping in view the taste of the local people of Peshawar. Micromarketing is a comparatively new marketing trend created by the variety of the consumer population and the difficulty in creating a single product that appeals to all the diverse groups in the population.

## **Brand Proliferation:**

Brand proliferation is a stage when companies bring to the market variety of products with different names. For instance, Heinz had produced 57 brands of standard ketchups, then a cheaper ketchup y the name of “ the Red one” and another one called the “ H ketchup”, relatively costly with a special bottle etc.

**Advantages:**

It helps in competing with cheap ketchups and expensive ketchup whilst keeping their main brand together.

**Disadvantages:**

The overlap of brands on market segments, positioning, price, and supply space. They may well not increase companies' revenues, because they are selling the other brand names and selling less their main brand name.

**Sales Promotions:**

Sales promotion is any plan undertaken by an organization to promote increase in sales. More and more, attention and importance is given to sales promotion than advertising. This is because of the power of retailers in the modern world, Consumers are less brand loyal nowadays, companies want to have quick result from their promotional campaigns etc. The examples of well known sales promotions techniques are given below:

(i) Buy one Get one Free: Suppose, if a piece of bread is given a price of \$1, cost 10 cents to producer, if they sell two for \$1, it is still profitable. This is premium approach of sales promotion.

(ii) Customer Relationship Management: incentives like money off coupons.

(iii) Free gifts for example Subway used to give cards having six empty spaces for stickers with each sandwich purchased. Once consumers successfully filled the card were given free sandwich.

(iv) Discounted prices: Budget airline such as Easy Jet and Ryanair, typically e-mail their customers with the most recent low-price deals once their new flights are released.

(v) Free samples: For example free Red Bulls were given away to possible consumers at supermarkets and at petrol stations by the promotions team.

(vinay kumar singh, 2010)

### **Positive impacts of Sales promotions:**

Sales promotion helps companies in launching a new product to the market and creating buzz among potential buyers.

This can prove to be a successful mean for spreading awareness in

Customers by sending information about the product and how it works.

In the short run this can boost the number of products sold, which can result later in increasing the market share in the long run if the customer permanently divert away from a competitors products.

It is useful in loose season

It helps Retailers to get rid of out of date stocks

It Increases consumer option.

### **Negative impacts of Sales promotions:**

#### **Increased price sensitivity**

Consumers wait and time their purchases to go with the promotional offers on their favourite brands. Thus, the normal sales at the market price are



vanished and the ratio of profit is reduced because of the discounts that are offered during sale season.

### **Quality image may become imperfect:**

If the promotions for products have been strange, the promotions can have a negative impact on their quality image.

### **Merchandising support from dealers is doubtful:**

In many cases, the dealers do not help in providing the merchandising support nor do they pass on any benefit to consumers. The retailer might not be prepared to give support the product does not sell much in his shop.

### **Short term orientation:**

Sales promotions are normally for a short duration. This gives a boost to sales for a short period. This short term orientation may sometimes have negative effects on long term future of the organization. (singh, 2010)

There are two trends of advertising in Pakistan nowadays, Media fragmentation and Micro marketing.

Due to media fragmentation there are various mediums of advertising that spread the customers and new mediums are competing with the old one. For example outdoor media. As per a survey that has been conducted regarding empty hoardings revealed that at least 31 % hoarding and billboards businesses has fallen due to emerging of other advertising mediums such increasing numbers of popular channels, radios, internet etc. This trend had an adverse affects on the business of these billboard companies and the advertising companies such as Al-Malik Advertising (Jang Group) which is

situated on Muree road, Rawal pindi. This trend has reduced the amount of work this advertising company used to get. Along with the advertisers, other parties such as ad agencies, is also affected because ad agencies get revenue from designing advertisement for different company products. For designing attractive ad campaign they have their own artist, media analysts, media organization who makes attractive contents for billboard advertisements. If there is reduction in the use of billboard advertisements there will less demand for the services of these parties of the communication industry

Nowadays, Micro marketing is done through another method of advertising which is considered being one of the fastest spreading marketing techniques, it is called SMS advertising. Pakistan is one of 5 top countries in Asia who do messaging a lot. Many businesses nowadays such as consultants, universities etc participate in different education Expos where students come in order to get awareness about different study fields and universities. These consultants, universities just take the names, mobiles numbers, of the students and then they spread information about their services by using message advertising for targeting directly those students. More responses are given to this technique than TV, billboard advertisements. It is a cheapest way of promoting products or services directly to the targeted buyers by sending messages to their mobile phones which is automatically saved in their inbox, which they can see them later when they are free in this way they give more time reading those messages than viewing on billboards. This trend is more beneficial for the cellular companies and the companies of the products or services rather than the

advertisers and their associated parties. Because for designing message advertisement advertisers are not consulted or if they are consulted for writing message they are paid less than they are paid for designing TV or billboard ads.

P3: Discuss the models of advertising and its impact on customer behavior?

Here I will present the details of four forms of traditional response hierarchies which show the phases that consumers' pass through in the processing of promotional messages and advertising. According to the Belch and Belch (2007) book " These response hierarchies follow a learn feel do method and are characteristically linked with higher participation decision making. The AIDA model is well suitable for explaining customers responses to personal selling. The hierarchy of effects model replicate the buyer readiness of the consumer. The innovation adoption model is used when a consumer is adopting a new product. The information processing model is helpful for advertising messages, in that it acknowledges the need for the consumer to save the message in their memory. (Belch, 2006)

Phases

AIDA model

Hierarchy of effect model

Innovation adoption model

Information processing model

Cognitive phase

Attention

Awareness

Knowledge

Awareness

Presentation

Attention

Comprehension

Affective phase

Interest

Desire

Liking

Preferences

Conviction

Interest

Evaluation

Yielding

Retention

Behavioral phase

Action

Purchase

Trial

Adoption

Behavior

In order to evaluate responses hierarchy models I have selected two ads.

The first ad is Telenor's "Khamoshi ka boycott". The ad is given below:

According to Tahir " It is an idea that only a few have dared to perceive.

Telenor has steps in with ' Khamoshi ka Boycott' with the intention of exposing the evils that exist in our culture. It's not always about creating advertisements which show a positive image of a country. Often, it is required to bring forward the harsh realities of a society. That's why Telenor has come up with. " Khamoshi ka Boycott". It's not just an advertisement, its the start of a revolution in Pakistan. (tahir, 2011)

In my opinion this ad is related to information processing model because this ad contain a message for the society. Information processing model is best suited for advertising messages. Telenor has come with this idea in a different way in order to gain the attention of the customers. And they want their customers to retain this message in their memory in order to highlight

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the worst activities that exist in our culture by doing this, they want to change the way people behave.

The second ad that I have selected is Ufone's " Background music". (Saaju, 2010)

Ufone has been doing well in TV advertising. Their advertisements are lead by Faisal Qureshi and his team. They have effectively managed to impress the masses. The back ground music ad is related to AIDA model because the comic nature of the ad is aimed at increasing the interest of customer as well as, gaining attention. When customer is interested in watching this ad, they might desire to use Ufone " back ground Music". So, its all about getting customers interests, desires, attention.

M1: Make an effective judgment on the ads selected whether you think the ads are appropriately developed to satisfy the hierarchy models?

Telenor's Khamoshi ka boycott is exceptional ad in my opinion. It is totally different idea presented by Telenor. It has differentiated telenor from other cellular companies in Pakistan. It has revolutionarized the society by alerting them from the evils that exist in our society, urged to raise voice against them. Other companies lack in delivering social message in their ad. It satisfies the information processing model.

On the other hand, Ufone back ground music has undoubtedly increased Ufone sales because of the comic nature of the ad but it has been criticized by marketing critics because of ethical angle of the campaign. The boy is lying in this ad that his grand father was a doctor in fact, it was rubber.

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According to critics is there any kind of social responsibility on shoulder of these giants of Ufone? We should think as a Nation, not as salesmen. It is raising interest and getting attention of the people but it is not promoting positivity to the society.

Ufone need to be a little sensible after the advertisement of “ Khamoshi ka boycott” because the trend of advertising in Pakistan is changing. They need to come up with new ideas containing social messages. Customers are already tired of watching similar theme of Ufone ads.