

- (b) Comprehension
- (c) Conviction
- (d) Image
- (e) Action

Advertising goals should, therefore, be specific to the communication task (s) to be performed. The process of advertising goal-setting thus, should begin by understanding the dynamics of the consumer behavior and the market environment in order to carry out the task of marketing communication effectively.

Further, let us also understand that improving sales is not the only objective of advertising. Advertising is only one of the factors influencing sales, the other being:

- (a) Different elements of the marketing mix
- (b) The competitive position of the firm
- (c) The purchasing power and the need of the buyer

Also, the impact of advertising often occurs over the long-run and not necessarily immediately, since consumers may belongs to different stages of the product adoption process at a point of time. The advertising objectives are to:

- (a) Inform and build awareness
- (b) Create brand knowledge
- (c) Reinforce positive attitudes about the brand
- (d) Precipitate buying action
- (e) Increase sales
- (f) Build up an image

To facilitate the realization of advertising objectives, it is necessary that these are laid down in specific operational terms and are liked to the time span during which these are to be accomplished.

Indian Experience: The research on the practices of large sized companies has pointed out that companies in India peruse a wide spectrum of advertising goals at different time periods and in relation to different products. Even similar companies placed in more or less similar market situation may pursue different advertising goals depending upon a host of factors like advertising philosophy, past experience and the level of expertise existing in the company. An analysis of the advertising goals pursued revealed that these basically focused on: moving the customer from one stage of the purchasing process to the

Q8. Discuss the work (function) of advertising agency.

Ans. Radisson Avenue is a familiar name to most Americans. It is a street in New York City where several major advertising agency headquarters are located. But most of them are nation's but more than 10,000 agencies are found outside New York and almost every city has at least one agency, even if it is a one

person shop. Some ad. Agencies are huge, the largest US agency, Omnicom Group, New York has worldwide billings of \$16 billion. WPP group out of London is the world's largest agency, with worldwide billings of \$20 billion. Agencies employ specialists who generally can perform advertising tasks better than a company's own staff. Agencies also bring an outside point of view to solving a company's problems, along with years of experience from working with different clients and situations. And because the firm can dismiss its agency, an agency works hard to do a good job.

Advertising agencies usually have four departments: creative, which develops and produces ads; media, which selects media and places ads; research, which studies audience characteristics and wants; and business, which handles the agency's business activities. Each account is supervised by an account executive and people in each department are usually assigned to work on one or more accounts.

Agencies often attract new business through their reputation or size. Generally, a client invites a few agencies to make a presentation for its business and then selects one of them.

Ad agencies have traditionally been paid through commissions and some fees. Under this system, the agency usually receives 15% of the purchased media cost as a rebate. Suppose, the agency buys \$60,000 of magazine space for a client, the magazine bills the advertising agency for \$41,000 (\$60,000 less 15%), and the agency bills the client for \$60,000, keeping the \$9,000 commission. If the client bought space directly from the magazine, it would have paid \$60,000 because commissions are paid only to recognized advertising agencies.

However, both advertisers and agencies have become increasingly unhappy with the commission system. Large advertisers complain that they pay more for the same services received by small advertisers, simply because large companies place more advertising. Advertisers also believe that the commission system drives agencies should be kept away from low-cost media and short advertising campaigns. Agencies are unhappy because they provide many extra services for an account without earning more. As a result, the trend is now toward paying either a straight fee or a combination of commission and fee. And some large advertisers are trying for agency compensation to the performance of the agency's advertising campaigns. Campbell's is happy to pay a 15% commission if the advertising campaign is excellent; if the campaign is only good, the agency gets 13% and a warning. Philip Morris prefers to pay its agencies 15% and then add a bonus if the campaign is especially effective. The key problem with these pay-for-performance schemes is how to judge whether the campaign is excellent, good, fair or poor. Sales and communication measures can both be misleading.

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