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B.Com Honours

Semester I

Calicut University

Advertisement and Sales Promotion

Course Code: COM1MN108 • Module 1 Notes

1. Introduction to Advertising: Definition, Scope, and Objectives

In the modern commercial landscape, producing a superior product is not enough. Organizations must actively communicate their value propositions to target audiences to build brand awareness, differentiate from competitors, and drive sales. Advertising represents the most visible and widely used element of the Integrated Marketing Communications (IMC) mix. This module introduces the definition, features, scope, and objectives of advertising, followed by the DAGMAR approach and budget allocation methods.

Defining Advertising

Advertising is a paid, non-personal communication process designed to persuade target consumers:

- **Core Definition:** "Advertising is any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor."
- **Key Features:** It is a paid communication (distinguishing it from publicity), it is non-personal (delivered through mass media), it has an identified sponsor (ensuring transparency), and its purpose is persuasive.

Scope of Advertising

Advertising operates across multiple domains beyond simple product sales:

- **Commercial Advertising:** Focuses on promoting goods and services to drive corporate profits.
- **Non-Commercial / Public Service Advertising (PSA):** Promotes social causes and public welfare (e.g., anti-smoking campaigns, road safety, polio immunization drives).
- **Institutional / Corporate Advertising:** Aims to build the overall image and goodwill of a company rather than selling a specific product.

Overview of Advertising Types

Product & Retail

Product advertising promotes specific brands (e.g., iPhone). Retail advertising promotes local outlets and discount campaigns (e.g., supermarket ads).

Comparative

Directly or indirectly compares the sponsor's brand with competitor brands on specific features (e.g., Pepsi vs. Coca-Cola challenges).

Public Service (PSA)

Unpaid or subsidized ads sponsored by governments or NGOs to raise awareness about critical social, health, or environmental issues.

The DAGMAR Approach to Setting Objectives

Formulated by Russell Colley in 1961, ****DAGMAR**** stands for ****Defining Advertising Goals for Measured Advertising Results****. Colley argued that advertising's primary task is communication rather than sales, and objectives must be measurable.

The ACCA Communication Hierarchy

DAGMAR assumes that a consumer passes through four sequential communication stages before purchase:

1. **Awareness:** Making the target consumer aware of the brand's existence in the marketplace.
2. **Comprehension:** Helping the consumer understand what the product is and what benefits it offers.
3. **Conviction:** Developing a mental disposition or preference in the consumer to buy the brand.
4. **Action:** Motivating the consumer to make the physical purchase.

Characteristics of Good Objectives under DAGMAR

Objectives must be written as concrete, measurable tasks, specifying a target audience, a starting benchmark (e.g., raise awareness from 20% to 50%), and a clear time frame (e.g., within 6 months).

2. Advertising Budget Allocation Methods

Setting the budget is a critical strategic decision. If the budget is too low, the campaign fails to reach the target audience; if too high, it leads to waste. Companies use different methods to determine allocation:

Method	How it Works	Advantages & Disadvantages
Percentage of Sales	Budget is set as a fixed percentage of past or anticipated sales revenue.	Simple and safe, but logically flawed as it treats advertising as a result of sales rather than the cause.
Objective and Task	Determine campaign objectives, define tasks needed to achieve them, and estimate costs. (Most scientific method).	Highly logical and aligned with goals, but difficult to estimate tasks and costs accurately.
Competitive Parity	Setting the budget to match the advertising expenditure of key competitors.	Prevents promotion wars, but assumes competitors have the correct budget and similar objectives.
Affordable / Arbitrary	Setting the budget based on what management feels the company can afford after other costs.	Safe for cash flow, but ignores the positive impact of advertising, leading to under-funding.

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