



[Frequently Asked Questions]

Classification of Advertising Part-2

Subject:	Business Economics
Course:	B. A. (Hons.), 6 th Semester, Undergraduate
Paper No. & Title:	Paper – 621 Advertising & Brand Management
Unit No. & Title:	Unit – 1 Foundations of Advertising
Lecture No. & Title:	Lecture – 3 Classification of Advertising Part-2

Frequently Asked Questions

Q1. Write a note on financial Advertising

A1. Financial Advertising: When an advertising message is directed to attract for raising capital, it is called financial advertising. The banks, insurance companies and commercial undertakings collect required funds from the savings of the people by motivating them to post-pone present expenditure to future-period.

An investor considers two things before investing his hard earned savings.

(1) Safety of investment (2) Return on investment

The safety of investment depends upon the reputation and goodwill of the company and the properties possessed by it. The institutional advertising helps in creating confidence in the minds of the investors. The financial advertisement inform the investors about the past performance in declaring dividends and the trend in declaring of dividend. The dividend depends upon the profitability of the company. The company with the help of charts, diagrams etc. communicate the rate of growth and rate at which profit is increasing.

The financial advertising aims at establishing financial, solvency of the company in the minds of the prospective investors. It is because of financial advertising the company have succeeded in floating of mega issue of shares arc in cores.

The financial advertising aims at establishing financial solvency of the company in the minds of the prospective investors. It is because of financial exports.

Q2. Write a note on Essentials for the Success of Financial Ads:

A2. No financial ad campaign; howsoever creative and persuasive it may be, can produce the desired result, unless the following conditions are satisfied.

(a) The performance and image of the company and its future prospects must be good.

(b) The premium, charged on the share price, must be fair and reasonable.

(c) The brokers and underwriters must extend unqualified support to the company.

(d) The company should get wide publicity from the press through press conferences.

(e) True statement of facts, made in the ads.

(f) Finally, financial climate of the country plays an important role.

Q3. Write a note on Advantages of Financial Advertising:

A3. Following are main advantages of financial advertising:

(a) Financial advertising transmits to target consumers all the material information about new investment opportunities for investment of savings, or, surplus funds.

(b) It provides education and guidance to consumers in respect of their investments in shares, debentures, and public funds, off companies.

(c) It serves as a reminder to consumers to take suitable follow-up action on their part.

(d) It helps to tap yet untapped rich areas in mini-metros, small towns, and even in villages for financial institutions.

(e) As financial ads are required to give the required information about the aims, objective business operation, for which additional funds are required by the advertiser, the

company gets wide publicity through such ads.

(f) Financial advertising serves as a : backbone to brokers as well as underwriters, who as „intermediaries“ between the advertiser and the clients.

(g) Finally, financial advertising indirectly aids and supports the economic and industrial growth of country by mobilising public funds for expansion and diversification of business.

Q4. Write a note on corporate image advertising.

A4. Corporate Image Advertising: Corporate Image advertising designed or aimed to create a proper attitude towards the seller and to build goodwill or image for the advertiser (manufacturing concern or the selling concern) rather than to sell a specific product or service. Institutional advertising is done to build good public relations“ image in the market for the marketer and a patronage for its product or products. Institutional advertising can therefore be patronage advertising and public relations service advertising. Public relations institutional advertising is aimed to create a favourable image of the company (advertiser) among employees, investors or general public. Public service institutional advertising aims at changing the attitudes or behaviour of the people to the good of the community or public at large. Patronage advertising is aimed to attract customers by appealing to their patronage buying motives rather than product buying motives. Most of the companies are successful in making their image in the minds of the people by using their names, such as „Bata“, „Tata“, „Dunlop“, „J.K.“, „Bombay Dyeing“ etc.

Q5. WRITE A NOTE ON Public Relations Advertising

A5. It is a part of institutional advertising. The basic objective of public relations advertising is to establish co-ordial and healthy relations with the customers, bankers, suppliers, Government. Patrons and the general public

Through public relations advertising company announces the changes in its policies, its developmental activities its position and stand when the employees are on strike. It helps the company to remove misconcepts about the company created by interested groups.

During the periods of short supply of goods the public relations advertising helps to hold the interest of the customers. The company assures about the normalcy of supply and request its customers to bear with the company.

Institutional advertising and public relations advertising are complimentary to each other. Both are directed in building up corporate image.

There are several reasons as to why a corporate firm may resort to public relations advertising. The reasons are :

- (a) To create a favourable image of the organisation.
- (b) To secure and keep good suppliers.
- (c) To build goodwill of the dealers.
- (d) To arouse and serve customers in a better way.
- (e) To arouse interest of the present and potential shareholders.
- (f) To correct misconceptions about the firm during strikes.
- (g) To win confidence of its employees.
- (h) To render community service.
- (i) To make people aware of social evils, health hazards, etc.
- (j) To obtain public support for certain cause.

Q6. Write a note on Institutional Advertising

A6. The object of institutional advertisements is to build manufacturers reputation in the minds of the public in general. The advertising message is directed to tell about the Company, its people, its contribution in promoting social welfare activities, in promoting consumer satisfaction, its achievements in technology, its broad philosophies, its share in economic progress of the Company etc.

Such advertisements do not bring benefits in the form of higher sales immediately. But they create good footing for the company in the long run. The competitive strength of the company goes up with the enhancement of corporate image. It is much easier for a highly reputed company to launch a new product in the market. Basically, the institutional advertising aims at getting public support for raising the capital through public subscription.

The following points are normally referred to in institutional ads :

- (a) Research & Development of the firm.
- (b) Number of factories or branches of the firm.
- (c) The number of employees and facilities provided to them.
- (d) Foreign collaborations, if any.
- (e) Distribution network of the firm.
- (f) Market position of the firm.
- (g) Products or services offered by the firm.
- (h) Social welfare programmes undertaken by the firm, etc.

Q7. Write a note on Internet Advertising

A7. The Internet facility has been around for some 30 years. It actually began in the early 1960s in USA, where the U. S. Department of Defense saw it as a means of supercomputer communication for researchers and military facilities across the

country. Until its commercial explosion in 1990s, the Internet remained a relatively obscure network of linked computers - mostly by academics, military researchers, and scientists around the world to send and receive electronic mail, transfer files, and find or retrieve information from databases -

At present, Internet the fastest growing medium in history, offers incredible opportunities for a wide range of people in both business and advertising. For advertisers, there is a whole new world of potential customers.

Q8. Write a note on Primary Demand Advertising

A8. The main objective of Primary demand advertising is to create demand for a new product or product category. This is necessary in the case of a newly developed products or the products which are costly in nature. For example, cars, refrigerators, washing machines, watches, etc. Such advertising is directed towards a class of customers, it is also described as selective demand advertising. It is heavily utilised during the introduction stage of product life cycle.

Primary demand is when a potential buyer, or prospect, is showing interest in a product or service for the first time. Often times it is because the prospect was never exposed to the "concept" of the product or service or never really understood it. But now due to new circumstances she has an apparent need all of a sudden.

Q9. Write a note on Selective Demand Advertising

A9. Selective demand advertisings done to meet the growing competition mainly in growth stage of the life cycle of the product. Here, the goal of advertising is to push the demand of

specific product or service. Often, promotion becomes less informative and more emotional during this phase. Advertising may begin to stress subtle differences in brands with emphasis on brand name recall. At this stage, pricing may also be used as a weapon because products of all the competitors are almost similar in quality.

Selective demand is when a prospect has a need, has identified the need, and is ACTIVELY seeking out a solution. In these cases the prospect will come to you if he feels comfortable in your company's ability to solve his needs.

When someone has selective demand they are more proactive in their search for information. They usually give themselves enough time to compare the quality, value, and offers of different companies. So while they are calling you they are also likely calling others as well.

Q10. Write a note on Product Advertising

A10. Product Advertising refer to the advertising of tangible product. It is for the marketing of the product advertising as a powerful instrument has emerged. A product may be anything in which a trader deals or trade. A product may be tangible or intangible. Products like radio, soap, pen cloth etc. are tangible products and services of professional people like doctors, lawyers, engineers etc. are intangible products.

The fundamental of any advertising campaign is to establish the fact that among the substitutes the product advertised is the best. Thus product is the heart of any advertising programme. Advertising makes possible for the smooth entry of the new product into the market.