

Class: 10th

Commercial Studies

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Ch-3 Advertising and Sales Promotion

Good Morning Students

This lesson is for class 10th for the subject of Commercial Studies. The topic for today is 'Advertising' which is covered in chapter 3 titled 'Advertising and Sales Promotion' of your book.

This lesson is being submitted to you on 24-4-23 and the voice is of Mr. Lokesh Arora.

All the students now please open page number 20 of your book and listen carefully.

Advertisement:

Advertisement is the personal or impersonal process of assisting and persuading (convincing) a prospective customer (a person who can buy the goods in future) to buy a commodity or service or to act favourably upon an idea that has commercial significance (profit) to the seller.

Advertisement is any paid form of non-personal presentation or promotion of ideas, goods or services by an identified sponsor.

Features of Advertising

(1) Non-Personal:-

Advertisement is non-personal as no face-to-face contact is involved between the advertiser and customers.

(2) Mass-Communication:-

Advertising is a method of mass communication. The message is directed to a large number of persons.

(3) Paid Communication:- Advertising is paid communication.

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Some money has to be paid for every advertisement to the medium which conveys the message. The advertiser has to pay for the space or time hired for spreading the message.

- (4) Identified Sponsor:- An advertisement is issued by an identified sponsor. The name of the advertiser is mentioned in the advertisement.
- (5) Information and Persuasion:- The basic purpose of an advertisement is to inform customers about some product or service and to persuade them to buy it.

For objectives of Advertising refer to page 21.

Merits of Advertising

(1) To Producers and Traders:-

(i) Meeting Competition:- Advertisement is an important means for facing competition. By creating brand loyalty, it helps to maintain sales and market share.

(ii) Steady Demand:-

Advertisement creates and sustains regular demand by smoothening out seasonal and other fluctuations. For example, advertising is used to emphasise hot and cold uses of coffee to maintain regular sales both during summer and winter.

(iii) Higher Sales Volume:-

Advertisement helps to increase demand, expand markets and enhance sales of existing products. Through repeated advertising a producer

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can create new customers and enter new markets

(iv) Introduction of New Product:-

Advertising is helpful in introducing new products by creating awareness and gaining their acceptance. By informing consumers about the new product, advertising stimulates their interest and persuades them to buy it.

(v) Goodwill:-

Advertisement helps in creating a good image of the firm and reputation for its products. A favourable image increases the capacity of the firm to survive competition and depression.

(2) Merits to the Customers

(i) Convenience:-

Advertisement makes shopping easy by reducing the time and effort involved in shopping.

(ii) Education of Consumers:-

Advertisement provides education and knowledge to consumers about new products and their diverse uses.

(iii) Lower Prices:-

Effective advertising reduces costs due to large scale production and elimination of wholesalers. As a result customers get goods at lower prices.

(3) Merits for the Society:-

(i) Employment Generation:-

Advertising provides direct employment to a large number of people engaged in designing, writing and issuing advertisements.

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Indirectly also advertising increase employment opportunities by increasing the volume of production and distribution.

(ii) Higher Standard of Living:-

Advertising improves the standard of living of people by promoting variety and quality in consumption. It educates people about new uses of products and provides information for developing better ways of life.

(iii) Sustains the Press:-

Advertising provides an important source of revenue to newspapers, magazines, radio and television. As a result public gets news at lower rates and the circulation of newspapers and magazines increases.

Demerits of Advertising:-

(i) Higher Prices:-

It is argued that large amounts spent on advertising increase the cost of distribution which is transferred to customers in the form of higher prices.

(ii) Wasteful Consumption:-

Advertising multiplies the needs of people and encourages unhealthy consumption. By exploiting human sentiments, it persuades people to buy products which they do not need or cannot afford.

(iii) Misleads the Consumer:-

Advertising is often deceptive and misrepresents

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facts to the consumer. Exaggerated or tall claims and flowery language are used to dupe unwary consumers.

(iv) Creates Monopoly:-

Advertising creates brand preferences and restricts free competition. Large firms which can afford huge amount of money on advertising eliminate small firms by creating brand monopoly. Advertising thus encourages the survival of the mightiest rather than the best.

(v) Wastage of National Resources:-

In order to make use of advertising, producers create trivial difference in their products. Valuable resources that can be used to create new industries are wasted in the production of needless varieties and designs.

(vi) Undermines Social Values:-

Modern advertising has had influence on cultural and social life. It degrades ethical and aesthetic values through indecent languages. Many advertisements also encourage social evils like drinking and smoking.

Students before going further let's take a short break. Write the answers of following questions during that break.

- Ques. Give two features of Advertisement.
2. Explain two merits of advertisement for society.
3. Give two demerits of advertisement.

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Difference between Advertising and Publicity

S.No.	Basis of Distinction	Advertising	Publicity
1.	Sponsor	It is done by an identified sponsor.	In it the sponsor may not be identified.
2.	Payment	It is paid for by the sponsor.	It is not directly paid for by the sponsor.
3.	Nature	It is always impersonal.	It may be both personal or impersonal.
4.	Control	The sponsor has direct control over the size and frequency of the message.	The sponsor does not control the size and frequency of message.
5.	Versatility	Less versatile.	More versatile.
6.	Object	To stimulate and create demand for production or service.	To create a favourable public opinion about the organisation and its activities.
7.	Commercial value	It has a commercial value.	It may or may not have commercial value.

Code of Conduct for Advertisers:

General rules of conduct in Advertising are:-

- (i) Advertising should be so designed as to conform to the laws of the country and should not offend against morality, decency and religious susceptibilities of the people.
- (ii) No advertisement should be permitted:-
 - (i) which declares any race, caste, colour, creed nationality except for the specific purpose of effective dramatisation, such as combating prejudice.
 - (ii) which is against any of the objectives, provisions or principles of the constitution of India
 - (iii) which will tend to incite people to crime or to promote disorder, violence or breach of law.
 - (iv) which would adversely affect friendly relations with foreign states.
 - (v) which exploits the national emblems,

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or any part of the constitution, or the person or personality of a national leader or state dignitary.

- (vi) Advertisements should not contain disparaging reference to another product or service
- (vii) No advertisement is allowed on betting tips and guide books etc., relating to horse-racing or other games of chance

Advertising Agency:

Advertising agency is a specialised organisation which provides all advertising related services for some fee/commission. When it is owned and operated by the advertiser himself, it is called in-house-agency. But few firms have their own advertising agency. Most of them choose an outside or independent advertising agency.

Functions of Advertising Agency:

- (1) Planning: The advertising agency plans the advertising campaign on the basis of information collected by it regarding firm's products, the present market conditions, distribution methods, price levels and other conditions.
- (2) Creation and Execution:
The advertising agency prepares a suitable copy for insertion in all the media.
- (3) Co-ordination:
The advertising agency co-ordinates several activities. It often works with the client's sales force and distribution networks to ensure the long-run success of the advertising programme.

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(4) Accounting:-

The advertising agency maintains proper accounts in co-operation with the client.

(5) Media Planning:-

The advertising agency selects the media or a set of suitable media for the client to reach the right type of audience which is important factor in media selection. The rates, circulation, population, audience, income and other important information are collected for this purpose.

(6) Research:-

Research is a key function in an advertising campaign. The decisions on creativity and media selection are taken on the basis of the results of the research.

(7) Internal Control:-

The advertising agency manages its employees, finances and other resources effectively and economically. It exercises proper control over activities and funds. Public relations, sales promotion functions and client contacts are maintained by the management for the effective operations of the advertising agency.

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Social Advertising:-

Social Advertising either refer to advertising about socially relevant issues or use social relationships networks to promote a product or service and reach out to its target audience.

In the first context (advertising about socially relevant issues) the advertising campaigns are created in public interest. The basic idea is to create awareness and make a difference for example, a campaign for blood donation, Swachh Bharat Abhyas etc.

In the second context (use social relationships networks), advertising on a social networking site such as Facebook, which enables the advertiser to target ads based on friends using the same product is social advertising.

Social Advertising Media:-

Social Media means the various means of communication on the internet used by public and members of society to show their opinions, views, information etc. Platforms of social media are Facebook, Twitter, YouTube, Instagram, WhatsApp etc.

With this I am ending my topic here. Write the answers of following questions in your notebooks.

1. Explain the difference between Advertising and Publicity.
2. What is Social Advertising?
3. Give the Code of Conduct of Advertisers.