CHAPTER -II

CONCEPTUAL EXPOSITION
## CHAPTER II

### CONCEPTUAL EXPOSITION

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CHAPTER II

CONCEPTUAL EXPOSITION

2.1 DEFINITION OF ADVERTISING

According to S. Watson Dunn\(^{21}\) "Advertising is a paid, non personal communication through various media by business firms, non profit organizations, and individuals who are in some way identified in the advertising messages." The above definition could include direct personal communication with persuasive selling appeal and it was considered necessary to exclude this overlap. The simplest definition of advertising, and one that will probably meet the test of critical examination is that advertising is selling in print. This definition leads to a basic knowledge of the word advertising, which is put before the reader drawing the attention to a variety of goods. It is thus for creating wants for a better standard of living. It also refers to media i.e. use of a channel of communication. In the abstract sense advertising may be considered as a socio-economic institution designed to accomplish its function to accelerate the movement of goods and services from producers to consumers. Advertising is a valuable economic factor, because it is the cheapest way of selling goods, particularly if the goods are worthless. The

consumers would look to advertising for the satisfaction of wants and for better goods and services. Their idea is to improve standard of living and attain material welfare for their family. In modern times advertising is regarded as promotional method, telling about the goods and services that are for sale. Advertising has thus a social influence. It has been dominating the media.

According to Sir Winston Churchill\textsuperscript{22} "Advertising nourishes the consuming power of men. It sets up before a man the goal of a better home, better clothing, better food for himself and his family. It spurs individual exertion and greater production."

According to Wright, Warner and Winter\textsuperscript{23}(1971) "Advertising did not invent the products or services which called forth jobs, nor inspire the pioneering courage that built factories and machinery to produce them. What advertising did was to stimulate ambition and desire - the craving to process, which is the strongest incentive to produce. To satisfy this craving the factory was impelled to turn itself into a growing factory and then, by the pressure of mass demand, into many factories. Mass production made possible mass economies, reflected in declining prices, until the product that began as the luxury of the rich became the possession of every family that was willing to work."

The core concepts of these definitions can be delineated as under: -

(1) Advertising nourishes consuming power by accelerating demand.


a) Consumer gets the information of goods.

b) Consumer is aware of the wants satisfying quality of the goods.

c) Consumer is aware of the price.

d) Consumer receives a message and is attracted to the product needs.

From the above it is evident that a human being needs goods for satisfying his wants and people develop a strong preference for particular goods by showing his desire to buy which is the result of the message he gets by the impact of advertising.

(2) Advertising brings to the notice of the consumers the products.

a) Consumer is aware by the existence of the products.

b) Consumer is aware of the quality of the product.

c) Consumer also knows that the product offered is to satisfy a need or want.

(3) Advertising sponsors expect promotion of ideas to attract the consumers. This is through creativity of the advertising agency. The appeal, the result and the expenditure incurred are viewed with increased sales promotion and use of the words to mould consumer's behavioral pattern. It is the products capacity to satisfy a set of goals. A consumer delineates the ideal product, which might be able to satisfy his needs. When there are goods of the same type, it is the choice of consumer, which comes closest to his conceptualization of an “ideal product”. The value of each product available would depend on how close it came to this ideal product. However, other stating that value was subjective and not objective concept
discredited this view. Modern consumer behaviors theories have gone beyond narrow economic assumptions of how consumers form value in their minds and make product decisions.

Therefore, advertising is regarded, developed as a service to both advertisers and agencies and to targeted consumers by influencing their buying decisions. Advertising as institutions has come for open criticism in their actual use as a motivator since people who answer questions as to what role advertisement has played to motivate them. The answer is that people are unable to answer whether an advertisement motivated them to purchase a certain product.

There is always an implied assumption that advertising is designed to achieve objectives. When the cost of advertising started increasing during 1960/1961The major studies were initiated in America to make known to the public the objectives of advertising.

2.2 HISTORY OF ADVERTISING

1 Pre-printing period:

2 Oral printing periods from 15th century to 1840

3 Period of expansion from 1840 to 1900

4 Period of consolidation from 1900 to 1925

5 Period of scientific development from 1925 to 1945

6 Period of business and social integration from 1945 until date.
2.2.1 PRE-PRINTING PERIOD:

In History, Hebrew, Greek and Roman civilizations, public criers were used to publicize about the articles of sale. Graphic shop signs in ancient city Pompeii supplemented this crude method. In Roman amber signs of a diary, bakery and wine merchant have been found. In London in the British museum exists a piece of papyrus upon which an Egyptian three thousand years ago wrote an advertisement offering a whole gold coin as a reward for finding its slave man name Shem. The word ‘album’ came from Romans undergoing whitening a place in their walls used for craving and writing the nuisance. Tablets made of stone terracotta used for advertisement have also been found. Until that, time humankind might be using his words for expressing his willingness to part his goods produced or services, which he offered for a price. Mankind must be displaying their goods to the consumers in the market and exchange them for a price. Early advertisements were in the form of trademarks wherein the artisans placed their individual marks on goods such as pottery, signs- traders like Phoenicians painted messages on rocks, town criers like in Greece during its golden age; public criers would announce an event and news.

According to Kenneth A Longman (197), “The first advertising could have been either visual or oral in form. There may have been oral presentations of advertising very soon after specialization of labor began (at any rate, there are references in Roman writings to public criers who were a major advertising medium
during the late middle Ages and remained important until quite recent time”). Therefore, advertising started with the printing press.

2.2.2 ORAL PRINTING PERIOD:

Invention of printing in 1440 by John Guttenburg in Germany laid down finding for information, education and advertisings. William Caxton in 1477 prepared first English advertisement in a form of handbill. Consumers – producers – sellers – buyers and the setting up of market places for exchange of goods and services must be the beginning of advertising because of competition.

The concept of literacy had its great impact on advertising and it changed its character. This was facilitated by spread of education and free exchange of ideas and messages for desired results. The spread of advertisement literacy made possible by the printing press, brought a considerable change in the character of advertising. First, it was no longer necessary to assemble an audience in order to deliver an advertising message. The message could now be conveyed to any literate person anywhere, second and more important; the reader now had the opportunity to study the message at his leisure and with whatever degree of concentration he desired. It can also be attributed to the newspapers and magazines and after that the advent of radio as an important way of getting advertising, messages before the public almost all advertising was in printed form. Only literate people could be reached by advertising.
Guttenburg published in 1450, the first advertisement in the form of printing of Holy Bible. This was the first time western man employed the principle of movable type. William Caxton wrote the first English advertisement in the form of a handbill or a poster in 1472. One advertising historian, Henry Sampson, cited that the first bonafide newspaper advertisement appeared in 1650 in several proceeding in parliament. It offered a reward for the return of twelve stolen horses. However, another historian, Frank Presbery asserts the first advertisement was an announcement in mercurius Britannica's in 1625 of the publication of a book.

Benjamin Franklin is regarded as father of advertising in United States. However, the first advertising started in America in 1704. It was an advertisement promoting the newspaper as a medium for advertisers. Franklin Paul Revere was a man of versatility. He was an engraver, a silversmith, a goldsmith, a manufacturer of gunpowder, false teeth and an advertiser of these products. His advertisement for his wares appeared in 1768. George Washington was both an advertiser and a buyer of advertised products. He advertised in an attempt to attract settlers to his land. In a letter dated January 29 1789, he wrote for some superfine American board cloths and “London smoke” as described in an advertisement in the New York Daily Advertiser.

This is sufficient to prove that the reader came to know of the advertisement and it reached to his perception and acceptance of the message, which made groundwork ready for his preference for the advertised goods. The oral
part of 17th century provided appearance of advertisement on regular basis. Handbills became common in 18th century and pictorial advertising emerged. Boston's newsletter in the U.S was the first weekly newspaper published advertisement for sale or rent of house, shops, etc?

2.2.3 PERIOD OF EXPANSION:

Advertisements of medicines became popular in 19th century. In 1812 Reynall and Sons an advertising agency was founded in London. Volney Palmer opened the first advertising agency in U.S. in 1841. In 1865, Rowell started an agency with space marketing. He advertised his offering of "an-inch-of-space-a-month" in 100 papers and at 100 dollars. In 1875 N.W. Ayer and sons of Philadelphia started upon contract system giving advertisers access to rates charged by publishers.

2.2.4 PERIOD OF CONSOLIDATION:

By 1920, agencies started complete planning for their clients including research and budgeting and preparing copies for advertising. By this time outdoor advertising and direct mail came into prominence. In 1917, the American Association of Advertising Agencies was founded. In 1914, the Audit Bureau of circulation was founded. It became the main source of reliable information about the circulation of periodicals in the United States and Canada.
2.2.5 PERIOD OF SCIENTIFIC DEVELOPMENT:

During this period, scientific methods to the problem of advertising were added. Researches like Daniel Starch, Gallop found out statistical method for coverage and reach and depth in advertising. Correlation between selling and advertising, new methods of advertising came into focus. Consumers, their needs, were of primary importance rather than just artistic copy lay out typography. During 1920 introduction of radio commercials became a very popular media. In the United States by 1928, Air advertising amounted to 10 million U.S. dollars.

2.2.6 PERIOD OF BUSINESS AND SOCIAL INTEGRATION:

After World War II came the boom of production and introduction of television. In England there was a great resistance earlier to commercial television, which changed after “television of 1954” which made one T.V. channel exclusive as advertising medium. Independent Television authority prepared Television Act. By 1960, there was more than 3000 advertising agencies in United States, 120 in Canada and 500 in U.K. (Dr. G.M. Rege, ET el, (1984))

The phases developed in the above historical background are: -

1. Attention of the consumer is drawn to the availability of goods and services
2. Consumer or customer is made to believe the superiority of particular supplier.
3. Consumer has realization of product efficiency before its use.

Advertising has been a major sales instrument of a competition oriented economy and has become most important for developing marketing function.
2.3 PLACE OF ADVERTISING IN MARKETING

Advertising is a constituent of Promotion Mix. Promotion Mix comprises of Sales promotion, Publicity, Personal selling and Advertising. Promotion mix is a subset of Marketing Mix comprising Product mix, Price mix, Distribution mix and Promotion mix. Marketing Mix is an ingredient of marketing plan. Peter Drucker\textsuperscript{24}, one of the leading management theorists, put it in this way: "The aim of marketing is to make selling superfluous. The aim is to know and understand the customer so well that the product or service fits him and sells itself". Philip Kotler\textsuperscript{25} succinctly comments, "The marketing concept is a customer – orientation backed by integrated marketing aimed at generating customer satisfaction as the key to satisfying organizational goals".

The above quoted definitions throw light on different concepts of marketing such as needs, wants, demands, products, value and cost, satisfaction and exchange process. Modern definitions associate marketing with products, services, people, organization, places, and ideas. Over the years marketing philosophy has undergone a serious change. It started with production concept stressing production efficiency and wide distribution coverage at low price. Marketing involves generating consumer enthusiasm for goods and services. It has a strong impact on beliefs, attitudes and life styles of people. Marketing has been criticized for developing


\textsuperscript{25} Philip Kotler, Marketing Management – Analysis, planning and control, New Delhi: Prentice Hall of India Private Ltd, pp17, 1972.
materialistic attitude, fads, status consciousness, and superficial product differentiation. Marketers defend by saying that they are merely responding to the desires of people and make the best products and services at affordable prices.

Marketing is not a 'stand-alone' activity. It works within a framework of ever changing forces that constitute the environment. Oxford Dictionary defines environment as 'physical surroundings and conditions’. Marketing environment consist of internal factors such as production capacity, financial resources, company locations, research and development, company image as well as external factors such as demography, economic conditions, competition, social, and cultural forces, political and legal system, and technology. A market consists of all the potential customers sharing particular needs or wants who might be willing and able to engage in exchange to satisfy that need or want. This concept of market leads to marketing. Marketing is a social and managerial process by which individuals and groups obtain what they need. The factual or descriptive definition given by the American Marketing Association\(^{26}\) throws more light on the real meaning of marketing as “the performance of business activities that direct the flow of goods and services from producer to consumer or user.” Selling concept emphasized that unless aggressive sales efforts are made, buyer will not buy. Marketing concept-delineated importance of customer needs evaluation, marketing efforts to provide

consumer satisfaction to achieve organizational objectives. Consumer evolved as a focal point with marketing reviving around him. Nevertheless, such marketing concept is criticized on the grounds that it sidesteps the concepts conflict between consumer’s wants interest and social welfare of the consumer want satisfaction and public interest objectives. Marketing is a social process by which individuals and groups obtain what they need and want through creating offering and exchanging products of value with others. Marketing is a flow of goods and services from production to consumption.

The central theme of the marketing concept is that business is to identify, anticipate and satisfy customer needs and desires. The rationale of marketing concept implies that the company management makes all decision in terms of marketing-orientation, which begins with a customer. The concept recognizes that the dictator of market success or failure, the customer, is of key concern in determining company policies and action. All the activities of the business are integrated and balanced in terms of what is best for the company place.

2.4 MARKETING MIX.

Marketing mix is the set for marketing tools that the firm uses to pursue its marketing objectives in the target market. The marketing mix consists of everything the firm can do to influence the demand for its product. The many possibilities can be collected into four groups of variables known as the four P’s: product price place
and promotion. Product covers aspects of quality, features, options, styles, brand name, packaging, services, size, warranties and returns. Price covers list price, discounts, allowances, credit limit, and payment terms. Place consists of location, inventory, logistics, and transport. Promotion consist of advertising, personal selling, sales promotion, and publicity. The factors under promotion together are called as Promotion Mix.

2.5 PROMOTION MIX

Promotion refers to any communication activity used to inform persuade and remind the target market about an organization, its products and its activities. According to Stanton. W. F\textsuperscript{28} promotion may be defined as “the co-ordination of all seller initiated efforts to set up channels of information and persuasion to facilitate the sell of a good or service.” Promotion represents all of the communications that a marketer may use in the marketplace. Promotion has four distinct elements - advertising, public relations, word of mouth and point of sale. A certain amount of crossover occurs when promotion uses the four principle elements together, which is common in film promotion.

Philips Kotler\textsuperscript{29} says, “Promotion encompasses all the tools in the marketing mix whose major role is persuasive communication”. Promotion has a task to


\textsuperscript{29} Philips Kotler, opacity, pp.663.
communicate to consumer what the other marketing elements offer. It has an aim to inform, to persuade, to remind and to reinforce. Communication process contains elements such as the communicator, the message, the channel, the audience, and the feedback. Promotion has the objectives of providing information, increase demand, differentiate the product, accentuate the value of the product, and to stabilize the sales. However, broadly speaking the promotion mix consists of Personal selling, Sales promotion, Publicity, and Advertising. Each promotional tool such as Advertising, Personal selling, Sales promotion, and Publicity has its own unique characteristics and costs. Marketers have to understand these characteristics in selecting them.

(1) **ADVERTISING.**

Because of the many forms and uses of advertising, it is difficult to make all-embracing generalizations about its distinctive qualities as a component of the promotional mix. Yet the following qualities can be noted:

a. **Public Presentation.**

Advertising is a highly public mode of communication. Its public nature confers a kind of legitimacy on the product and also suggests a standardized offering. Because many persons receive the same message buyers know their motives for purchasing the products will be publicly understood.
b. **Pervasiveness.**

Advertising is a pervasive medium that permits the seller to repeat the message many times. It also allows the buyer to receive and compare the messages of various competitors. Large-scale advertising by a seller says something positive about the seller’s size, popularity and success.

c. **Amplified expressiveness.**

Advertising provides opportunities for dramatizing the company and the products through the artful use of print, sound and color. Sometimes the tools very success at expressiveness may, however, dilute or distract from the message.

d. **Impersonality.**

Advertising cannot be compelling as a company sales representative. The audience does not feel obligated to pay attention or respond. Advertising is only able to carry on a monologue not a dialogue, with the audience.

(2) **PERSONAL SELLING.**

Personal selling is the most effective tool at certain stages of the buying process, particularly in building up buyer’s preference, conviction and action. The reason is that personal selling, when compared with advertising, has three distinctive qualities:

a. **Personal confrontation.**

Personal selling involves an alive, immediate, and interactive relationship between two or more person. Each party is able to observe each other’s needs and characteristics at close hand and make immediate adjustments.
b. **Cultivation.**

Personal selling permits all kinds of relationship to spring up, ranging from a matter-of-fact selling relationship to a deep personal friendship.

c. **Response**

Personal selling make’s the buyer feel under some obligation for having listened to the sales talk. The buyer has a greater need to attend and responds, even if the response is a polite “thank you”.

These distinctive qualities come at a cost. Personal selling is the company’s most expensive contact tool, costing companies an average of $128 a sales a call in 1980.\(^{30}\)

(4) **SALES PROMOTION**

Although sales promotion involves a motley collection of tools – coupons, contests, premiums, etc- these tools have distinctive characteristics:

a. **Communication:**

They gain attention and usually provide information that may lead the consumer to the product.

b. **Incentive:**

They incorporate some concession, inducement, or contribution that gives value to the consumer.

\(^{30}\) Sales and Marketing Management, Feb 23, 1981, pp. 34.
c. **Invitation:**

They include a distinct invitation to engage in the transaction now.

Companies use sales promotional tools to create a stronger and quicker response. Sales promotion can be used to the buyers as news rather than as a sales-directed communication.

(4) **PUBLICITY**

"Publicity is the life of this culture - in so far as without publicity capitalism could not survive - and at the same time publicity is its dream."[^31] Publicity’s appeal is based on its three distinctive qualities:

a. **High credibility.**

News, stories and features seem more authentic and credible to readers than ads.

b. **Off guard.**

Publicity can reach many prospects that may avoid salespeople and advertisements. The message gets to the buyers as news rather than as a sales-directed communication.

c. **Dramatization.**

Publicity has, like advertising, a potential for dramatizing a company or product. Marketers tend to under use product publicity or use it as an after thought. Yet a

well-thought-out publicity campaign coordinated with the other promotion mix elements can be extremely effective.

2.6 FORMS OF ADVERTISING

Advertising can take a number of forms, including advocacy, comparative, cooperative, and direct mail, informational, institutional, outdoor, persuasive, product, reminder, point-of-purchase, and specialty advertising.

A) Advocacy Advertising

Advocacy advertising is normally thought of as any advertisement, message, or public communication regarding economic, political, or social issues. The advertising campaign is designed to persuade public opinion regarding a specific issue important in the public arena. The ultimate goal of advocacy advertising usually relates to the passage of pending state or federal legislation. Almost all nonprofit groups use some form of advocacy advertising to influence the public's attitude toward a particular issue. One of the largest and most powerful nonprofit advocacy groups is the American Association of Retired Persons (AARP). The AARP fights to protect social programs such as Medicare and Social Security for senior citizens by encouraging its members to write their legislators, using television advertisements to appeal to emotions, and publishing a monthly newsletter describing recent state and federal legislative action. Other major nonprofit advocacy groups include the environmental organization Green-peace, Mothers Against Drunk Driving (MADD), and the National Rifle Association (NRA).
B) Comparative Advertising

Comparative advertising compares one brand directly or indirectly with one or more competing brands. This advertising technique is very common and is used by nearly every major industry, including airlines and automobile manufacturers. One drawback of comparative advertising is that customers have become more skeptical about claims made by a company about its competitors because accurate information has not always been provided, thus making the effectiveness of comparison advertising questionable. In addition, companies that engage in comparative advertising must be careful not to misinform the public about a competitor's product. Incorrect or misleading information may trigger a lawsuit by the aggrieved company or regulatory action by a governmental agency such as the Federal Trade Commission (FTC).

C) Cooperative Advertising

Cooperative advertising is a system that allows two parties to share advertising costs. Manufacturers and distributors, because of their shared interest in selling the product, usually use this cooperative advertising technique. An example might be when a soft-drink manufacturer and a local grocery store split the cost of advertising the manufacturer's soft drinks; both the manufacturer and the store benefit from increased store traffic and its associated sales. Cooperative advertising is especially appealing to small storeowners who, on their own, could not afford to advertise the product adequately.
D) Direct-Mail Advertising

Catalogues, flyers, letters, and postcards are just a few of the direct-mail advertising options. Direct-mail advertising has several advantages, including detail of information, personalization, selectivity, and speed. But while direct mail has advantages, it carries an expensive per-head price, is dependent on the appropriateness of the mailing list, and is resented by some customers, who consider it "junk mail."

Informational Advertising In informational advertising, which is used when a new product is first being introduced, the emphasis is on promoting the product name, benefits, and possible uses. Car manufacturers used this strategy when sport utility vehicles (SUVs) were first introduced.

E) Institutional Advertising

Institutional advertising takes a much broader approach, concentrating on the benefits, concept, idea, or philosophy of a particular industry. Companies often use it to promote image-building activities, such as environmentally friendly business practices or new community-based programs that it sponsors. Institutional advertising is closely related to public relations, since both are interested in promoting a positive image of the company to the public. As an example, a large lumber company may develop an advertising theme around its practice of planting trees in areas where they have just been harvested. A theme of this nature keeps the company's name in a positive light with the general public because most people view the replanting of trees.
F) Outdoor Advertising

Billboards and messages painted on the side of buildings are common forms of outdoor advertising, which is often used when quick, simple ideas are being promoted. Since repetition is the key to successful promotion, outdoor advertising is most effective when located along heavily traveled city streets and when the product is being promoted can be purchased locally. Only about 1 percent of advertising is conducted in this manner.

G) Persuasive Advertising

Persuasive advertising is used after a product has been introduced to customers. The primary goal for a company is to build selective demand for its product. For example, automobile manufacturers often produce special advertisements promoting the safety features of their vehicles. This type of advertisement could allow automobile manufactures to charge more for their products because of the perceived higher quality the safety features afford.

H) Product Advertising

Product advertising pertains to non personal selling of a specific product. An example is a regular television commercial promoting a soft drink. The primary purpose of the advertisement is to promote the specific soft drink, not the entire soft-drink line of a company.
I) Reminder Advertising

Reminder advertising is used for products that have entered the mature stage of the product life cycle. The advertisements are simply designed to remind customers about the product and to maintain awareness. For example, detergent producers spend a considerable amount of money each year promoting their products to remind customers that their products are still available and for sale.

J) Point-of-Purchase Advertising

Point-of-purchase advertising uses displays or other promotional items near the product that is being sold. The primary motivation is to attract customers to the display so that they will purchase the product. Stores are more likely to use point-of-purchase displays if they have help from the manufacturer in setting them up or if the manufacturer provides easy instructions on how to use the displays. Thus, promotional items from manufacturers who provide the best instructions or help are more likely to be used by the retail stores.

K) Specialty Advertising

Specialty advertising is a form of sales promotion designed to increase public recognition of a company's name. A company can have its name put on a variety of items, such as caps, glassware, gym bags, jackets, key chains, and pens. The value of specialty advertising varies depending on how long the items used in the effort last. Most companies are successful in achieving their goals for increasing public recognition and sales through these efforts.
2.7 OBJECTIVES OF ADVERTISING:

"Advertising is the principal reason why the businessman has come to inherit the earth." Even though each ad or campaign tries to accomplish goals unique to this sponsor, advertising performs three basic functions.

1) **Provides product and brand information.**

Although many ads are devoid of information, providing the consumer with relevant information that will help him in decision-making is still the main function of advertising. The information given depends on the needs of the target audience.

2) **Provides incentives to take action.**

In most instances, consumers are reluctant to change their buying behavior, even if they are somewhat dissatisfied with their current product, a habit has been established and learning about a new product is difficult. Advertising sometimes gives the consumer reasons to switch brands, if that’s the goal.

3) **Provides reminders and reinforcement.**

Much advertising is directed at keeping current customers. Consumers forget why they bought a particular brand of microwave or automobile. Advertising must constantly remind the consumer about the name of brand, its benefits, its value, and so forth. These same message help reinforce the consumer’s decision.

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2.8 ROLE OF ADVERTISING

Advertising is an all-pervasive facet of most growing communities. It has important consequences for the advertisers who use it and for individuals who are exposed to it. However, its economic and social impact is a subject of continuous controversy. Advertisement transmits different types of market information to match buyers and sellers in the market place. "Advertising is the king's messenger in this day of economic democracy. All unknowing a new force has been let loose in the world. Those who understand it will have one of the keys to the future."\(^{33}\)

1. Communication with Consumers.

There is an increasing need for information about a wide variety of products as the economy expands and grows more complex. Advertising is a major way of establishing communication between manufactures and other organizations providing services or trying to put across ideas and concepts, on the one hand, and the customers, buyers and potential acceptors, on the other. Advertising is a reminder to the consumers and it aims at cultivating new prospects as well. Advertising has, therefore, been described as 'effective communication' with the target audience.

\(^{33}\) Editorial, "Messenger to the King," Collier's, 1930 (May 3), p. 78.
2. **Persuasion.**

Advertising attempts to persuade prospective buyers to buy a product/service. According to Clyde Miller, all success in business, industry and similar activities depends upon the processor-planned persuasion. In modern markets, the producer who is content with advertising that merely identifies or informs may soon find himself in a vulnerable position. The consumer should be aware of the advertiser’s persuasive interest, no matter how restrained or informative the message may be.

3. **Contribution to Economic Growth.**

Advertising contributes to economic growth by helping to expand the market, particularly for new products, and by helping to develop new market segments. A company, which invests in research & development in order to develop new products, has to depend a great deal on advertising for establishing the market for these products. In the broad social context advertising can be a motivating factor for the less privileged as they may be induced to some extent, to make additional efforts and seek opportunities for increasing their purchasing power. Advertising is also a potent vehicle for achieving acceptance of desirable and useful concepts and ideas where the profit motive is minimal or missing altogether. This may be seen in the case of non-profit objectives, such as preventive aspects of public health, developing the small family normally especially in over-populated countries, dissuading drunken driving, and so forth.
4. **Catalyst for Change.**

Creativity inherent in advertising leads to discovery of new relationships that can change the perception of prospect. Two aspects are of special significance: the originality of the message communicated, and the eventual effect on consumer’s standards of living. The ability to bring about changes comes from originality, ingenuity, innovation and imagination in advertising. This may be seen in promoting new products and ideas, as well as in upgrading of products/brands used by consumers. The contribution of advertising in bringing about a change is of special relevance to developing countries.

5. **Innovation.**

Advertising is seen to perform this task most effectively for new products. In a way it reduces the risk of innovation. The cost of innovation can be more than recovered by the sales of which advertising can generate and this encourages manufacturers to undertake research and development. New brand launches seem to abound in the toiletry, cosmetic, pharmaceutical, confectionery, and tobacco markets which are usually characterized by heavy advertising. At the same time it must be pointed out that advertising does not guarantee the success of all new products.

6. **New Product Launch**

Various strategies, including advertising, are employed to make potential buyers aware of new products. The term 'new product' may include modifications of existing products, imitations of competitive products & product line acquisitions.
Advertising can be used to promote new products and to call attention to changes in old products. Advertising for the soft drink concentrate under the brand name Rasna was aimed at enhancing the awareness of the product and creating a favorable disposition towards it.


The acceptance of advertising enhances the potential for raising advertising revenues. This in turn helps the launching of new publications and expanding the media. This development is characteristic of the Indian media scene in recent years. A number of periodicals and newspapers have been launched during the seventies and the trend continued through the early eighties.

8. Long term and indirect benefits

Advertising is a feature of free competitive enterprise and can be a contributory factor towards greater availability of goods. It increases distribution not only of the advertised products, but of other products as well. Advertising helps to reduce the cost of goods sold to the consumer. The costs of production and selling are lower when goods are produced and sold in larger quantities. It is also an important factor in product improvement. Advertising helps to make the commonplace emotionally more satisfying. This may apply for instance to consumers of Lijjat papad who may derive satisfaction out of buying an advertised products, or for that matter, users of perfumes and lipsticks where association with advertising may by instrumental in reducing dissonance. Advertising is an instrument of persuasion and information.
The informative role of advertisement consists in provision of information about products and their specifications, features, functions and prices to prospective buyers.

Tull, Boring and Goosier\textsuperscript{34} comment on the utility of such information. Conventional demand theory endows the consumer with a vast amount of information. The consumer is held knowledgeable of the configuration of attributes that comprise a product. Further, he is assumed to be aware of the products price alternatives available to him and has well-defined tastes and preferences and can determine his marginal rate of substitutes for each product for the other possible alternative products involved a particular purchase decision.

Borden points out that advertising may shift the demand for a class of products when the demand for that product is expansible, i.e., subject to increase through appeals to consumers buying motive. Borden observe that the influence of advertising and aggressive selling in widening the range of merchandise through the stimulation of product differentiation among brands has been much more direct than their influence in widening the range through new inventions of major character. Kaldor\textsuperscript{35} observes, “If advertisements were not provided free, consumers would be quiet willing to pay for the supply of information.” Advertising encourages

\textsuperscript{34} Tull, Boring & Goosier, “ the relationship of price and imputed quality” Journal of Business, 37, (2), p.1 April, 1964.

products development by providing information to potential buyers about the launch of new products or improvements in some products.

2.9 **TYPES OF ADVERTISING**

Advertising is complex because so many different advertisers try to reach so many different types of audiences. Let’s examine nine major types of advertising.

a) **Brand advertising**

The most visible type of advertising is brand advertising. Brand advertising focuses on the development of a long-term brand identity and image. One of the TV commercials for world span illustrates how an ad can use humor to create brand awareness.

b) **Retail or Local Advertising**

A great deal of advertising focuses on retailers or manufacturers that sell their merchandise in a restricted area. In the case of retail advertising, the message announces facts about products that are available in nearby stores. The objectives tend to focus on stimulating store traffic, and creating a distinctive image for the retailer. Local advertising can refer to a retailer or a manufacturer or distributor who offers products in a fairly restricted geographic area. Local advertising helps the local retailers to inform about the goods to that public who resides nearby.
c) Political Advertising

Politicians use advertising to persuade people to vote for them or their ideas; especially it is an important part of the political process in the United States and other countries that permit candidate advertising. Critics worry that political advertising tends to focus more on image than on issues, meaning that voters concentrate on the emotional part of the message or candidate, often overlooking important differences.

c) Directory Advertising

Another type of advertising is called directory advertising because people refer it to buy a product or service. The next-known form of directory advertising is the Yellow Pages, although there are many other kinds of directories such as trade directories, organization directories, and so forth.

d) Direct-Response

Direct response advertising can be used by advertising medium, including direct mail, but the message is different from that of national and retail advertising, in that it tries to stimulate a direct response. The consumer respond by telephone or mail, and the product is delivered directly to the consumer by mail or some other carrier.
e) **Business-to Business Advertising**

Business-to-business advertising include only message directed to retailer, wholesalers, and distributors and from industrial purchasers and professionals such as lawyers and physicians to other business, and not to general consumers. Advertisers place most business advertising in publications or processional journals.

f) **Institutional Advertising**

Institutional advertising is also called corporate advertising. This messages focus on establishing a corporate identity or winning the public over to the organization’s point of view. Many of the tobacco companies are running ads that focus on the positive things they are now doing, ads for America’s Pharmaceutical companies are also adopting that focus.

g) **Public Service Advertising**

Public Service Advertising creates message for some good cause, such as stopping drunk driving (Mothers against Drunk Driving) or preventing child abuse etc. Advertising professionals free of charge usually create these advertisements and the media often donate the space and time.

h) **Interactive Advertising**

Interactive advertising is delivered to individual consumers who have accesses to a computer and the Internet. Advertisers use Web pages, banner ads, and e-mail to deliver their messages. In this instance, the consumer can respond to
the ad or ignore it. This type of advertisement is becoming more popular in today's business world where the business has expanded globally.

2.10 RECONCEPTUALIZING CONSUMER RESEARCH

If advertising is to remain dynamic, innovative and effective as we approach the next century, we must reexamine four areas, which we now take for granted about advertising and consumer research.

First, we must reexamine definitions and terminology used to ground the way we conceptualize and approach consumer research. Distinctions among traditional definitions of advertising and promotions, public relations, and other forms of marketing communications are superficial to consumers. There is blurring of traditional conceptualizations of how consumers view products with an increasing tendency concerned with the performance aspect of goods in lieu of their functional role. In tandem with this, the notion of "information" as hard facts about product attributes needs to be reconsidered to account for information delivered via visual or emotional appeals or sound and movement. And, as we continue to enter an age of "interactivity," the active (versus passive) role of the consumer in the communications process needs to be acknowledged.

Second, we must reexamine our models of marketing communication and how advertising works. The notion of two-way communication undertaken via interactive technology has serious implications for models of how communication is
processed. What we think we know about "how advertising works" is based on information-processing models and models of heuristic processing, all of which have been tested exclusively in "one-way" communication situations. Consumer researchers have no insight into how these models might work or whether they are appropriate in situations of two-way communication typical with interactive media.

A third issue we must reexamine is how we conceptualize the consumer or rather, perhaps, how the consumer conceptualizes himself or herself. We must be more sensitive to the range of ways people simultaneously define themselves (or socially construct their reality) and the roles that advertising and consumer goods play in this process. Advertising must respond to peoples' similarities as well as their differences. Issues especially relevant to global advertising, like whether advertising should be customized versus standardized, mandate that consumer research continue to focus on both individually- motivated as well as group- or socially-motivated behaviors.

Finally, we must reexamine how we come to know the consumer -- that is, how we do advertising and consumer research. We must continue to build upon a trend seen recently in consumer research of seeking ideas from other disciplines as well as seeking to use other methods of discovery. As we adopt a more consumer-oriented perspective, we need to adopt research methods, which allow consumers to speak in their own words. Since these methods are likely to be more costly and more time consuming than many traditional methods of research, those of us in
advertising must carefully weigh what it is we need to better understand about consumer behavior against such costs. To respond to the changes, which face advertising, we must question the underlying principles guiding what we do if we wish to better understand how the consumer and advertising interact. Are common definitions used in the past still applicable? Are our assumptions about how advertising works still valid? Do we communicate with consumers in terms they understand? Can we refine the sensitivity of our research methods to better understand the consumer? The consumer is the key to how technological change will influence the future. For advertising to continue as a dynamic communication force we must listen to consumers and respond to their needs and wants in conveying messages.

2.11 PROFILE OF ADVERTISING IN INDIA

There has been a long tradition of advertising in India since the first Newspaper published in India in the 19th Century carried advertising. The first advertising agency was established in 1905, B. Datram and Company, followed by The India-Advertising Company in 1907, the Calcutta Advertising agency in 1909, S.H. Bensen in 1928, J. Walter Thompson Associates through its Indian associate, Hindustan Thompson Associates in 1929, Lintas (Lever International Advertising Services) in 1939 and McCann Erikson in 1956. In 1987 Hindustan Thompson was affiliated to J. Walter Thompson. Lintas, the 2nd ranking agency, held only 4% of

Advertising expenditure in the 1950s was estimated at $US 300,000. Under the more socialist political environment of the 1960s and 1970s there was little incentive for companies to advertise because advertising was not tax deductible. In the 1970s there was a 58% growth in the number of registered agencies from 106 in 1969 to 168 in 1979, and this included a growth in Indian agencies.\footnote{Cutler, B, Erranilli, M.K. and Javalgi, R, The visual components of print advertising: a five-country cross-cultural analysis, Journal of Marketing 26, (4), pp. 7-20, 1992.} The first advertising appeared on state television in 1976. With the opening of the economy in the 1980s there was a growth in the number of alliances with multinational agencies and an expansion in advertising though foreign network participation in agency ownership was limited.

There was a massive expansion in advertising in India in the mid 1990s and increased competition among multinationals made big budgets a necessity. New entrants in the market, for example Samsung, had to spend heavily to raise brand awareness. In the 1990s India has witnessed a massive expansion of advertising, and the advertising sector has quickly been taken over by foreign advertisers and agencies that are affiliated with foreign advertising agencies. The whole advertising sector demonstrates a remarkable degree of concentration.
strategies used in India have undergone significant change in recent years, and there has been increased customization to the local culture alongside a major intensification of strategies aimed at targeting consumer markets, to stimulate to purchase the products of foreign companies.

2.12 RECENT TRENDS IN ADVERTISING INDIAN PERSPECTIVE:

Since globalization is a growing trend, and India is playing a major role in this, it is important for advertisers to know the trends within the country and be able to adapt to the local culture. Trends in advertising in India have been towards bringing social, economic and political changes. The creativity developed is for the purpose of creating awareness, and social changes in the attitudes and influences. However, advertisements in urban areas are being used as an important weapon to outsmart the competitors. It has resulted in using new techniques and trends in promotion of goods and services.

In India there has been concentration of advertising in urban areas. Press i.e. printing media has been dominating and taking the first position, the next position is Television and the third to Radio. The rural area is having Radio as the first, Television the second position and Printing is virtually in the last position. This is due to the educational backwardness of rural population as their day starts and ends with their strategies, tools and turmoil and turbulence. Government posters of family planning, advertisement painted on the walls mainly of beedies, tobacco, tea
and washing soap etc. dominates the rural advertising scenario. TV. Centers have been the new areas for the spread of advertisements giving them information of use of fertilizers and government plans and programs of agricultural reforms; social and economic welfare, animal husbandry etc. are subjects of special interest. Spread of education, awareness of hygiene, use of common medicine has found special position in their audio-visual advertising.

There have been special interest publications for social groups like working women, housewives, the youth, children and senior citizen. Highly focused advertising for each group is increasing. Professionals like doctors, engineers, technicians have been reached by special advertisement and their using the space is through special printing media. The trends are to reach to these profession by using different advertising techniques spreads advertisement of information and commercial is little different than that of common public since the language used, the copy the message is directed to different understanding standards.

Even in civic sensitive areas advertisements have made people to follow good habits and protect their health by adopting new technology in water purification, hygiene, waste management, cleanliness, water conservation etc. In respect of environment advertisements have been doing good service in making people to conserve forest for the survival for the humanity. In respect of health, the advertisement has always been in forefront to make people understand the evils, danger of AIDS, Cancer and heart diseases. Even the printing of advertisement,
“smoking is injurious to health or smoking is injurious not only for active smokers but passive smokers suffer more” have brought a new thinking in the minds of prospective smokers. Certainly with a social objectives and its impact will lead advertisement to pressure better social values in the minds of people.

The advertisement resorted by the government and International organization in removing the social evil and educating the world population for understanding the dangers of AIDS use of drugs trafficking in drugs as anti-social and projecting a high standard of living with ideas and good health hygiene etc would bring a social revolution in the world. Government and world organizations are doing yeomen services and the trends in advertisement are now supporting the cause by their new imagination and Innovating creativity.

The educative aspects of the various advertisements sponsored by government publicity department both at central and state level have made good impact in the required socio-economic changes in the country. The superstitions, centuries old, customs and practices, promotion of national integration have brought people participation in present generation. The effectiveness and usefulness in advertising in underdeveloped countries have been helpful for government and social institutions to embark on new approaches in the areas of social economic welfare activities and have been doing good service in fostering universal brotherhood. TV news covers, around the world have made a good impact on civil disturbances, horrors of war or agonies of human life, liberty and property. The
earthquakes in Maharashtra, Japan, and Russia have made people and government rise to the occasion and help. UNO, UNESCO, advertisements are serving humanity in the right direction.

2.13 OVERVIEW OF ADVERTISING IN INDIA

This section highlights the salient features of the advertising industry in India and how globalization has played a key role in making Indian advertisements so important to understand.

India’s advertising Industry grew by 23% in the year 2000-01. Hindustan Thompson Associates (HTA) maintained the number one position out of India’s top 100 advertising agencies, with a gross income amounting to 2074 million Rupees (US$42.9 million) in 2000-01. The agency, which came in second place in terms of gross income, was Ogilvy & Mather (O&M) with 1258.7 million Rupees (US$26.04 million), and Mudra Communications came in third place with 1069.9 million Rupees (US$22.1 million). With the liberalization and globalization of the Indian economy, firms have been aggressively and vigorously promoting their products and services. These practices raise questions about truthfulness and fairness of representation of products and services. In a competitive environment such as that in India, every representation of a product or service is about what others are not. Most major international advertising firms have chosen local Indian partners for their work in this market. Mumbai (formerly Bombay) remains the centre of the advertising business in India. The Indian population is becoming very sophisticated
about advertising now. They have to be entertained. Time is a scarce and precious resource. The approach to the advertisement and the consumer has to be changed constantly to keep grabbing the attention of the consumer over and over again. "Honesty" could be a prerequisite for a product in India. Indian advertising has been placing more emphasis on the importance of both recall and persuasion as brand differentiating messages.

Another factor that needs to be considered is the language in the country. English-language advertising in India is among the most creative in the world. TV advertising (especially in the Hindi language) has made major headway in the past 10 years, especially with the advent of satellite TV. Indian TV channels have fashioned themselves after Western channels. Most advertising on such channels is glitzy, smart and tailored for the different classes. India also has a diverse and growing number of daily newspapers. Since 1991, the increase of business and financial news reports in English-language and vernacular dailies has paralleled the economic reform program and the movements of the stock markets. Leading business newspapers include Business Standard and Economic Times. Magazines include India Today, Business India, Business Today, and Business World. In addition, the Internet is now emerging as a truly global medium that does not conform to country boundaries. Creativity and advertising will affect the perceptions and values so much that the shape of culture soon is simply an advertisement-induced version of culture. The creation and production of effective advertising has long been a concern of both advertisers and advertising agencies.
There have been various rules of thumb for creating effective advertisements ever since advertising began. In order to understand this better, the following is a brief history of advertising in India.

The history of Indian advertising can be traced back to the time with the hawker calling out their wares, right from the days when cities and markets first began. The trend moved from shop front signage to street side sellers to press ads. In the 18th century, concrete advertising began, with classified advertising. This was also the time when advertisements appeared for the first time in print in Hickey’s Bengal Gazette, which was India’s first newspaper. However, the history of India cannot overlook the 200-year British rule over the country. Every aspect of Indian lifestyle, whether it is education, transportation, commerce, or advertising and communications, was affected by the foreign invasion. But, it was in such a time period that type setting shops, also called studios, emerged, and marking the beginning of advertising, created in India. These studios were set up for bold type, ornate fonts, fancier, and larger ads. These newspaper studios then trained the first generation of visualizes & illustrators. The earliest of ads that can be seen, appeared in newspapers, in the form of the latest merchandise from England around the early 1700s. Other goods advertised then were patent medicines; the first brands, as we know them today were a category of advertisers. With a beginning like that, Indian advertising has come a long way into the tech savvy world in the 21st century. On the way, it saw the launch of independent advertising agencies, entrance of multinational companies, beginning of India’s only advertising school, MICA.
(Mudra Institute of communications, Ahmedabad), and the birth of the most prestigious advertising awards in India, called the ABBY awards, by the Advertising Club of Bombay.

In India, advertising has existed at the community level and a common market place where people would skillfully parade their products, handicrafts by demonstration techniques. They would gather a crowd and demonstrates before them their products. If the appeal were good, these sellers would attract customers and earn profits. India is a developing country, one of the fastest growing powers in the world. Advertising expenditure in the 1950s was estimated at SUS 300, 000.\(^{38}\)

Under the more socialist political environment of the 1960s and 1970s there was little incentive for companies to advertise because advertising was not tax deductible. In the 1970s there was a 58% growth in the number of registered agencies from 106 in 1969 to 168 in 1979, and this included a growth in Indian agencies. The first advertising appeared on state television in 1976. With the opening of the economy in the 1980s there was a growth in the number of alliances with multinational agencies and an expansion in advertising though foreign network participation in agency ownership was limited. A study done in 1984 of the largest companies in India found that the ratio of advertising expenditure to advertisers accounting for 80% of the advertising spending and the top 10 Advertisers made up 40% of that figure, 32% of the total. The largest advertiser sales had risen from .64

in 1976, to .71 in 1980 to .74 in 1984. Pharmaceutical companies were also
significant advertisers at this time.\textsuperscript{39} In 2000 it had increased to Rs.70.07 or
US$1.55 per capita. In the year 2002 the advertising expenditure had reached
US$2.1\textsuperscript{40}

\subsection*{2.14 TOOTHPASTE INDUSTRY OVERVIEW}

India is still a nascent country in dental hygiene, with the majority of the
population still not having access to modern dental care but relying on substances
like coal ash and neem sticks. In India, per capita toothpaste consumption stood at
74g in 2005, which is amongst the lowest in the world, compared to 350g and 300g in
Malaysia and Vietnam respectively. Toothpaste enjoys a countrywide penetration
level of 50\%. The penetration levels of dentifrice in the country have been on an
upward trend over the last few years driven by strong improvements in toothpaste
penetration.

\begin{table}[h]
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\hline
Penetration & All India & Urban & Rural \\
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\textbf{All India} & 50\% & 75\% & 39\% \\
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\caption{Toothpaste penetration}
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Source: NRS 2006

\textsuperscript{40} International Journal of Advertising, 2002: 287 International summaries: world magazine trends
With the huge consumer base waiting to be tapped and the expected rise in purchasing power as the economy picks up, oral hygiene in India may receive a fresh lease of life.

2.15 **TOOTHPASTE MARKET**

Oral hygiene continues to be under aggressive competition, with sales increasing by a modest 3% in current value terms in 2006 to Rs. 2,400 crs. Toothpaste accounted for a whopping 83% of value sales.

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<tr>
<td><strong>Toothpaste market in volume (in tonnes)</strong></td>
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<td>Period</td>
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<td>Apr 03-Mar 04</td>
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<td>Apr 04 – Mar 05</td>
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Source: AC Nielsen Market Information Digest India 2006

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<td><strong>Category Media Spends (in Rs. crs.)</strong>*</td>
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<td>April 05-March '06</td>
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<td>Total Spends</td>
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*(Unadjusted Media Spends) Source: AC Nielsen Market Information Digest India 2006*
2.16 **TOP 5 BRANDS**

1. **COLGATE DENTAL CREAM**

Colgate Dental Cream is the most widely distributed oral care brand in India has a market share of 34% in value terms. It was revitalized in 2003 with an improved germ fighting formulation. Its anti-bacterial ingredient has been boosted to offer superior germ fighting efficacy.

These improvements come in addition to its calcium and minerals formula that helps repair weak spots on teeth and locks in additional calcium and essential minerals to make teeth stronger than ever before.

2. **CLOSE-UP ACTIVE GEL**

Launched in 1975, Close-up was the first gel toothpaste in India. It has since then undergone periodic relaunches.

In 2004, Close-up was relaunched with a bang. And this time it was packed with the power of Vitamin Fluoride System – a powerful mix of Vitamins, Fluoride, Mouthwash and Micro whiteners, the perfect combination of ingredients for fresher breath and stronger, whiter teeth. Close-up is now the first Gel toothpaste with Fluoride in Indian Market. Current market share stands at 14%.
3. PEPGODENT COMPLETE 10

Pepsodent, the second offering from HLL with a market share of 11% was launched in 1993 and was the first toothpaste with a unique anti-bacterial agent to address the consumer need of checking germs even hours after brushing.

Pepsodent has always been regarded as a mother's oral health care ally and has been associated with inculcating good dental habits amongst kids. Currently the brand is championing night brushing habits amongst kids through its latest TV commercial. The thrust is on making brushing at night a fun activity for kids. The brand plans to continue with its initiatives to promote healthy brushing habits.

4. BABOOL

Babool originally a Balsara product was acquired by Dabur last year. Babool straddles the economy and herbal platforms. Its natural toothpaste contains ayurvedic and medicinal benefits of the Babul tree, 'Acacia Arabica'. While Babool still pursues an aggressive promo strategy on all its SKUs, it has also upgraded its bundle ever since the acquisition, by putting the Dabur brand on its pack.

5. PROMISE

Balsara group offers promise clove toothpaste. Promise toothpaste is unique toothpaste containing natural and time-tested clove oil. The scientifically proven antiseptic and bactericidal properties of clove oil help keep teeth strong and gums healthy. The product's natural antiseptic and germ-killing properties protect teeth and gums from harmful bacteria. Promise Gel's sweet and spicy flavour provides
'wake-up freshness' right through the day. The product's natural antiseptic and germ-killing properties protect teeth and gums from harmful bacteria. Promise Gel's sweet and spicy flavour provides 'wake-up freshness' right through the day.

2.17 Brand Tagline

- **Colgate** "Bhartiya dentists ki number one pasand."
- **Pepsodent** "Pepsodent, raat bhar ... dishum dishum."
- **Babool** "Subah Babool ki to din tumhara ."
- **Close-Up** "Vitamin floride system wala naya Close-Up."
- **Promise** 'Wake-up freshness' right through the day.

2.18 DEMOGRAPHIC, ECONOMIC, SOCIAL AND CULTURAL CHARACTERISTICS OF MUMBAI:

Mumbai (known as Bombay until 1996) is located on the west coast of India facing the Arabian Sea and is the capital of the state of Maharashtra. It is India’s financial capital. India itself is a South Asian country bordering the Arabian Sea and the Bay of Bengal, between Burma and Pakistan. It has a land area of 2,973,190 sq km on which live 1,065,070,607 people (July 2004 est.), making the Indian economy is the fourth largest in the world, and is the world's second-fastest growing economy with an average growth rate of 6% since 1990. Mumbai is India’s most populous conurbation and the sixth most populous agglomeration in the world. According to the 2001 census, the population of Mumbai has increased from 9.93
million in 1991 to 11.91 million in 2001. However, city officials estimate that an additional 2-3 million "floating population" also resides in Mumbai. The official population density (about 27,209 people per sq. km.) is one of the highest in the world. There are 811 females to every 1,000 males. The smaller ratio of female–male population is owing to the fact that many working males in the city leave their families in rural areas where they hail from. The total literate is 77% that is higher than national average. Out of these figure 82% of adults males and 71.6% of adult females are literate. Roughly 60% of the population resides in informal settlements and the number of structures including residential, commercial and industrial comprise 2,768,910 (1991 census). Mumbai has been the 'Urbs Prima in Indis'. Its port handles 50% of India's total foreign trade business and generates 40% of India's GNP. It also rates as one of the largest cotton textile industries in the country. It has the largest source of oil and natural gas, the largest stock exchange in India, and third largest exchange in the world. Mumbai is also the capital of India's pharmaceutical trade industry. Many multinationals and corporate head offices are also located here.

Mumbai is served by numerous Newspaper publications, Television station and Radio. The Times of India, Midday, Afternoon, Asian Age, Economic Times, Mumbai Mirror, DNA- Daily News and Analysis, Hindustan Times and the Indian Express are the major English language Newspaper sold in the city. Popular Marathi Newspaper include Loksatta, Maharastra Times, Nava kaal and Saamana. In addition to these papers Newspaper are printed in Gujrathi, Malayalam, Bengali,
Urdu, Telgu and Tamil. Most of the households in Mumbai are served by one of the three cables Network serving the city. Dordarshan, the National Television Broadcasting, has two free terrestrial channels on air. Direct to home though present, has yet to gain mass acceptance due its higher costs. Mumbai receives over a hundred Television channels and a majority of them are produced to cater to the city's polyglot populace. The metropolis is also the Hub many international Media Corporation with many news channels and print publication having a major presence. There are nine Radio stations in Mumbai, with six broadcasting in the popular FM band and three All India Radio station broadcasting in the AM band.

2.19 CONSUMER MARKET IN MUMBAI:

Mumbai represents an economic opportunity on a massive scale, both as a global base and as a domestic market. However, the Indian government has indicated in 2005 that liberalization of direct investment in retailing is under active consideration. Price controls have been progressively liberalized since 1992, but a small number of items remain fully controlled. There are also extensive controls on packaging, labeling and certification. Estimates of the size of the retail sector vary, with recent calculations putting the annual value of Indian retailing anywhere between US$180 billion and US$292 billion in 2003.\textsuperscript{41}

\textsuperscript{41} Source: EIU Country Briefing on India, 2005
The retail sector is largely made up of what is known in India as the unorganized sector. This sector consists of small family owned stores, located in residential areas, with a shop floor of less than 500 square feet. At present the organized sector (everything other than these small family-owned businesses) accounts for only 2 to 4 percent of the total market although this is expected to rise by 20 to 25 percent by 2010. Many of the companies surveyed believe that the potential size of this market is underestimated. They consider that there are considerable opportunities for organized retailers in the kind of rural territories that many companies have failed to address. A critical issue is how fast and how far the consuming class will grow. This depends both on the growth of personal disposable income and the extent to which organized retailers succeed in reaching lower down the income scale to reach potential consumers towards the bottom of the consumer pyramid.

Companies expect retail growth in the coming five years to be stronger than GDP growth, driven by changing lifestyles and by strong income growth, which in turn will be supported by favorable demographic patterns. The structure of retailing will also develop rapidly. Shopping malls are becoming increasingly common in large cities, and announced development plans project at least 150 new shopping malls in 2008. The number of department stores is growing much faster than overall retail, at an annual 24 percent. Supermarkets have been taking an increasing share of general food and grocery trade over the last two decades.\textsuperscript{42}

\textsuperscript{42} Consumer Markets in India – the next big thing? © 2005 KPMG International
Marketing and advertising are of increasing interest and concern to consumer companies in Mumbai and all over India. Mumbai consumers are becoming increasingly sophisticated and knowledgeable about products; media channels that allow companies to communicate with consumers who are growing in diversity and reach. Advertising is becoming a bigger part of the marketing mix – companies are concerned about identifying consumer insights and the profusion of media channels. Consumer goods offers the greatest organized retail growth opportunities, say companies. All companies agree: Mumbai consumer markets are changing fast, with rapid growth in disposable incomes, the development of modern urban lifestyles, and the emergence of the kind of trend-conscious consumers that India has not seen in the past.