Chapter - 10

IS ADVERTISING NECESSARY ..... ?

10.1 NEED FOR ADVERTISING :

Any advertiser who wants to reach out to masses, with a product, which has to be brought has to pay the price to become a popular brand. He has to be prepared to spend large amounts, if he wants his advertising to be effective. The reason is fairly simple. In a populous country like India, there are millions of consumers, but none of them are overly keen or waiting for the advertiser's message. One may spend millions of rupees on the campaign of a particular product and still come across plenty of consumers who have never heard about it.

Many advertisers are shocked by this situation. They cannot reason out for themselves. When their products is so popular, their message is so convincing, then what is the problem ?. Why do the consumers show so much of indifference ?. But when one tries to judge the situation carefully, the situation will hold no surprise. The consumers are bombarded by so many messages, from so many advertisers and for so many brands of one particular product that it is really an impossible task for the consumers to concentrate on any of them. For e.g. - If we consider a situation of a young housewife, who is continuously busy attaining some or the other work throughout the day and finds it difficult
to spare some time for herself to sit peacefully. And in such busy schedule, all sorts of advertisements are competing for her attention. If in the midst of all activities, if she notices a particular advertisement at all, it is a great achievement for the advertiser. If she remembers the message, then it is astonishing. If she buys the product on the basis of the advertisement, the advertiser must give thanks to god for this miracle.

This typical example of the busy housewife explains why an advertiser has to indulge in the wearisome repetition. If the advertiser wishes to sell the goods only in the local markets, then the problem is comparatively simple. But if he wishes to sell on the national level, he needs a national audience or readers. He has to go on repeating his message again and again, so that everyone will see it or read it at some point of time or another. Another reason why this hammering of message is required is that no one makes the efforts on their own to record it. So unless the advertisement is repeated, most of the national viewers will never consciously record it. Advertiser at the national level, has to get the maximum number of consumers to achieve economics of scale.

This means an advertiser has to go on saying the same thing day after day, or week after week. He cannot keep changing what he says, although it would be more interesting and exciting for him, if he did so. His product has certain advantages. It is those advantages, he wants to get across to the public and therefore he has to repeat those advantages over and over again.
10.2 NATURE OF PRODUCT AND ADVERTISING EXPENDITURE:

Large expenditure on advertising is inevitable, if one wishes to make some impression on the audience at national level. The expenditure has to be even larger, if the product is the one which is bought frequently. If one is advertising for motor cars, one can base the expenditure on the fact, that once one has sold the motor car, the customer is likely to use the car for next few years. But if someone is selling tea, coffee or toothpaste, the purchases will take place almost every month and then every month advertiser has to make sure that the consumer will stick to 'his' brand. The consumers are perpetually under temptation to change to something else. So he needs constant reminder of the advertisers product.

This repeated reminding is an expensive activity. Advertisers sometimes have to spend as much as 15% to 20% of the final cost of the product on advertising. The consumer constantly gets the impression that thus expenditure too, he has to pay.

10.3 ECONOMIST'S OBJECTION TO ADVERTISING EXPENDITURE:

Both the consumer and the economist object to the heavy expenditure, but on different grounds. In the economist's
ideal world, the consumer expresses his sovereignty through price. As relationship between supply and demand shifts, the price changes and this is an infinitely flexible process. If the world was operating according to the economists desire, each price shift would have brought the economy little nearer to the perfect allocation of resources. The ideas of consumer and the situation of supplier change all the time. Moreover economists have simplified their model by assuming a world in which the transactions take place in markets and products are perfectly substitutable. The economists then argue that advertiser upset the perfection. The advertiser differentiates his goods from other goods and thus creates a fiction in the working of price mechanism. People may go on buying advertiser's products at a given price even when there is something else marginally cheaper available in the market and consumers ought to change to it.

This criticism rests on two basic misconcepts - Firstly, there is a belief that before advertising and branding, the products were not differentiated. Secondly, there is the belief that the time of the ordinary buyer has no value.

In fact product differentiation has existed since the beginning of the business and trade. In case of bulk consumers, differentiation took place on the basis of quality. For individual household consumers, the differentiation is as great even in the pre-branding stage or when advertising was not so popular. Consumer made differentiation between whether the grocer gave credit and home delivery, whether he was polite, whether he gave pure or adulterated products and offered varieties which gave the consumer wide choice.
Advertising does in fact reduce this infinity of differentiation. All that the consumer has to do is to decide whether the particular service offered by one shopkeeper as against another justifies differentiation in price. Advertising reduces differentiation to such an extent that it offers the consumer an enormous saving of time. If one is buying loose tea, the consumer has to visit various shops in order to compare prices and quality. But if one is buying any packed brand like Red Label or Tajmahal, no time is wasted in making a decision.

Advertiser offers the consumers not only the packed products, but gives him the guarantee that it will always be the same and meet the specifications put forward by the advertisement. If the consumers find the quality satisfactory, they can save the time which they otherwise would have spent for getting the product that meets their needs. The saving of time for so many consumers, makes a really worthwhile saving for the economy as a whole.

10.4 ADVERTISER'S STRUGGLE FOR DEVELOPING BRAND LOYALTY AND FOR INTRODUCING TECHNICAL INNOVATION:

Consumer habituation and brand loyalty is the advertiser's worst enemy. Once the consumer develops it, then it becomes difficult to mould the consumer consumption pattern in favour of
other advertiser. The next advertiser, who comes along with even better bundles of quality and services wrapped-up in his product, finds it very difficult to overcome this habituation or loyalty. So to establish himself and to develop loyalty for his product, he has to advertise on a still larger scale.

But this loyalty problem did exist even when there was no advertising and it still exists in all those professions where the advertising is not permitted at all, for instance, doctors. New doctors today are at the mercy of senior doctors and general practitioners and are forced at times to give them a cut from their earning, though that is unethical. In trying a new doctor, there is a tremendous risk and no one wants to take it. With the help of advertising, advertisers overcome this problem in a short span of time and with ease, where consumers are reluctant to take the risk of trying a new source. Advertising gives a new advertiser, the same opportunities which are enjoyed by the already existing suppliers, to make their product known in the market. It thus helps to market the innovation easily and quickly. It encourages the consumers to take a chance and try out innovated products and to shift away from their brand loyalty.

What advertiser wants to convey to the consumers is perfectly well-known to them. As such it is either not worth repetitions or at the most a gentle reminder is enough. If the advertiser's product, which has not changed a bit, for a very long time and about which everybody knows already, then there is no point in the extensive advertising. But if the advertiser's product is the new
or an improved one, then the public cannot know about the newness or the improvement, unless it is announced with fanfare. This loud announcing helps in overcoming the initial disbelief, which is inborn, in all of us. The housewife does not try to find out on her own to know that there is new detergent in the market, which is much more effective in stain removing than any previous one. So she has to be told. The amount of advertising which is necessary for an industry, therefore is a function of determining rate of technical innovation in that industry. That is why we came across so many advertisements of soaps and detergents in everyday life. It is an industry where the rate of technical innovation has always been high and the technical innovations which have been achieved are of great importance to every housewife.

New products cannot be always better than the old products in every way, as every improvement has its own disadvantages and therefore each innovation has to really struggle for its place in the consumer's shopping list.

10.5 CONSUMER'S CHOICE AND ADVERTISER'S HEADACHE:

In any given family, the tastes differ and for any housewife, it is a difficult task to find the menu that will please the entire family day-in and day-out. This logic is also applicable
to many daily consumption products like toothpaste, hair oil, detergents, toilet soaps etc. Let us consider the case of detergent, where everybody has only one overriding demand from the product. Detergent, that it should wash white. But along with this primary demand, everybody also has a whole series of subsidiary demands. Some people like this detergent to smell of one perfume or another. Some like it to be white, some like it to be blue. Many consumers are prepared to buy lower quality at a lower price, but some are not ready to sacrifice quality, even if they have to pay higher rate. Some like lather, some are allergic to lather. There are innumerable different qualities that people look for, in their detergents, and all the possible combinations of these different qualities are almost infinite.

It is obvious that no advertiser can possibly tailor make his detergents (or whichever other product it may be) to each housewife’s choice. If the producer tries this adventure, then the detergent will be more expensive than the clothes laundered by any elite laundry. It is an impossible task from the point of view of manufacturer. The advertiser therefore has to try to persuade the consumers to limit their demands and to concentrate only on few brands. The cheapest way of all, of course, would be, if the public is ready to accept only one brand because total monopoly needs no advertising.

Monopoly will help to save the money spent on advertising. But it can only do so at the consumer’s expense and consumers crave variety. No two women will like to appear at the wedding
party in identical sarees. With more people getting more educated and more affluent, this desire for variety, individuality becomes strong. So to have no choice of the brands is intolerable for consumers, who can pay for their choice to have infinite diversity of choice is equally intolerable as it will be too expensive. Advertising is a major medium, whereby the consumers are persuaded by the advertiser to limit their choice to its own economic advantage.

10.6 ADVERTISER'S PRESSURE FOR RESTRICITING CHOICE

There are number of reasons why advertisers should persuade the consumers to restrict their choice to the limited varieties of product:

1. There are obvious economies of production of which every economist is aware. Raw materials can be purchased in bulk, factory can be more automated and research costs less to the consumers, if it can be spread over a large number of units.

2. It helps the advertiser to choose the cheaper marketing mix. The reason why advertising enables the advertiser to effect economies on the other ingredients of his mix, is that advertising pushes the public into concentrating its buying on those products, which provide standard, balanced qualities which are most satisfactory
to target number of consumers.

3. The limited brands help the shopkeepers as well. Suppose a shopkeeper is displaying fifty brands of toilet soaps instead of five, they take-up much more space on his shelves and space today, is money. If he does not stock all the brands, some of his customers may go elsewhere or they will be forced to buy the brand which is not of their choice out of complusion. Either way, shopkeeper loses goodwill. Thus logic applicable to toilet-soaps, is also applicable to all other products too.

4. Another problem faced by the shopkeeper is that of shortage of money and money being locked-up in the stock for a longer period. This forces him to try out different tricks to accelerate the speed of the turnover. But then this results in the lower margin for the seller.

10.7 IS ADVERTISING REALLY A WASTEFUL ACTIVITY?

Probably, nothing in advertising is more criticised than what is referred as 'Wasteful competitive advertising'. In other words, large advertising campaigns for the similar products are wasteful, according to critics.
Often this concept of similarity is misconceived. Products may be technologically similar, but different from each other in many other ways. As Henry Ford found-out when Ford Motors were in trouble, that a black car may have exactly the same engine as a car of some other colour, but consumers still prefer a car of another colour, even at a higher price. What is the logic?. This assumption is frequently made, that the consumer cares only about those technical qualities of a product which are testable. But this assumption is not quite true. There are so many technical qualities which are very difficult to test adequately. For instance the mildness of soaps to the skin or freshness of the product or a smell etc, which are a matter of subjective judgement. They are extremely difficult, even by most sophisticated market research to get to the real reasons of preferences.

It is, therefore very difficult, to expect by the test of what the consumer actually buys, to say that one product is or is not same as another, or that a product is or is not the better buy. When we compare sweets packed in an ordinary box, and same sweets are packed in specially designed and decorated pack, we are no more making straight forward comparison between two identical products. Both the products have different appeal for the consumers. So how can there be waste ?.

Nevertheless, there are occasions, when products which are substantially similar are heavily advertised from almost the same platform. This is obviously a position, which advertiser is scared about and wants to avoid. But he is forced to spend the money
for purely defensive reasons. If he is in the market, where consumers purchase the product frequently, he is fully aware that his goodwill, brand-loyalty or market-share will be adversely affected, the moment consumers discover that there is no great substantial difference between his product and his competitor's. He knows that advertising is the cost, quite substantial one, he is incurring to say nothing in particular, but just to constantly remind the consumers about his existence in the market. As such, the cost of not advertising is quite heavy. By not advertising, he is offering an opportunity to the new entrant advertiser to get into market by offering a similar product and to cut into his own share in the long-run. This would be a gift of market share to the new entrant, by economising on the cost of advertising.

10.8 WHY DO THE ADVERTISERS MAKE THE PRICE COMPARISONS?

Advertisers have been using the words like 'saving, economy, cheap' or offering the 'sale' or 'discount' knowing fully-well that they are hardly offering anything to consumers in money value. There logic is that psychologically it comforts the consumer --- the products in which they had no interest in the past become suddenly attractive and more over as people do not keep making price comparisons, unless they are so money minded. Not always do they find easy to make comparisons. But advertisers have no intention to cheat or fool the customer, but these 'code words'
are used necessarily as gimmicks. In fact, if they introduce slight price-cuts, these they highlight and bring it to the notice of consumers through such price comparisons.

The housewives who represent the majority in shopping daily consumption needs and grocery items, remember more figures of different prices than any professor of mathematics or statistics. But they cannot be expected to remember prices of hundreds of items, which they purchase for the family. They quite reasonably, concentrate on remembering few main prices and restrict the price comparison to those goods which are expensive and infrequently purchased. They buy the rest of the things at one shop, they normally patronise. This is an unreasonable way to believe only if we assume that their time is of no value. Comparing prices from shop to shop takes time and for a woman with a house and children to look after and possibly job as well, time is very valuable.

10.9 HIGH PROMOTION TECHNIQUES:

Price cutting and Price comparisons are at times just not sufficient in getting attention of consumers. Consequently, advertisers have to turn to promotions. These promotions are necessarily gimmicks and help in holding attention of consumers. Attracting and holding attention is the essence of advertiser's main aim. The fact that these promotions are gimmicks, does not mean that they are of poor value. On the contrary, for the great majority of the population,
they are admirable values. If they would not have been admired by the customers, they certainly would have failed. To get rid of brand loyalty and habituation and to 'attract' the regular customers of competing brands, promotion becomes essential for the advertisers.

So a fundamental of promotion, is that, it should be attractive to the consumers. The criticism says that promotion annoys the consumers. If it were really so, advertisers would have stopped it much earlier. What really happens is that it annoys only a small minority. They do not get carried away by way of promotion. However, middle and lower income group consumers are more interested in price-cuts. A company like Hindustan Lever had offered some cheap plastic bowls on a popular brand like Surf, and shopkeepers had reported a good response from consumers. So, there is no point in getting carried away by the criticism of few critics.

Promotion serves the other purpose also. It is a cheap way of sampling. If the advertiser is confident that a product is good, so that its qualities speak for itself, the best way of attracting the attention is to provide the consumers free samples, so that they can judge for themselves. This is quite common in case of the product like toilet soaps, detergents, shampoos, tooth pastes and certain food products. But it is a very expensive method of promotion. So, if the advertiser fails to arouse sufficient response in return, the risk of loss is considerable. Unless he gets a large number of new customers as a result, all he is
doing, is to reduce his profits. Relevant here is the famous story of how Parmentier introduced potatoes in France. He ploughed up the Champs de Mars and put soldiers on to guard it, but with strict instructions to make theft easy. Everyone came to see them and took one or two, and potatoes were launched successfully.

10.10 ADVERTISER'S REFUTATION OF THE CRITICISM:

It is a favourite allegation of the critics that the advertisers lower the standards of society by concentrating unduly on sex, status, and the material things of this world. But advertisers feel that to some extent this is plain nonsense. According to them, they reflect the society rather than create norms for the society. Certainly, no advertisement would dare to glorify juvenile delinquency and teenage sex or disobedience to parents after 'Romeo and Juliet'. Still 'Romeo and Juliet' becomes a part of regular studies and attracts the attention. All that the advertising does, according to advertiser, is to suggest that perhaps a young woman prefers a young man who does not smell foul when he sweats and perhaps a young man prefers a young woman whose hair has been properly shampooed. But then this is a social fact, which can hardly be denied and is, therefore, quite in order.

Another common criticism against advertising is that it divides the society into classes and makes the people status conscious, which is morally wrong 'Pride and Prejudice', which highlights the
division of society on class basis is never criticised for it. In fact, its reading is necessary part of our elite culture. But those who praise this and other such classics never fail to criticise advertising. Advertisers always maintain that they do not contribute to the fall of values in society. In fact, they are the ones who emphasise the principles of equality. They make an equal appeal to all classes, irrespective of their social status or income level. All the consumers are equally important to them.

The allegation which is most frequently levelled at them is that of vulgarity. This is a very difficult subject to discuss. One may be in favour or against class distinction, in favour or against culture. But no one approves vulgarity. Vulgar advertisements are those, which do not reach the cultural aesthetic or moral standards.

No advertiser claims that advertising is perfect. Rarely some advertisements are vulgar, but then for few advertisements, blaming the entire fraternity is wrong. But then who is prefect ?. Some vulgarity, some errors are inherent in all human activities. In fact, the advertisers are spending a lot of money on bringing to the public's notice, the qualities of their products, which they think important. If there were no advertisements for the products, innovation would be much slower, innovators will find is so difficult to get at the public and consequently prices will be much higher and market will be fragmentated. There seems to be no sensible alternative available.
10.11 CONCLUSIONS:

Advertising is on the whole, the most effective way of ensuring that consumer get the goods and services. However, it is odd that it gets such adverse criticism. The advertiser as a matter of fact, is not trying to change anybody's system of beliefs in any important way. He is not there to change consumer's views of the universe or consumer's concept of society. He merely wants to persuade the consumers to buy his products.

There are good reasons, why the advertisers do not disturb the main beliefs and standards of society. This however, does not mean that advertisers, have low moral standards. There are practically no advertiser, who would be willing to argue for breach of any of the commandments. It does not pay the advertiser to go against the basic moral sense of the community.

REFERENCES