Chapter - I

INTRODUCTION

Telecommunication is one of the prime support services needed for rapid growth and modernization of various sectors of the economy. It has become especially important in recent years because of enormous growth of Information Technology (IT) and its significant impact on the rest of the economy. Indian telecommunication sector has undergone a major process of transformation through significant policy reforms, particularly beginning with the announcement of NTP 1994. Telecommunication services of world class quality are necessary for the success of this policy. It is, therefore, necessary to give the highest priority to the development of telecom services in the country. The focus of the Telecom Policy is telecommunication for all and telecommunication within the reach of all, besides the quality of telecom services of world standard.

The Government of India recognizes that provision of world class telecommunications infrastructure and information is the key to rapid economic and social development of the country. It is critical not only for the development of the Information Technology industry, but also has widespread ramifications on
the entire economy of the country. It is also anticipated that going forward, a major part of the GDP of the country would be contributed by this sector.

For a dynamic sector, reforms are a continuous process and the telecom sector in India has been witnessing a continuous process of reforms since 1991. Major objectives of the New Telecom Policy (NTP), 1999 were to:

(i) Create a modern and efficient telecommunications infrastructure taking into account the convergence of IT, media, telecom and consumer electronics and thereby propel India into becoming an IT superpower.

(ii) Transform in a time bound manner, the telecommunications sector to a greater competitive environment in both urban and rural areas providing equal opportunities and level playing field for all players.

(iii) Enable Indian Telecom Companies to become truly global players.³

During the Ninth & Tenth Plan period, tremendous growth has been seen in the telecom sector in the country. Today, a mobile or cell phone is not the fashion accessory of a rich man or business tycoon, but it became the icon of pocket of a layman in India and across the world.⁴
Advertisement and Cellular Services:

Advertisement plays an important role in achieving growth in sales of product and services. Effective advertising refers to informing the public about the right product at the right time through the right medium. The right media selection is the crux of the success of the entire advertising campaign. The medium that could become the biggest thing in advertising since TV - the cell-phone. With more than two billion users around the world, the potential reach alone has advertisers drooling. In USA, the AD Council's advertising created by agencies for free and placed in media for little or no change, is known as pro bono advertising - in Latin, pro bono means "for the public good."

Significance:

Advertising is multi-dimensional. It is a form of powerful marketing tool, a component of the economic system, a means of financing the mass media, a social institution, an instrument of business management, a field of employment and a profession.

Advertisement, in the present atmosphere of global competition, is a powerful social and economic force. Consumers look to it for information in respect of products, brands and services that might help them in selection and to meet their material needs. Cellular services are very popular and demanding
these days among all sections of the society. Without these services immediate contact is not possible while sitting away from home and at a distant place. Cellular phone service is of utmost importance in dealing with domestic, official and personal problem promptly and immediately. From the critics of advertising we hear that it works by playing on people's hidden fears and motivations, or by manipulating consumer demand for the advantage of the advertiser or by distortion or misrepresentation. Advertising, in the real world, does its work in many marvellous ways.

**Viewpoints of Some Great Personalities on Advertising:**

**Sir Winston Churchill** -

Advertising nourishes the consuming power of men. It creates wants for a better standard of living.

**Franklin Delano Roosevelt** -

If I were starting my life over again, I am inclined to think I would go into the advertising business in preference to almost any other.

**Sovetskaya Kultura (Russian Culture Magazine)** -

The purposes of advertising in Soviet Russia are the following:

1. to educate public taste,
2. to develop demand,
3. to help consumers quickly find what they want to buy,
4. to help them buy it easily and
5. to tell them the price.⁹
Modern Advertising:

During World War-II, advertising turned once again to government and institutional advertising. The War Advertising Council, supported and manned by advertising men, planned and executed public service campaigns during the war. For the Army, it said to soldiers: "Take care of your equipment and your equipment will take care of you".

Television another mammoth medium had been added to the advertising world in US. Television expenditures were computed for the first time by Printers' Ink in 1949 - $57,800,000. By 1976, they had risen to $4,110,000,000 and more than 55 per cent of the homes in the United States had colour television. During the 1940s and 1950s motivation researchers like Ernest Dichter and Burleigh Gardner probed man's subconscious in their search for successful advertising themes.

The Forces behind the Facts:

The phenomenal growth of advertising during the past century and a half is irrefutable. Advertising is a highly personal business. Yet there were certainly non-personal forces at work which contributed also to this phenomenon:

- **Growth in productivity per worker.** An efficient way had to be found to stimulate demand.
- **Technological developments.** These made improvements in production, distribution and communication systems.

- **Increase in income.** A prosperous population is an attractive market for the advertiser.

- **Growth of the middle class.** The prosperous middle class, growing steadily.

- **Growth of transportation.**

- **Increase in education.** A literate, better educated populace is eager to live better and can be more easily influenced by advertising.

- **Decline of personal selling.** Advertising can do many kinds of selling more cheaply and efficiently.

- **Growth of specialized advertising organizations.** With the pace of time a major growth of specialized advertising organizations/ agencies have taken place.

- **Research.** It made advertising more productive and helped lessen the guesswork.¹⁰

**Need and Objectives of the Study:**

All the studies show that a lot of work has been done and is being done on the relevance and need of advertising but so far no attempt in this regard has been made in the State of Punjab. Punjab is one of the States where per capita use of cellular phones is maximum; and this factor has prompted to investigate some of the issues related to it. This study examines the role of advertisement in increasing the penetration of cellular services in
Punjab. Sometimes advertising does not include objective information because the primary function of commercial advertisements is to sell a product/service to the prospective buyer. Advertising as an institution and as a business and social process has the greater responsibility within the economic system of any country. So, keeping in view its impact on economy and viewers, and the cell phone service technology, the study holds significance. The specific objectives of the study are:

- To study the socio-economic profile of the cellular users and examine the impact of socio-economic factors in the sale/purchase of cellular services in both rural and urban areas.
- To study the extent to which advertisements affect the promotion of cellular services.
- To examine the efficacy of different promotional schemes affecting the sale promotion of cellular services.
- To identify the most effective ways of advertising in cellular services business.
- To suggest a marketing strategy for further growth in the cellular services.
- To study the consideration in the minds of the customers while making a choice of cellular service.
Research Methodology:

To meet the specific objectives are the main methodological issues of the present study. The methodology adopted for the study is as follows:

Area of Study:

The present study relates to the State of Punjab. There are 20 districts in Punjab. It was quite difficult to include the rural and urban respondents in the sample from the whole of State. The present study is restricted to the three Districts of Punjab. These districts are Ludhiana, Patiala, and Bhatinda. These districts have their own significance in many ways - Ludhiana being an industrial hub of Punjab; Patiala, being the educational centre; and Bhatinda for having a sophisticated rural and backward background.

Collection of Data:

Secondary data:

The secondary data has been collected from various journals, books and policy documents of the government.

Primary data:

Primary data has been collected from the respondents belonging to the three districts in the state. Stratified random sample technique has been followed to identify the respondents in
rural and urban areas. A Structured Questionnaire was designed, tested and administered for collection of data. It was finally decided to select a sample of 600 respondents - 200 from each district with a break-up of 100 rural and 100 urban respondents.

The composition of respondents contacted is as under:

- Servicemen
- Businessmen
- Students
- Others (not covered under the above categories).

**Statistical Techniques Used:**

While highlighting the advertisement sensitivity in the promotion of cellular services, a comparative study of Rural and Urban areas in the selected districts of Punjab was made. For this purpose, the mean, weighted average score, F-Test, and Pearson's Chi-square test have been used in this research work.

Chi-square is a statistical measure used in the context of sampling analysis for comparing a variance to a theoretical variance. In this study, to analyze the cross classification tables, the Chi-square test has been used for independence. For the test of independence, a Chi-square probability of less than or equal to 0.05 (or the Chi-square statistic being at or larger than the 0.05 critical point) is commonly interpreted as justification for rejecting
the null hypothesis that the row variable is unrelated to the column variable. The alternative hypothesis corresponds to the variables having an association or relationship where the structure of this relationship is not specified.

New Dimensions in Marketing:

The modern marketing concept has helped emphasize certain principles that are basic in understanding marketing and advertising. The following are worth special to note:

... modern marketing concept is first and foremost a basic frame of mind, a philosophy of doing business. It is a deep conviction that as the company serves the consumer, it serves itself. Under the modern marketing concept planning starts with the consumer. Thus, understanding the consumer becomes a first order of business. Regardless of the kind of marketing decisions being made.... whether it be product packaging, advertising or even distribution policy... the modern marketing man constantly asks himself, "Would more value be communicated to the consumer if we did it this way or that way?".

The marketing vice-president of a large manufacturer says, "The entire organization (research, engineering, production, and marketing) must work together to determine what the customer wants, how best to produce it, how to motivate its sale, and how to deliver it."11
How do Economists view Advertising?

Economists traditionally have either ignored advertising or have viewed it with skepticism. It does not fit very well into the theories constructed by our leaders of economic thought. For example, Marshall (1890), father of the neoclassical school of economics divided advertising into two categories: "informative" and "persuasive". He admitted the benefit of providing information about new products, but he objected to "persuasive" advertising because he thought that it merely shifted demand from one brand to another without serving any socially useful function. He and other neoclassicists did not recognize the "added value" derived from advertising or that advertising may increase primary demand for a class of products.

Advertising has not fared particularly well with modern economists either. Many of them believe that persuasion is antithetical to the concept of an "economic man" who should make his decision rationally rather than emotionally.

One of the most articulate and widely read of modern economists, Galbraith (1967), accuses his colleagues in the economics field of being behind the times in their analysis of advertising:
The present disposition of conventional economic theory to write off annual outlays of tens of billions of dollars of advertising and similar sales costs by the industrial system as without purpose or consequence is, to say the least, drastic. No other legal economic activity is subject to similar rejection. The discovery that sales and advertising expenditures have an organic role in the system will not, accordingly, seem implausible.

The general effect of sales effort, defined in the broadest terms, is to shift the locus of decision in the purchase of goods from the consumer where it is beyond control to the firm where it is subject to control. This transfer, like the control of prices, is by no means complete. But again what is imperfect is not unimportant.14

**Does Advertising Influence our National Income?**

The influence of advertising on national income (or gross national product) has been debated for many years by critics and friends of advertising. Most critics concede that it has an effect, but they feel that it has been at the wrong time or for the wrong products. For example, some of them contend that advertising accentuates a downturn in the business cycle or uses money that could contribute more to our income, if spent in some other
manner. The friends of advertising attribute a good deal of the increase in our national income to the influence of advertising. Some of them believe it should be used to offset recessions in the business cycle.\textsuperscript{15}

Undoubtedly, the best evidence of advertising's relationship to national income during the period before World War-II was compiled by Borden (1942) and published in his \textit{Economic Effects of Advertising}. He concluded:

"The analysis indicates that advertising has not, in itself, been a causative factor of appreciable moment in cyclical fluctuations. However, as used, it has tended to accentuate fluctuations because expenditures for advertising have varied directly with business activity. As an employer of men and materials, advertising has been subject to the same fluctuations as business generally. As a stimulant to demand for products and services, it has been most extensively used in boom times and most lightly used in depressions."\textsuperscript{16}

\textbf{Sales Promotion:}

Sales promotion is a much-abused term but has usually come to denote activities that supplement advertising and personal selling. The most common of these are premiums, contests, couponing and cross-couponing, special price offers,
consumer incentives, dealer incentives, point-of-purchase displays, and special deals of all kinds.\textsuperscript{17}

Advertising became a major economic force in the United States around the middle of the nineteenth century, with advent of the mass market for manufactured goods. Advertising helped develop this mass market by establishing branded products that stood for uniform quality at good prices. However, as markets matured with a proliferation of similar brands, sales promotion gained importance.

Currently, most of the firms spend about three-fourths of the promotional budget on sales promotions, and one-fourth on advertising. Thus, sales promotions have become a very important component of the promotional mix. Second, advertising and sales promotion are closely interlinked. Expenditures on advertising have a direct bearing on expenditures on sales promotion. Third, personal selling and publicity may not be close enough to advertising and sales promotion to merit an in-depth treatment.

**Goals of Sales Promotions:**

The goals of promotions can be classified as short-term tactical goals, intermediate strategic goals, or ultimate long-term goals. Sales promotions serve a number of subordinate goals within each of these three groups.
**Tactical Goals**

- To combat promotional efforts, or increase in market share of competitors.
- To move goods that are no longer needed or overstocked or not selling fast enough.

**Strategic Goals**

- To motivate consumers to switch from a rival brand to the promoted brand.
- To increase consumers' consumption of a product.
- To build downstream inventories of the product either at the distributor, retailer or consumer level.
- To motivate brand repurchasing and loyalty.
- To motivate dealers lower down in the distribution channel to promote the brand to customer.

**Ultimate Goals**

- To increase sales.
- To increase market share.
- To increase profits.

**Advertising Effectiveness Vs Sales Promotion:**

The terms ‘effects of advertising’ or ‘advertising effectiveness’ refer to the changes advertising causes in the mental or physical state or activities of the recipient of an advertisement. Indeed, the billion-dollar question in advertising is, does advertising really work? If it does work, what exactly are its effects? The question is as pertinent today as in 1926 when John Wanamaker,
Philadelphia (US) department store tycoon, was supposed to have said, "I am certain that half of the money I spend on my advertising is completely wasted. The trouble is, I don't know which half."

At the same time, numerous parties have an enormous stake in the decision about advertising effectiveness. Generally, suspicious of business activity, social critics have at various times asserted that advertising has a stranglehold on the minds of consumers and is the root of rampant materialism in contemporary society. Media owners and ad agencies like to believe that advertising has a strong influence on consumer behaviour. Some media, such as newspapers and journals, are heavily dependent on advertising revenues, while others, such as network television, are entirely dependent on this source of income. Advertising agencies have grown from small operations to major corporations on the widely held premise that advertising is crucial to launching new products and establishing major brands.

Advertisers' need for information on advertising effectiveness has spawned a vast industry of data suppliers or market research firms that produce such information.

The various measures of advertising effectiveness are sometimes classified as pre-test and post-test. Pre-test measures
are taken before an ad is aired, and post-test measures, after it is aired. The measures can also be classified as observational or self-report depending on how researchers collect data on them.

**Classification of Measures of Advertising Effectiveness**

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<th>Pre-test</th>
<th>Post-test</th>
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<tr>
<td>Self-report</td>
<td>Readability, Preference, Attitude, Persuasion, Purchase intention</td>
<td>Recognition, Recall, Inquiries</td>
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<tr>
<td>Observation</td>
<td>Physiological response</td>
<td>Brand choice, Purchase intensity</td>
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On the other hand, some promotion agencies would like firms to believe that sales promotion, not advertising, increases sales, so firms would spend more of their fixed budgets on sales promotions.

The difficulty of evaluating advertising does not mean that no progress has been made, or that the problem is not solvable. To begin with, most researchers agree on the principles for evaluating advertising effectiveness.

**Integrated Advertising and Sales Promotion Strategy:**

It means the blending of one promotional variable with one or more marketing or promotional variables to achieve and possibly enhance the effect of each.
Integrating advertising with sales promotion and other marketing efforts is vitally important to exploit the interdependencies among these variables, enhance their effectiveness and conserve limited resources. Such integration is especially important over stages of the life cycle and to defend against attacks by competitors. Within the budget, managers should allocate more resources to informational promotions in the early stage of the life cycle, and to incentives in the latter stages.

Advertising and sales promotion have three important trade-offs for any product within any stage of its life cycle: a direct trade-off between advertising and trade promotion, an indirect trade-off between advertising and trade promotion and a direct trade-off between advertising and price promotion.

Advertising has some important reinforcement effects on some promotions. When advertising is accompanied by coupons and trade promotions, competition among retailers pressures them to pass through more of the trade promotion to consumers as double coupons. Similarly, when co-operative advertising accompanies trade promotions, it prompts them to pass through more of the trade promotions, because consumers respond more strongly to retail promotions accompanied by advertising.\textsuperscript{18}
**Special Report - Marketing to Cell**

With Internet reaching out to mobile handsets and networks, the impact becomes manifold. "Mobile marketing is very location-based and targeting is simpler. Revenue sharing will happen because it is not an open ecosystem, but it may change with the Internet. The faster the Internet penetration the sooner the revenue sharing equation will change", says Vinay Goel, Head of Products, Google India.

A study by e-Marketer in 2008 shows a positive growth in global mobile advertising revenue from $4,586 mn in 2008 to $7,375 mn in 2009, with a forecast growth of upto $19,149 mn in 2012. Mobile search advertising, mobile display advertising and mobile message advertising would be the three main pillars driving industry growth.

"Mobile marketing is the most upcoming medium for advertisers and marketers globally", says Sanjay G., founder, mobiSolv.

**Integration is Key:**

Choosing mobile as a medium of advertising and marketing is mainly to overcome the disconnect that lies in traditional advertising methods. So as SMSes or even WAP portal ads result in providing anytime, anywhere information to customers, Internet is taking that to the next level and enabling them to take
action with that information immediately. The growth of Web usage on the mobile, and especially smartphones, has greatly given a fillip to mobile marketing. Advertisers have seen higher results through mobile advertising on WAP portals than on the Internet. For Das, effectiveness of mobile marketing is not in campaigns. He believes, "Mobile advertising will work best only when there is a chance for it to convert into transactions. It is effective once it can be converted into a purchase".19

**Media of Sales Promotion:**

Like many terms in the marketing communication field, ‘sales promotion’ means different things to different people. Some would say that it encompasses advertising, personal selling, and public relations, and as such is concerned with the co-ordination of these diverse activities. Others distinguish sales promotion from advertising by claiming that sales promotion moves the product toward the buyer, while advertising moves the buyer toward the product. Still others believe sales promotion is the activity that co-ordinates personal selling and advertising into an effective persuasive force. A useful distinction can be made between sales promotion and advertising on the basis of the media. Messages carried in media owned and controlled by people
other than the advertiser (radio, television) are classified as "advertising".20

Recent studies of sales promotion show the field is growing rapidly. Since the late 1960s, sales promotion expenditures have been greater than those on advertising, and they have been growing at a faster rate as well.1 Many forms of sales promotion media can, if widely used, make advertising much more profitable. Packages are used to promote the product as well as to communicate material about it. Sampling, premiums, coupons, contests, sweepstakes, games and cent-off deals are all promotional media geared to stimulating immediate action.21

**Advertising and Consumer Behaviour:**

Some of the most intriguing questions in the field of persuasive communications have to do with the consumer behaviour. Among them are "what makes people buy?", "what makes people understand some advertising messages and not others?". Nevertheless, advertisers can make good use of behavioural scientific concepts and findings if they recognize the inherent limitations of such research. By the 1970s, researchers and theorists had begun developing comprehensive models of buyer behaviour to demonstrate the relationships between the elements that enter into the consumer decision-making process.
The ultimate goal of behavioural models is to explain how and why buyers make decisions in the market place and further, to predict purchase behaviour.

Most simply, it is the study of human behaviour in the consumer role, and its theoretical basis is primarily that of the behavioural sciences - psychology, sociology, and anthropology.\(^2\)

In approaching consumer behaviour from a psychological perspective, we focus attention on individual factors. Our concern is with such things as motives, personality, learning, attitudes and beliefs, and perception. Sociology is concerned with groups, and specifically how people interact in certain situations over time. Social factors are the bases for understanding consumer behaviour through such things as reference groups, particularly the family, and the role of personal influence. Anthropology focuses on a unit of even broader consequence than the group-the socio-cultural environment of a total society.

The following figure shows these influences on consumer purchase decisions, ranging from individual, to social to cultural factors:
Most behavioural scientists agree that our actions and our attitudes are motivated.

Everyone is continually exposed to advertising, a state of affairs which can be helpful or harmful. It is helpful because it gives everyone a basis for relating what he sees in the advertisements to his everyday life. It can be harmful in the sense that a little learning is a dangerous thing. Because a person reads ads in the newspaper or sees commercials on his favourite television programmes, he may think he understands the advertising field. But a businessman will judge advertising according to his viewpoint and whether it increases his profits.
References


2. National Telecom Policy 1994


10. Ibid., pp. 38-40.


12. Ibid., pp. 79-80.


