Chapter Four

Procedure for Preparation of Advertisements
Advertising message consists of the idea together with other relevant information. The idea spots the uniqueness of the product to win a place in the consumer mind. It is easier said than done. Message design identifies the consumer's perceptions about the products. The following questions give a good insight:

What is the nature of the product: its generic category.

1. For whom it is meant: the segment.

2. What are the special characteristics of the product? How is the consumer going to be benefited?

3. Who are the competitors? What is their promise?

4. Is the product different from the other available products? How? Is it a technological breakthrough?

5. On which occasions will the product be used? How often?

6. What would you like your consumer to perceive this brand as? What position would it take?

There are tonics in the market, for the aged and for the persons recovering from illness. There is a set of tonics for children and expectant mothers. There are haematinic tonics of iron for anaemic individuals. Incremin, a pleasantly flavoured tonic contains Lysine – a growth factor from Lederie has been promoted as ‘a tonic for growing-up children’ to stimulate their growth in terms of height. The visual of a giraffe eating leaves off a tall tree, emphasizing its tall neck re-inforces the concept of growth. Incremin found a strong vacant position and just sat on it – the tonic for growing children.
Walter Mendez, the Creative Director of Clarion made a landmark campaign of Maggie 2-minutes Noodle a positioned as any time snack, good to eat and fast to cook aimed at children to begin with.

MESSAGE DESIGN AND MARKETING OBJECTIVES

The audience sets the agenda of marketing objectives. The objectives tend to vary with audience. When we communicate with consumers, the objectives could be:

1. Passing on information
2. Create brand awareness
3. Incite them to act, i.e., to purchase the product.
4. Confirm the legitimacy of their choice after the purchase is made.

The objectives when we communicate with the trade could be:

1. To induce them to stock the product
2. To push the product on-the-counter
3. To provide strategic shelf-space to the product.

The objectives when we communicate with manufacturers could be:

1. To make them buy our raw material.
2. To convince them about rational product benefits
3. To convince them about cost aspects.

The messages are designed keeping the marketing objectives in mind. The consumer profile in terms of their education, interests, experience
also has a bearing on message design. The message must be understood by the consumers.

MESSAGE PRESENTATION

Messages are to be structured keeping the objective of the communication and the audience in view. Messages are presented either centrally or peripherally. A central message takes a direct route to persuasion. It is a well-documented ad. It compares advantages and disadvantages of a product. This central presentation provokes active cognitive information processing. Voltas refrigerators incorporating rational appeals is an example. These ads are consistent with the self-image of the respondents.

Peripheral presentation provides pleasant association, scenic background, favourable inferences about the product.

There are distinct, rational and emotional appeal ads. The rational ads appeal to logic, give straightforward facts and figures. The emotional appeal ads, make use emotional and symbolic clues, e.g., an ad for a fire extinguisher. It is seen however that most ads are a bend of rational and emotional message.

MESSAGE FORMAT

By format, we mean the organization, plan, style or type of ad message. The message format is the scheme by which the message content and structure strategy are implemented. It is characterised by the type of media vehicle in which the message is delivered. In a print ad, the message format elements are headline, body, copy, illustration and colour, whereas, in radio advertising, the format elements are words, voice qualities (speech rate, rhythm, pitch, articulation) and vocalization (pauses, sighs, yawns). The message format is important
because a good message strategy may not click if it is put in a poor format. The message format for a print ad includes such things as the position of the headline, the position of the picture or illustration, the colour scheme, the size of the letters in the headline and the body of the message.

**Message Development**

There are so many media that carry the ad messages. There are so many products which are advertised in this media. A number of companies advertise their products. We have therefore a lot of communication in all directions – direct, indirect, zigzag and all-sided. Perhaps, there is over-communication. This leads us to the concept of clutter, and how to overcome it.

**The Problem of Clutter**

The problem of clutter has two dimensions:

(I) (a) the number of ads, pages after pages in a medium

(b) The string of commercials before the feature-film or Chitrahar

(c) The number of hoardings on highways

(II) the number of me-too products, e.g., tonics, cough syrups, detergents, toilet soaps, razor blades, etc.

The number of messages being beamed at us are far more than the audience can absorb. The individual, therefore, subjects the messages through filtration process. The message must get through. This is the challenge to the planners and creative persons.

The following factors can be helpful:
(i) impact and memorability
(ii) great ideas rather than mere techniques
(iii) creative strategy, creative differential
(iv) copy platform
(v) visual style
(vi) innovative space buying: freak positions and shape
   'how to say' is as important as 'what to say'
(vii) use of white space, slice of life photography
(viii) communication style that stops, intrigues and then
   informs
(ix) production quality

VISUALIZATION AND DEVELOPMENT OF AD

In developing the ad, the most important activity is visualisation- a
process which starts the design of the advertisement and results into the
development of a finished ad layout into print.

When we talk of visualization, we talk about the art in advertising.
Visualization in most simple terms is the process of designing the
advertisement. The ultimate outcome of the process of visualization is
the layout.

A visualiser decides about the inclusion of different elements at
the beginning of his work. His questions are: Whether my advertisement
will have headline? Whether there will be a sub-headline? Whether
there would be a body copy? Whether to have illustration or a photograph? Whether to include slogan? etc.

At the second step, he foresees how all these elements will be appearing in the copy.

The basic elements with which a visualizer works are:

1. Headline, sub-heads
2. The body copy
3. The illustration
4. Logo signature

There may be elements like:

1. Slogans
2. Coupon
3. Price
4. Package
5. Seal of approval
6. Border
7. Quality marks etc.

The visualization process is shared by the copywriter and the creative director of visualization. They decide whether product should be featured; whether people should be featured; what they would be doing; will there be a background? Which type? Should photos or line illustrations and sketches be used? How large the headline should be? What components should make the final copy: the product? The address and name of the company? The picture?

Once the visualizer becomes clear about the components or elements he will include, he foresees their relevance to each other, to
one another. How they would be placed in the copy? How the final product (advertisement copy) will look like?

Essentially it is a mental process of creating mental images of a well-balanced whole made up of different elements. On paper, the visualizer makes ‘thumbnails’ which are rough sketches of the various alternatives. This paper work is the starting point of the process of layout.

Visualizer operates under certain constraints: the space available, the type of paper on which advertisement will be printed, whether it is black and white or colour advertisement, the printing technology employed etc.

**TRANSFORMATION FROM VISUALIZATION TO LAYOUT**

Once a visualizer exercises himself mentally and puts his pencil to paper, the shape of layout begins to emerge. It is very difficult to say where the process of visualization ends and where the shape of layout begins. It is a smooth transition however, and we are moving from abstract ideas to concrete shapes. Each element is assigned a weight, depending upon its overall significance. A look at any ad in print shows the basic percentage of space allotted to the headline, body copy and the visual, e.g., 30 p.c. for the headline, 50 p.c. for the visual and 20 p.c. for the copy. Each element is positioned. There is visual evidence on paper. The various possibilities are drawn separately – known as thumbnail sketches or first roughs. They indicate the elements and their positions. Many such thumbnails when made give us an idea which one or more will best suit us, so that they can be made into larger sizes called roughs or visuals. These are made in actual ad sizes. All elements here are scribbled. As copy matter, only rough lines are put.
Roughs are forerunners of comprehensive copies. Roughs give an exact idea about the proportions and placement of elements.

Comprehensive or comps are more finished form of roughs. The body copy is pasted. Headline lettering is done carefully. Photos and illustrations (actuals) are used.

Comprehensives come very close to final art work, which gives a finished advertisement complete with printer's instructions from which the plates, the stereotypes and electrotypes are made.

In copy comping, first greeking is done in which copy is pasted into position. Secondly, there is copyfitting in which typed copy is converted into typography.

ADVERTISING MESSAGE STRUCTURE

Advertising communication effectiveness not only depends on the message content, though it is no doubt an important component, but on its structure as well. The important aspects of message structure are: Drawing conclusions, repetition, one-versus-two-sided arguments, and the order of presentation.

(i) Drawing Conclusion: The question often raised is whether definite conclusions should be drawn for the audience in the ad for quick understanding or should they be left to them. In many instances, it is best to let the receivers of the promotion message draw their own conclusions. Such consumers feel that the message which draws a conclusion is over-aggressive and an attempt at forcefully influencing their choice. Moreover, since conclusion drawing at best assists in an easy comprehension of facts and not in the process of attitudinal change, it will not affect very much the persuasive quality of ads which aim at a change in attitude. When the issue involved is simple and the
audience is intelligent, to draw a conclusion will be merely an attempt to explain that which is obvious. It does not add anything extra to the persuasive quality of the advertisement. Moreover, if the communicator is perceived to be unworthy, the receiver may resent the attempt on his part to draw a conclusion for him and influence his choice.

When the audience is highly personal, the audience may resent the communicator's interference in drawing a conclusion. A typical example of this is the recent ad campaign sponsored by the Poultry-Farm Association in Gujarat, promoting the use of eggs among vegetarians. Eggs from the poultry farm were given a new name the "Veggs" and recommended for consumption in that segment of society which is fully vegetarian. Since this touches a highly personal issue containing religious attitudes, the ad was resented, and much criticism was published against it in the Reader's Opinion column in popular dailies. Thus, even though promoters sought the sale of the product in a new segment by drawing specific conclusions, these were not accepted, but rather resented. However, conclusion drawing is favoured where the product is a complex or specialized one. The Farex baby food ad, starting with a sensational headline: "Your baby is born with a 3-month gift of iron. After 3 months, milk alone cannot give him the iron he needs." The ad closes with the conclusion: "Doctors recommend Farex. Baby's ideal solid food for rapid all-round growth." A long body copy goes on to explain that Farex is ideal baby solid food.

(ii) Repetition: Repeating an ad message is often beneficial, for it develops a continuity of impression in the minds of the target audience, and may increase the predisposition to think and act favourably towards the products advertised. Everything else being equal, a repeated message increases awareness and knowledge on the part of the
prospect. Audience retention improves with repetition, and falls of quickly when repetition is abandoned.

(iii) *One-versus-two-sided Communication:* This raises the question whether the advertiser should only praise the product or should also mention some of its shortcomings. The most common approach in sales and advertising is a one-sided approach. However, on deep analysis, it is found that one-sided messages tend to work best with the audiences which is initially favourably predisposed to the claims made in the ad message. Two-sided arguments go well when audiences have an unfavourable opinion about the communicator’s position. Also, a two-sided message tends to be more effective with educated audiences capable of sound reasoning, particularly when they are exposed to counter propaganda. A two-sided communication produces the greatest attitude change when people are opposed to the point of view presented. Also, a two-sided communication is effective in maintaining the belief-level against a counter-attack by competitors. However, it is the single-side communication which is commonly used, for it is difficult for the advertiser to refer to the product’s shortcoming and still effectively persuade prospects to buy it.

(iv) *Comparative Advantage:* Here a product is directly or indirectly compared with a competitive product to show the advertised product to advantage. This trend has been seen more and more in some recent campaigns, especially when new brands in parallel categories are spring up at a rapid rate. Most prominent among these have been the Pepsi, Savlon, and Captain Cook campaigns. The recent Rin-and-a-look-alike–Ariel campaign is also a pointer. Pepsi was branded by Thums Up as gulab-jamun-like or cough-syrup-like or as a drink kept out in the rain. When Coke took over Thums Up, Pepsi retaliated by calling it Thoke. There are hits and counterhits in this game. Captain Cook, the
free-flowing salt has been compared to Tata salt which is moist enough to stick. In fact, Captain Cook has translated its technological superiority into product superiority. The ultimate aim here is to create brand distinction. While doing so, the competitive product should not denigrated. Besides, there is no end to competitive advertising. Coke is following a simple rule. The No. 1 brand should never compare itself to No. 2. Instead, compare ads are usually a tool for a smaller brand trying to build business. Continued warfare in ads gets boring for consumers.

4.2 COPY

Copy refers to written material which is to be set in type for the print media or spoken by announcers for broadcast commercials. The word copy is used for the simple reason that earlier ads contained only the advertising message in words to be printed suitable. There were hardly any pictures; and if at all pictures were shown, those were of the products of the automobile, the gramophone, the actual photograph of the hotel building, etc. Gradually, pictures, photographs, visual symbols, sketches, illustrations and action in graphic representation started getting an increasingly larger space in ads. Now there are hardly any ads without pictures and photographs, and rarely a small headline or a slogan. In fact, the term advertising message now has the connotation of what is communicated by the entire ad rather than the word message of headlines, sub-heads and the body copy.

Copy, in its present-day meaning, includes all the elements of an advertising message, whether printed or broadcast. In ads for the print media, it includes the headings, sub-heads, picture captions, slogans and body copy. It may even include trade marks, the company logo and mascot, borders and other illustrations and visual symbols. In radio
commercials, it includes sound effects and music, in addition to the words spoken in the ad messages. TV has the dimension of motion in addition to that of sight and sound; and therefore, the copy of TC commercials includes the words to be spoken by characters in the script, plus music and sound effects as well as illustrative materials, actions and even camera cues.

Different Types of Copy

Scientific copy: In this copy, the technical specifications of a product are explained. The merits of the product are described in scientific terms. It gives conviction value to the copy. Saffola – a low cholesterol edible oil makes use of a scientific copy. Many porridges and nutritional products of the babies may make use of a scientific copy. Drugs and medicines also are sold through scientific copy. The data inspires confidence both among the lay people and the professionals.

Descriptive copy: In a non-technical manner, the product attributes are described. The copy uses direct active sentences there are short and pithy sentences. It looks very common-place announcement. For example, Milly from Marlex is a flour mill for the kitchen. The copy describes it as follows:

- Designed along modern, sleek lines to win your heart.
- No more waiting for hours at dusty flour mills.
- No adulteration.
- Grinds all kinds of cereals, dals, pulses, masalas etc.
- Runs at very economical cost.
Narrative copy: Here a fictional story is narrated. The benefits of the product emerge from the story. The narrative maybe humorous. Or else, it has strong appeal. It should make an imprint on our memory.

Murphy Richards tells us the following narrative:

It’s hot as Lady Di

As long-lasting as Elizabeth Taylor

With a body that would make Jane Fonda envious.

You can even trust your husband with it.

And you don’t have to fly ten thousand miles to get it.

Colloquial copy: Here informal conversational language is used to convey the message. It could even become a dialogue. In many TV advertisements, we find the colloquial copy. Amul Chocolates – a gift for someone you love – follows a colloquial pattern.

Humorous copy: Humour has been heavily used in advertising – especially in TV commercials. Effective humour makes the advertisement noticeable.

TOPICAL COPY

When the copy is integrated to a recent happening or event, it is said to be topical copy. Many such topical copies are made by Da Cunha for Amul Butter. Mostly political events, national sports, world events, parliament news all get extended to the advertisement copy. These days many advertisements are featuring cricket celebrities like Sachin Tendulkar.
ENDORSEMENT COPY

In these copies, a product is endorsed by an opinion leader who has a large following. The choice of the opinion leader depends on the product. Mostly celebrities are chosen to promote televisions, coffee, tyres, textiles, soft drinks, toilet soaps, and what-have-you. The consumers' perception is heightened by the celebrity endorsement of it. There is a definite identification of a product with a celebrity. Colgate Palmolive’s shaving cream was endorsed by Vijay Amritraj, then an up-coming tennis star. Colgate always sponsors contemporary sports stars to overcome the problem of celebrity obsolescence. They roped in first Sunil Gavaskar, and then Kapil Dev.

_Lux_ is a very famous example of this type of copy. This soap came in the market in early thirties and still continues to hold on even today. Lux was presented as a film actresses' soap by getting one film heroine to vouch for it. Urban audience was influenced. The advertisement message was clear – clear complexion and beauty care. Film actresses made it sound credible. Many actresses have endorsed Lux. The present day heroines like Pooja Bhatt and Juhi Chawala can be seen recommending Lux these days. So far the Lux campaign has used 300 stars all over India and currently signs up 40 stars a year for this 'product personality synchronization.'

Vimal has used newsmakers in its advertisements for the 'finest suitings for professionals in the age group of 35-plus. Digjam featured 'Tiger Pataudi', Dinesh presented Gavaskar and Ramolene, Mohammed Azharuddin. Ravi Shastri promotes Proline Sportswear. Sachin Tendulkar has got the 'Visa Power'and he recommends us to go and get it too. Sachin Tendulkar’s ball hits the window pane of a Pepsi truck, but still he gets his bottle of Pepsi.
In these advertisements, the model should not dominate. The product must be brought in sharp focus. For example, Kapil Dev can ride a bike but then the bike should be focussed as an ‘achiever’s bike’. The positioning is a skilful balancing exercise – a balance between the brand and the luminary. Recently, for public causes celebrities like Poonam Dhillon, Sunil Dutt, Dilip Kumar have been endorsing.

Professionals like doctors, nurses, dentists are also used to endorse a product.

QUESTIONING COPY

In this copy, several questions are put forward not to seek answers but to emphasis a certain attribute. Park Avenue’s, a J.K. Concern marketing readymades, puts a question like this: Should a grown man’s clothes just conceal his body or reveal his mind? These clothes are not just a cover but a revelation of personality.

PRESTIGE COPY

The product is not directly advertised. Only a distinguished and favourable atmosphere is created for the sale of the product. The copy is used to build an image. The PERSONAL POWER advertisement for Vimal Shirtings is an example.

“REASON WHY” COPY

It is known as an explanatory copy where the reasons for a purchase are explained. Each reason illustrates a particular attribute, and its benefit to the consumer. One attribute may be chosen and repeated for several times, each time an occasion is given to justify it.
There can be compare-and-contrast advertisement copy where before the service or product was used is visualized and copy written for it and after the product or service is used, the effect is shown in the visual as well as the copy. Bullworker advertisements where a skinny chap is shown before the use of an exerciser and a muscular man is shown after the use of it are very well – known examples of this kind of copy.

WORDLESS ADVERTISEMENTS

There are at times bill-boards with only an inscription like Amul. Otherwise they are totally wordless. Wordless advertising is an example of non – verbal communication (NVC) and are pictorially oriented. Air India perhaps has the greatest number of master pieces to its credit in this genre through its bill-board projections starting from the early fifties. Singapore Airlines and some textile companies also attempt wordless advertisements. At one time, Churchill’s V-sign on posters was regarded as the ultimate in wordless communications, but over a period of time this technique has become much more sophisticated. There are occasions for the use of this technique, and some products are suitable for being tried on NVC basis.

COMPARATIVE COPY

The Pepsi Commercial of 1995 is a comparative type commercial where Pepsi and Coke were compared. Under a microscope, a drop of Pepsi shows Cindy Crawford – a super-model, television host with MTV, ex-wife of Richard Gere, and one of the most recognized faces in the world. She represents her in a humourous way but it is an all American way.
CINDY CRAWFORD AND PEPSI

Pepsi has used super-model Cindy Crawford in two advertisements. In First Impression, she plays a young man’s object of fantasy. The ad is about a blind date. In the second ad Electron Microscope, she plays the crucial ‘sub-molecular difference’ between Pepsi and Coke.

INTENTIONAL COPYING

Advertisers often intentionally copy elements from rival creatives in the same product category inorder to create the dissonance with a view to secure competitive foothold, e.g., Liril vs. Cinthol ads both emphasizing lime freshnssor BPL’s Mobile’s and Max’s “Citizen of the World”. The idea is to take away a competitive brand advantage by a pre emptive strike. In this process we may add more value to the original brand. Appropriation may back fire, e.g., Energizer’s appropriation of Duracell’s bunny gave more recall value to Duracell. Prior to the launch of a competitive brand, there may be pre-emptive response, e.g., Cadbury launched Break to pre-empt the launch of Kitkat since its ad theme is taking a break. Tactical pre-emptive response consists in creating confusion about brand’s name, e.g., VIP’s Internation Tourister to confuse with American Tourister.

Strategic reactive response means a leader’s response to a challenger, e.g., Colgate gel as a response to Close-up. Tactical reactive response is one brand’s tactical advertising response to another brand. The common example is an ad spoof where a caricature of the original is created, e.g., Tata Salts creative spoof of Captain Cook’s creative. However, spoofs are self-defeating. They do not provide a strong motivation to buy. Copied creative may not fit the brand’s ad concept. Copying may prove counter-productive. Dissonance as a
strategy works if the brand chosen as a target is weak in its relationship with the consumer.

4.3 **BUYER: AN ENIGMA**

Although it is important for the firm to understand the buyer and accordingly evolve its marketing strategy, the buyer or consumer continues to be an enigma – sometimes responding the way the marketer wants and on other occasions just refusing to buy the product from the same marketer. For this reason, the buyer’s mind has been termed as a black box. The marketer provides stimulus but he is uncertain of the buyer responses. This stimulus is a combination of product, brand name, colour, style, packaging, intangible services, merchandising, shelf display, advertising, distribution, publicity, etc. Nothing better illustrates this enigmatic buyer than the failure of herbal anti-cold rub balm launched by Warner Hindustan sometime back. Though the balm market has grown significantly and Vicks Vaporub had been dominating the anticold rub segment for more than two decades now, Warner failed. Was it a brand name? Was it that customer saw no significant difference between Vicks and Warner? This has remained an enigma. Likewise, earlier when Warner launched Chiclet in a push in pack of tens priced at one rupee and targeted it at the child and the young market, the product failed. But when the same chiclet was relaunched in a sachet, each containing two chewing gums priced at 0.25 paise and targeted at the youth market, the brand succeeded.
WHAT DOES THE CUSTOMER BUY?

When one examines the different products or services bought by a customer, one can differentiate them into two groups, namely:

(a) High involvement products

(b) Low involvement products

As the term implies, the differentiation between products and services is sought to be created on the basis of customer involvement level in product selection. This is based on the extent to which customer perceives the product as resembling his or her personality and life-style. For example, selection of a car is a high involvement decision as it has
always continued to represent the customer's personality. On the other hand, toilet soap is a low involvement product. The characteristics of the two product groups, are given below:

High Involvement Products.

These have the following characteristics.

*High Price*: Generally these products are priced high in a particular product group. For example, a colour TV is a high involvement product but within the entertainment, electronics segment, perhaps pocket transistors are not.

*Complex features*: High involvement products have complex features, requiring the customer to spend more time on familiarizing and internalizing them. It is for this reason that colour T.Vs, VCRs, cars, motorcycles, computers, washing machines, refrigerators and the like, come with an easy-to-read product manual describing the features in simple lay terms.

*Large differences between alternatives*: If the customer perceive large differences between alternatives, then the product is a high involvement one. For example, if the customer perceives major differences between Indian, Japanese or American cars, then the car purchase decision is a high involvement one. This is because these perceived differences enhance the need to learn about them and evaluate each of the given alternatives against a decision criteria.

*High perceived risks*: If the customer perceives a high risk in using the product, then he or she may spend considerable time in (i) evaluating what constitutes risk; (ii) how to minimize it, and (iii) how to avoid it. Besides the customer may even evaluate whether the risk is worth taking. Cosmetics, hair dyes, flying an airplane for the first time, and the
like, are all perceived high risk situations. Hence these are high involvement product use situations.

*Reflect self-concept of buyer:* This is the single most important factor in making a product high involvement. Each of us has a self-image and we behave in a manner that will help us reinforce this image on others. We buy products and services that reflect this self-concept. Cars, houses, dresses, restaurant-selection, perfumes, cosmetics and jewellery are some examples of products that reflect customer's self-concept.

**LOW INVOLVEMENT PRODUCT**

The characteristics of such products are noted below:

*Does not reflect buyer's self-concept:* In the first place these products are more personal to the buyer and they do not reflect his or her self-concept.

*Alternatives within the same product class are similar:* The customer does not perceive differences between different brands in the same product class.

*Frequent brand switching behaviour:* For the above reason, brand loyalty in these products is low.

**ROLES IN CONSUMER DECISION MAKING**

In a consumer decision process several individuals get involved. Each of them plays an influencing role. At times more than one role may be played by one individual.

(a) *Initiator* Initiator is a person who sows the seed in customer's mind to buy the product. This person may be a part of the
customer's family like a child or a spouse or parents. Alternatively, the person may be a friend, a relative, a colleague or even the sales person.

(b) **Influencer** Influencer is a person within or outside the immediate family of the customer who influences the decision process. The individual perceived as an influencer is also perceived as an expert. In consumer durables sale the dealer plays an influencing role.

(c) **Decider** Decider is the person who actually takes the decision. In a joint family often it is the head of the family or the elders in the family who take a decision. But in nuclear and single families and with the increase in the literacy among women and number of working couples, one finds that more often than not, decisions are joint. Husband-wife and even the entire family taking the decision, particularly on major purchases, is quite common in urban and metro areas. The decider/s consider both economic and non-economic parameters before selecting a brand.

(d) **Buyer** Buyer is the person who actually buys the product. This could be the decider himself or herself, or the initiator.

(e) **User** User is the person/s who actually consume(s) the product. This could be the entire family or just one person within the consumer's family.

**BUYING MOTIVES**

The starting point to understand the difference between a household buyer and an organisational buyer is the buying motives and purposes. While the former buys for his/her own consumption, the latter buys
primarily for adding value to the product which is then sold to another customer. It is in this sense, that organisational buyer demand is a derived demand. For demand of a product is based on organisational buyer's customers demand. Consider, for example, the demand for transmission gears in the automobile industry. For the gear manufacturer, the demand for his transmission gears is based on the automobile firms' production plans, which in turn is based on customer's demand for automobiles and environmental factors like government taxation and fiscal policies. The gear manufacturer's demand for steel forgings in turn, is dependent on his production plans. At times, the organisation buys a product for it's own use. Consider, for example, the case of office products like typewriters, computers, fax machines, franking machines, furnitures, copiers, etc. Here, the firm buys these products for using them to improve its own efficiency and work environment. the organisational customer's motives in buying the product are:

(a) to improve its efficiency, and

(b) economy

It's in this sense that organisational customer's motives are more rational than psychological. This is just the opposite of household customers whose buying motives are primarily psychological. The Figure below shows this needs mix for organisational buyer and household customer.
Thus, organisational purchase decisions are primarily rational. However, psychological motives are also important. One of the most critical psychological factor is the past experience of the buyer with the supplier and the extent to which the supplier has taken care of the buyer’s esteem need. When all suppliers are comparable on product specifications, technology and the level of aftersales services, the cutting edge between one supplier and another is often when one understands the buyer better and satisfies organisational buyer’s needs.

SIZE OF THE BUYER

The organizational buyers are few but are much larger and they purchase in bulk. The household buyer is relatively much smaller and his/her purchases are small. Retail buying is common in the household segment. Generally even in the case of small organisational buyer, the annual purchase budget will run into several lakhs of rupees, but in the case of large household purchases it will never exceed a few thousand of rupees.
RISKS IN PURCHASES

The risks in organisational purchases are much higher than those in household purchases. The organisational buyer always looks for alternatives that will help him to reduce these risks. Previous experiences with the supplier, vendor image, supplier's standing within the industry, etc. are some of the factors that help the organizational buyer reduce his risks in buying decisions.

CONCENTRATION OF BUYERS

Organizational buyers are generally concentrated in the same geographical area, as opposed to household buyers spread all over the country. As an example, the case of Pitampur near Indore, in Madhya Pradesh can be considered. Invariably, all leading automobile firms have put up their manufacturing plants there. This area is proposed to be developed as India’s Detroit. For an automotive tyre manufacturer, like MRF.