



## ADVERTISING: IMPORTANCE IN RETAILING

Rekha , Asstt. Professor of Commerce, Govt. College, Julana (Jind)

**Abstract** In this research paper, we take a peek into the organized **retail** sector of India. It started making its presence felt nearly a decade after the first lot of entrepreneurs set up shop. A brief introduction and evolution shows how the organized retailing changed its gears over the period from Panwala dhukan to chain stores across the length and breadth of India. The market size and related details gives a statistical view of increasing market in a few major areas of retailing. The major market players who enlivened the present caricature of retail sector are presented briefly along with statistics. The changing scenarios of Indian consumers give a proof to the potential opportunity in the retailing arena. SWOT and its subheads take you to the crux of analysis into retail industry. Out of which we formulated the future prospects. One major lifesaver of the Indian retailing is the advertising and promotional strategies; which comes out with innovative ways to win consumers over and keep them permanently happy. FDI in retail has been contentious issue and may face resistance, given the perceived political scenario. FDI will be a defining moment for Indian retail and how government policies effect the retail industry is given briefly to the end.

ISSN 2454-308X



**Key words:** advertising, retail sector, marketing mix, promotional schemes.

**INTRODUCTION :** Adverting is only one element of the promotion mix, but it often considered prominent in the overall marketing mix design. Its high visibility and pervasiveness made it as an important social and encomia topic in Indian society.

Promotion may be defined as “the co-ordination of all seller initiated efforts to set up channels of information and persuasion to facilitate the scale of a good or service.” Promotion is most often intended to be a supporting component in a marketing mix. Promotion decision must be integrated and co-ordinated with the rest of the marketing mix, particularly product/brand decisions, so that it may effectively support an entire marketing mix strategy.

The promotion mix consists of four basic elements.

They are:-

1. Advertising
2. Personal Selling
3. Sales Promotion
4. Publicity

1. Advertising is the dissemination of information by non-personal means through paid media where the source is the sponsoring organization.

2. Personal selling is the dissemination of information by non-personal methods, like face-to-face, contacts between audience and employees of the sponsoring organization. The source of information is the sponsoring organization.

3. Sales promotion is the dissemination of information through a wide variety of activities other than personal selling, advertising and publicity which stimulate consumer purchasing and dealer effectiveness.

4. Publicity is the disseminating of information by personal or non-personal means and is not directly paid by the organization and the organization is not the source.

### ORIGIN AND DEVELOPMENT OF ADVERTISING

It has been wrongly assumed that the advertising function is of recent origin. Evidences suggest that the Romans practiced advertising; but the earliest indication of its use in this country dates back to the Middle Ages, when the use of the surname indicated a man’s occupation. The next stage in the evolution of advertising was the use of signs



as a visual expression of the tradesman's function and a means of locating the source of goods. This method is still in common use.

The seller in primitive times relied upon his loud voice to attract attention and inform consumers of the availability of his services. If there were many competitors, he relied upon his own personal magnetism to attract attention to his merchandise. Often it became necessary for him to resort to persuasion to pinpoint the advantages of his products. Thus, the seller was doing the complete promotion job himself.

Development of retail stores, made the traders to be more concerned about attracting business. Informing customers of the availability of supplies was highly important. Some types of outside promotion were necessary. Signs on stores and in prominent places around the city and notices in printed matters were sometimes used.

When customers were finally attracted to the store and satisfied with the service at least once, they were still subjected to competitive influences; therefore, the merchant's signs and advertisements reminded customers of the continuing availability of his services. Sometimes traders would talk to present and former customers in the streets, or join social organizations in order to have continuing contacts with present and potential customers.

As the markets grew larger and the number of customers increased, the importance of attracting them also grew. Increasing reliance was placed on advertising methods of informing about the availability of the products. These advertising methods were more economical in reaching large numbers of consumers. While these advertising methods were useful for informing and reminding and reminding, they could not do the whole promotional job. They were used only to reach each consumer personally. The merchant still used personal persuasion once the customers were attracted to his store.

The invention of hand press increased the potentialities of advertising. By Shakespeare's times, posters had made their appearance, and assumed the function of fostering demand for existing products. Another important event was the emergence of the pamphlet as an advertising medium.

### **DEFINITION OF ADVERTISING**

The word advertising originates from a Latin word *advertise*, which means to turn to. The dictionary meaning of the term is "to give public notice or to announce publicly". Advertising may be defined as the process of buying sponsor-identified media space or time in order to promote a product or an idea. The American Marketing Association, Chicago, has defined advertising as "any form of non-personal presentation or promotion of ideas, goods or services, by an identified sponsor." What Advertisement Is? Advertisement is a mass communicating of information intended to persuade buyers to buy products with a view to maximizing a company's profits.

The elements of advertising are:

- (i) It is a mass communication reaching a large group of consumers.
- (ii) It makes mass production possible.
- (iii) It is non-personal communication, for it is not delivered by an actual person, nor is it addressed to a specific person.
- (iv) It is a commercial communication because it is used to help assure the advertiser of a long business life with profitable sales.
- (v) Advertising can be economical, for it reaches large groups of people. This keeps the cost per message low.
- (vi) The communication is speedy, permitting an advertiser to speak to millions of buyers in a matter of a few hours.

### **What is Included in Advertising?**

- (i) The information in an advertisement should benefit the buyers. It should give them a more satisfactory expenditure of their rupees.



- (ii) It should suggest better solutions to their problems.
- (iii) The content of the advertisement is within the control of the advertiser, not the medium.
- (iv) Advertising without persuasion is ineffective. The advertisement that fails to influence anyone, either immediately or in the future, is a waste of money.
- (v) The function of advertising is to increase the profitable sales volume. That is, advertising expenses should not increase disproportionately. Advertising includes the following forms of messages:

The messages carried in-

Newspapers and magazines;

- On radio and television broadcasts;
- Circular of all kinds, (whether distributed by mail, by person, through tradesmen, or by inserts in packages);
- Dealer help materials,
- Window display and counter – display materials and efforts;
- Store signs, motion pictures used for advertising
- Novelties bearing advertising messages and Signature of the advertiser, Label tags and other literature accompanying the merchandise.

#### **Retail Advertising:**

This may be defined as “covering all advertising by the stores that sell goods directly to the consuming public. It includes, also advertising by establishments that sell services to the public, such as beauty shops, petrol pumps and banks.” Advertising agencies are rarely used. The store personnel are usually given this responsibility as an added task to be performed, together with their normal functions. The result is that advertising is often relegated to a secondary position in a retail store.

One aspect of retail advertising is co-operative advertising. It refers to advertising costs between retailers and manufacturers. From the retailer’s point of view, co-operative advertising permits a store to secure additional advertising that would not otherwise have been available.

The increasing availability of customers' transaction level data at the point of sale (POS) in electronic form in various stores in India is opening up important arenas in marketing analytics that can enhance business decision-making process. In this paper we discuss the strategic role that management of customer information resources can play for the growth and sustenance of business.

This paper also provides examples of simple analysis using POS data that can directly aid practising managers in their strategic and tactical decision-making.

India has witnessed a surge in organized retailing in the recent past. While the retailing industry is still in its infancy stage and growth opportunities are significant, the lessons from more developed markets suggest that increased competition in this area will demand better operational efficiencies to remain viable in the long run. To be able to support good decision making for the future, retailing organizations need to equip themselves, among other things, with the infrastructure to develop and manage customer databases which can be effectively mined in the future to help drive strategy building. Investing in Point of Sales (POS) data has been a reasonable success story in the, western markets and this paper attempts to highlight some of the plausible applications of such data.

It also emphasizes the areas in which retailing majors could possibly invest to reap the benefits of market information in the future. The use of POS data in developing analytical models that provide insights into managerial decision-making in the context of retailing has been well-documented in marketing science literature. A recent article on this issue (Bucklin and Gupta, 1999) articulates the progress made in the consumer packaged goods industry in the US in the past 20 years in harnessing POS data both in academic research as well as in developing effective industry practices in the area of retail promotion management. Some of the decision areas under retail promotions that have been extensively researched are:



- Product pricing at retail outlets which includes decisions on timing and depth of discounts.
- In-store display planning which includes issues Vol. 25, No. 4, October-December 2000 51 Vikalpa on what brands/product categories to display and location of such displays.
- In-store communication and advertising management — issues on design of ceiling signs, mobiles, inflatable, floor graphics, danglers, instant redeemable coupons, etc.
- Local area advertising decisions to promote products that build store traffic.
- Decisions regarding shelf space allocation and arrangement of brands to command optimal visibility.
- Decisions regarding store coupon circulation for various product categories.

**References:**

- (i) Aggrawal, D. (1996). Effect of brand loyalty on advertising and trade promotions: a game theoretic analysis with empirical evidence. *Marketing Science*, 15 (1), 86–108.
- (ii) Bell, D.R., Chiang, C. & Padmanabhan, V. (1999). The decomposition of promotional response: an empirical generalization. *Marketing Science*, 18 (4), 504–526.
- (iii) Benham, L. (1972). The effect of advertising on the price of eye glasses. *Journal of Law and Economics*, 4 (October), 337–352.
- (iv) Blattberg, R. C. & Neslin, S. A. (1990). *Sales Promotion: Concepts, Methods, and Strategies*. Englewood Cliffs, NJ: Prentice Hall. Cady, J. (1976). Advertising restrictions and retail prices. *Journal of Advertising Research*, 16 (October), 27–30. Choi, C. (1996).
- (v) Price competition in a duopoly common retailer channel. *Journal of Retailing*, 72 (2), 117–134.
- (vi) Comanor, W. S. & Wilson, T. A. (1974). *Advertising and Market Power*. Cambridge, MA: Harvard University Press. Coughlan, A. (1985). Competition and cooperation in marketing channel choice: theory and application. *Marketing Science*, 4 (Spring), 110–129.
- (vii) Farris, P. & Albion, M. (1980). The impact of advertising on the price of consumer product. *Journal of Marketing*, 44 (Summer), 17–35.
- (viii) Gupta, S. (1988). Impact of sales promotion of when, what, and how much to buy. *Journal of Marketing Research*, 25 (November), 342–355.
- (ix) Hoch, S. & Banerji, S. (1993). When do private labels succeed? *Sloan Management Review*, (Summer): 57–67.