

# ADVERTISING MANAGEMENT

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**Abstract:** *The management of the marketing department has to make important decisions when developing an advertising program. The first step in developing an advertising program is to set advertising goals. These objectives must comply with the decisions regarding the target market, brand positioning and marketing mix. All this define the ultimate goal that the advertising campaign as part of the marketing program should achieve.*

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## ***1. Introduction***

Advertising is the advertisement for a product or a range of products and services in order to sell them easier; it is a message sent to consumers in order to stimulate their desires.

The advertising activity from a country may offer certain dimensions of the level of the development of that country. For this purpose, there are several indicators, such as the share of the advertising spending from the GDP, the advertising spending per capita, advertising expenditure on various media (TV, radio, newspapers, and magazines) etc.

The multiplication and diversification of the forms of advertising is a consequence of the economic development in terms of the increasing competition between the economic operators through the goods offered by them (Foltean F., Lădar L., 2001, p. 63).

## ***2. The Evolution and Role of Advertising***

With the help of the advertising actions, the company aims to provide comprehensive public information about the business, its products and

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services, the brand(s) under which they are present on the market, to determine the consumers to perform the act of purchasing. On long-term the company wants to introduce some behavioural changes in various categories of consumers, and maintain their loyalty to the company's offers. For this approach to have the desired purpose, while designing the content and choosing the form and methods to be used, the company must take into account several features of the public, as the receiver of the commercial information:

- the desire to be treated as an active and demanding partner;
- the different availability of responsiveness to the advertising phenomenon;
- the ability to express their ideas and demands on this activity.

How much the advertisers are concerned to identify the needs and the profile of the target consumers and the methodology used by them in preparing the action certify their level of professionalism.

When the advertising creator's mentality corresponds to the sponsor's and especially to the expectations of the target audience, the action has the maximum chances of success (Moldoveanu M., Miron D., 1995, p. 63).

Depending on the object, advertising can advertise products (services), brands and institutions. Thus, advertising aims to stimulate the consuming demands for goods and services, while brand advertising is focused on highlighting the brand under which goods are offered on the market; the latter is the most used given that lately there has been an explosion of brands under which the companies produce and sell goods and services.

The marketing strategy is a means of communication with the market, either directly or indirectly. On developed markets, buyers, customers, consumers are free to choose to buy or not to buy a product or service, or to choose one provided by someone else.

In order to choose, consumers need information, information which they need to analyze and react to at the rational and / or emotional level consciously or unconsciously.

The reaction may be vague, as a sign of familiarity, or clear, as a sign of total satisfaction because the purchased product has been already tested, that it is made of superior materials or that it can be bought with a discount. However, the information from which certain reactions occur does not come only from advertising. Ultimately, a reaction to the entire marketing mix takes place.

The entire marketing mix contains potential or actual communication channels used completely, when they are found, to stimulate purchase and consumption.

For example, you can resort to the use of ingredients or combinations of ingredients in the preparation of sausages to emphasize the quality and the benefits of the product that will appear on the market, products that contain certain types of vitamins that stimulate growth and are specifically designed to a certain category of consumers; new packages are designed to do more than wrap and protect products; they give the products a 'brand' and sometimes even more.

Economic professionals believe that commercials were introduced by the Greeks and the Romans.

It is said that in 1472 in England there was a first experience that could be considered a form of developed advertising: a leaflet announcing that a new prayer book was published and that it could be purchased at the church sexton in London.

Another type of advertisement could be considered the following: in 1650 the London newspaper announced a substantial reward for twelve horses lost three days before.

Until the industrial revolution the advertisement had a personal character and it addressed an important number of people; hence, some articles with an advertising character were published in local newspapers. In the North American colonies there was a newspaper that started the inclusion of advertisements in 1704.

A main role in advertising was played by Benjamin Franklin, who was the first who made different frame sizes in order to attract the readers' attention, and also the first who used images.

In June 1844 the first magazine advertisement appears in the 'Southern Messenger'.

The history of marketing considers Brad Palmer to be the first advertising agent. He had a business in the United States of America, buying spaces in newspapers and magazines re-selling them to the ones interested to make their own advertisement. That happened in 1841.

In 1890 the first advertising agency in the world appeared; it planned, created and executed advertising campaigns for clients.

The technological process in telecommunications is a new step in the evolution of advertising. In 1844 the telegraph was invented, and the end of

the last century brought further tools for the development of advertising: the phonograph and the telephone.

The advertising agencies introduced the idea that each and every slogan should contain a unique position that would sell the product, i.e. the slogan should emphasise those qualities which differentiate the product from the others, which personalise it, be it the brand, the quality, the price or the efficiency.

The '70s noticed a new strategy in advertising in which the strong points of the advertisement became very important for the sponsors, too.

One of the successful advertisements on the positioning strategy was the advert of the Volkswagen Company with the slogan: 'Think you're small', 'Think you're ugly'.

The egocentric strategy developed amid the oil crisis. These events led to cynicism, mistrust of traditional things, leading to a new spiral in the American consciousness. The individual's irresponsibility and dissatisfaction were defended in the name of personal self-realization. The concept of corporation self-realization was attacked in the name of social responsibility. All these problems led to a different solution in the style and topics of the advertisement.

In the mid-'80s the Americans witnessed an avalanche of commercials and adverts coming from the cosmetics and clothing industry which supported the style of 'my generation'.

Most U.S. corporations spent millions of dollars on advertisements praising the social consciousness, the fact that they were ecological, protecting the environment. This thing led to selfishness and it has the slogan: 'You must have the best'.

Another concept developed in the mid '80s was 'the marketing war'. It is considered as a war that businessmen should be prepared to go to and win it. Four possible strategic positions were outlined on the market:

- the defensive strategy is a characteristic of the companies that dominate a given market and adopt a defensive position to defend their position against the competitors who tend to climb on top of the market leader pyramid;
- the offensive strategy is adopted by the companies following the market leader. They aim to dethrone the market leader by capturing its market;
- the wing strategy is a characteristic of the middle companies which must show the qualities or attributes that distinguish them from the

top ones and to emphasize these attributes, to cultivate them in order to maintain the same position and capture as much as it is possible from the markets of the leading companies;

- the guerrilla strategy is represented by the other firms in the hierarchy and the new market entrants. They try tailoring some niche markets in the larger ones, which then they can exploit successfully (Kotler Ph., 1997, p. 795).

### ***3. Types of advertising used by large international companies***

Facing an environment in continuous development and a stronger and stronger competition, companies have diversified and multiplied the ways and forms of advertising.

For example, one of the most frequent users of the compared advertising is found in the car industry. In the United Kingdom, Hyundai, the Korean manufacturer, has tried to raise the degree of people's awareness of its cars through a series of efforts under the slogan: 'Even a kettle has a longer warranty than a Rover'.

Comparative advertising is sometimes risky, especially when comparisons are not fair and turn into denigrating the rival brand. This method is accepted in the U.S. and the UK, but in some European countries it is prohibited.

In Belgium and Germany, comparative advertising is considered a form of unfair competition. Even the relatively harmless Carlsberg advert, bearing the slogan 'The best beer in the world' could not be launched in these countries. Similarly, the advertisement with the slogan: 'We're working really hard' belonging to the Avis company, specialized in renting cars, was not allowed in Germany because, although no names were given in it, it was assumed that the Hertz company, number one in that field, was its only serious competitor.

Reminder advertising is important for the products which reached the stage of maturity, because it keeps alive the interest of the consumers in that product. The expensive advertisements run, for example, by Coca-Cola on television aim to remind people about its existence, not only to inform them or persuade them.

Madison Avenue is a name familiar to most Americans. It is a street in New York where many important advertising companies have offices.

But most of the 10,000 national agencies are outside New York and almost every city has at least one agency, even if this employs only one person. Some advertising agencies are gigantic. For example, the largest national American agency, Young & Rubicam, has a turnover of over 7.5 billion dollars annually.

Dentsu, a Japanese agency, is the largest advertising agency in the world, with an annual turnover of over 10 billion dollars.

These agencies employ specialists who, in general, can perform the tasks of advertising better than a company's own staff.

However, both the firms which finance advertising and the advertising agencies are increasingly dissatisfied with the fee payment system.

The large companies which use advertising a lot complain that they pay more than the small firms for the same received services, for the simple reason that they do more advertising.

The companies which use advertisements believe that the payment system based on commissions keep the advertising agencies away from the less expensive media and short advertising campaigns.

The advertising agencies are dissatisfied because they offer many additional services to a client without winning anything extra.

As a result, the current tendency is either to pay a flat fee, or a combination of a commission and a fee (Philip Kotler, 1997, p. 828).

Some companies which use publicity on a large scale correlate the remuneration level of the specialized agencies with the performance of the advertising campaigns conducted by those agencies. Campbell Company gladly pays a 15% commission for a great advertising campaign; if this campaign is just good, the agency receives only 13%; and if it is not successful, the agency receives a commission of 13% and a warning.

Philip Morris Company prefers to pay its collaborating agencies a 15% commission and then add a bonus if the campaign proved to be very effective.

The problem that arises in the case of these payment schemes based on the performance achieved is the result of the appreciation of the advertising campaign.

Both the metrics related to the sales trends and those related to the communication with the audience can be misleading.

Another trend: in recent years as a result of a decrease of the advertising expenditure, many agencies have sought to grow by buying other agencies and creating giant agencies, called holding agencies.

The largest of these ‘mega-group’ agencies is WWP Group which includes several large agencies: Ogilvy & Mather, J.Walter Thompson, Scali, McCabe, Sloves, Falling McElligott and others, with a total turnover exceeding \$ 18 billion.

Many advertising agencies have sought to develop diversifying their activities by providing services related to marketing.

These new ‘super-agencies’ offer, under the same roof, a full range of marketing and promotion, including advertising, sales promotion, public relations, direct advertising, and marketing research.

Some observers argue that the decline of the advertising agencies, faced with a declining revenue got from advertising and with the proliferation of new media, lies, of course, in providing some integrated marketing communication services. At the same time, many customers still prefer to seek and find their own agency specialised in communications instead of relying on the complete services offered by a single super-agency.

#### ***4. The Objectives and Budget of Advertising***

The objectives of advertising can be divided according to its intention, which can be of information, persuasion, or reminding.

Informative advertising was intensely used during the pioneer period of a certain category of products, when the objective is to generate a primary demand.

Thus, at the beginning the yoghurt industry had to inform its consumers about the nutritional advantages of yoghurt and its multiple uses (Balaure V, 2002, pg. 29).

Persuasive advertising becomes important in the competitive stage, when a company’s objective is to attract a selective demand for a particular brand. Most advertisements belong to this category.

For example, the Chivas Regal Company tries to convince the customers that preferring this brand of whiskey gives them a higher social status than drinking any other brands of Scotch whiskey. Some persuasive advertisements moved towards the category of comparative advertising that attempts to establish the superiority of a particular brand of product by comparing one or more brands of the same product class.

Comparative advertising has been used for some categories of products such as deodorants, hamburgers, toothpaste, tires and automobiles.

Burger King Corporation made for its units comparative advertising, with which the company beat McDonald’s in the ‘war’ of methods: flame grilling hamburgers and frying them in the pan method.

When using a comparative method, a company must ensure that it can prove the justice of its claims of superiority and that it can not be contracted in an area where the other brand (which it compares) is stronger.

The reminder advertising is really important for the products being in the maturity stage. The very expensive advertisements in four colours for Coca-Cola products, found in stores, are not intended to inform or persuade people to buy Coca-Cola, but to remind them to do so.

A related form of the reminder advertising is advertising for insurance, seeking to convince those who currently purchase a product that they made a good choice. Car commercials and ads will often show satisfied customers enjoying the special features of the new car they bought.

The choice of the advertising objective should be based on a thorough analysis of the existing situation at that moment on the market.

For example, if the product belongs to a class of mature products and the company holds the leading position on the market, and if the use of that brand is low, the best target will be the stimulation of that brand.

On the other hand, if the product belongs to a new category of products and the company that sells it is not the market leader, but that brand is superior to the one offered by the leader, then the appropriate objective will be to convince the market of the superiority of that brand.

Many well-defined objectives of communication and sales can be associated with advertising. In his well-known work *Defining Advertising Goals for Measured Advertising Results*, Colley presents 52 possible objectives of advertising.

He outlines a method called DAGMAR (after the initials of the book in English), converting the advertising objectives into well defined and measurable goals.

One purpose of advertising is a well defined task of communication doubled by a certain level of impact on a well-defined audience, level to be achieved within a certain time period.

Setting the goals to be achieved in the course of the advertising campaign is based on the overall marketing objectives of the company. After that one can firstly establish the tasks of the promotional activity as a whole and then for each of its components.

The main aim of advertising is to achieve a certain change of the target market's attitude towards a product or a service that a company provides and that it is advertised in order to buy it.

Before deciding to purchase something, the potential consumers get informed very thoroughly about the product that they desire.

Researchers from the marketing field developed a number of models in order to establish the advertising costs, taking into account both the above factors and other factors. One of the best models was created by Vidale and Wolf.

The model led to the establishment of an advertising budget according to the pattern the greater the budget, the larger the reaction rate to the advertising sales volume, the rate of decrease of sales volume and the unused sales potential.

This model does not take into account other important factors, such as the rate of the competitor's advertising and the efficiency of the advertisements made by the company concerned.

Professor John Little proposed a flexible control method intended to establish the budget to be allocated to advertising. Suppose that a certain company secured a share of the advertising spending based on the latest information on sales response function. The company spends this share on all markets, except for a subset of  $2N$  markets chosen at random. On  $N$  of these test-markets the company spends a smaller share and on the others it spends a larger share.

This procedure provides information on the sales obtained from the practice of the low, medium and high advertising rates, which can be used to update the parameters of the sales response function. The updated function is used to determine the most appropriate levels of advertising for the next period.

If this experiment is performed periodically then the advertising spending will closely follow the curve of the optimal advertising expenditures.

The promotional budget represents the total resources of a company allocated to promotional activities (Grigoreanu, N., 2013, p. 168). These include, on the one hand, the budget for the media, the expenses with the promotion of the sales, merchandising, PLV and so on, and, on the other hand, the budget for the institutional promotion: sponsoring campaigns, conferences and seminars organisations, publication of own publications, creating events, open days and other public relations actions.

Between the size of the promotional budget and the promotional strategy adopted by the company there is an inter-connection link, i.e. the

size of the promotional budget determines the type of the marketing strategy available for the company (the budget is calculated with the amount available method) or if the marketers believe that a certain market strategy is more effective in the given situation, the promotional budget determined according to this (using the objectives method).

### **5. Conclusions**

The promotion policy is an important element of the global marketing policy of the company. Currently, it is not enough to produce; the product should be known by consumers and should have a good image among them, the existence and development of the company being in a close relationship with the performance of the promotional activity undertaken.

Also, using a set of specific tools promotion can help change consumers' perceptions, attitudes, feelings, and opinions.

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