

Thank you for appointing me the role of a junior Account Executive. I have conducted extensive research in the world of advertising. This report is a general report on advertising, but uses Skoda as an example of some of the advertising principles and advertising campaigns.

## **DEFINITION**

Advertising is ‘making it publicly known than an individual or an organization has benefits, usually products and services, it wishes to offer to an identified target audience in return for some other benefit, usually money’.

In some markets, consumer demand is so intense, the product is able to meet that demand that no planned communication between producer and consumer is necessary. These products are said to be able to sell themselves. For most products this is not the case. The presence of a product needs to be advertised to the population of its target market. Advertising is a process of communication designed to stimulate purchase of a given product or brand. In pursuit of this aim there are two basic advertising functions:

1. TO INFORM consumers of the products existence, availability, purpose, features, specification and price.
2. TO PERSUADE consumers by intentionally creating a need or desire to purchase and consume the product.

‘Information’ is the dominant factor when the product is innovative and the consumer is unaware of its qualities and availability. It also has a role in convincing consumers that a product is superior to its competitors.

‘Persuasion’ is the dominant factor when a firm fears competition from similar products, or wishes to protect or extend its market share.

Advertising objectives are specific statements of what is to be achieved by advertising. Breaking this down further, advertising objectives are

- To create awareness
- To support sales increase
- To encourage trial
- To inform
- To remind
- To reassure
- To create an image
- To modify attitudes

It is said that advertising objectives should be SMART; Specific, Measurable, Achievable, Realistic and Time-based. It is very important for a company to meet their advertising objectives as it does come at a cost. The outcome of advertising can be either 'drip' or 'burst'. Drip advertising is often related to maintaining brand and product awareness. Bursts may depend on competitive pressures and specific events in the product life cycle.

In producing advertising from the advertiser to finally the audience a number of transactions take place. The process begins with the advertiser who may be a large multinational company or an individual who owns a newsagent. As the advertiser is the one who spends the money, they would hope to advertise and have communication with the largest number of people in the applicable market at lowest cost. The advertiser takes the services of an advertising agency. The advertising agency will serve the advertisers interests. Making an advert is usually a partnership between the advertiser and the advertising agency. The advertising agency will advise the advertisers and produce the advertising for them. The agency is the link between the advertiser and the media where the ads will appear. There are a few different types of agencies such as In house, full service and creative shops. The media owner carries out the advertising which the agency has placed with on behalf of the advertiser. The choice of media depends on the advertising budget, the market, legal constraints and the product. The media owner also provides circulation figures, readership surveys and space costs for their media. Media owners will report to the media department of the agency with information that will convince the agency that their publications and channels are best suited to the clients advertising.

Skoda would have worked very closely with everyone in the advertising triangle. Skoda would have had the idea of what the advertising is about, in terms of changing the image of Skoda. Skoda would have shown what they wanted to the advertising agency and the agency goes through a certain process to convince the advertiser to hire them. The agency would have come with the visual based on the idea of Skoda. Skoda, owned by Volkswagen have a large advertising budget and reaching a large audience as possible would have been an option to them. They did this with advertising on television and radio; they used secondary, support media in newspapers and magazines.

## **COMMUNICATION**

All advertising is concerned with is putting messages over to identified target audiences and no matter how complex the process might get. If the advertising becomes so creative, so clever, so subtle that its message is misunderstood, misinterpreted or just not seen then, no matter how much money has been spent, the advertising campaign will be deemed to be a failure. If messages are sent and no feedback received then, again, it must be considered a failure as measurement, accountability and evaluation are critical to the success of all promotional activity.

Communication means the transmission and receipt of messages between people.

- CONCEPTION, the person becomes aware that they have a message to communicate and establishes the outline of its content.
- ENCODING, the message is translated into words, symbols, diagrams or images.
- TRANSMISSION, a medium is selected and the encoded message is directed towards the receiver. Distortion is liable to arise from two sources: failings in the act of transmission, or external barriers between the transmitter and the receiver.
- FILTERS, the human brain acts as a filter on incoming messages, many of which are rejected or highly colored by beliefs or emotional needs.
- RECEPTION, to prompt any response, the message must be understood and processed by the receiver.
- FEEDBACK, communication is made two-way when a response to the message is sent back to the transmitter.

Much research has taken place to gain an understanding of how advertising acts on the consumer. Two well known models can be seen below:

### **The AIDA model**

(Unawareness)      Awareness      Interest      Desire      Action

Advertising cannot act alone to move the customer from unawareness through to purchasing the product. Other activities such as sales promotion, PR and personal selling will be involved.

### **The DAGMAR model**

Defining Advertising Goals for Measuring Advertising Results

Both models stress the need to achieve awareness of the product, to generate a belief in its desirability and to trigger the action to purchase. Thus advertising is a process of communication designed to stimulate purchase of a given product or brand. This is achieved by influencing consumer behavior.

### **Consumer buyer behavior**

‘Those acts of individuals directly involved in obtaining, using and disposing of economic goods and services, including the decision processes that precede and determine these acts’. This is a definition of buyer behavior given by Engel et al (Consumer Behavior, The Dryden Press, 1986).

The ways in which buyers behave and the factors that influence this behavior must be understood by marketers. Buying behavior is complex and is influenced by many factors.

Perceived risk model has shown that consumers adopt risk reducing strategies when they buy only at well known stores or restrict their purchases to branded products. However, others may perceive risk at a lower level or be more willing to accept it, so they may, for example, shop in cut-price stores or purchase unbranded goods.

Subjective verbal models. This is a model that describes a particular buying situation as described by an individual. They put across their feelings to that situation and comment on any problems that they may have been faced with.

Logical flow models (as described in organizational buying behavior)

The consumer buying decision process (Philip Kotler model) is

Problem recognition: This is the starting point. Buyers seek to satisfy end-goals.

Information search: This involves an internal search where one would make a review of their memory for information. Then an external search, if necessary, where one would take on board comments from friends, dealers and publicity.

Evaluation of alternatives: A consumer would make a decision from the information discovered in the search procedures on alternative products and services.

Purchase: This is the actual purchase of the product.

Post-purchase evaluation: The final stage of the decision process. A company would try to gain consumer loyalty and consumers would judge how satisfied they are with their recent purchase. Competitive information may be available after the purchase, which could make one dubious about their purchase.

The above process can be of great value in a real advertising situation and not just in theory. The process above may be some what simplified but does provide an insight into customer behavior.

## **ADVERTISING REGULATION**

Advertising ethics are the moral issues raised by the persuasive power of advertising. Laws prevent advertisements from containing untruths, but do not force firms to state the whole truth. There are laws and regulations on what can and cannot be advertised. Some restrictions are policed by an overseeing industry body and rely on methods other than the law to force conformity. There are a number of organizations that oversee and police the advertising industry covering advertisers, advertising agencies and media owners.

The Advertising Standards Authority (1972) is a self-regulatory organization set up to ensure that advertisements are kept socially acceptable. It administers the CODE OF ADVERTISING PRACTICE.

The Independent Television Commission (ITC) is the public body responsible for licensing and regulating commercially funded television services provided in and from the UK.

The Press Complaints Commission deal with complaints about newspaper and magazine editorial.

Consumer Protection Act (1987) is a piece of legislation for advertising. It ensures that the prices of goods advertised in this way must be genuine reductions. There is also a general duty imposed on producers and suppliers to sell safe products. This will apply to Skoda and the car market in general as there is often price reductions in this market.

Consumer Credit Act (1974) gives consumers the right to cancel a contract in certain situations such as in case of direct selling which allows a 'cooling off' period.

Data Protection Act. Holders of computerized data e.g. mailing lists used for direct mail have to register with the Data Protection Register. They have to say how data is obtained, what information is given to other data providers, when it is collected and how the data may be used and if the data user wishes to pass on a list to another company, the customer has to be given the opportunity to refuse to let this happen.

A higher level of interaction between the advertiser and the receiver is now available with Internet and interactive TV. With new media, there is a very short time that expires between message receipt and response, whereas with past media it is fairly long. There is a wider variety of media available and is on the rise. Niche markets with a select audience can be targeted in advertising which one may not have been able to do in the past.

## **CONCLUSION**

In conclusion of this report, I have found that Skoda have invested great amounts of time and money in advertising and promoting its image. Skoda have been successful in changing their image to one that will make the consumer take notice and most importantly, purchase their products. I believe that they will be able to have continued success in the near future. I also believe that their advertising strategy is going to change in the next few years as the public come to terms with the change of Skoda's image. Skoda will not have to use this in their advertising as they will gain customers on their quality of their product and not their reputation from past to present.