

Unit 1: Advertising

1. Overview of Advertising

Meaning

Advertising is a paid, non-personal communication by an identified sponsor to inform, persuade, or remind consumers about products, services, or ideas through different media.

In today's competitive market, advertising is not just about selling products but also about building brands, customer relationships, and long-term business value.

Practical Example

When Amul releases its famous topical advertisements after every major political or sports event, it is not directly selling butter. Instead, it is keeping the brand fresh in customers' minds.

Similarly, Apple advertises innovation and premium lifestyle rather than only mobile phones.

Characteristics of Advertising

Paid form of communication

Non-personal communication

Mass communication

Sponsored by an identified advertiser

Persuasive communication

Uses multiple media platforms

Example

A Samsung Galaxy advertisement on YouTube is paid for by Samsung and reaches millions of viewers simultaneously.

2. History and Growth of Indian Advertising

Ancient India

Advertising existed through:

Wall paintings

Temple inscriptions

Town criers

Bazaar announcements

Example

Village merchants announced new products using drums and public announcements.

British Period

Newspapers became the major advertising medium.

Example

The Times of India carried advertisements for British textile companies.

Post-Independence (1947-1990)

Growth of

Radio

Newspapers

Doordarshan

Example

The famous slogan

"Washing Powder Nirma"

became one of India's most successful television advertisements.

Liberalization (After 1991)

Economic reforms increased competition.

Foreign companies entered India.

Advertising became more creative.

Examples:

Coca-Cola

Pepsi

LG

Samsung

Hyundai

Digital Era

Advertising shifted toward

Instagram

Facebook

YouTube

Influencer Marketing

AI Advertising

Practical Example

A small clothing shop in Surat today can reach customers across India through Instagram advertisements with only ₹500 per day.

3. Meaning and Definitions of Advertising

American Marketing Association (AMA)

Advertising is any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor.

Modern Definition

Advertising is a strategic communication process that influences consumer behaviour and builds long-term brand equity.

4. Objectives of Advertising

(A) Informative Objective

To provide information about products.

Example

Tesla advertises the features of electric vehicles.

(B) Persuasive Objective

To convince customers to purchase.

Example

Colgate claims better cavity protection than competitors.

(C) Reminder Objective

To keep customers loyal.

Example

Cadbury advertises during every Diwali even though everyone knows the brand.

(D) Brand Building

Creates emotional attachment.

Example

Tata focuses on trust rather than only products.

(E) Increase Sales

Advertising generates demand.

Example

Big Billion Days advertisements increase Flipkart's sales significantly.

5. Effects of Advertising

Positive Effects

Creates Awareness

Example

People learned about UPI through advertisements by PhonePe and Google Pay.

Generates Employment

Advertising agencies hire

Graphic designers

Copywriters

Digital marketers

Video editors

Encourages Competition

Brands improve quality to compete.

Example

Jio's entry forced telecom companies to offer better data plans.

Improves Standard of Living

Consumers become aware of new technologies.

Example

Advertisements increased the adoption of water purifiers.

Negative Effects

Misleading Advertising

Example

Some fairness cream advertisements claimed unrealistic skin whitening results.

Materialism

Consumers buy luxury products unnecessarily because of social influence.

Creates Artificial Demand

Example

Limited-time sale advertisements create urgency.

6. Types of Advertising

Product Advertising

Promotes products.

Example

Nike shoes

Service Advertising

Promotes services.

Example

HDFC Bank Home Loans

Institutional Advertising

Builds company image.

Example

Tata's "Leadership with Trust"

Public Service Advertising

Promotes social welfare.

Example

Helmet awareness campaigns.

Digital Advertising

Online advertisements.

Example

Amazon advertisements on YouTube.

7. Advantages of Advertising

Creates brand awareness

Increases sales
Builds customer loyalty
Supports new product launch
Creates employment
Encourages innovation
Example

Zomato grew rapidly because of humorous digital advertisements.

8. Disadvantages of Advertising

High cost
Misleading information
Consumer manipulation
Wastage of resources
Encourages unhealthy competition
Example

Luxury perfume advertisements often focus more on emotions than actual product quality.

9. Integration of Indian Cultural Values in Modern Advertising

Indian consumers emotionally connect with culture.

Therefore brands use

Family
Festivals
Respect for elders
Unity
National pride
Practical Examples
Tanishq

Shows interfaith marriages and family values.

Cadbury

Uses festivals like Raksha Bandhan and Diwali.

Surf Excel

Campaign

"Daag Achhe Hain"

teaches kindness and sharing.

Asian Paints

Links home painting with Diwali celebrations.

10. Role of Advertising in Modern Business

Advertising helps businesses to

- Create demand
- Build brands
- Increase profits
- Enter new markets
- Educate customers
- Face competition

Example

Tesla spends comparatively less on traditional advertising and relies heavily on social media, customer experiences, and publicity to strengthen its brand image.

11. Advertising Budget

Meaning

Advertising budget is the amount allocated for promotional activities.

Methods

Percentage of Sales Method

Example

A company spends 5% of annual sales on advertising.

Objective and Task Method

Budget depends upon campaign goals.

Example

Launching a new smartphone requires higher advertising expenditure.

Competitive Parity Method

Company spends similar amounts as competitors.

Example

Pepsi and Coca-Cola often maintain comparable advertising levels.

Affordable Method

Small businesses advertise according to available funds.

12. Advertising Appeals

Advertising appeal is the method used to attract consumers.

Rational Appeal

Focuses on logic.

Example

Dettol kills 99.9% of germs.

Emotional Appeal

Focuses on feelings.

Example

Google India's "Reunion" advertisement.

Fear Appeal

Example

Life insurance advertisements highlighting financial security.

Humour Appeal

Example

Fevicol advertisements.

Celebrity Appeal

Example

Virat Kohli promoting Puma.

Moral Appeal

Example

Save Water campaigns.

13. Social Advertising in India

Meaning

Advertising for public welfare rather than commercial profit.

Examples

Swachh Bharat Abhiyan

Beti Bachao Beti Padhao

Pulse Polio

Road Safety

Digital India

Practical Example

Government advertisements encouraging COVID-19 vaccination increased public awareness and participation.

14. Emerging Trends and New Forms of Advertising

Modern advertising is becoming technology-driven.

Current Trends

Artificial Intelligence (AI)

Influencer Marketing

Programmatic Advertising

Voice Search Advertising

Chatbots

Personalised Advertising

AR and VR Advertising

Interactive Video Advertising

OTT Advertising (Netflix, JioHotstar)

Practical Example

Spotify recommends advertisements based on users' listening habits.

15. Importance of Social Media Advertising

Social media allows businesses to reach targeted audiences quickly and cost-effectively.

Benefits

Low cost

Global reach

Real-time interaction

Customer engagement

Better analytics

Faster sales conversion

Practical Example

A Surat-based saree business can use Instagram Reels to attract customers across India without opening physical stores.

16. Types of Social Media Advertising

WhatsApp

Business catalogue

Broadcast messages

Status advertisements

Example: A bakery sends festival offers to regular customers through WhatsApp Business.

Facebook

Image ads

Video ads

Carousel ads

Marketplace ads

Example: A local gym targets people aged 18–35 living within 10 km.

Instagram

Stories

Reels

Influencer collaborations

Example: Nykaa partners with beauty influencers to promote cosmetics.

LinkedIn

Sponsored posts

Recruitment ads

B2B promotions

Example: Deloitte advertises job vacancies and leadership content.

X (Twitter)

Promoted posts

Trending hashtags

Example: A movie studio promotes a hashtag on release day.

YouTube

Skippable ads

Non-skippable ads

Shorts ads

Example: Boat launches new earphones through YouTube video advertisements.

17. Impact of Social Media Advertising on Different Stakeholders

(A) Consumers

Positive

Easy product comparison

Access to reviews

- Personalized offers
- Convenient shopping
- Negative
 - Privacy concerns
 - Impulse buying
 - Exposure to misleading ads

Example: Flash sales may encourage unplanned purchases.

(B) Businesses

- Positive
 - Cost-effective promotion
 - Wider market reach
 - Direct customer engagement
 - Measurable campaign performance
- Negative
 - Intense competition
 - Reputation risk from negative reviews
 - Need for continuous content creation

Example: A single viral complaint can significantly affect a brand's image.

(C) Society

- Positive
 - Promotes social awareness
 - Supports small businesses
 - Encourages entrepreneurship
- Negative
 - Spread of misinformation
 - Increased consumerism
 - Cultural homogenization

Example: Local artisans can reach global buyers through social media, but fake advertisements can also spread quickly.

(D) Government

- Positive
 - Efficient public awareness campaigns
 - Digital citizen engagement
 - Promotion of government schemes
- Negative
 - Challenges in regulating misleading advertisements
 - Data privacy and cybersecurity concerns

Example: Government campaigns on tax filing or health initiatives use social media to reach citizens rapidly.

M.Com Examination Tip

For higher marks, structure each answer as follows:

Meaning/Definition

Key Features

Importance/Objectives

Practical Indian or global business examples

Conclusion (mentioning the relevance of digital transformation or changing consumer behaviour)

Including current business examples (such as Amul, Tata, Zomato, Nykaa, Apple, Tesla, Flipkart, and PhonePe) helps demonstrate applied understanding and can strengthen M.Com examination answers.