**Rajasthan Institute of Engineering & Technology, Jaipur**

**University Roll No. \_\_\_\_\_\_\_\_\_\_\_\_\_\_**

II Year MBA III Semester  I Mid-Term Examination, October – 2018

Subject: - IMC SET- A

Time: - 2 Hrs. [Maximum Marks: -20]

[Min. Passing Marks: 08]

Instructions to the Candidates:

Attempt any 4 questions from Section A and Section B is Compulsory.

**Section A**

1. **Write down the concept of marketing communication. (3)**

Ans- [Marketing](http://www.marketingteacher.com/what-is-marketing-2/) communications is a subset of the overall subject area known as marketing. Marketing has a [marketing mix](http://www.marketingteacher.com/marketing-mix/) that is made of [price](http://www.marketingteacher.com/pricing-strategies/), [place](http://www.marketingteacher.com/marketing-place/), [promotion](http://www.marketingteacher.com/promotion/), [product](http://www.marketingteacher.com/three-levels-of-a-product/) (know as the four P’s), that includes [people](http://www.marketingteacher.com/people-marketing-mix/), [processes](http://www.marketingteacher.com/process-marketing-mix/) and [physical evidence](http://www.marketingteacher.com/physical-evidence-marketing-mix/), when marketing services (known as the seven P’s).

* Sponsorship.
* Packaging.
* Merchandising (and point-of-sale).
* [EMarketing (and Internet promotions).](http://www.marketingteacher.com/digital-marketing-and-promotion-internet-advertising/)
* [Brands.](http://www.marketingteacher.com/introduction-to-brands/)

Integrated marketing communications see the elements of the communications mix ‘integrated’ into a coherent whole. This is known as the marketing communications mix, and forms the basis of a marketing communications campaign.

1. **How many types are there in advertising? (3)**

# Ans- Types of advertising

A successful advertising campaign will spread the word about your products and services, attract customers and generate sales. Whether you are trying to encourage new customers to buy an existing product or launching a new service, there are many options to choose from.

The most suitable advertising option for your business will depend on your target audience and what is the most cost effective way to reach as many of them as possible, as many times as possible. The advertising option chosen should also reflect the right environment for your product or service. For example, if you know that your target market reads a particular magazine, you should advertise in that publication.

The following list is an introduction to advertising tactics that you could use. Remember, you can always be creative in your advertising to get noticed (within advertising regulations).

## Newspaper

Newspaper advertising can promote your business to a wide range of customers. Display advertisements are placed throughout the paper, while classified listings are under subject headings in a specific section.

You may find that a combination of advertising in your state/metropolitan newspaper and your local paper gives you the best results.

## Magazine

Advertising in a specialist magazine can reach your target market quickly and easily. Readers (your potential customers) tend to read magazines at their leisure and keep them for longer, giving your advertisement multiple chances to attract attention. Magazines generally serve consumers (by interest group e.g. women) and trade (industry/business type e.g. hospitality).

If your products need to be displayed in colour then glossy advertisements in a magazine can be ideal - although they are generally more expensive than newspaper advertisements.

Magazines do not usually serve a small area such as a specific town. If your target market is only a small percentage of the circulation, then advertising may not be cost-effective.

## Radio

Advertising on the radio is a great way to reach your target audience. If your target market listens to a particular station, then regular advertising can attract new customers.

However, sound has its limitations. Listeners can find it difficult to remember what they have heard and sometimes the impact of radio advertising is lost. The best way to overcome this is to repeat your message regularly - which increases your costs significantly. If you cannot afford to play your advertisement regularly, you may find that radio advertising does not generate strong results.

## Television

Television has an extensive reach and advertising this way is ideal if you cater to a large market in a large area. Television advertisements have the advantage of sight, sound, movement and colour to persuade a customer to buy from you. They are particularly useful if you need to demonstrate how your product or service works.

Producing a television advertisement and then buying an advertising slot is generally expensive. Advertising is sold in units (e.g. 20, 30, 60 seconds) and costs vary according to:

* the time slot
* the television program
* whether it is metro or regional
* If you want to buy spots on multiple networks.

## Directories

Directories list businesses by name or category (e.g. Yellow Pages phone directories). Customers who refer to directories have often already made up their mind to buy - they just need to decide who to buy from.

The major advantage of online directories over print directories is that if you change your business name, address or telephone number, you can easily keep it up to date in the directory. You can also add new services or information about your business.

If your target market uses print and online directories, it may be useful to advertise in both, although print directories are being used less.

## Outdoor and transit

There are many ways to advertise outside and on-the-go. Outdoor billboards can be signs by the road or hoardings at sport stadiums. Transit advertising can be posters on buses, taxis and bicycles. Large billboards can get your message across with a big impact. If the same customers pass your billboard every day as they travel to work, you are likely to be the first business they think of when they want to buy a product.

Even the largest of billboards usually contain a limited amount of information; otherwise, they can be difficult to read. Including your website address makes it easy for customers to follow up and find out more about your business. Outdoor advertising can be very expensive especially for prime locations and supersite billboards.

## Direct mail, catalogues and leaflets

Direct mail means writing to customers directly. The more precise your mailing list or distribution area, the more of your target market you will reach. A direct mail approach is more personal, as you can select your audience and plan the timing to suit your business. A cost effective form of direct mail is to send your newsletters or flyers electronically to an email database. Find out more about [direct mail](https://www.business.qld.gov.au/running-business/marketing-sales/marketing-promotion/direct-marketing/direct-mail).

Catalogues, brochures and leaflets can also be distributed to your target area. Including a brochure with your direct mail is a great way to give an interested customer more information about your products and services. Learn more about [leaflet marketing using letterbox drops and handouts](https://www.business.qld.gov.au/running-business/marketing-sales/marketing-promotion/direct-marketing/leaflets).

## Online

Being on the internet can be a cost-effective way to attract new customers. You can reach a global audience at a low cost. Many customers research businesses online before deciding whom to buy from.

A well-designed website can entice customers to buy from you. There are a number of ways you can promote your business online via paid advertising or to improve your search engine rankings. Learn more about [doing business online](https://www.business.qld.gov.au/starting-business/internet-start-ups/online-basics).

Other ways to advertise your business online include promoting your products or services on social media sites, blogs and search engines and other websites that your target audience visits. Find out more about [social media](https://www.business.qld.gov.au/running-business/marketing-sales/marketing-promotion/online-marketing/social-media).

1. **What do you understand by advertising agency? (3)**

Ans- **Overview** -These agencies take all the efforts for selling the product of the clients. υ They have a group of people expert in their particular fields, thus helping the companies or organizations to reach their target customer in an easy and simple way.

**Major Functions of Advertising Agency**

* **Attracting clients**- Advertising agency needs clients (advertisers). Without them, it cannot survive.
* **Account Management -** Within an advertising agency the account manager or account executive is tasked with handling all major decisions related to a specific client. The account manager works closely with the client to develop an advertising strategy.
* **Creative Team**- The principle role of account managers is to manage the overall advertising campaign for a client, which often includes delegating selective tasks to specialists. Advertising agency put the advertising-plan into action under its creative function. Creation of ads is the most important function of an ad agency. Generally, it involves activities like: Copy writing, Drawing photographs, Making illustrations, layouts, an effective ad message, etc. These jobs are done by experts like copy writers, artists, designers, etc. These people are highly skilled and creative. They make an advertisement more appealing. Attractive ads help to increase the sales of the product.
* **Researchers -** Full-service advertising agencies employ market researchers who assess a client’s market situation, including understanding customers and competitors, and also are used to test creative ideas. Advertising agency gathers information related to the client's product. It collects following information about a product under its research function: Features, quality, advantages and limitations of a product, Present and future market possibilities, Competition in the market, Situation in the market, Distribution methods, Buyers' preferences, so on Ad agency analyses (studies) all this collected information properly and draws conclusions for its research. It helps in planning an advertising campaign, selecting proper media and creation function.
* **Media Planners** - Advertising agency helps an advertiser to select a proper media (ad platform) to promote his advertisement effectively. Media selection is a highly specialized function of an ad agency. It must select the most suitable media for its client's ad. Advertising agency plans the entire ad campaign of its client. Advertising planning is a primary function of an ad agency. It is done when its research function is completed. That is, after analyzing the client's product, its competitors, market conditions, etc. It is done by experts who use their professional experience to make a result-oriented advertising-plan. Once an advertisement is created, it must be placed through an appropriate advertising media. Each advertising media, of which there are thousands, has its own unique methods for accepting advertisements, such as different advertising cost structures (i.e., what it costs marketers to place an ad), different requirements for accepting ad designs (e.g., size of ad), different ways placements can be purchased (e.g., direct contact with media or through third-party seller), and different time schedules (i.e., when ad will be run). Understanding the nuances of different media is the role of a media planner, who looks for the best media match for a client and also negotiates the best deals.
* **Advertising budget -** Advertising agency helps an advertiser to prepare his ad budget. It helps him to use his budget economically and make the best use of it. Without a proper advertising budget, there is a risk of client's funds getting wasted or lost.
* **Coordination**- Advertising agency brings a good coordination between the advertiser, itself, media and distributors.
* **Sales promotion**- Advertising agency performs sales promotion. It helps an advertiser to introduce sales promotion measures for the dealers and consumers. This helps to increase the sales of the product.
* **Public relations**- Advertising agency does the public relations (PR) work for its clients. It increases the goodwill between its clients and other parties like consumers, employees, middlemen, shareholders, etc. It also maintains good relations between the client and media owner.
* **Non-advertising functions** - Advertising agency also performs many non-advertising functions:

It fixes the prices of the product, It determines the discounts, It designs the product, It also designs its package, trademarks, labels, etc.

1. **Explain about advertising planning. (3)**

Ans- n advertising plan is a written strategy for how you plan to advertise your business. Advertising is any way you reach out to potential clients through media. Advertising may include newspaper ads, billboards, direct mail such as fliers or postcards and online advertisements through Google, Facebook or banner advertisements on Web sites relevant to your business.

## Writing a Plan

Your advertising plan should include your advertising goals and how you will measure your results. Your goal may be to bring more people into your store or more visitors to your Web site. It may be to increase sales of a specific product. An advertising plan doesn't necessarily have to be a formal document unless you're writing to present to others. Even then, your plan can be simple, addressing your goals, your budget, your audience and what you expect your advertising to accomplish.

## Budget

Your budget will heavily dictate the type of advertising in which you invest. Be careful not to over-invest before you know the type of return you get on your advertising. Consider investing a small amount in a few different types of advertising to determine which ads bring in additional customers or business. Make certain that your advertising budget doesn't eat into your operating expenses; advertising can take time to build.

## Audience

The type of advertising you choose should reflect the type of customers or clients you currently have. Ask your current clients what they read and what Web sites they visit. If your customers all read the local paper, for example, it makes sense to advertise there. If your customers haven't picked up a newspaper in years but all belong to Facebook, advertise on Facebook. If you cater to businesses, advertise in relevant trade publications.

## Message

Decide what you want your ads to do. You can drive customers to your physical business or to your Web site. You can let potential clients know about a sale. Be specific without being too wordy; people tend to skim ads, particularly those online. Include a relevant visual, such as a picture of your store or business logo. If you're uncertain of how to word your ad, look at ads for similar businesses and note what you like and don't like. You can also consult an advertising professional for assistance.

1. **Briefly explain the models of marketing communication. (3)**

# Ans- The AIDA model of consumer response hierarchy with the help of diagram

Communication Response Hierarchy: One of the things that a marketer is interested in is receiving consumer feedback or response, which helps in gauging the effectiveness of the communication. Experts have found that consumers often respond to messages in a hierarchical order of behavior. These hierarchical responses are demonstrated through various models of consumer response stages.

Traditional Consumer Response Hierarchy Model:

|  |  |
| --- | --- |
| Stages | AIDA Model |
| Cognitive stage | Awareness |
| Affective stage | Interest     Desire |
| Behavioral stage | Action |

Traditional response models propose that a consumer typically moves through various stages of responses ranging from first becoming aware about a product to finally purchasing it. These responses can typically be divided into cognitive, affective and behavioral responses. For each stage of consumer readiness or response, communicators must perform specific actions. For example, the communicator might need to imprint something into the consumer’s mind (cognitive response), change an attitude (affective response) or get the consumer to act (behavioral response). The Awareness-Interest-Desire-Action (AIDA) model1 of consumer response hierarchy is one of the popular models. It states that a consumer passes successively through the following four stages of response:

1.    **Awareness** – In this initial stage, most of the target audience is unaware of the product or brand and hence the communicator’s objective is to build awareness, maybe just name recognition of the product with simple messages, repeating the brand name or giving basic information about the product. In a relatively new product category, this function assumes the maximum importance. For example, the objective of Hutch’s takeover and change of name to Vodafone was to inform the audience about the change through quick reach and repetition. Thus, several 5–10 second spots were designed to ensure that the ads did not result in any monotony.

2.    **Interest** – In this stage, consumers graduate from awareness about the product to interest in it. Marketers need to find out how consumers feel about their product. Are they favourably disposed? Do they like it? Do they find it interesting enough? Interest in the product can be created by showing some unique feature of the product, demonstrating how it works, presenting entertaining ads, fetching in popular celebrities, etc.

3.    **Desire**– It is not enough to create just an interest in the product. Once the target audience is aware about and interested in the product, the function of advertising is to get them positively inclined towards buying it, that is, create in them a desire and preference for the advertised product. Desire can be built by showing how the product addresses a consumer’s specific needs and by creatively promoting quality, value and other significant features. For instance, Aqua-guard arouses desires by giving rational benefits of using the product, such as clean water without germs.

4.   **Action**– Advertising has not played its part until it has achieved the ultimate objective of spurring the target audience into action. In most cases, the desired action is to lead consumers to purchase the product. But in certain cases, it can also be to generate inquiries, lead to a retail visit; promote participation in a promotion, etc. Brand- or image-building advertising will not immediately lead to purchase action, but it will create a preference and desire that will ultimately translate into purchase. This is a long-term strategy. On the other hand, promotional- or direct-advertising talks of incentives that are offered to consumers if they immediately buy the product. This is a short-term strategy.

1. **Explain about advertising budgeting. (3)**

Ans- **Advertising Budgeting and Advertising agency**

An advertising budget is estimate of a company's promotional expenditures over a certain period of time. More pertinently, it is the money a company is willing to set aside to accomplish its marketing objectives. When creating the advertising budget, a company must weigh the trade-offs between spending one additional advertising dollar with the amount of revenue that dollar will bring in as revenue.

An advertising budget is a part of a company's overall sales and/or marketing budget. Budgeting for advertising can be viewed as an investment in a company's growth. 

**Factors affecting advertising budget**

Advertising is one of the variables which affect sales and hence the profit earned. It is therefore difficult to calculate the amount to be allocated for advertisement budget. Also the budgeting depends on various other factors like:

**1. Degree of competitiveness in market: Monopoly/Duopoly/Oligopoly**

A monopoly firm does not have to worry about the promotional spends as it is the only player in the market. For duopoly, where market is dominated by two dominant players, the promotional budgets would be high to outperform each other. In an Oligopolistic market, where the market is cluttered and there are many players, promotional spends has to be higher as the frequency of advertisements has to be increased to get noticed among so many players. Thus depending upon the competition the advertising budget is set.

**2. Market Share: Market leader/Market Follower**

The advertising budget for a market follower will be decided by the tactics of the market leader. To improve market share one of the investment is to increase promotional spent. Thus, where a company stands is a deciding factor in advertising budget

**3. Product life-cycle stage: Introduction/growth/maturity/decline**

The advertisement budget would be higher at the introduction and growth stages as it has to introduce the product in the market and establish itself among the competitors so the frequency of advertisements would be high and so would be the budget. As the product reaches maturity and decline stages the promotional spent would be lower.

**4. Advertising Frequency:** An ad can be played only once or can be be multiple times. Also, it can be daily, weekly, fortnightly, monthly etc. Depending upon the requirement, the advertising budget is altered.

**Section B**

1. **Explain in detail the role of IMC in marketing process (4)**

# Ans- Roles of Marketing Communications

Marketing communications involves the creation and delivery of messages though selected media to communicate with one or more markets. Marketing communications play an increasing number of roles with the expansion of communication options in areas such as social media.

## Targeting

Marketing communications target one or more markets. Which markets you target will depend on the role of your communications. For example, if you want to reach a new market in a different geographical area that will allow you to grow your total market share, your marketing communications will need to be designed to influence and educate customers in that new location.

To properly pick a target market, consider the problems and issues that customers in that market face and how you can add value by addressing them. Make sure you can effectively reach that customer segment so that your marketing dollars are well spent

**News Media Relations**

If you want the news media to report positively on your company and provide opportunities for you to get media exposure, marketing communications should be targeted to that audience. In this role, media kits can be distributed to educate news media about your company and encourage them to distribute press releases and special interest stories about you. If you are a public company, the value of your stock can be influenced by how you are perceived by news media.

2. **Explain the departmentalization in advertising agency (4)**

Ans- **Departmentalization in Advertising Agency**

## Advertising agency must have a suitable internal organizational structure to keep functioning properly with a smooth workflow. All advertising agencies don’t have a same organizational structure. Their structure varies from one another in relation to their size. Every functional thing needs a proper structure for its smooth functioning. And no matter how unique the advertising world may be, it requires an organizational structure. Advertising agencies are structured to integrate the various services and tasks involved in creating and placing advertising. There may be differences in the organizational **structure of an advertising agency** based upon its size.

## Some major departments are as follows:

* Contact Department
* Media Department
* Copy Department
* Art Department
* Production Department
* Research Department
* Accounting and Finance Department
* Public Relations (PR) Department
* Office Management
* **Contact Department**

Contact department, also known as client department is in charge of keeping contact with their prospective clients of the advertising agency, mostly the advertisers.

### The function of the client department includes:

* Carrying the important information to the clients
* Efforts for retaining and creating new clients
* Building the bridge between the advertising agency and the client
* Helps in boosting revenues
* Promotion of their agency to create new prospects
* Efficient working for the quick growth of its organization

## Media Department

Media Department of advertising agency is responsible for the choice of media. This department selects the best suitable medium for the ad agency that will be suitable for its clients.

Before the selection process, media department’s initial role is to find out about:

* The product’s nature
* The market competition
* Advertising budget of the client
* Media trends, etc.

### The functions of media department are:

* It selects and uses the best media possible to communicate the ad message to the ultimate consumers
* It can also fail, as a wrong selection will result in the failure of the advertised product.
* Preparation of media plans for its clients
* Media scheduling
* Supervising the execution
* It keeps constant contact with the media and the client

## Copy Department

The copy of the advertising agency is very crucial. It is called the heart of the ad as this conveys a direct message to the consumers creatively.

### Primary functions of the copy department are:

* Preparing an attractive copy for its clients and customers.
* Participate in brain- storming sessions and come up with ideas.
* Using their extraordinary skills of putting flair and fluent language while preparing a copy.

This department includes copywriters, copy-supervisors, and others.  The copy department works in close co-operation with the art department. Mostly, the copy department is the largest department of an advertising agency. It comprises of a hard-working team of qualified professionals and experienced staff.

* **Art Department**

The art department consists of all the artists in an [advertising agency](https://itsaugust.com/). The advertisement finally becomes agreeable and acceptable because of these people in the art department. These people use the principles of real art, probably on software, as a guideline or base to present a product to the targeted audience. The personals working in the art department are known as the Art Directors.

### The functions of the art department are:

* Transform the idea that the client wants to convey, into a simple and beautiful imagery.
* Preparing layouts and visuals for the clients.
* To work closely with the copywriters for developing the visual messages.
* Making painted bulletins, posters, car cards, illustrations, slogans, etc.
* **Production Department**

Once, after the copy and art is finalized, the advertisement is sent to the production department for further process. Both the departments, copy and art, create the basic model of the advertisement. The production department takes the advertisement into its final stage. A production manager heads the production department.

### Functions of the production department are:

* Produces the final advertisements for the markets.
* Making contacts in the industry for the easy carrying out of tasks.
* Assemble the typographic design patterns, engraved photos, illustrations, copy, etc. and prepare the final advertisement.
* Sending the final product to its clients and get the approval.
* Once the approval is received, then it can be sent for final printing or production for the market.
* Keeping them updated about the latest trends and technologies.
* **Research Department**

The [research department in advertising](https://itsaugust.com/importance-of-advertising-research-for-agencies/) collects information about the market, market competition, market trends, products and services, competitors, consumer behavior, media trends, new trends in advertising, so on.

The success of the advertising agency’s advertisement campaign depends upon how hard the research team has done its work. A right direction and the right approach are very important for a successful ad campaign.

### Functions of the research department include:

* Carrying out research and deriving out useful information.
* Critically analyze the information, which they have derived.
* Apply the results in different ways.
* Agency makes use of above information for executing an excellent ad campaign.
* **Accounting and Finance Department**

As the name suggests, the accounting and finance department of an advertising agency looks into the financial and accounting matters of the organization.

### The functions of this department are:

* To generate and keep a record of the invoices that the company incurs or gains.
* Sending out regular reminders to the clients for un-cleared payments.
* Clear accounts before or within the due dates.
* Issue payments to vendor parties within or on the due date.
* Keep a track of the monthly and yearly accounts.
* Deposit the government fees on time.
* Manage salary accounts of the employees.
* **Public Relations (PR) Department**

The chief responsibility of a [public relations](https://en.wikipedia.org/wiki/Public_relations) (PR) department is to maintain a cordial relationship among three parties, namely, advertising agency, clients, and media. Every organization may not have a separate department for PR hence, it becomes important for the other members of the organization to build cordial relations with clients and customers.

### The functions of the PR department are:

* Redressing the grievances of the consumers.
* Taking feedback from clients and customers and working on it immediately.
* Serve as a road between the advertising agency and the other parties.
* Maintain a repo, by maintaining the goodwill.

## Office Management

The office management department can also be called the HR department of the advertising agency.

### Their functions include:

* Recruiting the office staff.
* Carrying out training and development of the newly hired staff.
* Carry out promotions of the deserving candidates.
* Provide welfare facilities to staff.
* Filing and record keeping of all the essential documents.

It is not necessary for an advertising agency to have all these different departments, depending on their scale. But even the small- sized or mid- sized agencies have people for the functions of all the departments. They can hire multi- taskers for that matter.  The departments can be merged, but these are the basic functions that the organizational structure of any advertising agency follows.