

The role and value of advertising

A presentation on behalf of
Indian Society of Advertisers (ISA)

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What does advertising do ?

- Awareness
 - I remember that product and brand
- Knowledge
 - I understand what they are offering me
- Preference
 - I choose this brand over that, based on benefits
- Purchase
 - I am going to try it / buy it again

Why do Companies advertise ?

- Awareness
 - To establish our brand name
- Knowledge
 - To communicate our value proposition & benefits
- Preference
 - To establish point of difference versus competitors
- Purchase
 - To motivate consumer to purchase our product

What is the benefit to consumers ?

- Advertising promotes choice
 - Based on quality, taste preferences, price, convenience
- Advertising leads to better value for consumers
 - Public awareness & competition deliver better value
- Advertising creates accountability
 - Brands are held to the promises they advertise
- Everyone advertises !
 - Local businesses, individuals (classifieds), not-for-profit organisations

What are the benefits to society ?

- Economic growth
 - Strong correlation between advtg. & GDP growth
- Creation of intangible assets (brands)
 - Brands create value for shareholders & country
- Job creation
 - Advertising creates several million jobs in India
- A thriving and free media
 - Newspapers and magazines rely on advertising revenue for over 50% of their earnings
- Sports and culture
 - Advertising supports sports, games and culture
- Creativity and creative values
 - Advertising promotes creativity

What advertising cannot do

- Convince citizens against their better judgment
- Deliver success for an unwanted or poor quality proposition
- Ignore societal expectations of responsible advertising, as reflected in self-regulation codes

Responsible advertising & self-regulation

- ASCI (Advertising Standards Council of India)
- ASCI codes ensure :
 - Truthfulness and honesty of advertising claims
 - Advertisements are not offensive to public decency
 - Safeguards against advertising of hazardous or harmful products
 - Advertisements observe fairness in competition
- The ASCI code incorporates international best practice

Addressing complaints against advertising

- Consumer Complaints Council (CCC)
- Independent body consisting of various stakeholders ; with majority representation from civil society
- Improved speed of decision making
 - Fast Track : 7 days, Normal : 30 days
 - Meets twice a month
 - Adheres to principles of natural justice, for advertiser to respond to a complaint
- Leads to 100% compliance on television advertising

Our suggestions

- Self-regulation & voluntary controls are essential
 - U.K. experience : Advertising Standards Assoc. (ASA)
 - Empirical evidence : 97% of advts. are in line with code
 - Punitive action under law when non-compliance is reported by ASA
 - 71 countries across the world have adopted self-regulation
- Penalties, including corrective advertising, should come into force if advertiser does not comply with ISA (CCC) decision by withdrawing or modifying the advertisement against which complaint has been upheld

Benefits of self-regulation

- ASCI (CCC) decisions are adhered to by the industry at large. As advertisers, we respect and work within this system.
- Because the industry is committed to making self-regulation effective, advertisements that break the codes are withdrawn or modified swiftly without needing to resort to legal action
- The ASCI code complements legal controls, which are always available

Thank you !