SOCIO-ECONOMIC ROLE OF ADVERTISING: A NATIONAL DEVELOPMENT PERSPECTIVE

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ABSTRACT

Information plays a vital role in the development of the human and the society in which they live. If people are informed in an influential way, they behave accordingly and may lead to participate in economic activities. Advertising with its cognitive and persuasive nature can easily polish the mind of target audience and create the sense of motivation to purchase the value offered by the companies in the form of product, to satisfy their various needs which in turn helps to enhance the living standard of them. In Indian context emotional, religious, cultural and traditional aspect of advertising is broadly practiced. In this paper by conceptualizing advertising and linking its impact on social and economic aspect of nation’s development such as advertising largely affects pricing of the product, creates demand and choice for consumers and further when they participate in economic transactions, they contribute to the national development. The advertisement also influences the social and cultural norms of peoples like their values, customs, developing living standard and creating social awareness.

Keywords: Advertising; Persuasive; Development; Economic; Social; Social Welfare; Impulsive

INTRODUCTION

Advertising is any paid form of non-personal presentation of ideas, goods or services by an identified sponsor (AMA). As the above line itself having key words which denotes the nature of advertising. Firstly, ‘paid’ that means there is cost element in advertising, the company have to pay to the advertising agency for ad’s copy creation and advertising media for ad broadcast. It also distinguishes it from free publicity. Secondly, ‘non-personal’ that means it is somewhat impersonal effort to present the message to the community or a group of audience. In other words producer and consumers are not in direct contact with each other. Thirdly, ‘presentation’ of message or mass communication process that means advertising is the act of disseminating information at large. In short the sponsor can draw the attention of the million of peoples. Fourthly, ‘idea or product’ is that constituent of an advertisement about which the whole ad is effectively created and launched publicly to aware them. They are the tangible and intangible goods or services or any social issue whose feature is conveyed to the target audience. Lastly, ‘identified sponsor’ they are the financer of the advertisement; they generally include manufacturer, dealer, wholesaler on of behalf of producer, and some time retailer.

Advertising is the term derived from the Latin word originally i.e. ‘advertere’ which means ‘to turn’ the attention. Advertising is drawing attention of reader or listeners or viewers to make them informed about product and services. In simple words advertising is like salesmanship in a printed form. It is all about popularizing the matter among society. With the help of advertising distinct features of goods or services are being demonstrated electronically or through print media and peoples are offered a variety of choice, which let them to select the product which best satisfy the needs of them. Advertising is the marketing tool which initiates or enhances the economic activities in the society by educating and
affiliating peoples to the brand. It stimulates the social awareness among the community, about various social problems and cure, about unethical business practices, government regulation, rights of consumers etc. Government with the help of open ad intimates the peoples at large about various programs and policies that are launched or running in a particular area. For example ads of Congress government about MGNREGA, NRHM etc.

LITERATURE REVIEW

The origin of advertising evidence thousands of years in past, where sellers largely used outdoor display method to demonstrate the product and services. Word to mouth practices was very common to communicate the information to the society. They used self crafted attractive sign boards to pull the audience. The Indus valley civilization having prominently urbanized cities of Mohenjodaro and Harrapa used signs boards to sell the many types of craft and artistic goods about which our ancient civilization was known for. Drummers used to visit village to village and place to place and read the advertisement content to convey message and information to the peoples. Civilians mostly had shown a great concern to them. The emperor Great Ashoka of Kalinga engraved pillars and stones to spread the teachings of ‘Gautam Buddha’, between 563 and 232 B.C (Chunnawalla 1999) that can be called as the outdoor spiritual advertising for promotion of social integration and ethical harness. Pompeii and Rome were archeologically evident about various sign boards mentioning ‘property on rent’ and many of ‘walls painted display’ in excavation. That was basically to attract travelers for their stay. There was an advertisement found in Latin language in the excavation:

‘A copper pot has been taken from this shop. Whoever brings it back will receive 65 cesterces. If anyone shall hand over the thief, he will receive an additional reward.’

The traders earned a good amount of money by selling their goods and services to varied customers. Now their economic activities were backed by a persuasive and attractive feature to motivate others to increase their participation in economic transaction. That further leads to growth of society and better standard of leaving. These communicative processes were not only confined to creation of a customer base, but also to disseminate regulatory or general order announced by government or ruler i.e. the public got easily updated about changing rules, new orders of ruler, various benefits and incentives and other social issues. In Indian scenario James Augustus Hicky on the 29 Jan, 1780 started ‘Bengal Gazette’ or the ‘Calcutta General Advertiser’ as the first newspaper to Indian continent, that announced various ads to it.

Hicky’s Bengal Gazette showing ads.

Source: Universitats Bibliothek Heidelberg
Then after there were many of print media came into existence and advertisement got an esteemed growth with great importance. Even the daily newspapers announced themselves by with advertisement in their periodicals. In modern Indian history print ads played a great role in Indian National movement as with the help of various newspapers they revealed the actual face and working of East India Company and a huge social movement got pronounced strength. For example Lala Lajpat Rai’s journal ‘Punjabi Bandematram’, Gandhi ji’s ‘Indian Opinion’, Young India; Navjeevan, Harijan, Jawaharlal Nehru founded the ‘National Herald’, In 1905 Shyamji Krishna Verma started publication of a journal ‘Indian Sociologist’ from London.

Advertisements now a day become a very common medium through which temples, political parties, various labour groups and trading organization and the ordinary people communicate their thoughts, ideas, concept and creativity the public leads to enhance the societal upbringing. Advertising has also become an institution of persuasion to promote such social and economic values as health, safety, education, Liberty, Democracy, free enterprise and tolerance. An advertisement itself shows the beliefs, values and culture of the society and act as a bridge between public and the society and the economic activities.

In recent period due to technological implementation advertisements are more persuasive then earlier. Now there are highly impulsive advertisements (Seounmi Youn and Ronald J. Faber (2000) copies are made by specialized ad agencies that have stimulating impact on consumer buying behavior and greatly affect the mind of public. Currently mobile technologies have enabled a great level of connectivity between seller and buyer through SMS, Mobile Application (Facebook, Twitter, Linkdin), Mobile Web address, IVR messaging, Ads calls and many more. People’s response rate is quite high now days because of changing needs of mobile features. Secondary function (m-commerce, m-banking, information services etc.) of mobile is also most prominent apart from making just a call. Fast growing gadget and technology market, made this ad market flourish in an effective way. Now it is quick and easier to get your words, reach to the public.

OBJECTIVES

1. To explore the impact of advertising on economic development.

2. To examine the social aspect of advertising and its impact on social development.

RESEARCH METHODOLOGY

Research is descriptive in nature. The secondary sources like reputed journals, periodicals, books and web sources are used to draw facts and concepts about various economic implication of advertising in nation’s building and also various social aspects of advertising is considered to draw a conclusion about societal implication of advertising.

Advertising Impact on Economic Development

Advertising is the tool that creates demand in the economy and the whole economy surrounds around customer demands and preferences. Consumers get to know about varieties of product available in the market and also show its preferences and required change to help the producer to make product user friendly. The production of goods is largely depends on consumers because if there is no need, there no worth meaning of production. Advertisement compels consumers in very cognitive way and motivates them to buy the offered goods and services. The economic activity start when people start expensing money in the market to get the benefit offered. It also helps in expending market out of national boundaries and informs other countries about features of the goods and services that may have satisfactory nature towards their demand. No dought advertisement has its great impact on national income because it initiates production process by providing production objective and production itself creates income or money mobilization. Focusing some economic factors which are affected by advertisement:
EFFECT ON VALUE OF PRODUCTS: (ADVERTISING IS VALUE CREATION PROCESS) It is not right that advertisement is always ethical because various information are hidden or not shown in the ads to create the value of product in the market. They show the positive image of the product and services and peoples get motivated to have it. Advertising demonstrate the goods in a manner as to enhance the value and demand of it. For example benefit of using mobile phone has changed now, as earlier it was only confined to communication purposes but its uses has now changed as there are immense features are available to the user convenience and companies are advertising it as like.

ADVERTISING EFFECT ON PRICES AND MONOPOLY CONDITION: A competitive advertising expenses leads to increase the price of the product and ultimately consumers have to pay it. Advertising cost increases with time because of increasing competition day by day. Companies are making a highly persuasive & interactive ad copies and in this process they incur a huge cost that ultimately act as the burden on consumer pocket. The advertising cost also increases, if new product is entered into the market where old product is already firmly established, if there is cut throat competition into the market or may be when expending a new market of large customer base. According to the book “Managerial Economics,” by Arun Kumar and Rachana Sharma (1998). In theory, the more money a business spends on developing effective advertising campaigns, the more products consumers will buy. So it’s possible, for example, for the mobile manufacturer to use the beneficial effects of advertising to counteract the negative effects of a price increase. In other words, increasing consumer demand through advertising can cancel out a decrease in consumer demand due to a price increase. Such a price rise is generally seen in the short run, whereas in the long run it goes down because of advertising cost diminishes with time and developing brand loyalty to the customer. Also increased economies of scale further reduces or constant the price of the product.

Sometime advertisement creates monopoly condition in the economy by publicizing a specified product in a very imperative way. Price rise creates an inflationary condition in the economy, and advertising may be a big factor behind it. But some products do not advertise much, but even their prices are high and they are still the leaders in market as they have their brand name. e.g., Luxury goods.

ADVERTISING EFFECT ON CONSUMER DEMAND AND CHOICES: Advertising creates, maintain and extend demand for the goods through brand image and with this regular psychological brand imaging process, customers develop brand loyalty, which stick the customer to the same brand irrespective to the other competitor’s product. A persuasive advertisement has tendency to create demand in the market and educating consumers about differences and quality leads to increase market opportunity for the consumers. The consumers are now demanding the difference that further initiate and promote the industrial production process. Due to this, competitors will try to break this situation and so price may keep on increasing due to ad expense or may be decreasing when any firm adopts price down strategy or the new small industry will try to grasp this opportunity, and this industrial process will lead to national development.

ADVERTISING AND BUSINESS CYCLE: Advertising no doubt helps in encouraging more buyers i.e. increasing more consumer demand that requires stock of workforce to cater the demand which leads to employing more number of people. It enhances the incentives of workforce operating in this field because of there is increase in revenues for company and which they use for betterment of goods and after sale services. But, there is bad side of advertising is also there. As consumer sometime get better quality foreign product in comparison to domestic product. Consumer starts demanding them and so it cause adverse effect on national income.

ADVERTISING AND NATIONAL INCOME: Advertising has favorable effect on national income and because it promotes the sale & creates the demand, which further increase the production and this industrialization leads to contribute the national income.
So, economic implication of advertising is very clear, that it largely affects the firms internal economic activities like pricing, demand creation, choice formation, market extension etc. and externally by contributing to the national income and national development. Though advertising is very productive, it requires proper invigilation because it directly makes impact on peoples mind and persuades them towards a direction, which should always be ethical.

Advertising Impact on Social Development

Apart from advertising being a business process it is a social organization as it represents social life and way of living. The American Marketing Association has firstly defined social nature of advertising as “The advertising designed to educate or motivate target audience to undertake socially desirable actions”. Advertising is all about drawing people attention to the social matter apart from giving exact solution. The social role of advertising is very evident from it practices that, it perform for the society whether it is good or bad, uneconomic, anti-social or for prevailing social problem. ‘As it is good educator, informer and entertainer at a same time it can be an influencing way of cheating peoples also’. So, the whole sole motive of social advertising is to aware the peoples about various social problems and help them to know the prevailing situation of society.

ADVERTISING IMPROVES LIVING STANDARD: Advertising effect on consumer’s knowledge, standard of living, and feeling of happiness and well-being, and its potential positive effects on the mass media. An advertisement increase the knowledge of the consumers about the product like its price, features, benefits and durability and induce them to buy the same that leads to increase the demand of the product in the market. For example promoting Android based mobile and its features and benefit. Nokia was initially very easiest in operating and generally uneducated peoples can even operate it, likewise Google’s Android OS is now very easiest in operation and include a wide variety of functions through its Apps and a little educated person can easily operate it. Apart from calling function peoples are now directly connected with the global market that enhances their knowledge base and way of living. ITC promoting education through donating Rs 1 on every classmate copy on behalf of consumer purchase.

CONSUMER WELFARE AND PROTECTION: It is something which is concerned with the good of consumers and their interests. The Oxford Dictionary’s (2001) defines welfare as well-being, happiness; health and prosperity (of person, community etc.) Consumer welfare and protection actually lies in safely fulfillment of their expectations and the aspirations as to goods and services that they need. For example Advertisement warned the peoples using tobacco that leads to cancer, using saccharin in place of sugar reveling all relevant information publically about financial investments in shares or any investment policy of any company like ad highlighting “Mutual funds are subject to market risk please read all terms and condition before invest”.

ADS AFFECT CULTURAL VALUE OF SOCIETY: In the words of Philip Kotler culture covers attitudes and the value of the whole society having bearing on what we do, what we see, what we use, what we judge. Habits, customs, attitudes, beliefs, value, and taboos are the part of culture. Every people or a group of people possess different habits, values and way of living. So ads should be made accordingly and also to cater with the social norms and principles. For example, Nudity in ads in India is rarely practiced, Mc Donald promotes in India as they not use beef in their products. Now, several global fast food giants are turning vegetarian in the city by overhauling their menu to include vegetarian cuisine in the vegetarian heartland of Gujarat. In Gujarat, global restaurant chains like Subway, KFC and McDonalds are also expanding their menu for their vegetarian customer segment. In a first, American restaurant franchise Subway has opened a Jain counter at its first all-veg outlet in
Ahmedabad at a location with a high density of Jain population. "They carried out a survey in Gujarat and sent a proposal to the US HQ to open an all-veg outlet with a pure Jain counter in Ahmedabad as Gujarat is the only state that contributes 60% of the total sales from vegetarian food". When KFC entered Gujarat in November 2011 with its first restaurant, it changed its menu to include vegetarian cuisine as well. KFC plans to add five more stores in the state this year with increased vegetarian options. Pizza Hut made its Gujarat foray with its first only vegetarian restaurant in the world in Ahmedabad, offering Jain food. Pizza outlet Domino's Pizza also has four restaurants in Gujarat, which offer completely vegetarian menu.

ADVERTISING AND SOCIAL AWARENESS: Advertising broadly helps in conveying the message of alert and cure of various social problems prevailing in society like environment, health, safety etc. It aware the society and let them up to date about recent sensitive issues and make themselves ready to face the complications of it. For example, if peoples know about the exact symptom and cure of any disease, they can save the lives. In old times there were lack of information dissemination and so lots of villages seriously affected by epidemic diseases. In recent time like ads focusing on sexual harassment of women and making them aware that what to do in this situation and promoting women safety and protection. The Times of India – Tum chalo toh Hindustan chaley! Ad motivates peoples to take initiatives in social work/ social development. Tata Tea JaagoRe is a cause marketing initiative launched in India by Tata Tea which aim of raising awareness for specific causes around Indian general elections in 2008 it also aware peoples about their duties towards their country and to take stand to reduce corruption the another examples like Akshya Patra a working NGO which operates for children welfare, Satyamev Jayate a famous television program doing intensive research on social issues and discussing them at large with solutions and various pros and cons associated with it, Idea’s ad of saving paper by using mobile, Amul’s every day comment on hot topics etc.

CONCLUSIONS

From the above discussion it is clear that apart from influencing public, advertising also project an image of the corporate in the international market through largely affecting profitability, quality, competition and growth of that firm. Advertising Standard Council of India (ASCI) clearly states ‘Self-Regulatory Code’ for Corporate and Television Advertisement to have a truthful, honest and non-derogatory ad practices in country. It also regulates a level of fair competition so that consumer’s rights can be protected in this competitive behavior as sometime they promote products that are hazardous or harmful to the society. Advertising helps in educating peoples about social issues, product and services information, price, quality, health hazards and safety norms and improving production capability. Advertising promotes national product to the outer world by enhancing export promotion, new product development for international market, country’s socio-economic development, distribution and proper supply of goods, at a right time, at a right place by intimating public, about it. It improves standard of living and reaching great number of audience to account their feedback and utilize it for further correction. It affects cultural values of the society and consumer welfare and protection from various unfair trade practices.

REFERENCES


