

ADVERTISING IN RELATION TO EXTERNAL COMMERCE ACTIVITIES

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Abstract: This thesis presents the concept of advertising, its types and its use for promoting commercial enterprises. Advertising is regarded as a non-personal communication technique which implies the conveying of a persuasive message through mass-media, with the purpose of increasing the psychological pressure upon importers. Advertising is presented here from a rational, psychological, behavioral and psychosocial point of view, alongside its effects on exterior commerce.

JEL classification: M37, F13.

Key words: advertising, marketing strategy, marketing add

1. COMMERCIAL ADVERTISING AS A TOOL FOR PROMOTING GOODS AND SERVICES

Advertising is one of the main tools used by companies in order to convincingly transmit their message to prospective buyers and other categories, because of its extremely varied manifestations can increase exports which makes necessary to invest more in this industry, in developing its capabilities to represent and promote national values. It is a promotional tool that allows the seller to use multiple payment methods in order to communicate information about the products and services offered or the organization to which it belongs. Advertising as a form of non-personal communication method, aimed at a broad and diffuse audience, is the ideal tool to promote products that target major markets, the potential consumers who are many, but not very much differentiated, compared to a consumer of any market, in terms of motivations, preferences and attitudes.

Advertising has been defined as "the psycho-sociology of information applied to commercial objectives"¹ and "as a persuasive activity which attaches complex symbolic assemblies to goods and services in order to determine the various audiences to purchase"².

As a social phenomenon, advertising contributes to the integration of individuals (e. signaling to them various types of behavior, skills that can bring acceptance in a particular social group), facilitates knowledge of universal values and creates new ways of life.

As a psychological phenomenon, advertising reinforces the feeling of existence, creates optimism and hope, but may also have negative effects when its false reality is discovered.

Advertising is one of the elements used to compellingly present products or services to the buyer or user. For many of those involved as beneficiaries of advertising,

¹ Bernard Cathelat, *Publicité et société*, Payot, Paris, 1992, p.28

² Popescu, Costin, *Publicitatea: o estetică a persuasiunii*, București, Editura Universității din București, 2005

advertisers or consumers, advertising is the main element in the mix of marketing communication.

Advertising is a complex activity, designed to make known the organization's concerns and services as well as its technical and commercial performance standards, aiming to attract and retain customers, to combat competition and achieve an attractive climate. When we refer to *international advertising*, it can be defined as an activity that promote a cause or organization, by highlighting the products and services in at least two countries in different parts of the world.

The first task of advertising research is to define, in a market, the target audience of a product, so as to use the most effective technique in order to differentiate the actions of the organization from the actions of the other competitors by transmitting a clear, credible and attractive message, designed to capture audience attention.

As a form of communication used to inform, persuade or remind the public about the company's image or the goods and services it offers, advertising has a decisive role in achieving the objectives set by the organization, and because it informs timely and accurately, it stimulates demand and influences rational consumption, induces changes in the attitude of prospective buyers, which will be reflected in an increase of the volume of goods sold and also of the profit.

Rationally speaking, advertising is informative, and the interest it awakens is economic. The positioning of this type of advertising corresponds to *the use of the product, the product characteristics, the product category and also the price/quality ratio*. Commercial messages also indicate the types of products, the distribution system, warranty periods and invites the potential buyer to complete an order form, promising additional documentation and reimbursement in the event that the product does not meet his expectations. The rationality of the buyer, upon which advertising is supposed to work upon, comes from specific features of production, market, cultural and spiritual life of the society. In the second half of the nineteenth century, when the type of advertising that interests us emerged, industrialization had not yet pushed production to today's level of standardization, and there were still plenty of criteria by which products could be differentiated. In addition, the industry could hardly provide the diversity of today's products.

The purchasing power of the market was low and the vast majority of buyers were from low-income social groups, of course obliged to spend their money carefully.

It is understood that in times of wealth rational advertising appeals are hardly heard and followed by potential buyers. On the other hand, no matter how rich a society is, certain segments of its economic structure always correspond to social categories more or less disadvantaged (as the poor are called in the international bureaucratic language), careful when spending their income. Rational advertisements use persuasive strategies that have a more compelling effect in determining the buying of a good or a service.

Television clips using the demonstration technique (showing how the product works), the technique before-after (recipient of the product 'appears in a state of crying before using the product and happier afterwards), the reference technique (a specialist explains the chemical processes that enable the enzymes in detergents penetrate the fabric in order to remove dirt).

In global advertising strategic alternatives differ, but *standardized advertising strategies* are used, which brings the advantage of ease of coordination and control of the advertising actions, but is not sufficiently sensitive to local market characteristics. Since these differ from one market to another, it is necessary to use *specific advertising*

strategies, adapted to the differences in culture, demography and economy between national markets located on different continents.

Suggestive advertising is addressed to the deeper layer of the human psyche: the unconscious, because in the activation of its forces lies the greatest potential of creative advertising. The mental apparatus is adjusted to avoid or discharge unpleasant tensions, and its operation is based on the dynamic relations between *the two principles of pleasure and reality*³.

2. COMMERCIAL ADVERTISING AT AN INTERNATIONAL LEVEL

International advertising faces the need for the centralization or decentralization of the process of adoption and implementation of decisions. Its solution is influenced by the similarities and differences found in the national market conjuncture. According to Philip Kotler, centralization or decentralization, which implies responsibility in the adoption and application of international advertising decisions, is determined by five factors:

1. *The company's general and marketing objectives.* It is likely that a company that focuses on solving global marketing objectives before domestic objectives will centralize decision making regarding advertising and communication. Decentralization of the decision-making process is preferred if the company pays more attention to achieving short-term profit and reaching its objectives locally.

2. *Product uniformity.* The more similar products or services sold in different countries are, the greater the possibility of an approach that will enable centralized management of advertising activities.

3. *Attractivity of the product.* Accentuating the appeal of the product is the reason why it is used. Consumption motivation can vary from country to country, depending on each culture, regardless of demographic or psychological characteristics of consumers. French women drink mineral water to keep the silhouette, while German women drink it for its health benefits. Registration in a golf club in Singapore is linked to the social status of the person, while in the UK it is considered a normal leisure, except for the clubs established based on certain criteria.

4. *Cultural sensitivity.* If the elements of attraction and use of the product are linked to the local culture, to the consumer attitude, their habits and preferences, as is the case with food and beverages, greater decentralization is required.

5. *Legislative constraints, rules and regulations in each country influence the adoption and implementation of decisions on advertising.* Decentralization of responsibilities, in order to exploit the experience and local knowledge is required where strict regulations on advertising are applied. Until a genuine "harmonization" will be achieved in the European Union, companies must continue to give great attention to the subtle differences between the rules and codes of practice in different countries in order to avoid costly mistakes.

Concrete forms of realization of advertising can be grouped according to several criteria, as follows:

- depending on the object: product advertising, information advertising, conditioning advertising, or comparative or recall advertising, brand advertising and institutional publicity;
- by geographical area: local, regional, national and international advertising;

³ Laplanche, J., Pontalis, J. B., *Vocabularul psihanalizei*, trad.rom., Humanitas, București, 1994, p.298

- the nature of the market , depending on addressing distinction: consumers, intermediaries;
- according to the broadcast message type, advertising may be: invoices or emotional;
- according to intended effect, it involves direct action or delayed action;
- in reference to the sponsor, advertising may be individual, in cooperation or with the support of stakeholders;
- based on its influence, advertising can be seen as addressed to primary demand or to selective demand.

The advertisement for a product promotion should focus either on creating a need (non-existent at that moment in potential consumers), or on demonstrating that some existing need could be better satisfied by the new product.

3. COMPANY ADVERTISING

Advertising a product or service is most common in companies and its main objective is to stimulate demand. Forms of product advertising are:

a) *Information advertising* is used especially when a new category of products is launched, aiming to create a primary demand.

b) *Persuasive advertising* is used mainly during the growth and maturity of the product life cycle, and when on the market there are other substitutable or competing products. Its objective is to attract a selective demand for a certain period, focusing on the conditions of presentation in order to achieve a better position by identifying and differentiating products and services within the total supply.

c) *Comparative advertising*. It's used only as an anti-competitive practice, in order to obtain a competitive advantage, trying to establish superiority of a particular brand of product by comparison to one or more brands of the same class. In Romania this form is still allowed, but in many other countries there are legislative provisions that restrict it. Companies must ensure that they can prove their claims of superiority and that they can't be countered in an area where the other company's product is stronger. It's used in the maturity stage of the life cycle of a product with more or less subtlety. One of the most common uses of comparative advertising (knocking copy) is found in the automotive industry.

d) *Recall advertising* is used to maintain or even enhance the effects of previous advertising activities, namely to maintain interest in a product or a brand. It's used mainly in the phase of maturity and generally refers to the brand and its products. The best results are obtained by large companies and brands, one example being Coca-Cola advertising, which does not need to inform or persuade people to buy, but rather to remind them to do so. Brand or company name associated with recognized quality, represents an efficient and penetrating message due to the simplicity of expression and also due to reduced costs by using a short message. Moreover, recall advertising, though impersonal as form and orientation addresses both buyers and distributors, thereby increasing product and brand awareness. A related form recall advertising is insurance advertising, seeking to convince those who are currently purchasing a product why the choice they made is correct.

Trademark or brand advertising is a type of advertising that is used when there are several brands of that product on the market . The advertisement will not be designed towards creating a general need for that product, but in the direction of differentiating the product from the products offered by competitors.

By all that it represents and also by the actions taken, the organization communicates with the external environment, from the mere mention of the name

published in a newspaper, without promotional intent (eg. organizing a competition, hiring personnel or purchasing movable or immovable goods) and up to the sophisticated activities in collaboration with media outlets for advertising purposes, in order to optimize the advertising message efficiency.

The main advantages of international advertising are related to its public nature:

International consecration is an entrepreneur's dream to become an authority in its field, occupying a favourable position in the hierarchy of unanimous recognition, which contributes to the conquest of new markets;

Creates a climate of trust and understanding by the fact that it forms an opinion both in terms of quality and as well as legal (it is assumed that any known company will adhere to the laws and regulations on environmental and consumer protection);

Valuing the organization (an intense advertising campaign creates the image of a strong, sound company, that can afford to invest and to promote new products);

The immediate effect of advertising with contests or discounts, sponsorships or participation in exhibitions, can generate a permanent long-term effect, which directly supports the increase of exports.

In conclusion we can say that advertising has a positive effect on the economy because it stimulates demand for goods and services. If a product is successful, part of its profits from the sale may be used to develop and promote new products.

Stimulating the creation of new products, advertising helps increase competition. Greater competition means lower prices and superior quality, which benefits consumers and the economy as a whole. A positive impact of promoting exports would mean increased production for export and also budgetary consolidation, because it would generate increased tax revenues, which would in turn help reduce the risk of macroeconomic imbalances in the future.

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