**THE ROLE OF ADVERTISING IN THE DIGITAL ERA: AN OVERVIEW**

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***Abstract:*** *Advertising is the life of trade. The most common form of advertising in ancient times was word of mouth. Television, radio, magazines, and newspapers have dominated the advertising world in the 20th century, but the Internet has continued to gain popularity among advertisers since its initial rapid growth in the 1990s. Advertising is not limited to media options; ads are placed in physical locations, such as billboards and shop windows, as well. As advertising media change, business practices also change in response, ensuring that the business world, and specifically marketing departments, never stay stagnant.*

*Advertising is a form of communication aimed at promoting a product, service, idea, or brand to a target audience. Advertising messages are carefully crafted to appeal to the target audience’s emotions, desires, and needs. The effectiveness of advertising campaigns is often measured through metrics like reach, engagement, click-through rates, conversions, and return on investment (ROI).*

*Advertising uses powerful media to control people's choices. We also have the power to choose, the power to think for ourselves, and the power to influence others. How we use that power is central to the creation of a good and healthy society.*

*The purpose of the study is to emphasize the concept of the Digital era and advertising. The research method of this study used the secondary data listed in different databases of books, research papers, and related articles on the internet of advertising. The present study will undertake to describe the history, importance and need of advertising, literature of review, different types of advertising as well as the role of advertising.*

***Keywords: -*** *Digital era, advertising,* types of advertising*,* role of advertising.

1. **INTRODUCTION**

Advertising plays a pivotal role in the modern world and business organizations. It is a pervasive communication tool, reaching people through various mass media channels. In many ways, advertising mirrors important societal institutions like schools, marriage, and religion, to the extent that it evolves into an institution of its own. With the advent of modernity, advertising is important as an indispensable business tool. It has grown substantially in qualitative and quantitative. In today's world, advertising is ubiquitous, bombarding consumers with messages on a daily basis across multiple media platforms. As a result, diverse opinions about advertising abound, ranging from overwhelmingly negative to exceptionally positive attitudes. This form of communication attracts the attention of not only business people, but also economists, social thinkers, anthropologists, and public policymakers, who try to understand its impact on society and the social issues arising out of it.

Over time, advertising has been praised and criticized, giving rise to two different ideologies. The first group, consisting primarily of business professionals and managers, champions advertising as a powerful marketing tool. They argue that it helps businesses by providing relevant information and persuading consumers, which ultimately leads to business growth. According to this perspective, advertising helps consumers make informed and intelligent buying decisions by showcasing various products and services. In contrast, the second group, which includes economists, historians, sociologists, public policymakers, and politicians, examines the impact of advertising and raises concerns about its adverse effects on society and the economy.

* 1. **Digital Era**

The past half-century has dramatically changed the way we live, work, and play. In the digital age, consumers have access to many services and products that were previously thought to exist only in the realm of science fiction.

Digital technologies have profoundly changed childhood and adolescence. The internet and the means to access it, such as tablets and smartphones, along with social media platforms and messaging apps, have become integral to the lives of youth around the world.

The advancement of Digital Technology has been one of the finest creations of the human mind. Technology has opened its gates to a wide range of possibilities in various areas like media, entertainment, communication, advertisements, and education. However, the easy access to materials available on the Internet has posed a great concern for Copyright infringement.

In the digital era, the science and art of advertising are going through a fundamental transformation. According to e-Marketer, in 2019 US digital ad spending surpassed traditional ad spending for the first time, driven by mobile advertising. As advertisers embrace digital channels, there is a need for a robust, comprehensive framework that integrates advertising across channels.

Here are the 4 E’s of advertising in the digital age, co-created with seasoned advertising expert and creative director Carlos Tornell for a recent session on Digital Media and Entertainment at the Pepperdine Graziadio Business School. They provide a simple and robust way to introduce digital advertising, without simply ignoring the principles of advertising that have existed for decades. So that traditional media like broadcast and cable TV will continue to exist. Rather, the 4 E’s below guide integrated campaigns that bridge traditional media and top-of-the-art digital media.

* + - * Education
* Entertainment
* Engagement
* Experience
	1. **History of Advertising**

In the history of advertising, the first-ever written ad was found in the ruins of Thebes in Egypt. It was a Papyrus created in 3000 BC by a slaveholder trying to find a runaway slave while also promoting their weaving shop.

 Today, we see different types of advertising, such as print, display, and digital. How advertising methods have changed over time is given below:

* **The beginning (1700s to 1900)**

In the pre-digital age, outdoor and print ads were the only ways for companies to communicate with their customers. It all started with word-of-mouth advertising by until brands eventually began using strategies that could last forever.

The first newspaper advertisement was published in 1704 in the United States. Then in the early 1800s, billboards came into existence and brands began to leverage them to express their value propositions.

Direct advertising, which involves directly reaching out to potential customers, was considered an expensive option before the Internet. Many organizations preferred indirect advertising because it was more affordable. Indirect advertising deals with promoting a product or service in a subtle way, without sounding too sales-y. For example, big signs and posters in front of a shop are considered indirect advertising.

Sears was the first company to focus more on direct advertising when it launched their first direct mail campaign in 1892. The company posted more than eight thousand postcards that generated two thousand new orders. This encouraged other organizations to allocate more advertising budgets.

* **The golden age (1900s to 2000)**

Advertising took a whole new turn when radio stations and television came into play, and by the beginning of the 20th century, more than 30% of the world's population used them. At this time, ads started to feel more personalized, as communication was now directly between the customer and the brand.

Radio advertising was launched in 1922 and was a big hit, allowing businesses to convey their unique selling propositions (USPs) directly to consumers. Advertisers started paying radio stations to broadcast advertisements to their listening audience.

Radio ads were then followed by TV advertising, with the first television commercial airing in 1941. Bulova Watch Company aired the first TV commercial, which was ten seconds long and seen by 4,000 people in New York.

This sparked the Golden Age of Advertising, where organizations invested heavily in advertising to express their brand's uniqueness and engage their target audience.

In the 1950s, brands started introducing characters just for advertisements to resonate with their audience. For example, Kellogg's introduced cartoon mascot Tony the Tiger to promote Frosted Flakes breakfast cereal. Many brands started focusing more on increasing brand awareness with advertising instead of being strictly focused on sales. Even with the widespread popularity of TV and radio, advertisers still leveraged offline advertising with newspapers and billboards. And then came the internet, which offered even more ways to execute advertising strategies.

* **Online advertising (2000 - present)**

The internet has taken hold of our lives since the early 2000s. The use of the internet became more widespread, and brands saw this as an opportunity. Advertisers began focusing more on digital ads instead of traditional offline channels.

The first online display ad was created in 1994 when advertisers created a banner ad to drive customers to website **landing pages**. Although brands faced numerous challenges initially, the launch of web services provider Yahoo paved an easier path for all the advertisers.

Yahoo pioneered the pay-per-click ad model to attract advertisers. Pay-per-click ads help advertisers effectively invest their budget because they only pay when viewers click on the ad. Yahoo also introduced keyword-based ads during this time to attract more people who used search engines. Keywords are words or phrases that people use to search for answers to their queries.

As the internet became more accessible on mobile devices, different ad formats were introduced. Advertisers started creating mobile advertisements to capture viewers’ attention on the devices they love.

* **Mobile advertising (2008 - present)**

The first mobile ad was introduced to consumers in early 2000. Mobile ads are advertisements of a unique shape, size, and format exclusively tailored for mobile devices. These ads reached out to customers via short message service (SMS) and redirected them to the brand's website. This encouraged brands to come up with strategies that supported mobile marketing.

Since 3G came into existence, advertisers have focused more on in-application ads. 3G allows people to access the internet wirelessly through their mobile phones and other electronic devices. Advertisers started creating more personalized ads for their viewers rather than generalized campaigns. Personalization helps brands engage their customers better. It also inspired them to focus on their customer service and provide a delightful customer experience.

As early as the 1970s, email advertising showed its potential by reaching millions of users worldwide. Through emails, brands conveyed their message internationally and started engaging a global audience.

In 2000, Google developed Google Ad Words (now Google Ads), which allows businesses to target ads based on Google search history and user browsing preferences. Google added search ads to further engage audiences at the right time with appropriate content types. Advertising motivated many businesses to discover new markets with promising returns.

Facebook penetrated the ad market with more than 2.2 billion users in 2008. Social media marketing came into existence, motivating other social destinations like Orkut and Twitter to adopt and adapt.

Mobile phones, TVs, newspapers, and social media have become a part of everyone's lives as the world turns more toward the instruments of the digital era. In 2020, Facebook introduced Facebook Shops, inspiring applications like Spotify, Picsart, and Saavn to create ad platforms that promote other brands.

Google acquired YouTube in 2006, introducing video ads to businesses. Now YouTube has one of the highest viewership rates. In 2012, Facebook bought Instagram, and in 2013, Instagram ads were launched.

Today, ads are everywhere, ranging from over-the-top (OTT) platforms such as Hotstar to mobile games like Subway Surfer. Brands are constantly trying to reach their audience on multiple platforms to engage with them. Ironically, some platforms, like YouTube, introduced their premium version, allowing users to browse videos ad-free.

* **David Ogilvy: The father of modern advertising**

David Ogilvy, known as the "father of advertising," founded the agency Ogilvy & Mather in 1948 on the idea that the sole purpose of advertising was to sell. Ogilvy's enormous success comes from learning from past innovators and adding their own touch to make their ideas truly unique.

Ogilvy & Mather, now Ogilvy, is an international success and even became the first foreign advertising agency to reach the Soviet Union. Ogilvy wrote several advertising books, many of which are now core texts and are used in classrooms based on his principles.

* **Let ads add value**

Modern buyers come across advertisements more frequently than before. Ads are on roadside billboards, pamphlets, newspapers, magazines, TVs, applications—everywhere.

Businesses should craft their advertisements to add value and help their audience instead of becoming a barrier to the customer experience.

* 1. **Definition and concept of Advertising**

Advertising is a marketing tactic that involves paying for space to promote a product, service, or cause. The actual promotional messages are called advertisements, or "ads" for short. The goal of advertising is to reach people most likely to be willing to pay for a company’s products or services and entice them to buy.

 **Now the question is where to advertise:**

Traditional advertising outlets include newspapers, magazines, TV, and radio stations. Today, however, advertisements are placed nearly everywhere and anywhere, including:

* Roadside billboards
* Sides of buildings
* Websites
* Email newsletters
* Print newsletters
* Inside bills
* Product packaging
* Restaurant placemats
* Event bulletins
* Store windows
* The sides of cars and trucks
* Subway car walls
* Airport kiosks
* Sporting arenas
* YouTube videos
* Creating effective ads

Advertising messages are designed to persuade an individual to buy a company’s goods or services. Even in B2B transactions, individuals have to first be convinced to choose one product over another.

Advertising is the only way to guarantee that our message will be seen or heard, and it is expensive compared to other marketing methods. For that reason, it is more popular among large corporations and brands than among small businesses.

Advertising is the act of drawing public attention to an offering through paid announcements by an identified sponsor.

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

**According to the Advertising Association of the UK** – Advertising is any communication, usually paid for, and specifically intended to inform and/or influence one or more people.

Simply put, advertising is the process of developing a paid communication message intended to inform people about something or to influence them to buy, try, or do something.

* 1. **Importance of Advertising**
* **To The Customers**
* **Convenience:** Targeted, informative advertisements make the customer’s decision-making process easier as they get to know what suits their requirements and budget.
* **Awareness:** Advertising educates customers about the different products available on the market and their features. This knowledge helps customers compare different products and choose the best one for them.
* **Better Quality:** Only brands advertise themselves and their products. There are no advertisements for unbranded products. This ensures better customer quality and a good business model, as no brand wants to waste money on false advertising.
* **To The Business**
	+ **Awareness:** Advertising increases brand and product awareness among people belonging to the target market.
	+ **Brand Image:** Clever advertising helps the business form the desired brand image and brand personality in the minds of the customers.
	+ **Product Differentiation:** Advertising helps the business differentiate its product from competitors and communicate its features and advantages to the target audience.
	+ **Increases Goodwill:** Advertising reiterates the brand's vision and increases the brand’s goodwill among its customers.
	+ **Value for Money:** Advertising delivers the message to a wide audience and tends to be value for money when compared to other elements of the promotion mix.
	1. **Need of Advertising**

[Advertising is a powerful communication](https://getuplearn.com/blog/role-of-advertising/) force, highly visible, and one of the most important tools of marketing communications that helps to sell products, services, ideas, images, etc. Many believe that [advertising](https://getuplearn.com/blog/advertising/) reflects the needs of the times.

One may like it or not, but advertisements are everywhere. [Advertisements](https://getuplearn.com/blog/role-of-advertising/#why-we-need-advertisement) are seen in newspapers, magazines, on television, on the internet, and on the radio. The average consumer is exposed to a very large number of advertisements every day, particularly in urban and semi-urban populations.

* 1. **Types of Advertising**

Advertising activities can be categorized into above-the-line, below-the-line, and through-the-line advertising according to their penetration level.

 Above-the-line advertising includes activities that are largely non-targeted and have a wide reach. Examples of above-the-line advertising are TV, radio, and newspaper advertisements.

 Below-the-line advertising includes conversion-focused activities that are directed toward a specific target group. Examples of below-the-line advertising are billboards, sponsorships, in-store advertising, etc.

 Through-the-line advertising includes activities that involve the use of both ATL and BTL strategies simultaneously. These are directed toward brand building and conversions and make use of targeted (personalized) advertisement strategies. Examples of through-the-line advertising are cookie-based advertising, digital marketing strategies, etc.

Advertising activities are categorized into five types based on the advertising medium used. These types of advertisements are:

* **Print advertising**: print ads see ink printed on paper. Newspapers, magazines, brochures, posters, flyers, and direct mail are all examples of print advertising.
* **Broadcast advertising**: In years gone by, the term "broadcast advertising" covered radio and TV, though these days the line between these formerly analogue channels and digital streaming services is blurrier than ever.
* **Outdoor advertising**: bus stops, billboards, blimps, banner planes, and other things that don’t start with "B"—outdoor advertising treats the whole world as an advertising stage.
* **Product integration**: Perhaps the most subtle form of advertising, product integration sees products and brands included (and implicitly promoted) in film, TV, Instagram, YouTube, and other forms of media.
* [**Digital advertising**](https://squareup.com/au/en/townsquare/digital-marketing-benefits-types-guide): Over the last couple of decades, digital advertising has overtaken all the other forms listed above. In fact, it really deserves its own section.
1. **REVIEW OF LITERATURE**

The "sales effect" refers to the assessment of the capability of advertising to affect sales volume and/or market share, regardless of the possible influence of other variables. For **Batra et al. (1995)**, the effectiveness of advertising should be considered for its effect on sales in the short term. This advertising performance measurement is based on the marginal theory **(Chamberlin, 1948)**. Advertising is therefore regarded as an independent variable that can be combined with other marketing variables to have a certain effect on the dependent variable, i.e., sales. The aim is to seek the best combination of the determinants of the sales increase.

The sociological analysis focuses on the community, considered a system governed by rules and social norms, and on social behaviour **(Moingeon, 1993)**. The role of advertising and consumption in social change is a very fertile topic. Sociology has examined how advertising influences the opinions, attitudes, and behaviors of individuals and social groups.

There are two opposite sociological perspectives on the advertising function in contemporary society. The first maintains a positive approach to advertising. It is believed that the role of advertising is to better organize economic and social relations, harmonize social behaviors, make people adhere to common values, and help them live together without problems. The second approach is, by contrast, rather critical because advertising tends to generate mass consumption. To adapt messages to a wider audience, introduceNew, poorly differentiated, symbolic values **(Friedman, 1979)**.

Communication in general and advertising in particular were treated by psychologists starting from the motivations of recipients, which occupy a central position in the analysis. This is because of the influence the perception of the recipient **(Mittelstaedt, 1990)**.

The socio-psychological approach simultaneously takes into account the message and therecipient of the message. This approach aims to study the effectiveness of advertising in terms of persuasiveness **(Ray, 1982)**, observing the effects on the formation processes of attention, memory, attitude, and behavior **(Kapferer, 1990)**. This research methodology considers the environment of the communication process and its actual interactions. Experimentation is widely used. It also allows for consideration of all hypotheses tested together and all the links that may exist between variables through a pre-test, giving an advantage in terms of the validity of the research. Rather than focusing solely and exclusively on the direct effects of certain variables taken individually that are difficult to control in reality, this approach studies the actual contribution of these variables in explaining the evolution of the dependent variable, sales.

The semiotic analysis focuses in the first instance, on symbols. These are identified as anything that conveys meaning, e.g., words, gestures, images, and dance. Semiotics studies the problem of encoding, and more generally of the code used. The object of investigation is the message itself containing different signs that can be interpreted according to a pre-established intention, without reference to the consumer and the influence on consumer behaviour. This approach is useful, especially in the context of advertising creation. Authors assess the effectiveness of advertising in reference either to the language of the **message (Barthes, 1964; Durand, 1964)** or the graphic image of the message **(Eco, 1979; Mick, 1986; Scott, 1994)**. However, they analyze the quality of the message from the viewpoint of its construction, its presentation and the place of the communication process. The impact of message on the recipient is a minor problem in the process of the message evaluation. This is an important limitation of the semiotic approach in terms of marketing.

1. **RESEARCH METHODOLOGY**

The research paper is descriptive in nature. This study was carried out using secondary data listed in different databases of books, published research papers in reputed national and international journals, and articles available on the internet related to advertising.

1. **OBJECTIVES OF THE STUDY**
* To know the concepts of the digital era and advertising.
* To study the history and importance of advertising.
* To study the different types of advertising.
* To study the role of advertising.
1. **ROLE OF ADVERTISING**

Advertising plays a very important role in business, economy, marketing, society, and communication as well.

#### Role of Advertising in Business:

Among all the business and marketing activities, advertising stands out as the most visible and well-known. Undoubtedly, advertising plays a pivotal role in the promotion of various products and services. Albert Lasker, often referred to as the father of modern advertising, described it as “salesmanship in print, driven by a reason, why?” **(McDonough 1993)**. However, in today’s world, advertising has expanded beyond print media and encompasses a wide array of media channels. For a comprehensive understanding of advertising’s diverse dimensions, the definition provided by **Arens (1996)** proves suitable. According to Arens, advertising is “non-personal communication, usually paid for and usually persuasive in nature, about products (goods and services) or ideas by an identified sponsor through various media.”

Advertising targets groups of people rather than individuals, making it a non-personal form of communication. These groups include consumers purchasing products for personal use or businesses procuring goods and services for their operations. Moreover, most advertising is funded by the organizations or institutions behind the campaigns. The primary purpose of advertising is to persuade individuals to purchase a product, service, or idea, although some advertisements solely aim to inform.

In addition to promoting tangible goods, advertising also serves as a powerful tool for promoting intangible services and advocating various ideas. The media acts as the channel through which advertising reaches its intended audience. While traditional mass media remains crucial, advertising also leverages other mediums such as direct mail, brochures, shopping cards, videocassettes, and increasingly, the Internet. Online advertising has gained immense popularity with the advent of the digital age.

Advocates of advertising contend that it is the lifeblood of business, providing consumers with essential information about products and services while encouraging an improved standard of living. They further argue that advertising stimulates job creation and facilitates the entry of new firms into the market **(Belch and Belch 2000)**.

Businesses that utilize advertising to promote their products and services recognize the numerous functions it fulfills and the profound impact it has. Among the foremost functions of advertising is its ability to establish a unique brand identity in the minds of consumers, differentiating a brand from its competitors. Some crucial functions of advertising include:

1. Identifying products and setting them apart from others in the market.
2. Communicating relevant information about the products, their features, and their availability.
3. Encouraging consumers to try new products and promoting repeat usage.
4. Stimulating product distribution.
5. Increasing product usage.
6. Building brand value, preference, and loyalty.
7. Reducing the overall cost of sales.

Advertising serves as a critical and multifaceted component of business, facilitating communication, fostering brand identity, and driving consumer behaviour. Its influence extends far beyond traditional boundaries, embracing diverse media platforms and technologies to reach an ever-evolving global audience.

#### The Economic Role of Advertising:

The economic role of advertising holds a prominent position in the realm of business and marketing, influencing various aspects of the economy. Advertising serves as a dynamic force that drives consumer behavior, shapes market competition, and impacts overall economic growth. With its ability to create brand value, stimulate demand, and foster product differentiation, advertising plays a vital role in driving consumption patterns and influencing business cycles. This introductory exploration delves into the multifaceted economic effects of advertising, shedding light on its implications for product value, pricing dynamics, competition, consumer choice, and overall economic performance. By understanding the intricate relationship between advertising and the economy, we gain valuable insights into the far-reaching impact of this pervasive communication tool on societies and businesses worldwide.

Supporters of advertising to promote products and services argue that it has a positive economic impact on society. The level of advertising investment in a country correlates directly with its standard of living. Developed nations allocate a higher percentage of their gross domestic product (GDP) to advertising compared to less developed countries. The commencement of an advertising campaign triggers a chain reaction of economic events. Several common economic effects of advertising are discussed in the following sections:

**A. Effect of Advertising on Product Value:** The impact of advertising on the value of products has been a subject of debate. Some argue that advertising has the potential to enhance the brand’s value in the consumer’s perception. However, there are dissenting views on this matter. According to **(Ditcher 1964)**, a product’s image, shaped in part by advertising and promotion, is an inherent characteristic of the product itself. Nevertheless, subsequent studies have demonstrated that while advertisements may not explicitly address a product’s quality, the positive image conveyed through advertising can imply a sense of quality, making the product more appealing and, consequently, adding value to it (Kihlstrom and Riordan 1984). Additionally, advertising contributes to added value by educating customers about new and innovative uses of a product. In this way, advertising plays a pivotal role in shaping the perception of products and enhancing their perceived value in the eyes of consumers.

**B. Advertising’s Effect on Prices:** The effect of advertising on product prices remains a topic of debate, with differing perspectives on its influence. Some individuals believe that advertising increases the cost of products due to the high expenses associated with media placements and promotional campaigns. However, others contend that advertising’s persuasive nature positively impacts overall demand for the advertised product. This increased demand leads to economies of scale in production, resulting in lower average production costs for companies. As a consequence, companies choose to reduce the prices of their products and services. Thus, it is argued that advertising indirectly assists companies in lowering their prices. Despite these arguments, the empirical relationship between advertising and prices has not been definitively proven, leaving this issue open to further investigation and analysis.

**C. Effect of Advertising on Competition:**The effect of advertising on competition is a matter of diverse opinions. One viewpoint suggests that small companies, constrained by limited resources, struggle to compete with larger companies due to their heavy advertising expenditures. Consequently, some small businesses are eventually forced out of the market. This perspective argues that advertising restricts smaller companies from effectively competing against larger ones, as the latter’s financial strength, manifested in substantial advertising budgets, gives them a competitive edge. While this is true in certain cases, it does not hold universally. Intense competition often leads to a reduction in the number of businesses in an industry, with the firms eliminated likely being those that failed to effectively satisfy consumer demands.

In reality, advertising by large companies often has only a limited impact on small businesses since no single advertiser is large enough to dominate the entire industry. Regional companies are well-known for competing successfully with national companies on a regional and local level, demonstrating that advertising is not an insurmountable barrier to competition for smaller players. Nevertheless, in industries characterized by heavy advertising expenditures, advertising may indeed inhibit the entry of new competitors **(Arens 1996)**. It is important to recognize that the influence of advertising on competition varies based on the specific industry, market conditions, and strategies employed by individual businesses.

**D. Advertising’s Impact on Demand:**The impact of advertising on consumer demand is a significant consideration, and various studies have demonstrated that advertising does influence aggregate consumption. However, there is no consensus on the extent of this effect **(Arens, 1996)**. Numerous social and economic factors, such as technological advancements, population growth, rising income levels, changes in lifestyle, and educational levels, also contribute to shaping aggregate demand alongside advertising efforts. When conditions are favourable, advertising plays a positive role in increasing the consumption of specific products. Nonetheless, it is essential to recognize that advertising alone may not be able to reverse sales declines for products facing unfavourable market conditions.

One of the essential roles of advertising is to introduce new products to the market. By stimulating demand within the product category to which the new product belongs, advertising can aid in its acceptance. However, in declining markets, advertising can only slow down the rate of decline; it may not entirely reverse the downward trend. In this way, advertising’s impact on demand is subject to various factors and market conditions, and its effectiveness varies based on the specific context in which it is employed.

**E. Advertising’s Role in the Business Cycle:**The relationship between advertising and the business cycle has been the subject of extensive debate. **Galbraith (1988)**, a consistent critic of advertising, acknowledges that advertising plays a role in sustaining employment and income by maintaining the flow of consumer demand. During periods of economic downturn, it is common for companies to cut their advertising expenditures as a measure to boost short-term profits. However, studies have demonstrated that businesses that continue to invest in advertising during recessionary periods are better equipped to protect and, in some cases, even expand their market shares **(Giacomotti 1994)**. Nevertheless, no study has conclusively proven that if all companies continued advertising during a recession, it would entirely reverse the cycle.

The impact of advertising on the business cycle is not one-dimensional. When business cycles are on the upswing, advertising contributes to further growth and economic expansion. On the other hand, during downward cycles, advertising may act as a stabilizing force by mitigating the effects of the downturn. It can help sustain consumer demand, thereby supporting businesses and preventing a more severe economic decline. In essence, advertising’s role in the business cycle varies, but its ability to influence consumer behavior and shape market dynamics makes it a significant factor in the overall economic landscape.

**F. Advertising’s Effect on Consumer Choice:**The effect of advertising on consumer choice is a crucial aspect of marketing strategy. In a competitive market, marketers strive to distinguish their products and services from competitors by creating a unique position. Effective advertising plays a pivotal role in achieving this differentiation. Through compelling and targeted advertising campaigns, businesses can highlight the distinctive features, benefits, and value of their offerings, effectively positioning them vis-à-vis competitors.

By utilizing the freedom to advertise, businesses can embark on a journey of brand creation and enhancement. Advertising empowers them to introduce new brands to the market, captivating the attention of potential consumers and establishing a distinct identity for the brand. Additionally, advertising helps in refining existing brands, constantly improving and reinforcing their image to stay relevant and appealing to consumers.

In essence, advertising serves as a powerful tool for shaping consumer perception and driving their choices. By effectively communicating the unique selling points of their products and services, businesses can sway consumer preferences in their favour, ultimately gaining a competitive edge in the marketplace. The ability to differentiate and position products through advertising remains a fundamental element in the success of businesses across various industries.

In summary, advertising significantly influences various aspects of the economy, at times exerting marginal effects and, at other times, substantial impacts. Advertising adds value to products, affects prices, fosters competition, shapes consumer demands, influences consumer choice, and plays a role in the business cycle.

* **Role of Advertising in Marketing Mix**

The [marketing mix](https://getuplearn.com/blog/role-of-advertising/#role-of-advertising-in-marketing-mix) is the combination of elements necessary for the planning and execution of the total marketing operation. The ‘Four Ps’ concept of the [marketing mix](https://getuplearn.com/blog/marketing-mix/), developed by **Philip Kotler**, and widely adopted by marketing teachers, creates four divisions of the mix, namely, [product](https://getuplearn.com/blog/what-is-a-product/), price, [promotion](https://getuplearn.com/blog/promotion/), and place.

Advertising is an element of promotion. However, it not only assists in promoting the product but also affects the other variables of the marketing mix. This can be explained as follows:

1. [Product Advertising](https://getuplearn.com/blog/role-of-advertising/#product-advertising)
2. [Advertising Price](https://getuplearn.com/blog/role-of-advertising/#advertising-price)
3. [Advertising Place](https://getuplearn.com/blog/role-of-advertising/#advertising-place)
4. [Advertising and Promotion](https://getuplearn.com/blog/role-of-advertising/#advertising-and-promotion)
5. [Pace Advertising](https://getuplearn.com/blog/role-of-advertising/#pace-advertising)
6. [Packaging and advertising](https://getuplearn.com/blog/role-of-advertising/#packaging-and-advertising)
7. [Advertising Positioning](https://getuplearn.com/blog/role-of-advertising/#advertising-positioning)
* **Role of Advertising in Society**

Advertising is an integral part of everyday life. It is a pervasive method of marketing in society. Though the methods by which marketers advertise have changed over the decades, the role and purpose of advertising have changed over the period of time.

Without advertising modern society cannot survive. Advertising is useful to society in the following ways: The following are the [roles of advertising in society](https://getuplearn.com/blog/role-of-advertising/#role-of-advertising-in-society):

1. [Encourage Purchasing](https://getuplearn.com/blog/role-of-advertising/#encourage-purchasing)
2. [Reflect Cultural Trends](https://getuplearn.com/blog/role-of-advertising/#reflect-cultural-trends)
3. [Promotes Economic Growth](https://getuplearn.com/blog/role-of-advertising/#promotes-economic-growth)
4. [Improves Standard of Living](https://getuplearn.com/blog/role-of-advertising/#improves-standard-of-living)
5. [Provides employment](https://getuplearn.com/blog/role-of-advertising/#provides-employment)
6. [Advertising and Brand building](https://getuplearn.com/blog/role-of-advertising/#advertising-and-brand-building)
* **Role of Advertising in Communication**

The function of advertising as a communication tool is to inform consumers about goods and services. Advertising is one of the specific forms of mass communication that involves an impersonal exchange of information. It performs the corresponding communication functions implemented by a well-established practice of creating and broadcasting marketing information to target audiences—advertising messages. In this case, advertising is not only to inform about goods or services but also to transform the information in a certain way, which becomes associated in the minds of consumers with factual information about the qualities of the advertised object. Thus, advertising provides consumers with information about the advertised objects and thereby connects advertisers and consumer audiences in the market.

The essence of advertising communication is that a person or organization, which we call the advertiser, sends your message to the audience, that is, consumers, via the media. The advertiser is commonly referred to as the sender, and its audience is the recipient of the message. The communication process is the connection between the sender and the receiver.

Message in the communication theory called the information received by the addressee. Consequently, some of the information only becomes an advertising message, when it transformed into a semantic-symbolic form, perceived by the audience, and then brought to the audience. In the modern theory of communication, it is accepted to use the base model of the communication process, which consists of the following successive elements:

1. **Communicator** – The initiator and a source of communication.
2. **Message** – The information source intends to transfer to the recipient and for which the communication.
3. **Encoding** – The transformation of information into the sign-symbolic form, i.e. in the message, which is perceived by the recipient.
4. **Channel** – The means by which the message is physically transmitted.
5. **Recipient** – The destination to which a message is transmitted.
6. **Decoding** – Decoding the receiver of the message.
7. **CONCLUSION**

As a result, everyone sees the impact of advertising as a good thing. Effective advertising gives a boost to our company's branding and sales success. However, it comes at a price, often a steep one. Many small businesses rush to buy advertising without any sort of plan and end up wasting their money.

There is a recent trend in advertising and its messages, along with signature songs, punch lines, etc. These are gaining so much popularity that people have begun to enjoy them as a form of entertainment without having any effect on their attitude or behavior.

The Internet has reduced the cost and increased the speed of information transfer. This has transformed the economic landscape, allowing new and exciting ways to generate revenue that include and differ from traditional economic models.

Advertising uses powerful media to control people's choices. We also have the power to choose, the power to think for ourselves, and the power to influence others. How we use that power is central to the creation of a good and healthy society.

Advertising plays a very important role in society; be it the producers, the traders, or consumers. Advertising enables customers conscious and aware of what is new in the market or an existing product. If the products are not advertised customers will not be aware of what is going on in the market.

Advertising also helps customers find the product that’s best for them. When they get to know about the range of products, they can compare and buy what is best for them.

Advertising helps companies aware of their competitors in the market and how they can better their products. Advertising is the foundation for any company to launch or release a new product.

1. **SUGGESTIONS**

This study has made a few suggestions for effective advertising.

* Various advertising tools are active and well-used by the company involved in the advertising process, and thus making those tools more effective will help them get more fruitful results out of e-advertising tools.
* It makes people aware of our company, our brand, and our products. If there is no awareness, there's no business. We want to make consumers aware whenever we launch a new product.
* Advertising can attract customers. Awareness is important, but it's not enough. Customers have to choose to visit our store or shop on our website. Advertising helps with that.
* It distinguishes us from the competition. Whether we're competing on efficiency, price, prestige, or convenience, advertising can help us stand out in our industry. Rather than just creating new customers, we may be able to win them away from our rivals.
* Advertising can educate consumers. A landscaping company that sends out emails or posts videos with gardening advice gives valuable information and enhances its image at the same time.

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