

Advertising Effects on Demand

Read and select the correct heading for each paragraph

- A. Increasing Demand Within an Audience Segment
- B. Understanding Consumer Demand
- C. Understanding Advertising and Promotion
- D. Decreasing Demand Within an Audience Segment
- E. Increasing Demand for a Product or Service
- F. Decreasing Demand for a Product or Service
- G. Effects of Advertising on Consumer Demand

It's important to understand how advertising works and the ways it can change the demand for your product.

1. _____

Advertising is a fundamental aspect of marketing. It involves paying for a promotional space to encourage consumers to purchase a product or service. There are several goals for advertising, and they depend on where the advertising takes place and who it is targeting.

Like most promotional vehicles, advertising is most successful when it targets a specific segment of an audience. Businesses can segment their audience in a number of ways, including demographic characteristics such as age, gender and income or behavioral characteristics such as purchasing history and social causes.

In order to successfully reach their audience segment, it's important to pick an advertising location that consumers will see. Advertising vehicles include TV, radio, magazines, newspapers, billboards, websites and more. It's critical to establish goals for the advertising campaign and to pick the medium accordingly. For example, if a business wants to build brand awareness, then TV or radio advertising might work best as it reaches a large, varied audience. If promoting a specific product sale, advertising in niche magazines or websites might be the right option.

2. _____

Demand is an economic principle that involves a consumer's readiness to pay a certain price for a specific product or service. Aside from price, there are many factors that affect demand, such as weather, consumer confidence, brand popularity and supply or inventory.

For example, the weather or season plays a role in creating demand for certain types of products. In the summer, there is a greater demand for bathing suits than in the winter. During Christmas, there is a greater demand for Christmas trees than in the summer.

Supply is closely connected to demand, as well. Demand usually increases when there is limited supply for a particular product or service. The exclusivity of a product can entice consumers to want it more. In some cases, the increase in price for a product actually increases the demand, such as for luxury cars or high-end jewelry. In most cases, however, lowering the price of a product increases demand.

3. _____

Advertising plays an important role in increasing and decreasing demand for a product or service. It's a way to engage consumers and educate them about the business, product or service and results. If the advertising is targeting the audience segment correctly, then the effects on demand will likely be positive. However, if the advertising misses the mark, the effects on the business can be devastating. Advertising can affect both the demand for a particular product or service, and the demand within a particular audience segment.

4. _____

In order to increase demand for a particular product or service, it's important to create messaging that outlines the problem consumers are facing, and offer the product as the solution. This kind of persuasive advertising influences demand by setting the product apart from competitors and educating consumers about the results they will achieve.

For example, if a small business is selling children's backpacks, the best time to increase demand for the product may be in the late summer before schools reopen. Parents and children are likely shopping for school supplies during this time, so they are more likely to pay attention to school-related messages.

To increase demand, the business needs to show consumers why their backpacks are better than any other backpacks on the market. If they are more durable, for example, this may be a key selling point for parents who do not want to have to purchase multiple backpacks if one rips. The small business can increase demand for their product by carefully selecting the timing and venue for advertising, and setting themselves apart from the competition.

5. _____

Another way to increase demand is to target a particular audience segment through advertising. The effects of advertisement on consumer demand are linked to brand awareness and brand loyalty. If an audience segment doesn't know about the product or service, they have no way of affecting the demand. That's why it's important for businesses to understand their consumers and target them effectively.

Advertising aimed at creating consumer awareness for a product needs to carefully consider who the audience segments are. There are often multiple audience segments for a specific product. Those different segments may have different needs and problems, but the same product may fill those needs and solve those problems.

For example, while the main target audience for the small business that sells backpacks are parents and their school-aged kids, they may also have a secondary audience of new moms who use the backpacks as diaper bags. To increase demand for that particular audience segment, the small business could advertise in local online mommy groups or hand out flyers at mom and tot activity classes. This way, they can raise brand awareness and build demand in a new audience segment.

6. _____

If an advertising campaign is unsuccessful, it can decrease demand for a product or service. For example, if the ad misrepresents the product or sets unrealistic expectations, the campaign can have negative results on the business. It's critical for advertising to be truthful about what kinds of benefits the product or service provides. This helps to build trust and loyalty with consumers, which can increase demand.

If a small business provides hair dressing and make-up services, and misrepresent the results in their advertising, they may have a slew of unhappy customers. For example, if the advertisement talks about the high quality products they use and the skills of their aestheticians, the consumers will assume that the service will give them the kind of look they are after.

However, if the quality of make-up is poor and the artist is inexperienced, the consumer may be upset by the end result. She may post negative reviews about the business online, which can then lead to a decrease in demand for that service.

7.

A successful advertising campaign would likely raise demand within a specific audience segment. However, if the business doesn't correctly target the market, then the campaign can fail. This is why it's imperative for businesses to thoroughly research their audience. Through market research and competitor research, businesses can learn more about who they serve. They need to know their demographic and behavioral attributes to know how to appeal to them through advertising.

If the small business that provides hair dressing and make-up services decides to target new mothers with a beauty package, they need to fully understand what that market is looking for. The advertisement needs to be sensitive to emotions new mothers may be feeling about their post-partum bodies, for example. That may not be all the new mothers are considering when making a purchase for aesthetic services. For example, new mothers in that region may be more environmentally minded, and conscious about not using products that have been tested on animals.