Introduction to Advertising

Chapter 1

Part One: Foundations

- Part 1 provides the ‘big picture of advertising’
- Examines advertising and marketing and their place in society

Chapter Outline

I. Chapter Key Points
II. What is Advertising?
III. Roles and Functions of Advertising
IV. The Key Players
V. Types of Advertising
VI. What Makes an Ad Effective?
VII. The Evolution of Advertising
VIII. The Current Advertising Scene
Key Points

• Define advertising and explain its key components
• Discuss the roles and functions of advertising within society and business
• Identify the key players and their roles in creating advertising
• Explain the different types of advertising
• Summarize the characteristics of effective advertising and explain why it is always goal directed
• Analyze the changes affecting the advertising industry

The Mandate for Effectiveness

Defining Modern Advertising

• Paid persuasive communication
• Uses nonpersonal mass media to reach broad audiences
• Connects an identified sponsor with a target audience
Five Basic Components

1. Paid communication
2. Sponsor is identified
3. Tries to persuade or influence
4. Reaches large audience
5. Conveyed through impersonal mass media

Key Concepts of Advertising

- Advertisers direct ads to identified audiences
- Advertisers create messages that speak to the audience’s concerns
- Advertisers run ads in the most effective media to reach the audience

Strategy

- The logic and planning behind the ad that give it direction and focus
- Advertisers develop ads to meet objectives
- Advertisers direct ads to identified audiences
- Advertisers create messages that speak to the audience’s concerns
- Advertisers run ads in the most effective media to reach the audience
Creative Idea

- The central idea that grabs the consumer’s attention
- Creativity drives the entire field of advertising

Execution

- Effective ads adhere to the highest production values in the industry
- Clients demand the best production the budget allows
Media

- Communication channels that reach a broad audience
- How to deliver the message is just as important as coming up with the creative idea of the message

The Marketing Role

- Target Market
- Product Category
- Brand
- Marketing
- Marketing Mix

The Communication Role

<table>
<thead>
<tr>
<th>Strengths of Advertising as a Marketing Technique</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Can reach a mass audience</td>
<td>A commercial on the Super Bowl reaches 150 million consumers</td>
</tr>
<tr>
<td>Introduces products</td>
<td>Windows 98 was simultaneously introduced in multiple world markets</td>
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<tr>
<td>Explains important changes</td>
<td>MTN Cellular’s ads explain changes in its technology</td>
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<tr>
<td>Reminds and reinforces</td>
<td>Pepsi-Cola has been advertising continuously over the last 50 years</td>
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<tr>
<td>Persuades</td>
<td>Nike campaigns have helped increase sales by 300% during the last decade</td>
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Table 1.1
The Economic Role

Advertising decreases the likelihood that a consumer will switch to an alternate product regardless of price.

Advertising is a means to objectively provide price-value information, creating a more rational economy.

The Societal Role

Informs consumers about innovations and issues
Mirrors fashion and design trends
Teaches consumers about new products
Helps shape consumer self-image
Perpetuates self-expression

The Functions of Advertising

- Builds awareness of products and brands
- Creates a brand image
- Provides product and brand information
- Persuades people
- Provides incentives to take action
- Provides brand reminders
- Reinforces past purchases and brand experiences
Key Players: Advertiser

- Uses advertising to send out a message about its products
- Initiates effort by identifying a problem that advertising can solve
- Approves audience, plan and budget
- Hires the agency

Key Players: Advertiser

<table>
<thead>
<tr>
<th>Biggest U.S. Advertisers in Terms of Categories</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>1. Automotive</td>
<td>11. Direct-response companies</td>
</tr>
<tr>
<td>2. Retail</td>
<td>12. Home-furnishings, appliances, supplies</td>
</tr>
<tr>
<td>3. Movies, media, and advertising</td>
<td>13. Insurance and real estate</td>
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<tr>
<td>4. Food, beverages, and confectionery</td>
<td>14. Computers, software, Internet</td>
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<tr>
<td>5. Medicines and proprietary remedies</td>
<td>15. Government, politics, and organizations</td>
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<tr>
<td>6. Financial services</td>
<td>16. Apparel</td>
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<tr>
<td>7. Telecommunications</td>
<td>17. Beer, wine, and liquor</td>
</tr>
<tr>
<td>8. Toiletries, cosmetics, and personal care</td>
<td>18. Audio and video equipment and supplies</td>
</tr>
<tr>
<td>10. Restaurants</td>
<td>20. Entertainment and events</td>
</tr>
</tbody>
</table>

Table 1.2

Key Players: Agency

- Has strategic and creative expertise, media knowledge, workforce talent and negotiating abilities

Figure 1.2
Key Players: Media

- Channels of communication that carry the message to the audience
- Are also companies or huge conglomerates
- Cost effective because the costs are spread over a large number of people

Key Players: Supplier

- Assist advertisers, agencies and the media in creating and placing the ads
- Vendor services are often cheaper than those in-house

Key Players: Target Audience

- The desired audience for the advertising message
- Data-gathering technology improves accuracy of information about customers
- Advertisers must recognize the various target audiences they are talking to and know as much about them as possible
Types of Advertising

- Brand advertising
- Retail or Local advertising
- Direct-Response advertising
- Business-to-Business advertising
- Institutional advertising
- Nonprofit advertising
- Public Service advertising

What Makes an Ad Effective?

1. If it creates an impression for a product or brand
2. If it influences people to respond
3. If it separates the product or brand from the competition

Pepsi: It’s the Cola (and it’s effective)
Award Shows

- EFFIES, AME, IPA
  - Judge effectiveness
- CLIOS, One Show, Cannes
  - Judge creative ideas
- Not all award-winning ads are effective

The Evolution of Advertising

Figure 1.3

Figure 1.3 continued
The Evolution of Advertising

The Current Advertising Scene: Expanded View
- Electronic media are changing the media landscape

The Current Advertising Scene: Integrated Marketing Communication
- Unifying all marketing communication tools so they send a consistent, persuasive message
The Current Advertising Scene: Globalization

- Advertisers are moving into global markets
- Agencies are forming huge multinational operations