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Anatomy of Advertising

Introduction to Advertising



M. Larry Litwin, APR, Fellow PRSA

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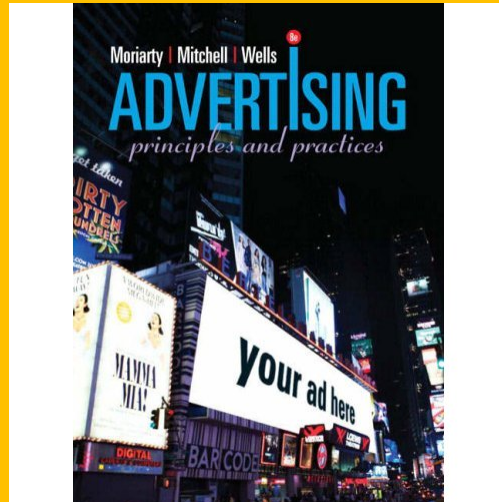
Or...

A basic understanding of the
Advertising Profession

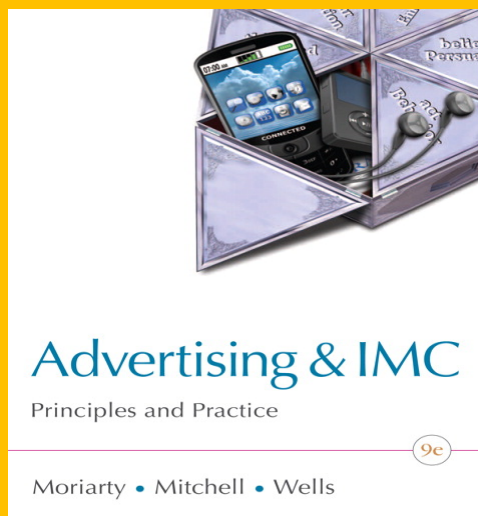


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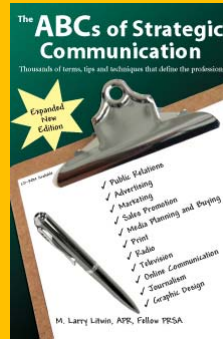
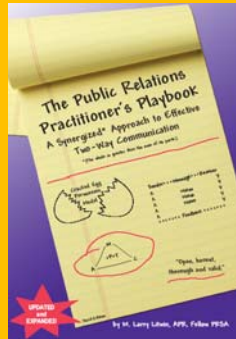
Portions taken from...



Portions taken from...



Portions taken from...



You enter to learn

You leave to serve



I am here to:

HELP

...Hear, Educate, Learn and Prepare

[**HELP** – *Hear* what Prof. Litwin says so you can be *Educated* to *Learn*, which will *Prepare* you for your future. You've come to Rowan University to learn. You leave here to serve.]



I'm Here To

HELP

.. to Hear, Encourage,
Love, and Prepare.



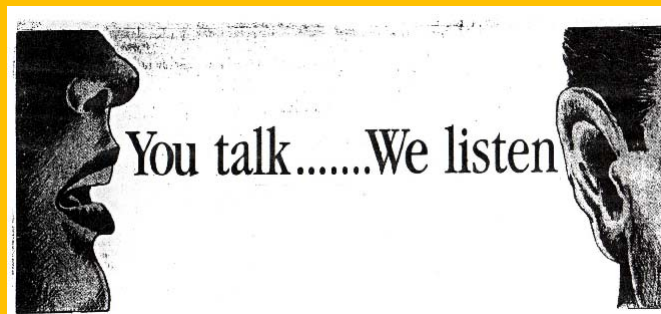
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PR Is...

- “This is who we are;
- What we think about ourselves;
- What we want to do; and
- Why we deserve your support.”



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You Talk – We Listen

Hearing vs. Listening

*There is a reason why we have two ears and
one mouth – we must listen twice as
much as we speak.*



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Strategic Message

Commercial Persuasion Or Public Relations

**“The establishing of reciprocal
understanding between an individual
and a group.”**

Edward Bernays

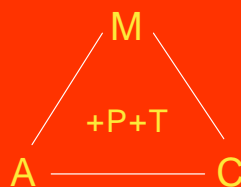


Public Communication

- Public communication is at the heart of our economy, society and politics. Studios use it to promote their films. Politicians use it to get elected. Businesses use it to burnish their image. Advocates use it to promote social causes.
- It is a field built on ideas and images, persuasion through information, strategy and tactics. No policy or product can succeed without a smart (strategic) message targeted to the right audience in creative and innovative ways at *the* ideal time using the proper channel. The ability to communicate this way – to communicate strategically – is what Public Communication is all about.



MAC Triad



M=Message A=Audience C=Channel
P=Purpose T=Timing



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MAC Triad Plus cont.

- Informization
 - Disseminating information (*message*) to target *audience* through the proper *channel* at the best possible *time*.



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Advertising is Synergy



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Public Relations...

(Not paid – Uncontrolled)



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Public Relations...

A tool of leadership!



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Public Relations...Leadership

All leaders are
teachers...but not all
teachers are leaders!



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Public Relations 101

- Management and ***counseling*** function
- Enables organizations to build and maintain ***relationships***
- Through an understanding of audience attitudes, opinions and values
- ***Planned, deliberate*** and ***two-way***
- ***Conscience*** of organization
- Overseer of brand/***reputation***
- ***Relationship*** management



Public Relations

A management function that helps organizations and their publics mutually adapt to one another.



Advertising 101

- Paid
- (Non) personal communication
- From identified sponsor
- Using (mass) media
- To persuade or influence
- Audience

(Paid – Controlled)



Marketing 101

Determine what people need (and want) and give it to them.



Marketing

- **The exchange of goods and services from manufacturer to consumer.**
- **Strategies that employ the various elements of the marketing mix to achieve marketing objectives.**



Marketing Mix

- A plan that identifies the most effective combination of promotional activities (IMC).
- The goal is to achieve synergy.



Defining Modern Advertising

- Paid persuasive communication
- Uses *non*personal *mass* media to reach broad audiences
- Connects an identified sponsor with a target audience



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Six Basic Components

1. Paid
2. (Non)-personal communication
3. Sponsor is identified
4. Using (mass) media
5. Tries to persuade or influence
6. Reaches large audience



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Ogilvy's Advertising Tenets

- Here are some advertising tenets that David Ogilvy offers:
 - “Never write an advertisement you wouldn't want your own family to read.”
 - “The most important decision is how to position your product.”
 - If nobody reads or looks at the ads, “it doesn't do much good to have the right positioning.”
 - “Big ideas are usually simple ideas.”
 - “Every word in the copy must count.”

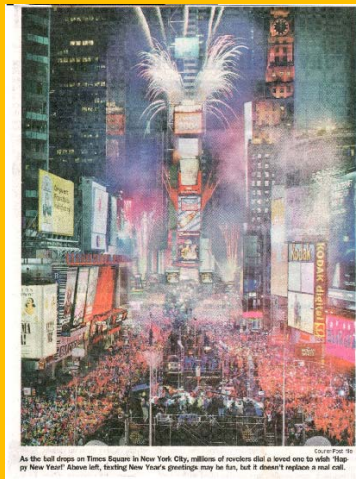


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Advertising Defined

Paid, (non) personal communication from an identified sponsor, using (mass) media to persuade or influence an audience.

Defining Modern Advertising



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How is advertising regulated?

The following monitor and regulate advertising:

- Laws
- Government regulations and regulatory bodies
- Media
- Industry self-regulation
- Professional oversight groups
- Public/community organizations



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Federal Trade Commission



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Organizations That Oversee Advertising



Industry Self-Regulation

ARC = Advertising Review Council

AAAA = American Association of Advertising Associations

NAB = National Advertising Bureau

NARC = National Advertising Review Council (operating arms **NAD/NARB**)

– **NAD** = National Advertising Division of the Better Business Bureau (**BBB**)

– **NARB** = National Advertising Review Board



Legal Environment

Trademark Protection

- A **trademark** is a brand, corporate or store name, or a distinctive symbol that identifies the seller's brand and thus differentiates it from the brands of other sellers.
 - Registering a trademark through the **Trademark Office** gives the organization exclusive use, as long as it's used to identify a specific product.
 - The Lanham Trademark Act of 1947 protects unique trademarks from infringement
 - URLs can now be registered and protected



Legal Environment

Copyright Protection

- A **copyright** gives an organization the exclusive right to use or reproduce original work, such as an advertisement or package design, for a period of time.
 - Copyright infringement is when a product is used in an ad without proper permission.
 - Ads that use another ad's message (copycat) can be subject to copyright infringement charges.



Legal Environment

International Laws and Regulations

- Pricing and distribution laws and regulatory restrictions vary by country.
- Some countries/regions ban ads for certain product
 - Thailand, Hungary, Hong Kong, and Malaysia have bans on certain types of tobacco advertising
 - Truthful ads can be banned for the public good
 - Federal ban on junk faxes is valid
- Contests, promotions, and direct mail are illegal in some countries.



Message-related Issues

- **False advertising** is a message that is untrue.
- **Misleading claims** are grossly exaggerated claims made by advertisers about products.
- **Puffery** is "advertising or other sales representations, which praise the item to be sold with subjective opinions, superlatives, or exaggerations, vaguely and generally, stating no specific facts."

Principles:
Advertising claims are unethical if they are false, misleading or deceptive.

Puffery may be legal, but if it turns off the target audience then nothing is gained by using such a message strategy.



Product-related Issues

- **Unhealthy or dangerous products**—agencies must consider if they can honestly promote these products including fast food, tobacco, liquor, or beer.
- In 1997, the FDA loosened controls on drug companies, and **prescription drug** ads skyrocketed.

Principle:
The ethical responsibility for selling a controversial or unsafe product lies with the marketing department. However, advertising is often in the spotlight because it is the visible face of marketing.



American Association of Advertising Agencies' 10 Guidelines for Comparative Advertising

1. The intent and connotation of the ad should be to inform and never to discredit or unfairly attack competitors, competing products or services.
2. When a competitive product is named, it should be one that exists in the marketplace as significant competition.
3. The competition should be fairly and properly identified but never in a manner or tone of voice that degrades the competitive product or service.
4. The advertising should compare related or similar properties or ingredients of the product, dimension to dimension, feature to feature.
5. The identification should be for honest comparison purposes and not simply to upgrade by association.
6. If a competitive test is conducted, it should be done by an objective testing service.
7. In all cases, the test should be supportive of all claims made in the advertising that are based on the test.
8. The advertising should never use partial results or stress insignificant differences to cause the consumer to draw an improper conclusion.
9. The property being compared should be significant in terms of value or usefulness of the product to the consumer.
10. Comparisons delivered through the use of testimonials should not imply that the testimonial is more than one individual's, unless that individual represents a sample of the majority viewpoint.

Reactions to Concerns about Unhealthy or Dangerous Products

- McDonald's and Disney both added healthier choices to their menus.
- In 1996, the FDA restricted tobacco advertising within 1,000 feet of a school, and said ads in publications with 55% readership under age 18 could only run black and white text ads.
- The FDA's Master Settlement Agreement required the tobacco industry to pay \$206 billion over 25 years to 46 states, half of which supports antismoking ads targeting children.
- Tobacco companies voluntarily curbed ads to youth.
- Liquor companies and television networks have voluntarily reduced alcohol advertising.



Regulatory Environment

Federal Trade Commission (FTC)

- Established in 1914, the FTC regulates deceptive and misleading advertising, focusing on:
 - Fairness: unfair competition and deceptive practices
 - Deception: issues cease and desist orders
 - Violations: can fine companies for violating 1) a trade regulation rule or, (2) cease and desist order.
 - Consumer participation: funds consumers groups and other interest groups in making rules
 - Also oversees advertising involving weight loss products, children and elderly, telemarketing, and the entertainment industry.



Regulatory Environment

The FTC and Children's Advertising

- The Children's Advertising Review Unit (CARU) evaluates ads to children under 12.
- The Children's Television Advertising Practice Act (1990) placed ceilings on ads during TV programs.
 - 10.5 minutes per hour on weekends
 - 12 minutes per hour on weekdays
 - Ads clearly separated from programs
- As of 1996, all stations must air 3 hours per week of educational programming.



Regulatory Environment

Regulating Deception

- Deceptive advertising intends to mislead consumers by making false or by failing to fully disclose important facts, or both.
- Current policy contains three elements:
 - Misleading—representation, omission, practice
 - Reasonableness—"reasonable consumer"
 - Injurious—must cause material injury
- Deception is difficult to prove due to vague and hard-to-measure criteria.



Regulatory Environment

Regulating Substantiation

- Does the advertiser have a reasonable basis to make a claim about product performance?
- Factors considered:
 - Type and specificity of claim made
 - Type of product
 - Possible consequences of the false claims
 - Degree of reliance on the claims by consumers
 - Type and accessibility of evidence available for making the claim
 - Injurious—must cause material injury



Regulatory Environment

Remedies for Deception and Unfair Advertising

- **Consent decrees**
 - Advertiser agrees to stop the deceptive practice
- **Cease and desist order**
 - A process similar to court trial precedes the order
- **Corrective advertising**
 - Advertiser runs messages correcting the false impressions
- **Consumer redress**
 - Cancel or reform contracts, refund money or return property, pay for damages, or public notification
- **Ad agency legal responsibility**
 - Agency is liable along with advertiser and subject to the same penalties



Regulatory Environment

Food and Drug Administration (FDA)

- Regulatory division of the Department of Health and Human Services
- Oversees package labeling, ingredient listings, and advertising for food and drugs
- Determines the safety and purity of foods, cosmetics
- Watchdog for drug advertising, specifically direct-to-consumer ads for prescription drugs



Regulatory Environment

Federal Communications Commission (FCC)

- Regulates radio and television broadcast communications (media, not advertisers)
- Can issue and revoke licenses, ban deceptive messages, or those in poor taste
- Responds to complaints but doesn't initiate actions
- Works closely with FTC to eliminate false and deceptive advertising



Regulatory Environment

Other Regulatory Bodies

- The **Bureau of Alcohol, Tobacco, and Firearms** (BATF) within the Treasury Department regulates deception in advertising and establishes labeling requirements for the liquor industry.
- The **U.S. Postal Service** regulates direct mail and magazine advertising including the areas of obscenity, lotteries, and fraud.
- The **States' Attorneys General** regulates advertising at the state level.



Specialized Government Agencies That Affect Advertising

<i>Agency</i>	<i>Effect on Advertising</i>
Federal Trade Commission www.ftc.gov	Regulates credit, labeling, packaging, warranties, and advertising.
Food and Drug Administration www.fda.gov	Regulates packaging, labeling, and manufacturing of food and drug products.
Federal Communications Commission www.fcc.gov	Regulates radio and television stations and networks.
U.S. Postal Service www.usps.gov	Controls advertising by monitoring materials sent through the mail.
Bureau of Alcohol, Tobacco, and Firearms www.aft.treas.gov	Division of the U.S. Treasury Department that regulates advertising for alcoholic beverages.
U.S. Patent Office www.uspto.gov	Overseas trademark registration to protect against patent infringement.
Library of Congress www.loc.gov	Provides controls for copyright protection.



Media Review of Advertising

- The media screens and rejects advertising that violate their standards of truth and good taste.
- The First Amendment lets publishers refuse to run ads.
- The FTC pressures magazines and newspapers to stop running misleading weight loss ads.
- CBS refused to run an anti-Bush ad endorsed by the MoveOn organization.



Three Types of Self Regulation

- Self-discipline
- Industry self-regulation
- Self-regulation by public and community groups

Self-Discipline

- Organizations exercise self-discipline when they develop, use, or enforce norms within its own practices.
- Most major advertisers and advertising agencies have in-house ad review procedures.
- Several U.S. companies have their own codes of behavior and criteria for acceptability of advertising.

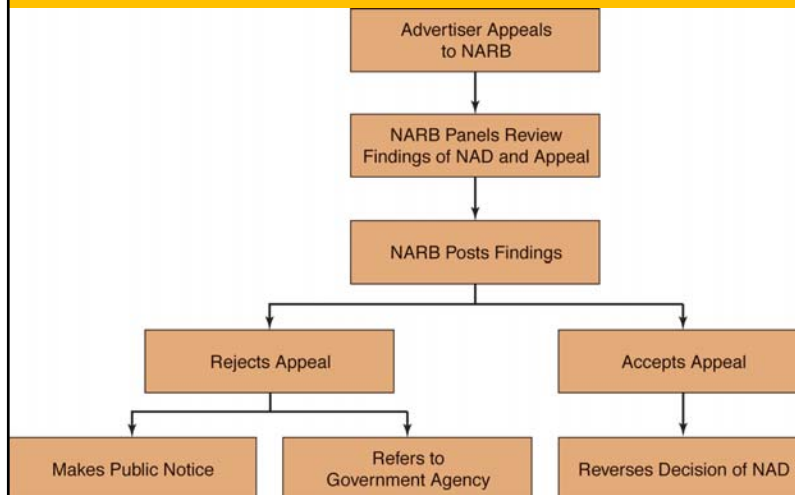


Industry Self-Regulation

- National Advertising Review Council (NARC)
 - Negotiates voluntary withdrawal of deceptive advertising
 - National Advertising Division (NAD) consists of ad industry people who monitor advertising and review complaints. If they can't resolve the issue, they send it to the NARB.
 - National Advertising Review Board (NARB) is a 50-member group of ad industry people who hear the case and try to resolve an issue. If unresolved, they can:
 - Publicly identify the advertiser; share facts about the case
 - Refer the complaint to a government agency like the FTC



NARB Appeal Process



Self-Regulation by Public and Community Groups

- Local groups like the Better Business Bureau advise local businesses on legal aspects of advertising.
 - Also receives and investigates complaints, maintains files on violators, and assists law enforcement officials in prosecuting violators.
- Consumer Activist Groups
 - Action for Children's Advertising monitors advertising to children and files complaints.
 - Public Citizen group pushed for warnings on print ads for nicotine products.
 - Cultural Environment Movement is a nonprofit coalition focused on fairness, diversity, and justice in media communications.

What guides ethical behavior?

- Ethics
 - “shoulds” and “oughts”; the “right thing to do”
- Morals
 - Frameworks for right actions often based in religion



Principle:
Decisions about ethics are made based on laws and regulations, professional codes, but more importantly, on an internal moral compass that senses when something is right or wrong.



What guides ethical behavior?

- **Personal Ethics**
 - Ethical decisions are complex and involve conflicting forces—strategy vs. ethics, costs vs. ethics, effectiveness vs. ethics.
- **Professional Ethics**
 - In Gallup poll, advertising practitioners ranked just above HMO managers and car salesmen
 - The American Association of Advertising Agencies publishes a code of standards
- **International Standards and Codes**
 - Singapore, Malaysia, the Netherlands, and Sweden all have standards of professional behavior



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American Association of Advertising Agencies

AAAA's Creative Code

We, the members of the American Association of Advertising Agencies, in addition to supporting and obeying the laws and legal regulations pertaining to advertising, undertake to extend and broaden the application of high ethical standards.

Specifically, we will not knowingly create advertising that contains:

- False or misleading statements or exaggerations, visual or verbal
- Testimonials that do not reflect the real opinion of the individual(s) involved
- Price claims that are misleading
- Claims insufficiently supported or that distort the true meaning or practicable application of statements made by professional or scientific authority
- Statements, suggestions, or pictures offensive to public decency or minority segments of the population.

We recognize that there are areas that are subject to honestly different interpretations and judgment. Nevertheless, we agree not to recommend to an advertiser, and to discourage the use of, advertising that is in poor or questionable taste or that is deliberately irritating through aural or visual content or presentation.

Comparative advertising shall be governed by the same standards of truthfulness, claim substantiation, tastefulness, etc. as apply to other types of advertising.



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Reaching the Desired Outcome

- Attitude
- Opinion

**Education > Knowledge > Attitude
> Behavioral Change > Output =
Desired Outcome**



Advertising is Synergy



Synergy's Parts

- Advertising
- (Sales) **Promotion***
- **Public Relations***
- Direct Marketing
- Cause Marketing
- Sponsorship (Partnering) Marketing
- **Positioning (Place)***
- **Personal Selling***
- **Price***
- **Product itself***
- **Packaging***
- **Policy***
- **Politics***
- Mind Share (Brainstorming – Intellectual Property)
- Brand Identity
- Interactive



* Litwin's 9 P's of Marketing

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Litwin's **9 P's** of Marketing = Synergy

- Product
- Place (Positioning)
- Price
- Promotion (Sales)
- Public Relations
- Personal selling
- Policy
- Politics
- Packaging



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Synergy

The whole is greater than
the sum of its parts

or

The whole works better than
any one of its parts.

*[To achieve our goal, we should
achieve synergy.]*



7 C's of Communication

- Credibility
- Context
- Content
- **Clarity**
- Continuity and Consistency
- Channels
- Capability

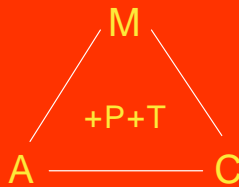


Public Communication

- Public communication is at the heart of our economy, society and politics. Studios use it to promote their films. Politicians use it to get elected. Businesses use it to burnish their image. Advocates use it to promote social causes.
- It is a field built on ideas and images, persuasion and information, strategy and tactics. No policy or product can succeed without a smart (strategic) message targeted to the right audience in creative and innovative ways at *the* ideal time using the proper channel. The ability to communicate this way – to communicate strategically – is what Public Communication is all about.



MAC Triad



M=Message A=Audience C=Channel
P=Purpose T=Timing

MAC Triad Plus cont.

- Informization
 - Disseminating information (*message*) to target *audience* through the proper *channel* at the best possible *time*.

Audiences (ISPR) or [IFPR]

- Identify
- Segment/Fragment
 - Demographically
 - Psychographically
 - Geodemographically
 - Behavioristically
 - Benefits
- Profile
- Rank
 - Audience Power Structure
 - Elite (Key Communicators)
 - Pluralistic or Diffused
 - Amorphous/Latent

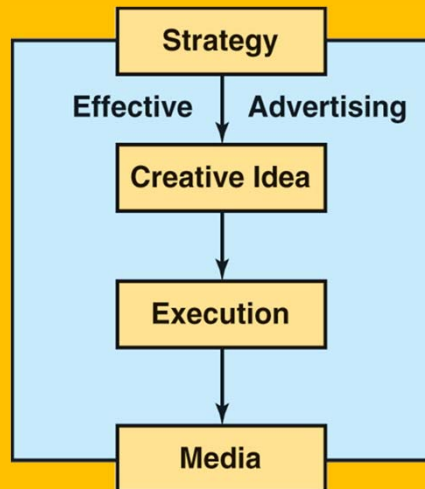


Emerging Marketing Strategies

- Relationship Marketing
- Permission Marketing
- Experience Marketing
- Guerilla Marketing
- Digital Marketing
- Viral Marketing
- Mobile Marketing
- Social Network Marketing



Key Concepts of Marketing



Features and Benefits

Features

- Important characteristics of a product or service.

Stress **features** to active audiences.

Benefits

- The quality of product or service that supplies satisfaction or need fulfillment to the consumer or audience member.

Stress **benefits** to passive audiences.

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



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Superior *tactics* cannot overcome a *flawed* (business) *strategy*.

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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

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



Copy Strategy/Selling Premises

Sales logic behind an advertising message

- **Product-centered strategies** – Ads that focus on the product itself. Should be based on fact. Often a scientifically conducted test or other research technique provides support for a claim.
 - Claim
 - Brag and Boast
- **Prospect-centered strategies** – Ads that focus needs and wants rather than on what the company can produce.
 - Benefits
 - Promise
 - Reason Why
 - Unique Selling Proposition (USP)



Copy Strategy/Selling Premises

Sales logic behind an advertising message

- **Product-centered strategies** – Ads that focus on the product itself. Should be based on fact. Often a scientifically conducted test or other research technique provides support for a claim.
 - **Claim** – A statement about the product's performance – its *features* or *attributes*.
 - **Brag and Boast** – An advertising strategic message written from a company's point of view to extol its virtues and accomplishment. If a claim is made, it must be supported by fact.



Copy Strategy/Selling Premises

Sales logic behind an advertising message

- **Prospect-centered strategies** – Ads that focus on needs and wants rather than on what the company can produce.
 - **Benefits** – Statements about what the product can do for the user.
 - **Promise** – A benefit statement that looks to the future.
 - **Reason Why** – A statement that explains why the feature will benefit the user.
 - **Unique Selling Proposition (USP)** – A benefit statement about a feature that is both unique to the product and important to the user.



Message-related Issues

- **Comparative advertising** is a legitimate message strategy, regulations govern those uses that are challenged as misleading.
 - The Lanham Act permits awards of damages from an advertiser who “misrepresents the nature, characteristics, qualities, or geographic origin in comparative advertising.”
- An **endorsements** or **testimonial** is any advertising message that consumers believe reflects the opinions, beliefs, or experiences of an individual, group, or institution.
 - It’s misleading if the endorser doesn’t use the product or if consumers can reasonably ascertain that a message does not reflect the announcer’s opinion.



Message-related Issues

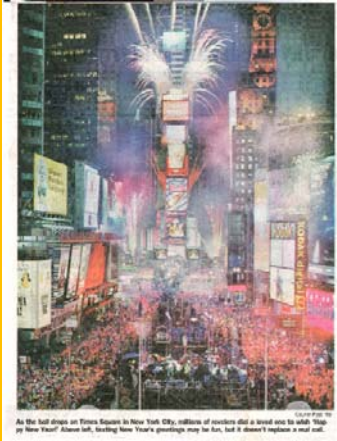
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Principles:
Advertising claims are unethical if they are false, misleading or deceptive.

Puffery may be legal, but if it turns off the target audience then nothing is gained by using such a message strategy.



Ad Clutter



Ad Clutter



11 Types of Advertising

- Brand
- Retail or Local
- Directory
- Direct-Response
- Business-to-Business
- Corporate
- Institutional (Product)
- Recruitment
- Political
- Issue (Advocacy)
- Public Service (Charity/Non-profit)



26 Advertising Mechanisms or Techniques

- Co-op
- Per Inquiry
- Tie-in
- Piggyback
- Competitor
- Product Placement
- Product Integration
- Silent Publicity
- Advertorial
- Infomercial



26 Advertising Mechanisms or Techniques (more)

- Endorsement
- Testimonial
- Informational
- Partnering (Partnership/Affinity/Sponsorship Marketing)
- Cause-Related Marketing (Positive Association/Sponsorship Marketing)
- Co-authoring
- Co-branding



26 Advertising Mechanisms or Techniques (more)

- Interactive
- Scent/Aroma Marketing
- Virtual
- Specialty
- Street Marketing
- Viral Marketing (Word of Mouth – WOMM)
- E-viral Marketing (Word of Mouse – E-WOMM)
- Promotainment
- House (Promo)



What Makes an Ad Effective?

1. Gets *your* attention
2. Delivers the message
3. Creates an impression for a product or brand
4. Influences people to respond
5. Separates the product or brand from the competition



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What Makes an Ad Great?

- Explicit objectives should drive the planning, creation, and execution of each ad.
- An ad is great to the extent that it achieves its objectives, not because it wins awards.
- Creativity for its own sake does not always lead to great advertising.

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Characteristics of Great Ads

Good or Great Ads Work on Two Levels

Satisfy the Customer's Objectives by Engaging Them & Delivering a Relevant Message

Achieve the Sponsor's Objectives

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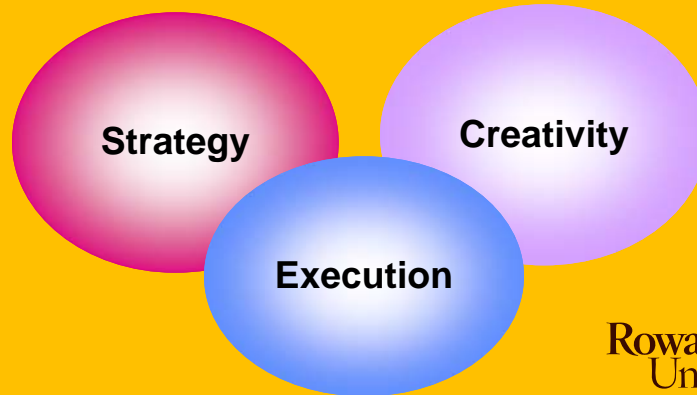
Dual Process of Great Advertising: Reaching Objectives



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Broad Dimensions that Characterize Great Advertising

The Ultimate Test for the Greatness of An Ad is Whether It Achieved Its Goals.



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You are the Brand

- Brand
- Brand Equity
- Brand Extension
- Brand Expansion
- Brand Familiarity
- Brand Favorability
- Brand Identity
- Brand Image
- Brand Insistence
- Brand Loyalty
- **Brand Power (Brand Champions)**



Product Life Cycle

1. Introductory Stage (Introduction/Launch)
2. Growth Stage
3. Maturity Stage
4. Decline
5. Withdrawal



Current Advertising Issues

Interactive Advertising

Integrated Marketing Communication

Globalization

Niche Marketing

Consumer Power, Relationship Marketing
and Customization



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



Media Definitions

- Reach
- Frequency
- GRPs
- BDI and CDI
- CPP and CPM
- National vs Local Media



Broadcast Media

- **Television is almost everything to advertisers**
 - Television in almost every home
 - The average home has 2.5 TV sets
- **Radio is a powerful niche media**
 - With a vast penetration, almost every home in America has a radio, the average home has 6
 - with a station format to fit almost any taste
 - With a very local emphasis



Television

- **Advantages**
 - Mass reach – both geographic & demographic
 - High impact
 - Provides immediate reach
- **Disadvantages**
 - High cost of production & media
 - Wasted coverage if target market is narrow
 - Passive Media and Fleeting
 - Long Turnaround

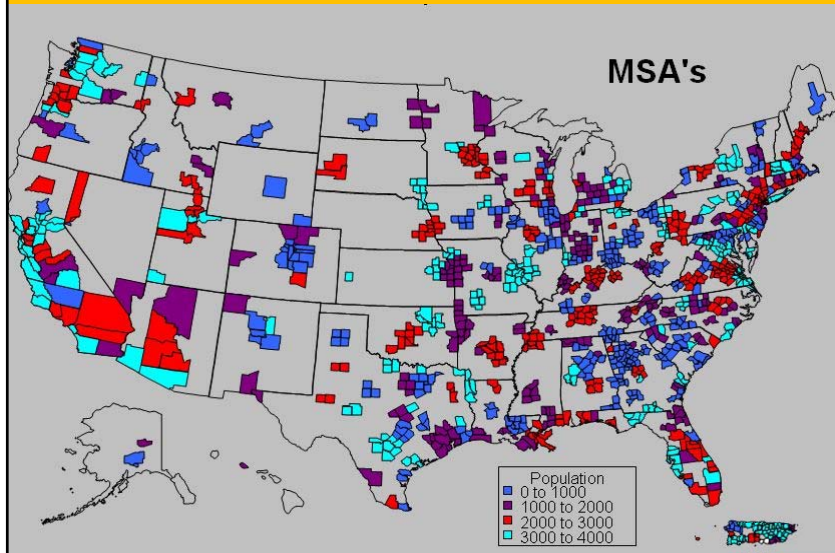


TV Primer

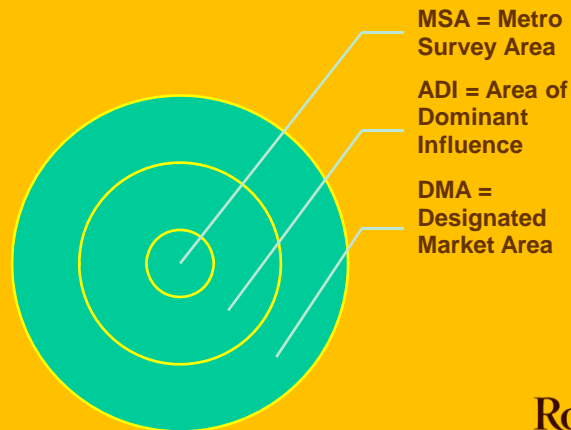
- **Four kinds of TV**
 - Network
 - National Cable
 - Syndication
 - Local
- **Six ways to buy TV**
 - Nationally:
 - Network, National Spot, National Cable
 - Locally:
 - Local Spot, Syndication, Non-network Cable



Metropolitan Survey Area



Coverage



Designated Market Area

A DMA is a geographic area defined by county with each county being assigned to only one Designated Market Area. Nielsen Media Research estimates the number of TV Homes and provides a simple 1 to 210 ranking of US geographic areas based upon the number of homes with at least one TV. The New York DMA has the most TV homes with more than 7 million and the Nashville DMA is ranked 30 of 210 with 927,500 TV homes. Share percentages are based on an estimate that there are a total of 110,213,910 TV homes.

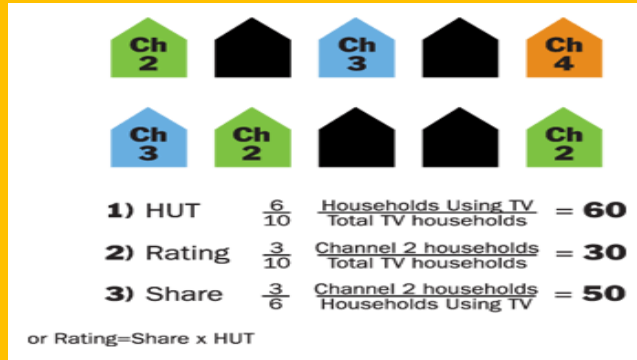


Television Terminology

- **Nielsen** – survey that measures television viewership levels in a given market
- **Rating** – the percent of a population viewing a program
- **Share** – the percent of TV usage attributable to a particular program
- **HUT**—homes using television



Rating – Share – HUT



Key Players

- Advertiser
- Agency
- Media
- Supplier/Vendor
- Target Audiences



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Five Players of Advertising

- The **Advertiser** is the individual or organization that usually initiates the advertising process.
- The **Advertising Agency** plans and implements part or all of the advertising efforts.
 - May use an outside agency, or their own advertising department or in-house agency.
- The **Media** are the channels of communication that carry the messages from the advertiser to the audience, i.e. television, magazines, radio, etc.



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Five Players of Advertising

- The **Vendors** are a group of service organizations that assist advertisers, advertising agencies, and the media, i.e. freelance copywriters, graphic artists, photographers, etc.
- The **Target Audience** may be the purchaser or the consumer of the product, or both. May need to design different ads for each group.
 - Critical to know as much about these target audiences as possible.



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

Biggest U.S. Advertisers in Terms of Categories

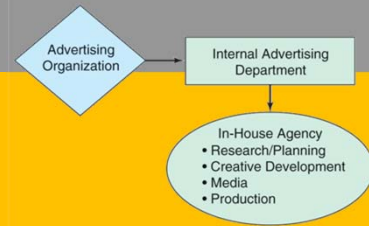
- | | |
|---|---|
| 1. Automotive | 11. Direct-response companies |
| 2. Retail | 12. Home-furnishings, appliances, supplies |
| 3. Movies, media, and advertising | 13. Insurance and real estate |
| 4. Food, beverages, and confectionery | 14. Computers, software, Internet |
| 5. Medicines and proprietary remedies | 15. Government, politics, and organizations |
| 6. Financial services | 16. Apparel |
| 7. Telecommunications | 17. Beer, wine, and liquor |
| 8. Toiletries, cosmetics, and personal care | 18. Audio and video equipment and supplies |
| 9. Airline travel, hotels, and resorts | 19. Sporting goods, toys, and games |
| 10. Restaurants | 20. Entertainment and events ¹¹² |

Key Players: Agency

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



WHEN THE ADVERTISER HAS AN IN-HOUSE AGENCY



WHEN THE ADVERTISER DOESN'T HAVE AN IN-HOUSE AGENCY



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Types of Agencies

- **Full-service Agencies**
 - Offer account management, creative services, media planning, account planning, accounting, traffic, production, and HR
- **Specialized by:**
 - Function (copy, art, media)
 - Audience (minority, youth)
 - Industry (healthcare, computers, agriculture)
 - Market (minority groups)
- **Creative Boutiques**
 - Small agencies focused on the creative product
- **Media-buying Services**
 - Focused on purchasing media for clients



Full Service Agencies



How Agencies Work...and are Organized

- Account management
- Creative development and production
- Account planning and research
- Media planning and buying
- Internal agency services

How Agencies are Organized

- **Account management**
 - Liaison between the client and the agency
- **Creative development and production**
 - Creative directors, creative department managers, copywriters, art directors, producers



How Agency Jobs Are Organized

- **Account Management**
 - Serves as a liaison between the client and agency
 - Three levels: management supervisor, account supervisor, account executive
- **Account Planning and Research**
 - Acts as the voice of the consumer
- **Creative Development and Production**
 - People who create and people who inspire
 - Creative directors, copywriters, art directors, producers
- **Media Planning and Buying**
 - Recommend most efficient means of delivering the message
- **Internal Agency Services**
 - Traffic, print production, financial services, human resources



How Agencies are Organized

- **Media buying and planning**
 - Recommends the most effective means of delivering the message to the target audience
- **Account planning and research**
 - Gathers intelligence on markets and consumers
- **Internal services**
 - Traffic, print production, human resource staff



Why Hire an Agency?

- **Use (independent) agency to:**
 - Get objective advice
 - Get an experienced staff of experts
 - Get the management skills necessary to accomplish the advertising objectives
 - Provide a supportive environment for professional advice



Types of Agencies

- **Full-service agency**
 - Agency that includes account management, creative services, media planning and buying, and account planning

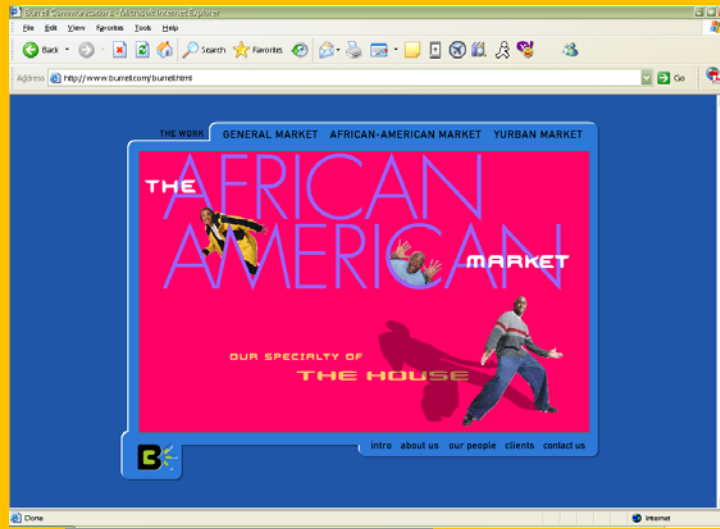


Types of Agencies – Niche

- **Creative boutiques (Niche)**
 - Small agencies that concentrate on creative execution
- **Media buying services**
 - Specialize in the purchase of media for clients
- **Virtual agencies**
 - Agencies that operate like a group of freelancers



Specialized (Niche) Agencies



Specialize in certain functions, audiences, industries, or markets



Types of Agencies – Niche

- **Specialized agencies (Niche)**
 - May specialize in certain functions (copy, art, media), audiences (minority, youth) or industries (health, computers)
 - May specialize in a marketing communication area (direct marketing, sales promotion, public relations)
 - May serve one client



Types of Agencies – Niche

- **Industry-focused agencies**
 - Concentrate on certain fields or industries
- **Minority agencies**
 - Agencies that focus on an ethnic group, especially African Americans and Hispanic Americans



Agency vs. In-house?

- **Use an in-house agency to:**
 - Allow individuals to become technical experts on products being advertised
 - Receive priority for client and client's needs
 - Require minimum staffing



Ad Agencies

- **The best agencies create value:**
 - By giving a product personality
 - By communicating so as to shape a basic understanding of the product
 - By creating an image or memorable picture of the product
 - By setting the product apart from its competitors
- **Great advertising must do more than inform.**
Great advertising must “tailor the product story to a potential customer”



How Agencies Make Money

- **How agencies make money**
 - Commission
 - Amount charged to client as a percentage of the media cost.
 - Fee
 - May vary by department or may be a flat hourly rate. Charges are included for out-of-pocket expenses and media charges are billed to the client
 - Hourly Rate
 - Compensation paid to a public relations or advertising agency based on the amount of time spent providing its services.



How Agencies Are Paid

- **Commissions**
 - A percentage of the media cost
- **Fees**
 - Hourly fee or rate plus expenses and travel (OOP=Out of Pocket expenses)
- **Retainers**
 - Amount billed per month based on projected amount of work and hourly rate charged
- **Performance-based**
 - Based on percentage of sales or marketing budget
- **Profit-based**
 - Greater risk if campaign doesn't have desired impact
- **Value Billing**
 - Based on value of creative strategy or ideas



How Agencies Make Money

- **Agencies derive revenue from four major sources**

- Commission
- Fees
- Project
- Time and materials (OOP = Out of Pocket)



Additional Agency Issues

- **Effect of technological changes on agencies**
 - Rapid changes in media, computer, and production technologies have radically affected agencies
 - Some fear separation of creative and technical expertise



Key Players: 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**



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/Vendor

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

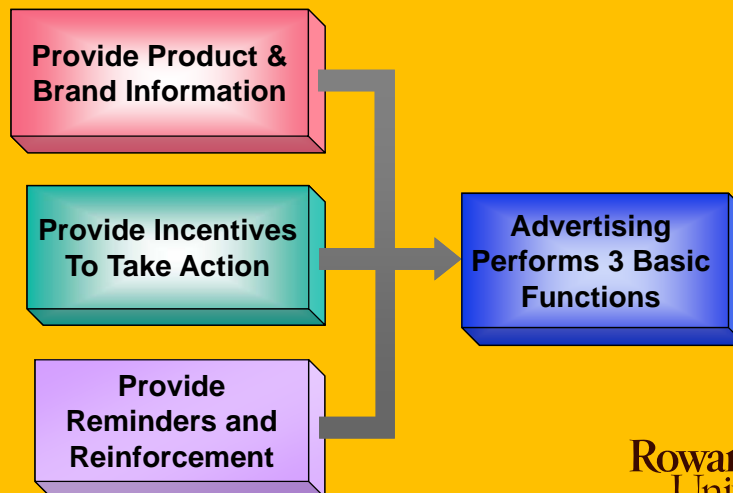


Key Players: Target Audience

- 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



Functions of Advertising



Roles in/of Advertising

- Marketing Role
- Communication Role
- Economic Role
- Societal Role



Roles of/in Advertising

Marketing Role

•Marketing is the process a business uses to satisfy consumer needs and wants through goods and services.

Communication Role

•Advertising is a form of mass communication.

Economic Role

•Two main views about advertising, either the market power model or the economics of information theory.

Societal Role

•Informs us about new and improved products, teaches us how to use these innovations, etc.

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The Marketing Role



The Communication Role

Strengths of Advertising as a Marketing Technique

<i>Strengths</i>	<i>Examples</i>
Can reach a mass audience	A commercial on the Super Bowl reaches 150 million consumers
Introduces products	Windows 98 was simultaneously introduced in multiple world markets
Explains important changes	MTN Cellular's ads explain changes in its technology
Reminds and reinforces	Pepsi-Cola has been advertising continuously over the last 50 years
Persuades	Nike campaigns have helped increase sales by 300% during the last decade

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



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Advertising's Role in Society: Shape vs. Mirror Debate

- Does advertising create or reflect social values?
 - Critics say advertising abuses its influence on children and teenagers.
- Critics say advertising creates social trends, dictating how people think and act.
- Advertisers say they spot trends and develop messages that connect with them.
- Advertising both mirrors and shapes.



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Advertising's Role in Society: Overcommercialization Debate

- Does advertising make people materialistic?
 - Critics say advertising abuses its influence on vulnerable groups like children and teenagers.
- Critics say the lines between advertising and news and entertainment are blurred.
 - How do you know sponsors aren't influencing content and how their product is perceived
 - Does product placement change how we view programming?



Other Social Responsibility Issues: An Overview

- Poor taste and offensive advertising
- Stereotyping
- Body and self-image problems
- Targeting strategies
- Problems with advertising claims and other message strategies
- The issues surrounding the advertising of controversial products



Poor Taste and Offensive Advertising

- Viewer reaction may be affected by sensitivity to:
 - The product category, the timing, whether the viewer is alone or with others, and the context
- Creating general guidelines is difficult because people's idea of "good taste" varies.
- What is considered "offensive" changes over time.

Principle:
Testing is needed to find the right balance when one group that sees the advertisement finds the message offensive, even though the primary target market may think the message is appropriate.



Sex in Advertising

- It's becoming more blatant, especially when it's not relevant to the product.
 - Paris Hilton's "soft-core porn" ad for Carl's Jr. restaurants
- Should sex be used to sell pizza, tacos, and truck parts?
 - Should sex only be used to advertise products purchased for sexual reasons, like clothes or exercise equipment.
 - Does it, in fact, distract or hinder the communication or persuasion to the target?
 - Does sex really sell?



Portraying Diverse People

- A **stereotype** is a representation of a cultural group that emphasizes a trait or traits that may or may not communicate an accurate representation.
- Common problems include:
 - Gender stereotypes
 - Body image and self-image
 - Racial and ethnic stereotypes
 - Cultural differences in global advertising
 - Age-related stereotypes
 - Advertising to children

Principle:
Stereotyping is negative when it reduces a group of people to a caricature.



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You are the Brand

- Brand
- Brand Equity
- Brand Extension
- Brand Expansion
- Brand Familiarity
- Brand Favorability
- Brand Identity
- Brand Image
- Brand Insistence
- Brand Loyalty
- **Brand Power (Brand Champions)**



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Pricing Strategies

- Customary or Traditional
- Odd
- Line
- Psychological
- Price Lining
- Prestige or Image
- Value



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Locking Power

- ✓ Jingle
- ✓ Slogan
- ✓ Tagline
- ✓ Key Visual
- ✓ Logo
- ✓ Signature
- ✓ Superimposition
- ✓ Superstitial
- ✓ Interstitial



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Locking Power



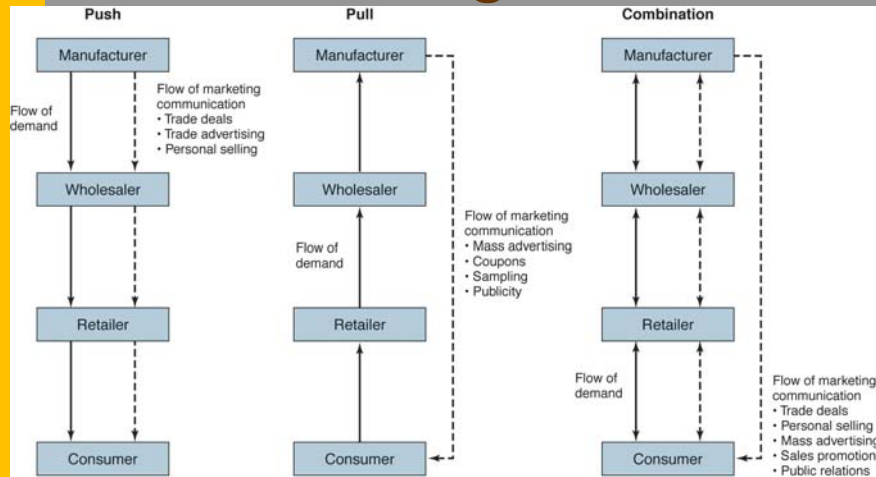
Locking Power



Locking Power



Push, Pull and Combination Strategies



Prentice Hall, © 2009

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Integrated (Holistic) Marketing

- Focused on better coordinating all marketing efforts to maximize customer satisfaction
- All areas of the marketing mix work together to present the brand in a coherent and consistent way.
- The goal is to manage all the messages delivered by all aspects of the marketing mix to present a consistent brand strategy.

Global Marketing

- Most countries have **local, regional, and international brands** requiring **international advertising** to promote the same brand in several countries.
- Companies may have several international regional offices and/or a world corporate headquarters.
- Agencies must adapt with new tools including one language, one budget, and one strategic plan.
- The choice of an agency for international advertising depends on whether the brand message will be standardized or localized.

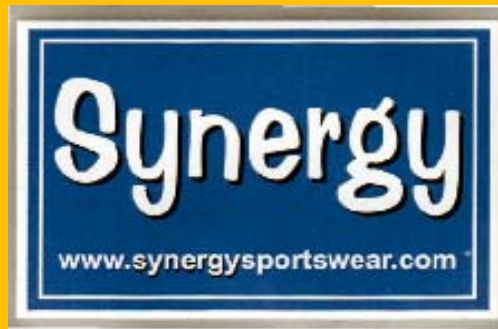


Accountability

- Senior managers want marketing managers to prove that their marketing is effective based on:
 - Sales increases
 - Percentage share of the market the brand holds
 - Return on Investment (ROI)
- Agencies are creating departments to help marketers evaluate the efficiency and effectiveness of their marketing communication budgets.



Advertising is Synergy



Ogilvy's Advertising Tenets

- Here are some advertising tenets that David Ogilvy offers:
 - “Never write an advertisement you wouldn't want your own family to read.”
 - “The most important decision is how to position your product.”
 - If nobody reads or looks at the ads, “it doesn't do much good to have the right positioning.”
 - “Big ideas are usually simple ideas.”
 - “Every word in the copy must count.”



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Questions ???

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