Unit 10 Advertising

This unit deals with the applied field of advertising, in which persuasive communication techniques are used to promote products and brands, services and ideas.

**Learning Outcomes**: Students who complete Unit 10 will be able to:
- explain the social role of advertising
- give examples of the various types of advertising
- discuss the various ethic issues associated with advertising

**Key Concepts for Unit 10**
- Definition and conceptualization of advertising and overview of types
- Social role of advertising
- History of advertising
- Ethical issues in advertising
- International and intercultural issues in advertising

► Terms and Concepts in Advertising

**Marketing**
- Process of planning and executing the pricing, promotion [i.e. advertising] and distribution of a product (and by extension, a service or idea) to create exchanges that satisfy both individual needs and organizational goals
- Process of matching abilities and outputs of an organization with current or future needs of its customers, to the greatest benefit of both

**Promotion**
- Encouraging the progress, growth of acceptance of a product, service or idea
- A key marketing process which seeks to inform customers about a product or service, persuade them about its benefits, and remind them about those benefits

**Advertising**
- Part of a marketing program involving public promotion of a product of service
- Paid, non-personal communication by an identified organization to present a persuasive message in order to stimulate sales or some other specific action
- Communication of information, usually paid for and usually persuasive in nature, about products, services or ideas by an identified sponsor through various media

**Branding**
- Attaching a brand name to a product or service in order to distinguish it from others
Associating a brand or “trustmark” as a means of identifying it in such a way that it is known, used, trusted and talked about

Positioning
- projection of a distinct image for a product
- image in the mind of the target consumer

Purpose of Advertising
Advertising is a process used by companies to create sales and thus to generate a profit. The aims of advertising may focus on the product or on the consumer, but ultimately they deal with enhancing the relationship that the consumer has with the product.

More generically, advertising is a process used by any organization to persuade its consumers toward some specific action. It differs from public relations in that advertising presents its consumer-oriented messages through purchased media primarily to its consumers, whereas public relations presents messages through varied media and to a wider array of publics.

Additionally, nonprofit organizations use advertising to encourage the “sale” of services, performances and ideas.

Here is a range of specific goals of advertising.
- To inform consumers about new or existing products, services or ideas.
- To persuade consumers to purchase a product, change brand preferences, or perceive a product differently.
- To remind consumers about their need for a product and where or how to obtain it.

Types of Advertising
Marketing advertising is an umbrella term for consumer-oriented advertising. It is also known as product advertising or consumer advertising. This is the kind of advertising most familiar to people, since it is the advertising that appears most often on television, in newspapers and magazines, and on posters and billboards. This is advertising directed to the average person. Retail advertising, which may be used by businesses or nonprofit organizations, has several categories.

- Retail advertising is the type used by local companies and organizations to promote a sale, encourage use of a product or service, or otherwise sell something. Because it is local, such advertising can include information on dates, locations, prices etc.
- General advertising (also called national advertising) focuses on brands and categories of products.
- Business-to-business advertising, also called professional advertising, is a specialized form used within a particular industry and directed at others within that industry. An example of B-B advertising in the transportation industry is an airline advertising to travel agents.
Direct-response advertising, also called direct marketing, involves the use of telephone and Internet tools for promotion and sales.

Public relations advertising is a family of advertising in which the purpose is not to sell a product but rather to promote an idea or cause. This type of advertising may be used by either businesses or nonprofit organizations. It has several categories.

- **Institutional advertising**, sometimes called image advertising and corporate advertising, promotes the reputation of a business or organization.

- **Advocacy advertising** is also called issue advertising or more generically social marketing. It focuses less on an organization and more on a cause or issue important to it. Through advocacy advertising, the focus is on presenting an opinion or a point of view in order to educate people and perhaps affect their opinions. With social marketing, the purpose extends beyond informing and persuading people to changing their behavior in some way, such as to eat healthier or to quit smoking.

- **Political advertising** is a specialized form of advocacy advertising used to promote political candidates, specific pieces of legislation, and partisan causes.

- **Public service advertising** is similar to advocacy advertising in that it promotes causes, such as those dealing with environmental, health, public safety, and other social issues. The difference is that, in public service advertising, the cost associated with purchasing print space or air time is contributed by the media.

**Social Role of Advertising**

Advertising, like public relations, is an aspect of corporate organizational life in an open society. By definition, it is associated with market choices in which citizens and consumers are able to freely select among various competing brands and products, services and ideas. Advertising offers a variety of benefits.

- **Benefit to Consumers.** Good advertising is focused on consumer wants and needs, and it relies on communication developed from the consumer’s perspective. It helps consumers learn about and understand various alternatives in the marketplace so they can make rational and informed decisions.

- **Benefit to Business.** Advertising helps businesses translate goods into profits by creating new customers and maintaining existing customers for those goods. Sometimes advertising helps to create new uses for existing products.

- **Benefits to Society.** In addition to stimulating the overall economy through increased production and sales, advertising also can stimulate people to become more informed and discerning consumers, to support social causes, and to act on behalf of religious, cultural, environmental or other issues.
► Advertising Venues

Advertising messages are presented in a variety of venues and formats. Here are the most common.

- **Print advertising** includes advertisements in newspapers and magazines. The most common format is display ads (blocks in a newspaper, usually full pages in magazines) that include artwork, headlines and text. Another format used particularly in newspapers is classified ads, which are short blocks of text messages advertising jobs, housing and consumer goods. The standard use is called run-of-press (ROP) in newspapers and run-of-book (ROB) in magazines, which indicates that the publisher places the advertisements anyplace within the publication, as compared with guaranteed placement in particular sections. Print advertising also includes inserts (which are pre-printed advertising fliers that are inserted into the pages of a newspaper) and tabs (which are tabloid-sized pre-printed advertising sections that are distributed along with the newspaper).

- **Broadcast advertising** includes commercials in radio and television programs. These include both network placement that puts the advertisement on all the stations affiliated with a broadcast network and spot advertising that confines the advertisement to a particular station. Most broadcast advertising is sold in 30-second units, though infomercials are program-length advertising messages often packaged as interviews, talk shows or educational programs.

- **Digital advertising** includes some invasive computer-based advertising techniques such as banners, skyscrapers, and other interstitial ads that intrude during a page transition, pop-up or pop-under ads that open new browser windows without invitation, even homepage takeover ads. Other less intrusive and more reader-directed digital advertising includes online catalogues, and streaming audio and video promotions.

- **Out-of-Home advertising** includes posters and billboards, bus signs, and transit advertising placed in taxis, on commercial vehicles, and on buildings.

- **Promotional items** include advertising placed on clothing, office or home items such as coffee mugs. Costumes are another type of promotional advertising.

► Advertising Agencies

Advertising agencies are companies with creative and business people who offer complete or specialized advertising services to clients. Full-service advertising agencies generally are structured into various departments.

**Account services** includes the liaison between the agency and the client. Assistant account executive is the entry-level job, which includes as account executive, account representative/supervisor, account director, and finally management supervisor.

The **creative department** includes the people who work on the content of an advertisement, specifically copywriters, art directors, printers and producers. In many agencies, this also includes Web-design specialists.

The **research department** includes people who are experts in general marketing research or specialists in particular research methodologies, particularly focus groups and surveys (which are most commonly used in advertising research).
The media-buying department includes people who place advertisements in various media. Additionally, agencies are businesses that require accountants, secretaries and other office management staff. Some agencies also offer separate related services, such as in public relations.

In addition to full-service firms, other types of agencies offer various services and approaches:

- **Specialized** firms offer particular services, such as research, print specialties or translation services.
- **Industry-focused** firms deal with a particular industry, such as agriculture or education.
- **Minority- or special audience-focused** firms specialize in preparing for particular groups, such as African Americans or business executives, usually by advertising specialists who themselves are members of such groups.
- **Creative boutiques** are small firms that highlight specialized and often avant-garde approaches to advertising.
- **Media-buying services** specialize in placing existing advertisements.
- **Virtual agencies** are Internet-based services unrestricted by geographic location.
- **In-house agencies** are full-service advertising resources within a large company or nonprofit organization.

► **History of Advertising**

The origins of advertising are found deep in history. The Babylonians used clay tablets with inscriptions for businesses such as shoemakers, scribes and ointment dealers. The Greeks used town criers to promote the arrival of ships with spices and wines, and street hawkers also were common in Indian cities. The ruins of Thebes have yielded papyri advertisements seeking the return of runaway slaves. In Pompei, meanwhile, among the ruins are walls decorated with sales promotion messages and store signs. In Medieval Europe, barkers or criers were common, selling foods and inviting people to taverns.

Formal advertising is rooted in the 16th Century, with the first printed advertising in a German news pamphlet. The 1600s saw ads in English newspapers, and the first paid advertising in an American was in 1704 for a real-estate opportunity. In 1740, England saw the first printed outdoor poster. Throughout the century, early examples of newspaper and magazine advertising are found throughout the world, from the Americas to India, Europe to Asia.

The first advertising agency was founded in 1841 in Philadelphia, followed a few years later by branches in Boston and New York City. Advertising quickly expanded to other consumer-oriented nations. Advertising experienced a growth spurt in the late 19th and early 20th Centuries, with new printing methods, higher literacy rates, and new publications.

For the first 20 years of radio, few people saw any commercial use. Then, with the building of a commercial radio station in 1920, advertising rapidly became a staple and emerged as a venue for national advertising. The first advertising-sponsored program (“The Eveready Hour,” sponsored by the National Carbon Company) began in 1924. Television advertising followed, and more recently advertising assumed a role in the Internet.
In 1873, the first convention of advertising specialists was held in New York City, and in 1917 the American Association of Advertising Agencies was founded with 111 charter members.

In 1942, the War Advertising Council was formed in the United States to encourage women to join the workforce during the Second World War, promote conservation of fuel, purchase war bonds, and promote rationing.

In the 1950s, television emerged as a new venue for national advertising. In the 1990s, digital media and the internet provided a new means of advertising, including international approaches previously unavailable to advertisers.

► Ethical Issues in Advertising

Advertising has attracted much social criticism. It is difficult to challenge criticism of unethical advertising, but it is important to understand the difference between ethical and unethical practices. Here are some of the common criticisms of advertising and the counter-argument based on ethical advertising practices.

- **Criticism:** Advertising persuades people to buy things they don’t want.
  Counter-argument: Ethical advertising informs people about things they might want if they knew about them, but it is unlikely that advertising can persuade people to buy anything they don’t want.

- **Criticism:** Advertising persuades people to buy things they don’t need. (The formal terms for this is *acquisitiveness*, sometimes called *conspicuous consumption*.)
  Counter-argument: As society moved beyond subsistence-level existence, most consumer purchases are not absolutely necessary. But social and economic development brings with it the ability of people to make discretionary purchases based on their wants rather than their needs. This is a result not of advertising but of economic advancement.

- **Criticism:** Advertising exaggerates the differences among products.
  Counter-argument: Ethical advertising points out the differences so that consumer can make informed decisions as to which product best serves the consumer’s needs. If there are only small differences among products, this is the function of manufacturing and the marketplace, not of advertising (which does not design products but rather promotes their use).

- **Criticism:** Advertising favors existing brands because of the high cost of launching new products.
  Counter-argument: This is not a function of advertising but rather part of the entire economic structure, in which the launching of new companies and organizations, as well as their products and services, is both difficult and expensive.

- **Criticism:** Advertising raises the price of products.
  Counter-argument: Although advertising adds to the cost of some heavily promoted consumer items, it also can create mass markets for products, thus reducing manufacturing and distribution costs, ultimately saving money for the consumer.

- **Criticism:** Advertising promotes questionable products and services.
  Counter-argument: Critics sometimes point to advertising for gambling, harmful products such as cigarettes, products or services of a personal or sexual nature. However, every advertised product or service is legal in the geographic area in which it is advertised. The criticism against
such advertising is misplaced; critics instead should focus on changing laws that allow such products or services to remain legal.

- **Criticism:** Advertising presents messages of questionable taste.
  Counter-argument: Undoubtedly this is true in some situations, which advertising professionals view as inappropriate for a particular audiences as well as unethical in a given social situation. However, effective advertising is targeted to a particular audience and tailored to its interests, tastes and needs, so advertising that is confined to its intended audience is unlikely to be considered offensive or in poor taste by that audience. The ethical as well as practical challenge is to limit the exposure of advertising to its intended audience.

- **Criticism:** Advertising uses sex appeal to promote products.
  Counter-argument: This is related to the previous criticism. Sometimes this is true, though advertising interested in both ethics as well as effectiveness will confine the use of sex appeal to those audiences and cultures that are not offended by such appeals. In this and other content appeals, advertisers say that they don’t change culture and taste but rather reflect it, though research suggests that advertising both reflects and impacts social standards.

- **Criticism:** Advertising marginalizes and stereotypes people.
  Counter-argument: Because it operates essentially in one-page or 30-second formats, advertising must simplify messages. But stereotyping and simple images are not necessarily bad. Increasingly ads are being aimed at specific demographic groups, such as senior citizens, ethnic minorities, and others. Such ads tend to portray people in those groups in positive and respectful ways.

- **Criticism:** Advertising aims at vulnerable children.
  Counter-argument: Some ads are aimed at the demographic group of children. In the past, some irresponsible advertisers exploited a child’s naiveté and ignorance of consumer rights and practices. However, both internal standards within the advertising industry and external regulations are leading advertisers to treat children fairly, and educators are helping children learn to be better consumers. In the United States, the Children’s Television Act passed by Congress in 1990 and amended in 1996 is an example of the increasing standards about advertising to children.

- **Criticism:** Political advertising increasingly is negative and mean-spirited.
  Counter-argument: The content of political advertising is set by the politicians and their supporters. Undoubtedly political advertising sometimes is quite negative, but this is not the fault of advertising but rather of a political/electoral system that places no restraints on the statements and claims that political candidates can make and that ultimately are endorsed by voters.

Ethical issues within advertising often are addressed by codes and standards prepared in various countries. Some national codes are quite specific. For example, in Malaysia, a deeply religious Islamic country, the advertising code bans advertising of alcohol and blue denims, and it restricts the use of sports-related clothing such as swimming suits to athletic scenes with no close photography. Japan calls for advertising to be honest, contributive to a healthy life, scientifically accurate, unbiased, dignified and educational. In Hungary, the code bans ads that are misleading, that use insults or misuse religious symbols, or that promote fear or mistrust among people.
International and Intercultural Issues in Advertising

Advertising has become a global activity, spanning national boundaries and cultural borders. This began significantly in the 1940s when American and European companies began expanding their products into other countries and when, at the same time, advertising agencies began establishing foreign branches.

Experts also caution against oversimplification in approaching nations and cultures. Language alone does not make a cohesive cultural bond. Within Hispanic culture, for example, there are significant differences among Spanish-speaking people in Spain, Argentina, Mexico, Puerto Rico and the Philippines. Likewise, geography is not the only indicator of social unity. The Middle East, for example, is not a single advertising market but rather a variety of markets with some common elements. Advertising concepts and deliveries that might work in Egypt or the United Arab Emirates may not be appropriate in Saudi Arabia or Jordan.

International media buying may be global with some level of advertising on a global basis; pan-regional with buys concentrated in specific large regions such as Asia or South America; regional, with buys associated with a few neighboring countries; or local, with media purchased in specific countries. Some U.S.-based companies such as Procter and Gamble, Coca-Cola, Ford and McDonald’s spend about half of their advertising budgets outside the U.S. Internationally, each of the top 10 advertising agencies operate in an average of 53 nations.

Advertising in an international arena brings with it several special issues. Some of these concerns are related to ethical standards for advertising in various countries. Others are more reflective of the social or corporate environment associated with different cultures.

- **Business concerns** reflect the unique way that business is conducted in particular areas. For example, American and British business meetings between advertising agencies and clients generally include small talk in order for the parties to get acquainted. In Holland, however, meetings are kept to a strict schedule with little small talk. Meetings in Mexico and Malaysia may be quite informal, often held at the host’s home.

- **Creative concerns** reflect the differences in cultures. For example, most international advertisers warn against the use of humor, which is viewed differently in various cultures and which simply does not translate well between both languages and cultures. Likewise, the social interpretation of color varies among cultures.

- **Legal concerns** grow from restrictions against certain products such as tobacco or alcohol, or the use of children in advertisements.

- **Media use patterns** lead advertisers to focus on how people in different countries use the media. Note, for example, the significant differences in the use of advertising dollars in various media.

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Media concerns also deal with media use in various countries. In Japan, for example, daily television viewing is eight hours, compared with three hours in Britain.
Industry observers note that advertising spending is rising globally. Arab spending on advertising, for example, has been increasing in recent years. The Arab Research Center reported that combined Arab spending reached $2.3 billion in 2000, led by the Gulf Cooperation Council states of Kuwait, Saudi Arabia, Qatar, Oman, Bahrain and the United Arab Emirates.

Target Marketing

Advertising generally is most effective when it is addressed to a specific audience rather than to the general public. This is the principle behind target marketing, also known as niche marketing (referring to the particular niche or viewing point of an organization in relation to its consumers). Additionally, advertising draws from the wider field of marketing and identifies specific markets, which are defined as identifiable groups of people with common characteristics who are able to afford and use a product and who are reachable.

- **Demographic segmentation** is based on variables such as ethnicity, income, family size, occupation, etc. (Examples: teenagers, women, farmers)

- **Geo-demographic segmentation** is similar to demographics, but it also is associated with neighborhoods, countries and other geographic indicators. (Examples: rural teenagers, Kuwaiti women, Japanese farmers)

- **Psychographic segmentation** is based on lifestyle preferences, attitudes, and so on. (Examples: risk-takers, high achievers, theater- and concert-goers)

- **Product-user segmentation** is similar to psychographics but it is based on behaviors rather than attitudes. (Examples: cigarette smokers, bicyclists)

Conclusions Based on Advertising Research

1. **One exposure** to target group within purchase cycle has little or no effect.
2. Central goal of media planning should emphasize **frequency rather than reach**.
3. Optimal exposure frequency is **3 or more**.
4. **Wear-out** is not caused by too much frequency.
5. Large, well-known brands are affected differently by frequency than are smaller, average brands.
6. The amount of **money** spent in advertising vis-a-vis competition **within category** has positive effect on purchase.
7. Frequency response does **not vary** by medium.
APPENDIX TO UNIT 10

► Relevant Web sites

www.adage.com – Advertising Age magazine
advertising.utexas.edu/world – Advertising World
www.adweek.com – Adweek newspaper
www.the-dma.org – Direct Marketing Association
www.aaaa.org – American Association of Advertising Agencies
www.adcouncil.org – Advertising Council
www.iaaglobal.org – International Advertising Association
www.iaauae.org – International Advertising Association/United Arab Emirates chapter

► Relevant Books


► Unit Quiz

Define retail advertising.

Define advocacy advertising.

Identify the tasks with the creative department of an advertising agency.

Define niche marketing.

Give an example of an out-of-home advertising venue.
► Freewrite and Discussion

Explain the differences between the two main types of advertising.

Explain the differences between branding and positioning.

Discuss the criticism that advertising leads to conspicuous consumption.

Explain the counterargument to the criticism that advertising presents messages of questionable taste.

Explain the difference between demographic segmentation and psychographic segmentation.

Explain the function of media buying.

► Exercises

Have students work in pairs. Give each team a client company for a personal consumer product such as toothpaste. Have each team both sketch out the visual content and write the verbal content for a magazine advertisement promoting the product, using the strategy of a negative appeal (fear or guilt). Then have them sketch and write another advertisement for the same product based on a positive appeal (love, virtue) [based on information about persuasive appeals in Unit 3].

Divide the class into two groups for a debate on the subject: Advertising is beneficial (or harmful) to society. Students in each group can participate in researching and writing points for their side of the argument. Depending on the size of the class, each team may use all of its members or select spokespersons to present its side of the argument in a debate. (Alternatively, for larger classes, the teacher can subdivide the topic, such as the pros and cons of advertising as it relates to children, to families, or to social values.)