Advertising and IMC Principles and Practice 11th edition Moriarty Solutions Manual

SKU: 9780134480435-SOLUTIONS

Chapter 2
Advertising

◆*CHAPTER CONTENT*

KEY OBJECTIVES

1. Describe the practice of advertising.
2. Explain the evolution of the key concepts of advertising.
3. Identify the key players and jobs within agencies.
4. Discuss changes in the practice of advertising.

CHAPTER OVERVIEW

This chapter defines advertising, explains its basic functions and key components, defines the role it plays in our society, and identifies eight different types of advertising that are common today. The industry's evolution is explored, along with the role of the advertising agency, how they are organized and how they function. The chapter concludes with a discussion of how the practice of advertising is changing.

CHAPTER OUTLINE

THE PRACTICE OF ADVERTISING

- The purpose of advertising has always been to sell a product, which can be goods, services, or ideas. Although there have been major changes in recent years, the basics of advertising remained unchanged even in the face of economic downturns and media convulsions.

- We can summarize a modern view of advertising with the following definition:

Advertising is a paid form of persuasive communication that uses mass and interactive media to reach broad audiences in order to connect an identified sponsor with buyers (a target audience), provide information about products (goods, services, and ideas), and interpret the product features in terms of the customer's needs and wants.

- This definition has a number of elements and the definition is changing because of new technology, media shifts, and cultural changes.

    - Advertising is usually *paid* for by the advertiser who has a product to *sell,* although some forms of advertising, such as public service announcements (PSAs), use donated space and time.

    - Not only is the message paid for, but the *sponsor* is identified. The *Inside Story* feature in the text explains how the 'paid' characteristic affects regulation.

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  - Advertising began as *one-way communication*, from marketer to a targeted audience. It generally reaches a *broad audience of potential consumers*, either as a *mass audience* or smaller *targeted groups*. However, *direct response* advertising, especially those practices that involve digital communication, has the ability to address individual members of the audience. So, some advertising can deliver one-to-one communication to a large group of people.

  - In traditional advertising, the message is conveyed through different kinds of *mass media,* which are largely *non-personal* messages. This non-personal characteristic, however, is changing with the introduction of more *interactive* types of media.

  - Digital interactive media, such as *word-of-mouth* conversations on social media or consumer-generated messages sent to a company, have opened the door to interesting new forms of *two-way* and *multiple-way* brand-related communication.

  - A great deal of emphasis is now placed on *word-of-mouth*, which is now defined as personal communication through new media forms rather than "scripted messages in a paid format," according to agency CEO Richard Edelman.

- Most advertising has a defined strategy and seeks to inform consumers and make them *aware* of a brand, company, or organization. In many cases, it also tries to *persuade* or influence consumers to do something. Persuasion may also involve *emotional* messages.

- A product can be a good, service, or an idea. Nonprofits, for example, use ads to sell memberships, inform about a cause, or advocate on behalf of its position or point of view.

What are Advertising's Basic Functions?

- ***Identification***. *Advertising identifies a product and/or the store where it's sold.* This goes back as far as ancient times. Some of the earliest ads were simply signs with the name or graphic image of the type of store – cobbler, grocer, or blacksmith.

- ***Information***. *Advertising provides information about a product.* Advances in printing technology at the beginning of the Renaissance spurred literacy and brought an explosion of printed materials in the form of posters, handbills, and newspapers. The word advertisement first appeared around 1655 and by 1660, publishers were using the word as a heading in newspapers for commercial information.

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- ***Persuasion***. *Advertising persuades people to buy things.* The Industrial Revolution accelerated social change, as well as mass production. It brought the efficiency of machinery not only to the production of goods, but also to their distribution. For widespread marketing of products, it became important to have a recognizable brand name. Also, large groups of people needed to know about these goods. P.T. Barnum and patent medicine makers were among the advertising pioneers who moved promotion from identification and information to a flamboyant version of persuasion called "hype" – graphics and language characterized by exaggeration or hyperbole.

What are the Key Components of Advertising?

- ***Strategy***: This is the logic or **strategy** behind the advertisement. It is stated through objectives that may focus on areas such as sales, news, psychological appeals, emotion, branding and brand reputation, as well as the position and differentiation of the product from competition, and segmentation and targeting of the best prospects.

- ***Message***: This is the concept behind a message and how that message is expressed based on research and consumer insights, with an emphasis on creativity and artistry.

- ***Media***: Various media have been used by advertisers over the centuries including print, broadcast, outdoor, and now digital media. Targeting ads to prospective buyers is done by matching their profiles to media audiences. Advertising agency compensation was originally based on the cost of buying time or space in the media.

- ***Evaluation***: Effectiveness means meeting objectives, and in order to determine if that has happened, there must be testing. Standards are set by professional organizations and companies that rate the size and makeup of media audiences, as well as advertising's social responsibility.

What are the Common Types of Advertising?

- Different types of advertising play different roles. We can identify eight different types of advertising:

    1. ***Brand Advertising***, the most visible type of advertising, is also referred to as national or consumer advertising, focuses on the development of a long-term brand identity and image.

    2. ***Retail Advertising or Local Advertising***: This type of advertising focuses on retailers, distributors, or dealers who sell their merchandise in a certain geographical area. Retail advertising has information about products that are available in local stores. The objectives focus on stimulating store traffic and creating a distinctive image for the retailer. Local advertising can refer to a retailer, such as T.J. Maxx, or a manufacturer or distributor who offers products in a fairly restricted geographic area.

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3. ***Direct-Response Advertising*** tries to stimulate an immediate response by the customer to the seller. It can use any advertising medium, particularly direct mail or the internet. The consumer can respond by telephone or mail, and the product is delivered directly to the consumer by mail or some other carrier.

4. ***Business-to-Business Advertising***: **Business-to-business (B2B) advertising**, also called *trade advertising*, is sent from one business to another. It includes messages directed at companies distributing products as well as industrial purchasers and professionals, such as lawyers and physicians. Advertisers place most business advertising in professional publications or journals.

5. ***Institutional Advertising***, also called **corporate advertising**, focuses on establishing a corporate identity or winning the public over to the organization's point of view. Tobacco companies, for example, run ads that focus on the positive things they are doing. Ads for a pharmaceutical company showcasing its leukemia treatment are another example of this type of advertising.

6. ***Nonprofit Advertising***: Not-for-profit organizations, such as charities, foundations, associations, hospitals, orchestras, museums, and religious institutions use **nonprofit advertising** to reach customers, members, and volunteers. It is also used to solicit donations and other forms of program participation.

7. ***Public Service Advertising*** provides messages on behalf of some good causes, such as stopping drunk driving (as in messages from Mothers Against Drunk Driving) or preventing child abuse. Advertising professionals usually create these advertisements, also called **public-service announcements (PSAs)**, **pro bono** (free of charge) and the media often donate the necessary space and time.

8. Specific advertising areas, such as health care, green marketing, agribusiness, and international address specific situations or issues and have developed specialized advertising techniques and agencies.

- Despite their differences, there are many commonalities among these eight categories. All types of advertising demand creative, original messages that are strategically sound and well executed, and all are delivered through some form of media.

- Advertisements can be developed as single ads largely unrelated to other ads by the same advertiser. Or they can be developed as a **campaign**, a term that refers to a set of related ads that are variations on the same theme.

What Roles Does Advertising Perform?

- In addition to marketing communication, advertising also has a role in the functioning of the economy and society. This is illustrated in the "1984" commercial that launched the Apple Macintosh. As you read about this commercial in the *Matter of Practice* feature in this chapter, note how it demonstrated all four functions – marketing, communication, social, and economic.

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Marketing Communication Role

- In its marketing communication role, advertising provides information about a product. It can also transform a product into a distinctive brand by creating a **brand image** and personality that goes beyond straightforward product features. Advertising also creates consumer brand awareness and demand and makes statements that reflect social issues and trends.

- **Branded entertainment** and **brand content** are similar terms used to emphasize the recent trend in building brand relationships. These terms highlight the ability of brand message to inspire, engage, and develop long-term brand relationships.

Economic and Societal Roles

- Advertising flourishes in societies that enjoy economic abundance, in which supply exceeds demand. In such societies, advertising extends beyond a primarily informational role to create a demand for a particular brand. Creating **buzz –** getting people to talk about the brand – has become an important goal of marketing communication in this era of social media.

- Most economists presume that because it reaches large groups of potential consumers, advertising brings cost efficiencies to marketing, and thus, lowers prices to consumers. As demand grows, as well as competition, prices begin to drop.

- Two contrasting points of view explain how advertising creates economic impact. In the first, the rational view, advertising is seen as a vehicle for helping consumers assess value through price cues and other information, such as quality, location, and reputation. Advocates of the first viewpoint see the role of advertising as a means to objectively provide price/value information, thereby creating more *rational economic decisions.* The second approach appeals to consumers making a decision on *non-price, emotional appeals.* This type of advertising is believed to be so persuasive that it decreases the likelihood a consumer will switch to an alternative product, regardless of the price charged.

- Advertising mirrors fashion and design trends, thereby adding to our aesthetic sense. It also has an educational role in that it teaches us about new products. It may also expose social issues and help us shape an image of ourselves by setting up role models with which we can identify. It also presents images that capture the diversity of the world in which we live. These social roles have both negative and positive dimensions.

EVOLUTION OF THE KEY CONCEPTS OF ADVERTISING

As illustrated in Figure 2.2 in the textbook, the advertising industry is dynamic and is affected by changes in technology, media, and the economic and social environment. This timeline reflects how the principles and practices of this multi-billion dollar industry has evolved.

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The Early Age of Print

- Industrialization and mechanized printing spurred literacy, which encouraged businesses to advertise beyond just their local places of business. Ads from these early years look like what we call *classified advertising* today. Their objective was to *identify products and* d*eliver information about them*, including where they were being sold. The primary medium of this age was *print*, particularly newspapers, although handbills, posters, and hand-painted signs were also important.

The Early Age of Agencies

- The 19th century introduced the beginning of what we now recognize as the advertising industry. During this era, the first ad agency was opened in 1848 in Philadelphia and P.T. Barnum embarked on one of the first *campaigns*. The *commission system* for placing ads was begun and the *account executive position* was created.

- As advertisers and marketers became more concerned about ads that worked, professionalism in advertising began to take shape. This is also when it became important to have a definition or a theory of advertising.

- On the retail side, department store owner John Wanamaker hired a full-time **copywriter**. Also, the newly founded McCann agency developed a philosophy that emphasized the agency's role in crafting the ad message, and the industry's first trade publication appeared in 1888.

- By the end of the 19th century advertisers began to give their goods **brand names**. The purpose of advertising during this period was to create demand, as well as a visual identity for these new brands. Inexpensive brand name products, known as *packed goods*, began to fill the shelves of grocers and drug stores. The questionable ethics of hype and *puffery* came to a head in 1892.

- In Europe, the visual quality of advertising improved dramatically as artists who also were *illustrators* brought their craftsmanship to posters and print ads, as well as magazine illustrations. Because of the artistry, this period is known as *The Golden Age*. The artist role moved beyond illustration to become the art director in 20th century advertising.

The Scientific Era

- In the early 1900s, professionalism in advertising was reflected by the beginnings of a professional organization, which was officially named the American Association of Advertising Agencies in 1917.

- In the early 20th century, modern professional advertising adopted scientific *research* techniques. Advertisers believed they could improve advertising by blending science and art. During the 1930s and 1940s, Daniel Starch, A.C. Nielsen, and George Gallup founded research organizations that are still a part of today's advertising industry.

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- *Targeting*, the idea that messages should be directed at particular groups of prospective buyers, evolved as media become more complex. In 1914, the Audit Bureau of Circulation (ABC) was formed to standardize the definition of paid circulation for magazines and newspapers. Media changes saw print being challenged by radio advertising in 1922. Radio surpassed print in ad revenue in 1938.

- The world of advertising agencies developed rapidly after World War II, led by the J. Walter Thompson agency. The agency's success was due largely to its creative copy and the management style of the husband and wife team of Stanley and Helen Resor, who introduced quite a few of the advertising concepts and practices still with us today.

- Television commercials came on the scene in the early 1950s and brought a huge new revenue stream to the advertising industry. In 1952 the Nielsen rating system for TV advertising became the primary way to measure the reach of TV commercials. This period also saw marketing practices, such as **product differentiation** and **market segmentation**, incorporated into advertising. The idea of **positioning** was developed in 1969.

The Creative Revolution

- The creative power of agencies exploded in the 1960s and 1970s, a period marked by the resurgence of art, inspiration, and intuition. Largely in response to the previous emphasis on research and science, this revolution was inspired by three creative geniuses: Leo Burnett, David Ogilvy, and William Bernbach.

- Leo Burnett was the leader of what became known as the *Chicago School of Advertising*. He believed in finding *inherent drama* in every product.

The Era of Accountability and Integration

- Starting in the 1970s, the industry-wide focus was on **effectiveness**. Clients wanted ads that produced sales, so the emphasis was on research, testing, and measurement. To be accountable, agencies and other marketing communication agencies recognized that their work had to prove its value. The economic downtown and dotcom crash toward the end of the 20th century reinforced this imperative. Advertisers now demanded proof that their advertisements accomplished its *objectives* as stated in the strategy.

- *Social responsibility* is also another aspect of accountability. In 1971 the National Advertising Review Board was created to monitor questions of *taste and social responsibility*. As the *digital era* brought nearly instantaneous means of communication spreading word-of-mouth among a social network of consumers, companies became even more concerned about their practices and brand or corporate reputation. At the same time, consumers became even more concerned about *business ethics*.

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- This is also the era when integrated marketing communication became important. **Integrated marketing communication** (IMC) is another technique that managers began to adopt in the 1980s as a way to better coordinate their brand communication. Integration and consistency makes marketing communication more efficient and thus more financially accountable.

The Social Media Era

- Advertising and marketing communication practices have been turned upside down in the years since 2008. Digital and online communication became important earlier in the new century with brands and companies setting up websites and experimenting with online advertising worldwide. With the launch of Facebook, Twitter, YouTube and other vehicles for sharing thoughts, photos, and videos, the structure of consumer communication has been radically altered.

THE ADVERTISING WORLD

Who Are the Key Players?

- As we discuss the organization of the industry, consider that all of the key players also represent job opportunities you may wish to consider. The players include the advertiser, the agency, the media, and suppliers who provide expertise.

- The *A Matter of Practice* feature about '1984,' the greatest commercial ever made, introduced a number of these key payers and illustrated how they all make different contributions to the final advertising. Another way to get a peek into the field is through the lens of television, such as the show *Mad Men*. The *A Matter of Principle* feature in this chapter explains how Bruce Vanden Bergh analyzed the cultural relevance of this popular award-winning drama.

The Organization

- Advertising begins with the organization behind the promotion message, or the **advertiser.** The advertiser is the number one key player. Management of advertising function usually lies with the organization's marketing or advertising department.

- The list of top advertisers in the United States usually begins with Procter and Gamble (P&G). Other leaders that appear on that list vary from year to year.

- Most advertisers have an executive or a department that initiates the advertising effort by identifying a marketing problem that advertising can solve. The marketing executive hires the advertising agency and other marketing communication agencies as needed. In professional jargon, the advertiser becomes the agency's *client.* As the client, the advertiser is responsible for monitoring the work and paying the agency for its work on the account.

- The client's marketing team, sometimes including the agency account people, makes the final decisions about strategy, including the target audience and the size of the

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advertising budget. The client team approves the advertising or marketing communication plan, which contains details outlining the message and media strategies.

- Although big companies may have hundreds of agencies working for them, they normally have an *agency-of-record* that does most of their business and may even manage or coordinate the work of other agencies.

The Agency

- The second player is the **advertising** agency that creates, produces, and distributes the messages. The working arrangement is known as the *agency-client partnership.* An advertiser uses an outside agency because it believes the agency will be more efficient in creating advertising messages than the advertiser would be on its own.

- Not all advertising professionals work in agencies. Large advertisers, either companies or organizations, manage the advertising process either by setting up an **advertising department** (sometimes called *marketing services*) that oversees the work of agencies or by setting up their own in-house agency, as we see in Figure 2.3.

The Media

- The third player in the advertising world is the media. The emergence of mass media has been a central factor in the development of advertising because mass media offers a way to reach a widespread audience. In traditional advertising, the term **media** refers to all of the channels of communication that carry the message from the advertiser to the audience and from consumers back to the company.

- We refer to these media as **channels** because they deliver messages, but they are also companies, such as your local newspaper or radio station. Some of those media conglomerates are huge, such as Time Warner and Viacom. **Media vehicles** are the specific programs, such as *60 Minutes* or *The Simpsons*, or magazines such as *Advertising Age* or *Woman's Day*.

- Also, note that *media* is plural when it refers to various channels, but singular—*medium*—when it refers to only one form, such as a newspaper.

- Each medium has a department that is responsible for selling ad space or time. These departments specialize in assisting advertisers in comparing the effectiveness of various media as they try to select the best mix of media to use.

- The primary advantage of advertising's use of **mass media** is that the costs to buy time in broadcast media, space in print media, and time and space in digital media are spread over the tremendous number of people that these media reach. One of the biggest advantages of mass-media advertising is that it can reach a lot of people with a single message in a very cost-efficient form.

- *An important principle to remember is that advertising is most cost efficient when it uses mass media to reach large numbers of prospective consumers.*

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Professional Suppliers and Consultants

- The fourth player in the world of advertising includes artists, writers, photographers, directors, producers, and printers as well as self-employed freelancers and consultants. In addition, there are freelance copywriters and graphic artists, songwriters, printers, market researchers, direct-mail production houses, telemarketers, and public relations consultants. *The Inside Story* feature in this chapter highlights the career of a freelance creative director.

- This array of suppliers mirrors the variety of tasks required to put together an ad. Why would the other advertising players hire an outside supplier? There are many reasons. The advertiser or the agency may not have expertise in specialized areas, their people may be overloaded with work, or they may want a fresh perspective.

- In the new world of digital media, another type of supplier has emerged, and that is the consumers who supply **user-generated content**.

Types of Agencies

- We are primarily concerned with advertising agencies in this chapter, but other areas such as public relations, direct marketing, sales promotion, and internet marketing have agencies that provide specialized promotional help, as well.

- The A-List awards by *Advertising Age* recognize cutting-edge agencies that rank high in three areas – they are creative, fast growing, and their work is effective. A brief description of the top ten agencies on the A-List can be found in the textbook.

- In addition to agencies that specialize in advertising and other areas of marketing communication, there are also consulting firms in marketing research and branding that offer specialized services to other agencies, as well as advertisers.

Full-Service Agencies

- A full-service agency includes four major staff functions — account management, creative services, media planning, and account planning, which includes research. A full-service advertising agency also has its own finance and accounting department, a **traffic department** to handle internal tracking on completion of projects, a department for broadcast and print production, and a human resources department.

In-House Agencies

- An in-house agency produces ads and places them in the media, also. The difference is that the agency is a part of the advertiser's organization, rather than an outside company. Companies that need closer control over their advertising have their own internal agencies.

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Specialized Agencies

- Many agencies do not follow the traditional full agency approach. Instead they specialize in certain functions, audiences, industries, or markets. In addition, some agencies specialize in other marketing communication areas, such as branding, direct marketing, sales promotion, public relations, events and sports marketing, packaging, and point-of-sale promotions.

    - ***Creative boutiques***. These are ad agencies, usually small, that concentrate entirely on preparing the creative execution of ideas, or the creative product. A creative boutique has one or more writers or artists on staff, but generally no staff for media, research, or strategic planning. They usually serve companies directly, but are sometimes retained by full-service agencies that are overloaded with work.

    - ***Media-buying services***. These agencies specialize in the purchase of media for clients. They are in high demand for many reasons, but three stand out. First, media has become more complex as the number of choices has grown. Second, the cost of maintaining a competent media department has escalated. Third, media-buying services often buy media at a low cost because they can group several clients' purchases together to get discounts based on volume.

Agency Networks and Holding Companies

- **Agency networks** are large conglomerations of agencies under central ownership that operate under one agency name. Examples include DDB Worldwide and BBDO Worldwide. **Holding companies** include one or more advertising agency networks, as well as other types of marketing communication agencies and marketing services consulting firms.

How Are Agencies Paid?

- Advertising agencies are big business. Agencies derive their revenues and profits from three main sources: commissions, fees, retainers, and performance incentives. For years, a 15 percent *commission* was the traditional form of compensation. For those few accounts still using a commission approach, the rate is rarely 15%. It is more likely lower and subject to negotiation between agency and client.

- Many advertisers now use a fee system or hourly rates, either as the primary compensation tool or in combination with a commission system. The **fee system** is comparable to the way advertisers pay their lawyers or accountants. During the 1990s, it replaced commissions as the main compensation method.

- An agency may also be put on a monthly or yearly **retainer**. The amount billed per month is based on the projected amount of work and the hourly rate charged. This system is most commonly used by public relations agencies.

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- A more recent trend in agency compensation is for advertisers to pay agencies on the basis of performance. One approach to this performance incentive is to pay the agency either a percentage of the client's sales or a percentage of the client's marketing budget. Another approach is that agencies share in the profits of their client when they create a successful campaign, but that also means a greater financial risk if the advertising does not create the intended impact.

- Another performance-related compensation innovation is **value billing**, which means that the agency is paid for its creative and strategic ideas, rather than for executions and media placements.

Key Players and Jobs Within Agencies

Account Management

- The **account management** function acts as a liaison between the client and the agency. The account team summarizes the client's communication needs and develops the basic "charge to the agency." Once the agency and client together establish the general guidelines for the campaign, the account management team supervises the day-to-day development of the strategy.

- Account management in a major agency typically has three levels: the *management supervisor*, who provides leadership on strategic issues and looks for new business opportunities; the *account supervisor*, who is the key executive working on a client's business and the primary liaison between the client and the agency; and the *account executive*, who is responsible for day-to-day activities and operates like a project manager. A smaller agency will combine some of these levels.

Account Planning and Research

- Full-service agencies usually have a separate department specifically devoted to planning and sometimes to research as well. Today, the emphasis in agency research is on gaining insights into consumer thinking and behaviors in order to develop messages that focus on the consumer's perspective and relationship with the brand.

- The **account planning group** gathers all available intelligence on the market and consumers and acts as the voice of the consumer. Account planners are strategic specialists who prepare comprehensive information about consumers' wants, needs, and relationship to the client's brand.

Creative Development and Production

- A creative group includes people who write (*copywriters*), people who design ideas for print ads or television commercials (*art directors*), and people who convert these ideas into television or radio commercials (*producers*).

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Media Research, Planning, and Buying

- Agencies that don't rely on outside media specialists have a media department that recommends to the client the most efficient means of delivering the message to the target audience. That department has three functions: research, planning, and buying. Because the media world is so complex, it is not unusual for some individuals to become experts in certain markets or types of media.

Internal Operations

- The departments that serve the operations within the agency include the traffic department, print production, as well as financial services and human resources. The traffic department is the lifeblood of the agency, and its personnel keep track of everything that happens.

Collaboration

- Agencies may have people in specialized roles, but collaboration is still the basic organizing principle within an agency.

CHANGES IN THE PRACTICE OF ADVERTISING

Because of the Great Recession and the impact of online communication, advertising is now at a point in time when things will never quite be the same again within the industry. The marketing world is now multi-channel, multi-audience, and consumer-controlled with interactive communication. It has little resemblance to the past.

Consumer Takes Control

- "The days of pounding people with images and shoving those images down their eyeballs are over," according to Procter and Gamble's former global marketing officer Jim Stengel. This change, which was referred to in the Figure 2.2 timeline, is causing some shifts in the way the advertising business operates.

- User-generated content got started as a trend in 2009 when CareerBuilder dismissed its agency and took its advertising in-house. The reason was because the company wanted ordinary consumers to create its ads. Doing so would not only bring publicity, but is would also save dollars.

- Consumer involvement in advertising is a bigger issue than just ad agencies losing clients. Consumers have been taking control of media and marketing for a number of years through Wikipedia, Twitter, and other newly democratized information sources.

Weakened Media and Blurred Lines

- One of the biggest changes impacting the advertising industry is the changing media environment. The big bomb that has fragmented the media world is digital media, which appear in so many different forms that it's impossible to keep up with them. The newspaper industry has been particularly wounded, with some observers now asking if newspapers are dead.

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- Traditional media are trying to adjust by transforming themselves into new digital formats. New personal media, such as iPhones, iPods, iPads, BlackBerries, and Kindles are real shape-changers. Commercials that used to be the province of television are now just as likely to appear online, as well as on mobile devices. Changes such as these must be considered when creating media plans.

- The line is also blurring between traditional marketing communication functions. For example, public relations firms are now being challenged to make more creative content for its clients in a variety of areas other than just public relations.

Integrated Communication and Real-Time Advertising

- The original philosophy of advertising was essentially one-way communication, with a brand sending a message to a prospective customer. Brands do still send messages, but so do consumers. If brand stewards are smart, they are now listeners and responders as well as senders. They are truly communication managers, and the communication is much more interactive than in the past. Because of interactive online delivery, messages can be sent, received, and responded to in real time, just like a personal conversation.

Effectiveness

- Efficiency is an advantage in this new marketing communication world. Agencies that are creative in finding new ways to deliver cost efficiencies have a real advantage in their client dealings.

- There is also a concern about effectiveness. Effective ads are ads that work. That is, they deliver the message the advertiser intended and consumers respond as the advertiser had hoped.

- The Effie Awards, named for a shortened form of the word *effective,* is given by the New York Chapter of the American Marketing Association to advertising and other forms of communication that have proven to be not only creative but, more importantly, effective. That means the campaigns were guided by measurable objectives and the evaluation after the campaign determined that the effort did, in fact, meet or exceed the objectives.

- Other award shows may focus on other aspects of advertising, such as creative ideas. Not all award shows focus on effectiveness. The Clios and the Cannes Lions Award focus on creativity. Awards are also given for media plans, art direction, and other professional areas such as clever promotional ideas and outstanding public relations efforts.

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Integrated Marketing Communication

- Although *effectiveness* is a central theme for this book, another central theme is *integration*. The search for effective communication has led many companies to focus on the consistency of their brand communication in order to more efficiently to establish a coherent brand. We call this practice i*ntegrated marketing communication (IMC)* – the primary approach for total brand communication.

- The need for coordinated strategic communication has also changed the way agencies function. No longer are they operating silos. Rather, they operate through comprehensive programs and services that include many marcom disciplines or through the coordination of a team of agencies that all specialize in different areas.

End-of-Chapter Support

REVIEW QUESTIONS

2-3. Analyze the Gatorade campaign discussed in this chapter and compare its key aspects to the modern definition of advertising.

The definition of advertising is changing because of new technology, media shifts, and cultural changes. The modern definition of advertising embraces interactivity between brand and consumer through user-generated content, the importance of word-of-mouth, and the effective use of digital and social media. The Gatorade campaign illustrates how each of these can be used to effectively strengthen marketing communication to create a winning brand.

The focus of this ad was on creating a real-life experience for unsuspecting customers. They were caught by surprise and their honest reactions captured, thus allowing those unsuspecting customers to send a powerful message about the brand to others viewing the ad through media. When the campaign launched on YouTube, it immediately lured in millions of viewers who engaged in online word-of-mouth communication, underscoring the importance of social media to effective IMC. The success of this risky, rather edgy, 'depravation strategy' upon which the storyline of the ad is based reflects a shift in cultural attitudes of millennials, as compared with previous generations.

2-4. Advertising plays four general roles in society. Define and explain each one in the context of the "1984" commercial featured in the chapter.

Advertising plays a marketing, communications, economic, and social role in our society. The 1984 commercial transformed a product into a brand by creating an image and personality for the Macintosh, as well as meaning for the brand. This is an example of advertising's marketing role. That brand image was effectively communicated to consumers through a television ad that was run during the Super Bowl and internet websites, an example of advertising's communication role. Its success in generating

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strong demand for the product among large groups of people, resulting in a high level of sales, is indicative of its economic role. It also evoked social commentary by presenting an image of Big Brother and subtly implying the need for resistance to such notions of conformity, an example of its social role.

2-5. What are the four components of advertising and what key concepts and practices do they represent?

The four key components of advertising are:

Strategy: This is the logic and planning behind the advertisement. It is stated through objectives that may focus on sales, differentiation of the product from competition, segmentation and targeting, branding, or other business priorities.

Message: The concept behind a message and how it is expressed based on research and consumer insights with an emphasis on creativity and artistry.

Media: Various media have been used by advertisers over the centuries including print, broadcast, outdoor, and now digital media. Targeting ads to prospective buyers is done by matching their profiles to media audiences. Advertising agency compensation was originally based on media.

Evaluation: Effectiveness means meeting objectives. In order to determine if objectives have been met, there must be testing. Standards are set by professional organizations and companies that rate the size and makeup of media audiences, as well as the advertising's social responsibility.

2-6. Trace the evolution of advertising and the current developments that shape the practice of advertising. In your opinion, what are the five most important changes that have shaped advertising as we know it today?

The evolution of advertising is divided into six stages. They are:

The Early Age of Print: Mechanized printing spurred literacy levels, which encouraged businesses to broaden the reach of their advertising. Ads from these early years look like what we call *classified advertising* today. Their objective was to deliver information. The primary medium of this age was print, particularly newspapers, although handbills, posters, and hand-painted signs were also important.

The Early Age of Agencies: The 19th century introduced the beginning of what we now recognize as the advertising industry. During this era, some of the largest American ad agencies were founded, and many of the roles that still exist within agencies, such as account executives, copywriters, and art directors emerged. Also, it was during this era that advertisers first began to give their goods brand names.

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The Scientific Era: In the early 20th century, modern professional advertising adopted scientific research techniques. Advertisers believed they could improve advertising by blending science and art. During the 1930s and 1940s, Daniel Starch, A.C. Nielsen, and George Gallup founded research organizations that are still part of today's advertising industry. The practice *of target marketing* evolved as media became more complex. And when television commercials came on the scene in the early 1950s, a huge new revenue stream was introduced to the industry.

The Creative Revolution: The creative power of agencies exploded in the 1960s and 1970s, a period marked by the resurgence of art, inspiration, and intuition. Largely in response to the previous emphasis on research and science, this revolution was inspired by three creative geniuses: Leo Burnett, David Ogilvy, and William Bernbach.

The Era of Accountability and Integration: Starting in the 1970s, the industry-wide focus was on effectiveness. Clients wanted ads that produced sales, so the emphasis was on research and measurement. Agencies recognized that their work had to prove its value. The economic downturn and dotcom crash toward the end of the 20th century reinforced this imperative. Advertisers now demanded proof that their advertisements accomplished their strategic objectives.

The Social Media Era: Advertising and marketing communication practices have been turned upside down with the emergence of digital and social media. Digital and online communication became important in the early part of the new century when brands and companies began setting up websites and experimenting with online advertising. A few years later with the launch of Facebook, Twitter, YouTube and other vehicles for sharing thoughts, photos, and videos, the structure of consumer communication was radically altered.

Student responses will vary regarding the five most important changes that have shaped advertising as we know it today.

2-7. Who are the four key players in the world of advertising, and what are the responsibilities of each?

The Advertiser: Advertising begins with the *advertiser*, the company or organization that uses advertising to send out a message about its products. The advertiser initiates the advertising effort by identifying a marketing problem that advertising can solve. The advertiser also makes the final decisions about the target audience and the size of the advertising budget. This person or organization approves the advertising plan, which contains details outlining the message and media strategies.

The Advertising Agency: Advertising agencies create, produce and distribute the messages. Advertisers hire independent agencies to plan and implement part or all of their advertising efforts. This working arrangement is known as the *agency-client partnership.* An advertiser uses an outside agency because it believes the agency will be more efficient in creating an advertisement or a complete campaign than the advertiser

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would be on its own. Not all advertising professionals work in agencies. Large organizations often manage the advertising process by setting up either an advertising department (sometimes called *marketing services*) or by setting up their own *in-house agency*.

The Media: The media is composed of the channels of communication that carry the message from the advertiser to the audience. We refer to these media as *vehicles* because they deliver messages, but they are also companies, such as your local newspaper or radio station. Also, note that *media* is plural when it refers to various channels, but singular—*medium*—when it refers to only one form, such as a newspaper.

Professional Suppliers and Consultants: The fourth player in the world of advertising includes artists, writers, photographers, directors, producers, and printers, as well as self-employed freelancers and consultants.

2-8. We discussed five categories of agency jobs. Explain each one and identify where your own personal skills might fit in.

Account Management

The account management department acts as a liaison between the client and the agency. It ensures the agency focuses its resources on the client's needs. The account team summarizes the client's communication needs and develops the basic "charge to the agency." Once the general guidelines for the campaign have been established, the account management team supervises the day-to-day development of the campaign or ad. Account management in a major agency typically has three levels: *management supervisor*, who provides leadership on strategic issues and looks for new business opportunities; *account supervisor*, who is the key executive working on a client's business and the primary liaison between the client and the agency; and the *account executive*, who is responsible for day-to-day activities and operates like a project manager. Sometimes a fourth level may exist—the *account director*, who is above the account supervisor. Because account management is often responsible for providing the entire agency team with vision and direction, persons who possess strong leadership and communication skills and are good at motivating others tend to be highly effective in these positions.

Account Planning and Research

The account planning group gathers all available intelligence on the market and consumers and acts as the voice of the consumer, making recommendations based on the consumer's wants, needs, and relationship to the client's brand. Jobs in this area may be preferred by persons who enjoy the detail-oriented, scientific approach toward problem solving that market research requires.

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Creative Development and Production
A creative group includes people who write (*copywriters*), people who design ideas for print ads or television commercials (*art directors*), and people who convert these ideas into television or radio commercials (*producers*). Persons who are artistic, creative, and possess strong visual-spatial skills are often drawn to this area.

Media Planning and Buying
Agencies that don't rely on outside media specialists have a media department that recommends to the client the most efficient means of delivering the message to the target audience. That department has three functions: research, planning, and buying. This is such a complex task that it is not unusual for some individuals to become experts in certain markets or types of media. Logical thinkers who enjoy mathematical operations would fit well in this arena.

Internal Operations
The departments that serve the operations within the agency include the traffic department, print production, as well as financial services and human resources.
The traffic department is the lifeblood of the agency, and its personnel keep track of everything that happens. Persons working in this area of the agency must have strong organizational skills and enjoy multitasking.

2-9. What major challenges are affecting the current practice of advertising? Discuss why effectiveness is important to advertisers.

One of the biggest challenges impacting the advertising industry is the changing media environment. The big bomb that has fragmented the media world is digital media, which appear in so many different forms that it's impossible to keep up with them. The newspaper industry has been particularly wounded. The new personal media, such as iPhones, iPods, iPads, and Kindles are real game-changers. This has caused the lines to blur between traditional marketing communication functions and tools and their newer technology-driven counterparts.

Another major challenge is the emergence of user-generated content, which got started as a trend in 2009 when CareerBuilder dismissed its agency and took its advertising in-house because they wanted ordinary consumers to create its ads. As a result, the popularity of consumer-generated content as a brand communication tool continues to grow within the industry.

The concern about effectiveness continues. Effective ads are ads that work; that is, they deliver the message the advertiser intended and consumers respond as the advertiser had hoped. Advertising works only if it has achieved its intended objectives. Often, the marketing managers who hire agencies are under pressure from their superiors to defend their advertising expenditures by proving its anticipated effectiveness amongst consumers and positive impact on the company's bottom line. Efficiency is an advantage in this ever-evolving marketing communication world. Agencies that are creative in finding new ways to deliver cost efficiencies have a real advantage in their client dealings.

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DISCUSSION QUESTIONS

2-10. Many industry experts feel that Apple's "1984" commercial is the best television commercial ever made. Watch it online on YouTube.com and analyze how it works. How many of the basic advertising practices and concepts that we introduced in the historical timeline of Figure 2.2 does it demonstrate? Why do you think the experts are so impressed with this ad?

This ad is an excellent example of the principles that accompanied the Creative Revolution, a period marked by the resurgence of art, inspiration, and intuition. The ad used a creative blend of inherent drama, cultural archetypes, and symbols to build an enduring brand. Each of these elements is an indicator of advertising history's Creative Era.

Steve Jobs, Apple's CEO at that time, wanted to launch the Macintosh with an inspiring commercial that was as revolutionary as the product itself. Unlike most advertising, it was neither the most heartwarming spot nor a big laugh getter. However, it fulfilled Mr. Jobs' demand while also setting a new commercial standard for production values and cinematic style in the advertising industry. The ad was clearly effective, since it turned a little-known product into a major brand that continues to thrive. This is why experts were so impressed.

2-11. In class, Mark tells the instructor that all this "history of advertising" stuff is irrelevant. The instructor asks the class to consider why it is important to understand the historical review of advertising definitions and practices. What would you say either in support of Mark's view or to change his mind?

<u>One side</u>: History can teach us some important lessons in advertising. For thousands of years, advertising has been about creating a message and sending it to someone in the hope that he or she will react in a certain way. If the consumers react as the advertiser intended, then the ad is presumed to be effective. This principle still applies in the 21st century. Also, the mercantile definition of advertising, with its emphasis on basic commercial communication, shows us how advertising began centuries ago. A review of the "Identification," "Information," "Promotion," and "Sales" definitions of advertising in this chapter provide additional support for historical significance.

<u>The other side</u>: Although history is always relevant, society and technology have changed so much that we live in a different advertising world today. The components of modern advertising found in this chapter (advertising strategy, creative idea, creative execution, media planning, and buying), tell us much more about business and demographic realities of the 21st century. They recognize that advertising is a complex, sophisticated profession requiring creative strategies and executions based on unique consumer insights. Finally, effective advertising today is increasingly channeled through interactive media that did not exist even a decade ago.

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TAKE-HOME PROJECTS

2-12. ***Portfolio Project***: Leo Burnett, a giant of the advertising industry, always kept a file he called "Ads Worth Saving," ads that struck him as effective for some reason. This was his portfolio of ideas. He explained that he would go through that file, not looking for ideas to copy, but because these great ads would trigger thoughts about how to solve some problem. So, throughout this book, we will invite you to start your own portfolio. In some cases, the assignments will ask you to find good (or bad) work and explain why you evaluate them as you do. In other cases, we'll ask you to actually do something—write, design, propose—or create something that you could take to an interview that demonstrates your understanding of the principles we talk about in this book.

Students should be encouraged to begin their own portfolio, based upon their individual understanding of what makes an advertisement effective, as opposed to ineffective. Because students must employ their own judgment in selecting ads, portfolios will vary widely.

A Facebook Profile: For this first assignment, choose one of the people from the historical discussions in this chapter, someone you believe influenced the development of modern marketing communication. Research this person on the internet and build a personal profile including samples of work if you can find some. Present your report as if it were a Facebook page. Make sure your presentation explains why you believe this person was important.

Historical personalities that could be profiled by students include John E. Kennedy, Albert Lasker, Claude Hopkins, John Caples, Daniel Starch, A.C. Nielsen, George Gallup, Raymond Rubicam, Stanley and Helen Resor, Leo Burnett, David Ogilvy, and William Bernbach.

2-13. ***Mini-Case Analysis***: Every chapter in this textbook opens with an award-winning case. For this assignment you will be asked to analyze why it was effective and, in many cases, come up with ideas for how that campaign could be extended to another year or another market.

Reread the Gatorade campaign that was introduced at the beginning of this chapter and wrapped up at the end of the chapter. Go online and see if you can find any other information about this campaign. What are the strong points of this campaign? Its weak points? Why was it deemed effective? If you were on the Gatorade team, would you recommend that this campaign be continued or is it time to change it? In other words, what happens next? Is there a spin-off? Develop a one-page analysis and proposal for the next year.

Effective ads are ads that work; that is, they deliver the message the advertiser intended and consumers respond as the advertiser had hoped. This campaign successfully delivered PepsiCo's message, which was to reinforce the brand's reputation as a drink that delivered functional benefits (replacement of electrolytes) to serious athletes and exercisers. Consumer response to the campaign was wildly enthusiastic, garnering more than 23 million online viewers across the eight episodes, as well as substantial increases

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in brand awareness, recall, and purchase intent. The campaign's strength rests in its successful integration of its high-risk 'deprivation' strategy with humor and celebrity appeal. Its marketing communication agency, TBWA/Chiat/Day, "helps brands find strategic and creative white space through the power of disruption." When compared with the ads of competitors in this product category, certainly the term 'disruptive' is an accurate descriptor of this campaign. A weakness of the campaign could be that through its 'deprivation' strategy,' it is possibly turning off consumers who buy the beverage just for the taste or to re-hydrate after a long night of partying.

PepsiCo created a spin-off of this brand communication campaign in 2016 that focused upon the excessive consumption of sugar by some consumers. The series, called 'Burn It to Earn It,' features several professional athletes chiding consumers with the message that they must earn the sugar that's in Gatorade. "With sugar being such a hot topic of conversation, especially in the beverage space, we wanted to talk about it head on -- that our product is for athletes; the sugar is functional. It's in there for a reason, to help fuel athletes and we are actually proud of it," said Kenny Mitchell, who oversees the brand's advertising as Gatorade's head of consumer engagement. "We just want to make sure folks are earning it [and] we wanted to make sure that message is clear."

Sources: http://www.tbwachiatdayny.com/ October 23, 2016; Schultz, E.J. "You've Gotta Earn the Sugar, Urge New Gatorade Ads." *Advertising Age Magazine.* Crain Communications. September 22, 2016. Web. October 23, 2017.

TRACE NORTH AMERICA CASE

Read the TRACE case in the Appendix before coming to class.

2-14. In class discuss the following:

1. In what ways does the TRACE case reflect the expanded definition of what advertising is?

2. How does the case illustrate the various roles that advertising campaigns can perform, as well as the role of advertising in the broader area of marketing communication?

2-15. Write a one-page explanation of the campaign.

◆*ADDITIONAL MATERIAL*

ASSIGNMENTS

Individual Assignments

1. Research the Web to locate information about recent winners of various awards, such as the Effie Awards, the Clios, and the Cannes Lion Award. Upon what was receipt of each award based and what are qualities within each ad you think led to its being selected as winner? Use your findings to prepare a brief PowerPoint presentation that could be presented to your class.

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2. Find an example of a marketing communication campaign that utilized user-generated content. Determine why a strategic decision was made to take this approach, how managers went about soliciting and selecting among user content entries, and how the effectiveness of the campaign evaluated. Use your findings to prepare a brief PowerPoint presentation that could be presented to your class.

Think-Pair-Share

1. Compare two of the ten agencies on the A-List in your textbook. Each member of the pair should research an individual agency, and then as a pair, come together to evaluate your findings. Focus on how their philosophies regarding their approach toward their work differ and what makes each stand out as unique in this highly competitive industry. Give a 10-minute presentation to your class that compares and contrasts the two organizations. Culminate your presentation with examples of award winning work from both agencies.

2. Pretend both members of the pair are high-level marketing executives employed by the same company. One of you wants your company to hire the talent needed to create an in-house agency that will develop campaigns for all of your brands. The other adamantly disagrees, arguing that your company should use outside agencies. Present a 10-minute debate to your class, in which each member of the pair argues an opposing point of view. Use information gathered from the internet, as well as your textbook, to buttress your arguments.

OUTSIDE EXAMPLES

1. Go online and view "Emergence of Advertising in America: 1850-1920," a presentation by Duke University. The website can be found at https://repository.duke.edu/dc/eaa. First explore the entire website, and then concentrate on the areas that you find most interesting. Assemble a brief PowerPoint presentation that summarizes what was learned from your exploration. Preferably, you should focus your attention on either a specific time period, a specific company, or a specific publication that is highlighted. Present your findings to the class, either individually or in groups.

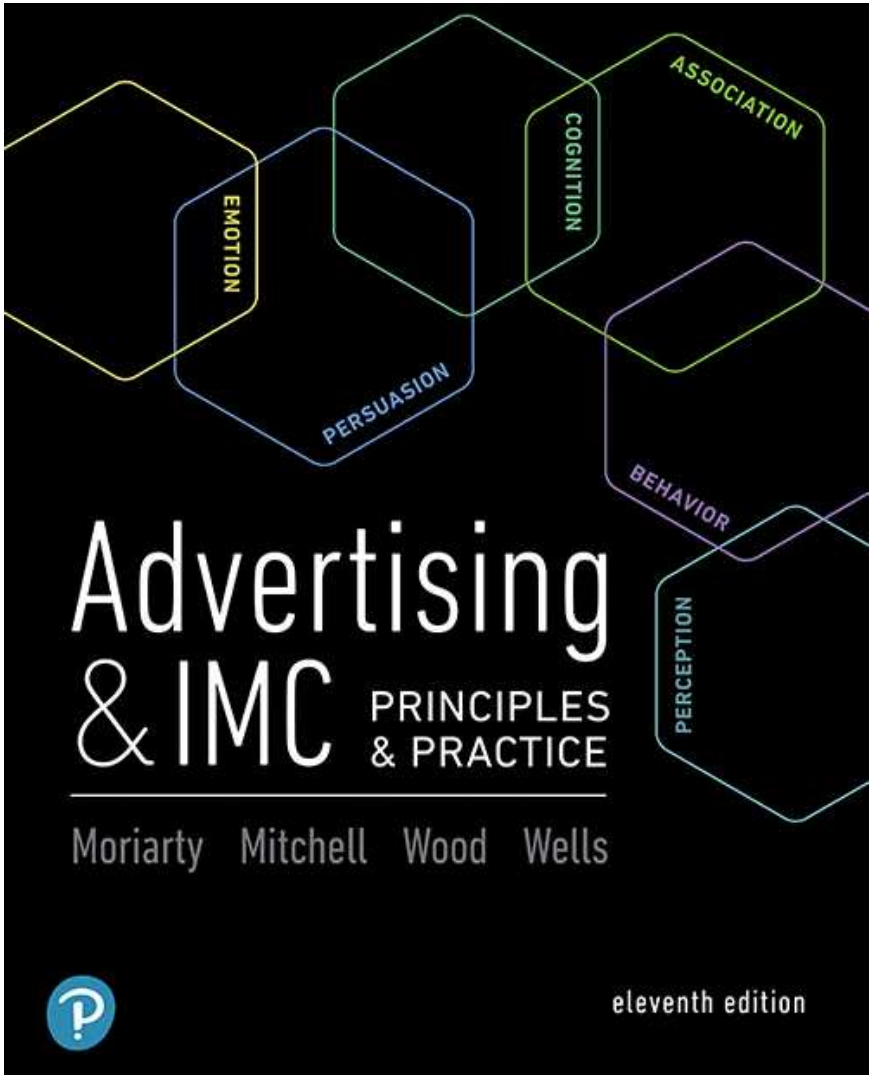
2. Assist your professor in arranging a class visit to a marketing communications agency located in your area. Use this exciting opportunity to learn firsthand how the responsibilities of various professionals employed in this field differ, and how the input of each contributes to the creation of a finalized campaign. After returning to the classroom, reflect upon what you experienced to determine if you would enjoy working as a marketing communications professional.

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Advertising & IMC: Principles & Practice

Eleventh Edition



Chapter 2

Advertising

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Part 1
Principle: All Communications One Voice

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Key Objectives

1. Describe the practice of advertising.
2. Explain the evolution of the key concepts of advertising.
3. Identify the key players and jobs within agencies.
4. Discuss changes in the practice of advertising.

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Chapter Opener: Gatorade Covers all the Bases



No sweat. You just don't make the cut. In the "C-Store" campaign, that's the reason customers who don't reek of athleticism are cut from the Gatorade team and denied the privilege of downing their favorite drink.

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The Practice of Advertising

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What is Advertising?

Advertising is a paid form of persuasive communication that uses mass and interactive media to reach broad audiences in order to connect an identified sponsor with buyers (a target audience), provide information about products (goods, services, and ideas), and interpret the product features in terms of the customer's needs and wants.

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Advertising's Basic Functions

- ***Identification***

  Identifies a product and/or the store where it's sold.

- ***Information***

  New printing technology made commercial messages available to the masses

- ***Persuasion***

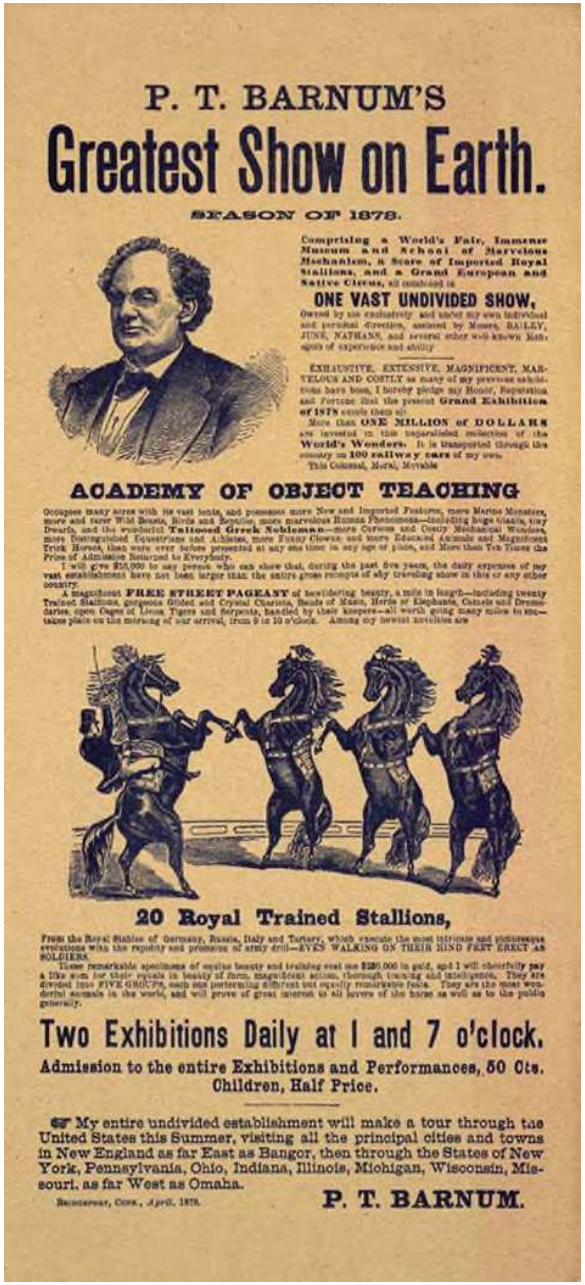
  With widespread marketing, recognizable brand names became more important.

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Advertising: A Different Proposition in the 19th Century

P. T. Barnum was a pioneer in advertising and promotion.

His flamboyant circus posters were more than just hype. What other roles did they perform?



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What are the Key Components of Advertising? (1 of 2)

1. **Strategy**

   The logic behind an advertisement stated in objectives that focus on areas such as sales, emotional appeal, or brand reputation.

2. **Message**

   The concept behind a message and how it is expressed based on consumer insights.

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What are the Key Components of Advertising? (2 of 2)

3. **Media**

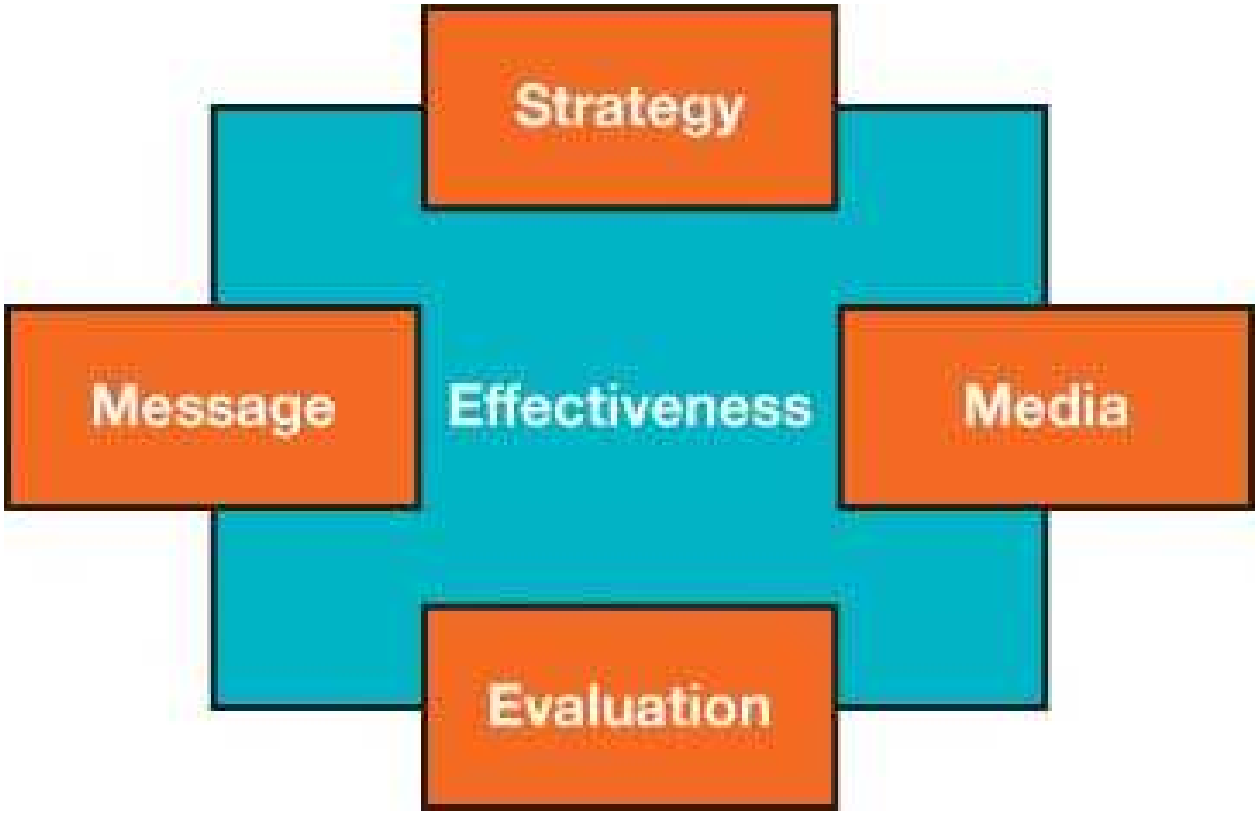
   Targets prospective buyers by matching their profiles to media audiences.

4. **Evaluation**

   Based on strategic objectives and professional standards.

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Figure 2.1: Four Components of Advertising



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Principle (1 of 2)

Effectiveness means meeting the stated objectives, which can be determined only if evaluation is built into the strategy.

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What are the Common Types of Advertising? (1 of 3)

- **Brand advertising**
  - Focused on long-term brand identity and image.
- **Retail or local advertising**
  - Focused on selling merchandise in a geographical area.
- **Direct-response advertising**
  - Tries to stimulate an immediate customer response.

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What are the Common Types of Advertising? (2 of 3)

- **Business-to-business (B2B) advertising**
  - Sent from one business to another.
- **Institutional advertising**
  - Establishes a corporate identity; attempts to win the public over to the organization's point of view.

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What are the Common Types of Advertising? (3 of 3)

- **Nonprofit advertising**
  - Used by not-for-profit organizations to reach customers, members, volunteers, and donors.
- **Public service advertising**
  - Usually produced and run for free on behalf of a good cause.
- **Specialized advertising**
  - Used to address specific areas such as health care, green marketing, international campaigns.

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Brand Advertising

Brand advertising

This ad promotes a brand, Crest Whitestrips, and provides information about the product as well as reasons to buy it.



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Retail Advertising



Retail advertising.

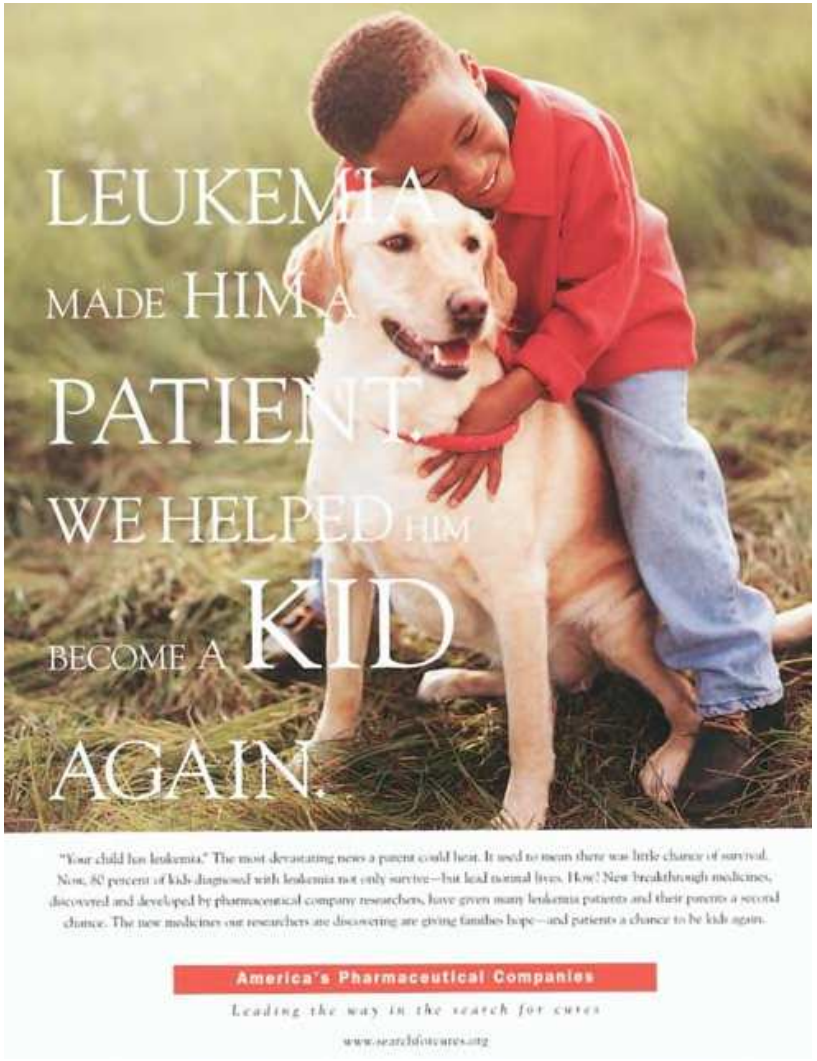
Retailers sometimes advertise nationally, but much of their advertising is targeted to a specific market, such as this direct-mail piece for The Loft.

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Institutional Advertising

Institutional advertising

This ad for a pharmaceutical trade association uses a heart-tugging visual and copy to show consumers the value of producing drugs that help save lives.



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Business-to-Business (B2B) Advertising



Business-to-Business (B2B) advertising

Aflac used its memorable, quirky duck in B2B advertising to create a brand identity and help businesspeople understand how Aflac insurance can be part of an employee benefit package at no direct cost to the company.

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What Roles Does Advertising Perform?

Marketing communication role

- It transforms a product into a distinctive brand by creating a brand image.

Economic and societal roles

- Advertising works to create demand for brands and lower prices for consumers.
- Advertising shapes our self-image and sense of style through things we wear and use.

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Principle (2 of 2)

Advertising generates cost efficiencies by increasing demand among large groups of people, resulting in higher levels of sales, and, ultimately, lower prices.

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Evolution of the Key Concepts of Advertising

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Eras and Ages (1 of 3)

A Time Line of advertising eras and ages:

- **The early age of print: 15th-18th century**

  Mechanization encouraged businesses to advertise beyond their locations.

- **The early age of agencies: 1840s-1890s**

  As advertisers became concerned with creating ads that worked, professionalism took shape.

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Eras and Ages (2 of 3)

- **The scientific era: 1900s-1950s**

  Modern advertising adopted scientific research techniques. Art and science were blended.

- **The creative era: 1960s-1970s**

  The power of agencies exploded, with a resurgence of art, inspiration, and intuition.

- To view some of the most creative advertising ever produced, go to: www.leoburnett.com

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Eras and Ages (3 of 3)

A Time Line of advertising eras and ages:

- **The era of accountability and integration:**

  1970s to present

  Clients want ads that produced sales. The public expects social responsibility. Managers adopted IMC to better coordinate brand communication.

- **The social media era**

  In this new interactive world, consumers generate brand messages and share experiences on social media sites.

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Figure 2.2: Time Line (1 of 3)



This early English ad, written by William Caxton in 1477, is an example of printed ads in the 15th century.

In this1869 ad, George P. Rowell's Ad-Wholesaling agency used testimonial from a satisfied customer to promote the agency.

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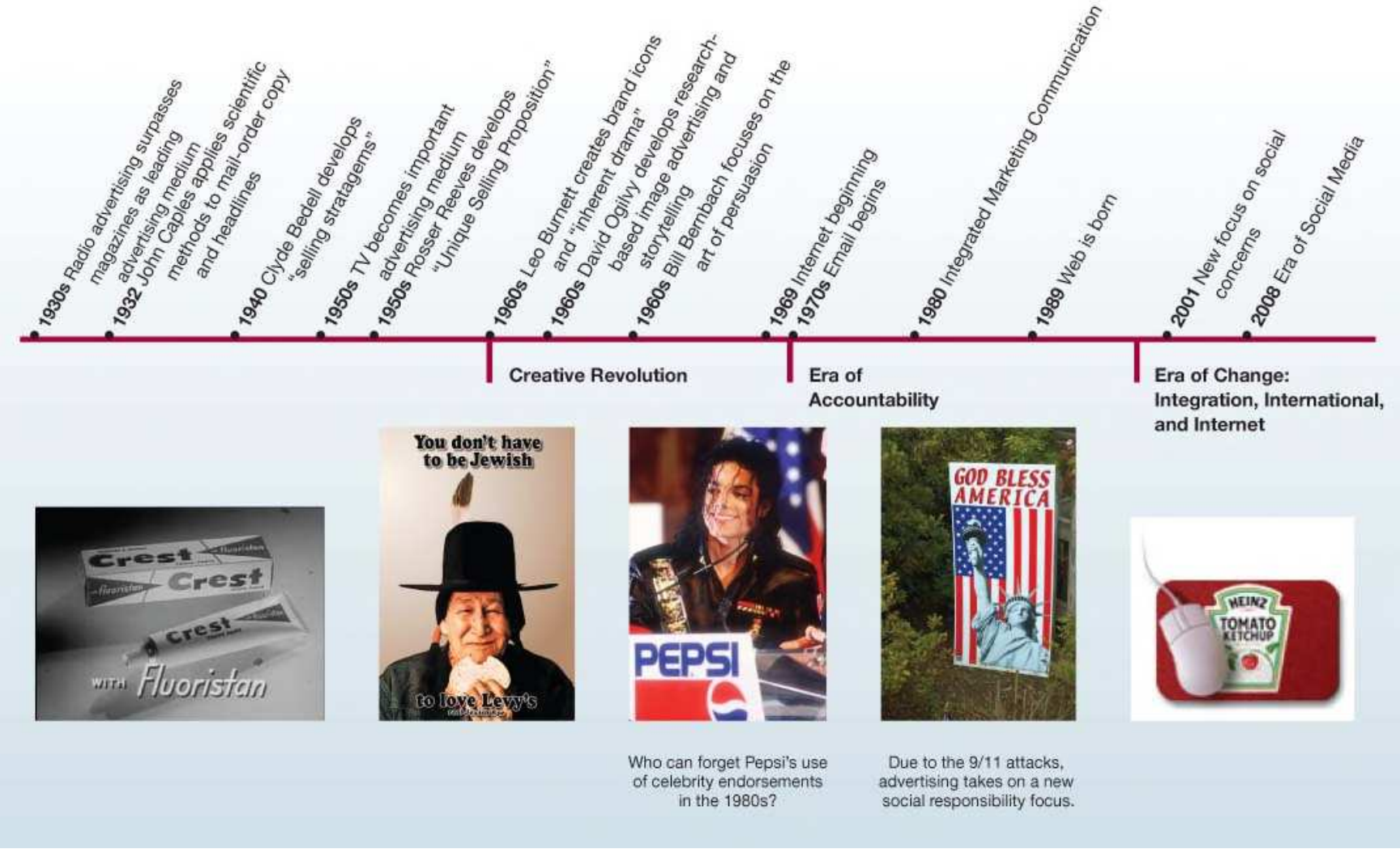
Figure 2.2: Time Line (2 of 3)



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Figure 2.2: Time Line (3 of 3)



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Advertising Used to Promote a Social Cause (1 of 2)



This first ad by H:N Marketing Communication in Reykjavik, Iceland urged people to participate in recycling.

The marketing strategy, concept and platform is “always positive, encouraging, and built around light colors.”

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Advertising Used to Promote a Social Cause (2 of 2)

This second ad by H:N Marketing Communication in Reykjavik, Iceland urged people to participate in recycling.

The marketing strategy, concept and platform is “always positive, encouraging, and built around light colors.”



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The Advertising World

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Modern Advertising Comes of Age

The creative power of agencies exploded in the 1960s and 1970s, a period celebrated by the *Mad Men* television show and marked by the resurgence of art, inspiration, and intuition.

Largely in reaction to the emphasis on research and science, this revolution was inspired by three creative geniuses: Leo Burnett, David Ogilvy, and William Bernbach.



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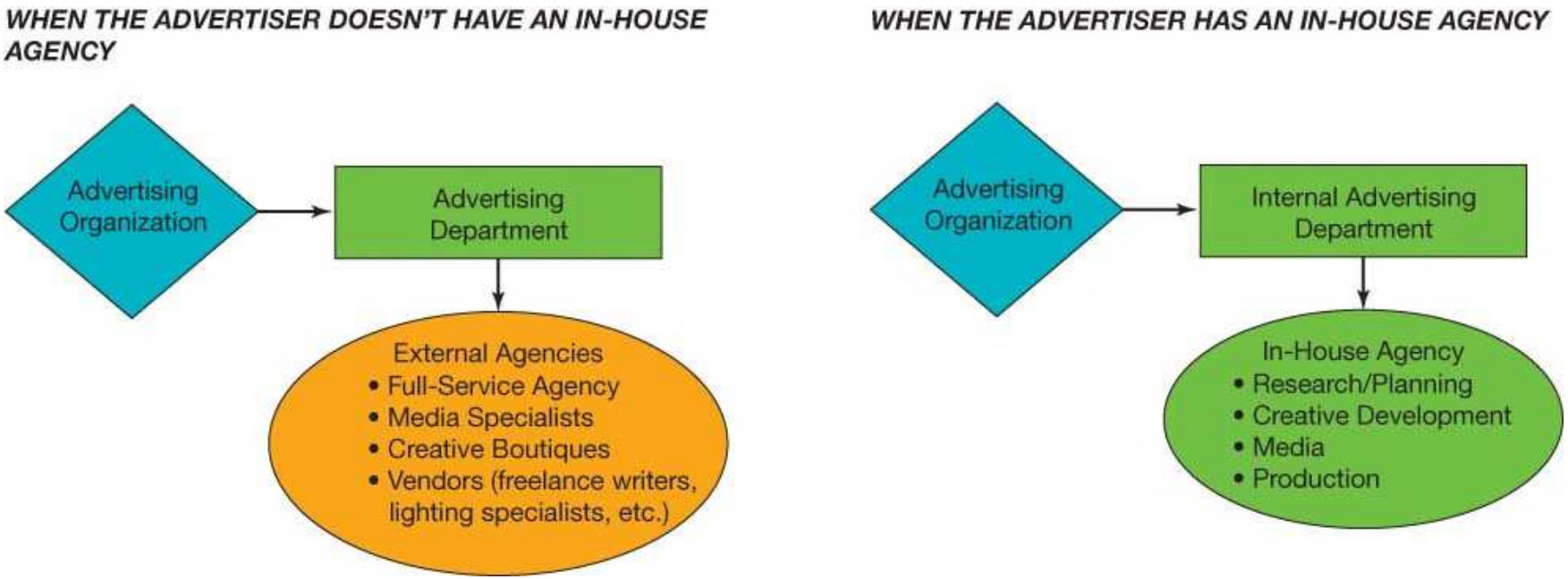
Who are the Key Players? (1 of 5)

The organization

- The message sponsor or advertiser.
- Likely to employ a marketing team that initiates the advertising effort.
- Hires the advertising agency.

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Figure 2.3: Two Advertising Organization Structures



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Who are the Key Players? (2 of 5)

The advertising agency

- Creates, produces, and distributes the messages.
- Employs experts who are passionate about their work.
- Negotiates the best media deals for clients.

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Who are the Key Players? (3 of 5)

The media

- Channels of communication that deliver messages and engage audiences.
- Many are large media conglomerates such as Time Warner and Viacom.
- The mass media enable advertisers to reach many people with a single message in a cost-efficient manner.

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Who are the Key Players? (4 of 5)

Professional suppliers and consultants

- Provide specialized services to advertisers and agencies.
- Includes artists, writers, photographers, producers, printers, and vendors who supply user-generated content online



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Who are the Key Players? (5 of 5)

- An outside supplier may be useful because:
  - the advertiser may not have specialized expertise.
  - their people may be overloaded with work.
  - they may want a fresh perspective.
- In the new world of digital media, **consumer-generated** content is supplied by the consumer, often via social media.

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Advertising is a Team Effort











Advertising relies on the expertise of many different people, such as television producers, graphic designers, photographers, printers, and musicians.

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Types of Agencies (1 of 4)

- **Full-service agencies**
  - Encompasses account management, creative services, media planning, and account planning.
- **In-house agencies**
  - Is a part of the advertiser's organization
  - Helps to manage costs and control brand image.

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Types of Agencies (2 of 4)

The A-list of advertising agencies

Here are a few of them to explore:

- Droga5
- R/GA
- Anomaly
- 72andSunny

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Types of Agencies (3 of 4)

- **Specialized agencies**

  Specialize in certain functions, audiences, industries or markets.

- **Creative boutiques**

  Small agencies that work only on the creative execution of an idea or product.

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Types of Agencies (4 of 4)

- **Media-buying services**

  Specialize in the purchase of media for clients

- **Agency networks and holding companies**
  - Large conglomerations of agencies under a central ownership
  - One or more agency network, usually with multiple offices

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How are Agencies Paid? (1 of 2)

Three main sources:

1. **Commissions:** based on media billings.
2. **Fees:** based on an hourly rate or project. Also covers travel and various expenses.
3. **Retainers:** A regular amount billed each month, based on projected work.

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How are Agencies Paid? (2 of 2)

Two recent trends:

1. **Performance incentive:** the agency is paid a percentage of the client's sales or marketing budget.
2. **Value billing:** the agency is paid for its creative and strategic ideas rather than for executions and media placements.

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Key Players and Jobs within Agencies (1 of 3)

The five main areas:

1. Account management
2. Account planning and research
3. Creative development and research
4. Media research, planning, and buying
5. Internal operations

Let's take a look at each one……

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Key Players and Jobs within Agencies (2 of 3)

Account management

- This team acts as a liaison between the client and agency.
- The account executive interprets the client's marketing research, strategy for the agency.

Account planning and research

- This team gathers market intelligence and acts as the voice of the consumer.
- Strategic specialists research consumers' wants, needs and brand relationships.

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Key Players and Jobs within Agencies (3 of 3)

Creative development and production

- Includes copywriters, art directors, and producers.

Media research, planning, and buying

- Provides research, planning, buying services.

Internal operations

- Includes traffic, print production, finance, human resources.

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Collaboration is the Key

- Agencies may have people in specialized roles, but collaboration is still the basic organizing principle.
- Employees must collaborate across disciplines in planning strategies and searching for new marketing and advertising ideas.

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Changes in the Practice of Advertising

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Consumer Takes Control

- The days of pounding people with images, shoving them down their eyeballs are over.
- User-generated content creates valuable brand publicity.
- Consumers have taken control of media and marketing through digital and social media.

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Weakened Media and Blurred Lines

- Television is still a major player, but the number of cable channels has exploded.
- Digital media has fragmented the media world with new, ever-changing forms.
- Agencies must take a stronger leadership role in the development of brand strategy.

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Interactive Communication and Real-Time Advertising

- Brands do still send messages, but so do consumers.
- Brand stewards must now be listeners and responders as well as senders.
- Managers listen through research, customer service comments and social media.

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Effectiveness

- Agencies must create advertising that delivers results, and then prove its effectiveness once completed.
- Effective ads deliver the intended message, and consumers respond as the advertiser hoped they would.

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The Effie Awards

- Industry awards showcase the best in advertising and marketing communication.
- The Effie Award is given for the most effective ads.

As a class: check it out here.

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Other Advertising Award Shows

- Canada's Cassie Award
- Cannes Lions Award
- Silver Anvil Award

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Integrated Marketing Communication (IMC) (1 of 2)

The first principle of IMC:

"Everything communicates!"

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Integrated Marketing Communication (IMC) (2 of 2)

- IMC is all about integration.
- IMC is the primary approach for total brand communication.
- Brand messages must complement one another and present the same basic brand strategy.

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Looking Ahead

- We will introduce you to practices that generate effectiveness and results.
- We'll end each chapter with the results of the campaign that introduced the chapter.
- This chapter has provided an introduction to many of the basic concepts of advertising.
- We'll continue that introduction of principles and practices in public relations in Chapter 3.

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It's a Wrap (1 of 2)

"Manning Says You Don't Get It If You Don't Sweat It"

- Gatorade's "Sweat It to Get It" campaign broke Gatorade viewership records.
- It became the most watched Gatorade online series, garnering more than 23 million views.



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It's a Wrap (2 of 2)

"Manning Says You Don't Get It If You Don't Sweat It"

Key lessons:

- In addition to the celebrity factor, the humorous content worked well with teen and young adult athlete audiences.
- Featuring real customers as participants placed the audience at the center of the story.



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