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Correct answers located at the end of the chapter.

TRUE/FALSE - Write 'T' if the statement is true and 'F' if the statement is false.

1) Integrated marketing communications involves strategically coordinating and integrating brand messages across all consumer contact points.
   - ◎ true
   - ◎ false

2) Advertising is more effective when it is guided by a firm's overall IMC program.
   - ◎ true
   - ◎ false

3) An advertisement promoting a new electric car is an example of advertising that promotes a service.
   - ◎ true
   - ◎ false

4) A magazine that displays an advertisement for a line of cosmetics is an example of a medium.
   - ◎ true
   - ◎ false

5) The term "mass media" includes print media only. The other media are part of general media.
   - ◎ true
   - ◎ false

6) The ultimate goal of the marketing process is to build a strong brand image.
   - ◎ true
   - ◎ false

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7) A firm's advertising strategy will help determine who the targets of advertising should be, in what markets the advertising should appear, and what goals the advertising should accomplish.
   - ◎ true
   - ◎ false

8) The U.S. economy is based on the concept of free-market competition.
   - ◎ true
   - ◎ false

9) One of the functions of advertising as a marketing tool is to build value, brand preference, and loyalty.
   - ◎ true
   - ◎ false

10) One of the basic functions of advertising is to communicate information about the product, its features, and its location of sale.
   - ◎ true
   - ◎ false

11) The preindustrial age extended from the beginning of recorded history until around 1700.
   - ◎ true
   - ◎ false

12) Benjamin Franklin opposed the use of advertising.
   - ◎ true
   - ◎ false

13) During the industrial age, manufacturers were primarily concerned with production rather than marketing.
   - ◎ true
   - ◎ false

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14) For Americans, the profession of advertising began when Francis Ayer formed an ad agency in Philadelphia in 1869.
- ◎ true
- ◎ false

15) In the early 1900s, public schooling played an important role in forming a reading public able to understand print ads.
- ◎ true
- ◎ false

16) The golden age of advertising ended shortly after World War II.
- ◎ true
- ◎ false

17) Wheaties is using product differentiation when it calls its cereal the "Breakfast of Champions."
- ◎ true
- ◎ false

18) A product's USP is the feature that differentiates it from competitive products.
- ◎ true
- ◎ false

19) Product differentiation is a strategy used to identify groups of people or organizations with certain shared needs and characteristics.
- ◎ true
- ◎ false

20) Kay Jewelers used a positioning strategy when it adopted the slogan "Every Kiss Begins With Kay®."
- ◎ true
- ◎ false

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21) Demarketing, which was popular in the industrial age, is no longer used today.

- ◎ true
- ◎ false

22) Sales promotion is a more cost-effective marketing communication tool than advertising.

- ◎ true
- ◎ false

23) Advertisers must use the Internet to engage in narrowcasting.

- ◎ true
- ◎ false

24) As a social force, advertising has helped improve the standard of living in the United States.

- ◎ true
- ◎ false

25) In 1914, Congress passed the Federal Trade Commission Act to protect the public's health and control drug advertising.

- ◎ true
- ◎ false

MULTIPLE CHOICE - Choose the one alternative that best completes the statement or answers the question.

26) The term integrated marketing communications means

- A) developing a long-term marketing strategy.
- B) communicating marketing information to a target audience.
- C) linking the sales and communication departments in a firm.
- D) training a sales force to use proper marketing skills.
- E) coordinating a firm's brand messages from a variety of sources.

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27) _____is a paid, mediated form of communication from an identifiable source, designed to persuade the receiver to take some action, now or in the future.

A) Marketing
B) Sales promotion
C) Advertising
D) Feedback
E) Message channeling

28) Which word best describes advertising?

A) free
B) spontaneous
C) persuasive
D) unsponsored
E) unemotional

29) Advertising is considered a nonpersonal form of communication because it is most often

A) a form of communication that is not mediated.
B) free to those who view the advertisement.
C) a sponsor-driven strategy.
D) meant to inform rather than persuade.
E) directed to groups of people rather than individuals.

30) When Michelle buys a pair of shoes and Linda purchases a copy of the *Chicago Tribune*, both are acting as

A) sponsors.
B) consumers.
C) advocates.
D) marketers.
E) adopters.

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31) Which organization is most likely to use a public service announcement (PSA)?
A) The American Heart Association
B) Golds Gym
C) American Stock Exchange
D) Expedia.com
E) Whole Foods

32) Which is an example of a good?
A) a dental examination
B) a visit to the dog groomer
C) golf clubs
D) a manicure
E) a car warranty

33) Which is the best example of a service?
A) a new set of free weights at the gym
B) a splint to treat a sports injury
C) a seminar on how to plan for retirement
D) wrapping paper sold at a school fundraiser
E) canned goods donated to a food pantry

34) Which would most likely be considered a Public Service Announcement (PSA)?
A) Apple recalling laptops to correct manufacturing defects
B) T-Mobile promoting a new data plan with unlimited texting
C) Best Buy advertising year-end discounts and clearance items
D) Habitat for Humanity showing local homes being built
E) a local Jeep dealer providing the address of its new showroom

35) Which statement about word-of-mouth advertising is true?
A) It is not a communication medium.
B) It is not an advertising medium.
C) It is a highly effective paid form of advertising.
D) It is becoming an advertising medium because of social media.
E) It has a structured form and generally predictable results.

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36) Advertising reaches us through various channels of communication, referred to as
A) feedback.
B) media.
C) encoding tools.
D) exchanges.
E) schedules.

37) Of all the business functions,_____ is the only function whose primary role is to attract revenue.
A) finance
B) operations management
C) human resource management
D) marketing
E) accounting

38) _____is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.
A) Management
B) Advertising
C) Production
D) Logistics
E) Marketing

39) The 4Ps of the marketing mix are
A) product, price, place, and promotion.
B) product, people, process, and promotion.
C) people, price, place, and product.
D) product, process, people, and production.
E) place, people, product, and process.

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40) In achieving the firm's marketing goals, the_____ strategy attempts to refine the target audience and define what response the advertiser is seeking.
A) advertising
B) marketing
C) marketing mix
D) product differentiation
E) positioning

41) _____forces have driven the growth of advertising since its earliest beginnings and helped to make it one of the hallmarks of the free enterprise system.
A) Culture
B) Ethics
C) Economic
D) Literacy
E) Socialism

42) Which statement demonstrates that people tend to act in their own self-interest?
A) The more information buyers and sellers have, the more efficient the competition.
B) A wide variety of sellers encourages market-responsive products.
C) A wide variety of buyers helps sellers find customers.
D) People always want more—for less.
E) Externalities are social costs.

43) As a marketing tool, advertising is primarily used to
A) create unfair advantages among competitors.
B) encourage buyers to compare prices.
C) control viral commercialization.
D) increase product use.
E) create feedback.

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44) Governments often use taxation and/or regulation to compensate for or eliminate the social cost when the sale or consumption of products may benefit or harm other people who are not involved in the transaction and did not pay for the product. Which fundamental assumption of a market-driven society does this practice relate to?
A) many buyers and sellers
B) absence of externalities
C) presence of opportunity costs
D) self-interest
E) complete information

45) During the preindustrial age, most advertisements took the form of signs with symbols such as a tea kettle indicating a restaurant because
A) most people were illiterate and could not read.
B) most firms could not afford more sophisticated advertisements.
C) local laws prohibited advertising in newspapers.
D) most churches would not approve other forms of advertising.
E) signs and symbols were considered lucky.

46) The period in the evolution of advertising that extended from the beginning of recorded history to roughly the start of the nineteenth century was called the
A) sales era.
B) positioning age.
C) industrial age.
D) industrializing age.
E) preindustrial age.

47) Which age in the evolution of advertising was characterized by the Chinese inventing paper, Johannes Guttenberg inventing the printing press, and the *Boston Newsletter* beginning to carry advertisements that appealed to American colonists?
A) preindustrial age
B) industrial age
C) golden age
D) postindustrial age
E) global interactive age

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48) What did the first newspaper ad advertise?
A) a new edition of the Bible
B) a piece of land
C) a reward for stolen horses
D) a religious service
E) a traveler's inn

49) In the history of advertising,_____ made possible the first advertising formats: posters, handbills, signs, and newspapers.
A) the quill pen
B) the printing press
C) silk screening
D) laser engraving
E) etching machines

50) Benjamin Franklin was the first American to
A) use illustrations in ads.
B) use color printing in a newspaper.
C) use copy in ads.
D) eliminate headlines from ads.
E) minimize white space in ads.

51) During the_____ age, manufacturers were principally concerned with production, and the primary burden of marketing fell on the wholesalers.
A) preindustrial
B) industrial
C) golden
D) postindustrial
E) global interactive

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52) Which statement best describes how Volney B. Palmer influenced advertising?
A) In 1729, he became the first to use "white space" and illustration in ads.
B) In 1841, he set up the first professional advertising agency in the United States.
C) In 1869, his advertising agency became the first to prepare ads for manufacturers.
D) In 1888, he founded the *Printer's Ink* magazine.
E) In 1912, he became the first advertising agent to reach $2 million in sales.

53) What role did the firm N. W. Ayers & Sons play in the history of U.S. advertising?
A) It was the first printer to use illustrations in its ads.
B) It was the first manufacturer to use national advertising.
C) It was the first ad agency to charge a commission based on the "net cost of space."
D) Its advertising claims were the first criticized by the Food & Drug Administration.
E) It published the first colonial newspaper with advertisements for local businesses.

54) Who penned the book *Scientific Advertising*?
A) Francis Ayer
B) Claude Hopkins
C) Volney B. Palmer
D) Albert Lasker
E) N. W. Ayer

55) Beginning in the 1840s,_____ permitted advertising on a national scale with high-quality reproduction.
A) magazines
B) newspapers
C) handbills
D) direct mailings
E) store signs

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56) Why is 1896 considered an extremely important year for direct mail advertising and mail-order selling?
A) Advertising agencies were allowed to charge commissions for their services.
B) The U.S. Post Office was created.
C) The Office of Consumer Affairs guaranteed that consumers could return products that did not meet their needs.
D) The Federal Communications Commission took control of all mail order and direct mail advertising.
E) The federal government inaugurated rural free mail delivery.

57) What occurred near the end of the nineteenth century and accelerated the usage of print ads by manufacturers?
A) World War I ended.
B) Global advertising agencies formed.
C) Newspaper advertisements decreased in cost.
D) The United States reached a 90 percent literacy rate.
E) English was established as the official language of the United States.

58) With respect to the evolution of advertising in the United States, the_____ age started at the end of World War II and lasted until about 1979.
A) preindustrial
B) postindustrial
C) industrial
D) golden
E) global interactive

59) The term_____ best explains why most automobile manufacturers produce similar products yet consumers have preferences for specific brands.
A) market segmentation
B) market formatting
C) product differentiation
D) strategic marketing
E) product segmentation

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60) During the_____, companies turned to market segmentation, identifying unique groups of people whose needs could be addressed through specialized products.
A) early advertising age
B) golden age
C) preindustrial age
D) industrial age
E) postindustrial age

61) When Whole Foods Market uses the phrase "Our purpose is to nourish people and the planet" to appeal to consumers who want high quality and organic food with respect to the environment and the farmers, it is using the strategy of
A) market segmentation.
B) agricultural advertising.
C) personal selling.
D) positioning.
E) puffery.

62) A decade after World War I ended, a significant event occurred that caused consumer sales resistance, corporate budget cutting, and a sharp reduction in advertising expenditures. This event was
A) the imposition of a personal income tax by the federal government.
B) the defeat of Germany and its default on loans granted by the Allies.
C) the stock market crash and the beginning of the Great Depression.
D) the creation of the World Bank, which made loans available to state and federal banks.
E) strong challenges to the consumer credit system as established by the federal government.

63) Which term refers to the distinctive benefits that make a product different from any other?
A) perceptual value
B) unique selling proposition
C) economic differential
D) economic advantage
E) benefit segmentation

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64) To differentiate its coffee from that produced by other coffee manufacturers, Blue Bottle Coffee advertises that unlike many other brands, all its coffees exceed specialty-grade standards and the majority of it is certified organic. This commitment to market a specific type of coffee is an example of a(n)

A) perceptual value.
B) unique selling proposition.
C) economic differential.
D) economic advantage.
E) differential value.

65) Which is the largest advertising medium in terms of advertising revenues?

A) the Internet
B) newspapers
C) magazines
D) television
E) radio

66) _____is a process by which marketers identify unique groups of people whose needs can be addressed through more specialized products.

A) Product segmentation
B) Targeted diversification
C) Demarketing
D) Market segmentation
E) Market aggregation

67) A Quinceañera is a celebratory rite of passage for Latina girls when they turn 15. In the United States, some teen-oriented magazines, such as *Seventeen,* have begun including articles and publishing special guides focused on the Quinceañera. This is an example of a_____ strategy.

A) product segmentation
B) targeted diversification
C) demarketing
D) market segmentation
E) market aggregation

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68) A_____ is an effective way to separate a particular brand from its competitors by associating that brand with a particular set of customer needs that rank high on the consumer's priority list.
A) logistical strategy
B) universal sales promotion
C) positioning strategy
D) market aggregation strategy
E) promotional mix

69) When it was introduced to the American market, the Patagonian Toothfish, otherwise known as Chilean Sea Bass, became wildly popular. Demand for the fish led to overfishing and the population of Chilean Sea Bass dwindled to dangerously low levels. An effort to restore the fish stock was led by the "Take a Pass on Chilean Sea Bass" campaign, which discouraged consumers from eating the fish and encouraged restaurants to take it off their menus. This campaign was an example of
A) demarketing.
B) a unique selling proposition.
C) un-branding.
D) a differentiation strategy.
E) agricultural advertising.

70) The_____ age, which began around 1980, started a period of cataclysmic change.
A) industrial
B) preindustrial
C) golden
D) postindustrial
E) global interactive

71) _____is a type of marketing used to slow down the demand for certain products, such as energy-consuming goods.
A) Market segmentation
B) Demarketing
C) Environmental advertising
D) Eco-marketing
E) Cause marketing

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72) During a drought in the southeastern United States, marketing campaigns were implemented to encourage consumers to use less water by increasing rates and issuing fines to those who used more than their fair share. A marketing effort such as this would best be classified as
A) market segmentation.
B) eco-marketing.
C) demarketing.
D) ethical marketing.
E) cause marketing.

73) What era of advertising was characterized by a concerted effort on growth and acquisitions leading to megamergers?
A) industrial
B) preindustrial
C) golden
D) postindustrial
E) global interactive

74) The Cold War ended with the collapse of the Soviet Union, and Western companies and financiers began to invest heavily in what were once called the Warsaw Pact countries. Big multinational companies and their advertising agencies went on a binge, buying other big companies and adding a new term for this process to the financial lexicon. This term was
A) partnering.
B) capitalism.
C) oligopoly.
D) megamerger.
E) gigantism.

75) Since pickleball is a fairly new sport in the U.S., a manufacturer of pickleball racquets is choosing only to advertise to consumers whose cities have installed pickleball courts for its residents. In doing so, the manufacturer is using_____ to determine where to advertise.
A) positioning
B) demarketing
C) product differentiation
D) market aggregation
E) market segmentation

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76) What type of strategy is being used by a car rental agency when it describes itself as "the only rental company with door-to-door service" to emphasize that the company will deliver cars to customers' at their homes or place of business?
A) market penetration
B) target differentiation
C) positioning
D) market segmentation
E) sales promotion

77) Two related economic factors characterized the marketing world of the late 1980s and early 1990s in the United States. One of those factors was
A) an aging upper management that led to a lack of innovation.
B) a growing burden of debt, which forced governments to increase business taxes.
C) the implementation of affirmative action policies.
D) the aging of traditional products and a corresponding growth of competition.
E) the development of strong consumer trust.

78) During the 1980s, many companies begin using more sales promotions because sale promotions
A) took advantage of social media.
B) reached a broader audience than advertisements.
C) were more cost-effective than advertisements.
D) added value to brands.
E) used celebrity endorsements to advantage.

79) Which term describes how cable networks devote entire channels to food, home repair, golf, history, or animals?
A) mass marketing
B) two-way media
C) relationship marketing
D) narrowcasting
E) broadcasting

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80) Which statement best describes how the growth of new media has affected traditional media?
A) New media have massively disrupted traditional media, such as newspapers, by costing them advertising revenue.
B) As new media have grown more popular, they have earned far more advertising revenues than traditional media.
C) New media grew sharply at first but proved to be a short-lived fad that did not affect traditional media.
D) The new media have merged with traditional media like newspapers and prevented them from closing.
E) New media have had no effect at all on traditional media.

81) Which is a social benefit of advertising?
A) It facilitates freedom of the press and promotes more complete information.
B) It discourages economic competition.
C) It emphasizes consumerism over other values.
D) It perpetuates longstanding stereotypes.
E) It exposes people to thousands of commercial messages daily.

82) _____,an important historical figure in the founding of modern advertising, defined advertising as "salesmanship in print, driven by a reason why."
A) Francis Ayer
B) Claude Hopkins
C) Volney B. Palmer
D) Albert Lasker
E) N. W. Ayer

83) _____occur when a brand is featured in a show, story, book, recording, or film in exchange for compensation of some kind.
A) Product placements
B) Advertising placements
C) Product advertisements
D) Marketing placements
E) Product promotions

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84) In the movie *Top Gun,* Tom Cruise wore Ray-Ban sunglasses, sparking an increase in sales of the glasses. This is most likely an example of
A) a product placement.
B) an advertising placement.
C) a product advertisement.
D) a marketing placement.
E) a product promotion.

85) When a seller is the only provider of a product or service, it can force consumers to pay high prices (this is why we have antitrust laws). This is called a(n)
A) externality.
B) absence of externalities.
C) monopoly.
D) market-responsive product.
E) self-interest strategy.

86) Which statement reflects a function and effect of advertising as a marketing tool?
A) to decrease product use
B) to identify products as similar to each other
C) to lower the overall cost of sales
D) to lower the overall cost of marketing
E) to deter distribution of the product

87) _____, introduced in 1839, added credibility and a new world of creativity to advertising.
A) Marketing strategy
B) Graphic design
C) The printing press
D) Photography
E) The typewriter

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88) Following the 1929 stock market crash and beginning of the Great Depression, Daniel Starch, A. C. Nielsen, and George Gallup founded groups to study consumer attitudes and preferences. These companies started a whole new business: the_____.

A) marketing research industry
B) advertising research industry
C) research strategy industry
D) consumer research industry
E) consumer quality industry

89) An increase in the damage caused by hurricanes in Florida in recent years has caused insurance rates to rise, even in states that don't have hurricanes. This describes a(n)_____ that may result in harm to people who haven't purchased property in Florida.

A) free-market limitation
B) economic surety
C) ethical dilemma
D) public nuisance
E) externality

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

90) What is integrated marketing communications?

91) Define advertising.

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92) What is the definition of marketing?

93) Briefly describe the 4Ps of the marketing mix.

94) One of the principles of free-market economics is that our market-driven society believes in "complete information." What does this mean?

95) What are the fundamental assumptions of free-market economics that a market-driven society strives to achieve?

96) What is the most basic function of branding?

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97) Which technical innovations of the Industrial Revolution assisted the advertising industry?

98) What important development in the history of advertising was brought about by Johannes Gutenberg?

99) What was the role of Francis Ayer in the evolution of advertising?

100) Describe how advertising fits into the marketing process.

101) Differentiate between marketing strategy and advertising strategy.

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102) List and briefly describe the four fundamental assumptions of free-market economics.

103) How has the Coca-Cola Company gone about achieving the most basic function of branding?

104) Describe how advertising evolved during the preindustrial age.

105) Describe who bore the burden of marketing in the industrial age.

106) Describe how advertising evolved during the industrial age.

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107) How did the spread of public schooling in the United States affect the advertising industry?

108) Why did advertisers during the mid-twentieth century believe every advertisement must point out their product's unique selling proposition?

109) Explain the following statement: "As a social force, advertising has been a major factor in improving the standard of living in the United States."

110) In the 1990s and early 2000s, cable transformed television from the most widespread of mass media to a more specialized, narrowcasting medium. How has more recent fast Internet service empowered an even more revolutionary change?

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Answer Key

Test name: Chapter 01

1) TRUE
2) TRUE
3) FALSE
4) TRUE
5) FALSE
6) FALSE
7) FALSE
8) TRUE
9) TRUE
10) TRUE
11) FALSE
12) FALSE
13) TRUE
14) FALSE
15) TRUE
16) FALSE
17) TRUE
18) TRUE
19) FALSE
20) TRUE
21) FALSE
22) TRUE
23) FALSE
24) TRUE
25) FALSE
26) E
27) C
28) C
29) E
30) B
31) A
32) C
33) C
34) D
35) D
36) B
37) D

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38) E
39) A
40) A
41) C
42) D
43) D
44) B
45) A
46) E
47) A
48) C
49) B
50) A
51) B
52) B
53) C
54) B
55) A
56) E
57) D
58) D
59) C
60) B
61) D
62) C
63) B
64) B
65) D
66) D
67) D
68) C
69) A
70) D
71) B
72) C
73) D
74) D
75) E
76) C
77) D

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78) C
79) D
80) A
81) A
82) D
83) A
84) A
85) C
86) C
87) D
88) A
89) E
90) Essay
91) Essay
92) Essay
93) Essay
94) Essay
95) Essay
96) Essay
97) Essay
98) Essay
99) Essay
100) Essay
101) Essay
102) Essay
103) Essay
104) Essay
105) Essay
106) Essay
107) Essay
108) Essay
109) Essay
110) Essay

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CHAPTER ONE
WHAT IS ADVERTISING?

The main objectives in this chapter are to define integrated marketing communications (IMC) and advertising and to distinguish advertising from other forms of marketing communications. Students will also learn about the functions and effects of advertising in free economies and study the history of advertising in the United States. Finally, students will begin to develop an appreciation of some of the ways advertising has influenced our society.

Learning Objectives

LO 01-01 **Define** integrated marketing communications and explain its importance.
LO 01-02 **Clarify** how advertising differs from other forms of marketing communications.
LO 01-03 **Explain** the role advertising plays in business and marketing.
LO 01-04 **Illustrate** the functions of advertising in a free-market economy.
LO 01-05 **Discuss** how advertising evolved with the history of commerce.
LO 01-06 **Describe** the impact of advertising on society.

TEACHING TIPS AND STRATEGIES

Using the Opening Vignette in the Classroom

Discuss the Wendy's Twitter campaigns and ask students why they think they were so successful.

Ask students to consider how Wendy's successfully used integrated marketing communications to promote its products and to offer opinions about: (1) Why the company uses platforms such as Twitter and *Fortnite* and not traditional television advertisements? (2) How the goals of the IMC campaign differ from the goals of the old "Where's the Beef?" campaign? and (3) What the Twitter campaign demonstrates about the nature of IMC?

Students should begin to focus on two important issues: (1) the reasons IMC, particularly with social media, might be better at reaching a younger audience and (2) the critical need to coordinate the various parts of an IMC campaign so that they work together.

It might be interesting to start considering the financial ramifications of using IMC instead of advertising alone. Is IMC inherently cheaper because of its greater reliance on social media? Or does the use of IMC simply change how advertising dollars are used?

Other Tips and Strategies

Whatever their majors, students tend to find advertising interesting because they have been viewing ads all their lives. A simple yet effective way I've found to help students develop a more

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sophisticated perspective on ads is to call on them in class to identify and describe their favorite ads. This simple activity helps to accomplish several important things. First, because it is an enjoyable and easy activity for students, it works as a great icebreaker. Students quickly jump in with mentions of their favorite ads, and this process of sharing elicits a lot of laughing and merriment. As students observe their own reactions and those of other students, they begin to recognize how much they enjoy advertising when it is done well. Finally, the activity allows for follow-up questions, such as "Why do you like that one?" and "What makes that ad effective for you?" that encourage students to reflect a bit more deeply about how effective advertising works. At subsequent points in the semester, you might refer back to this activity as you more deeply explore the issues surrounding advertising effectiveness.

To activate learning, I suggest starting the class with a discussion of Mercedes-Benz. Ask the students if Mercedes cars are good cars. Students will likely say that Mercedes cars are *great* cars. Then ask students, should a Mercedes really cost $30,000 more to buy than a typical car? This leads to a discussion of who put the image of Mercedes as high-end products in our minds. Advertisers! Build on that idea with students and introduce them to the idea that brand image and perception usually stem from advertising.

I then ask if advertising influences everything we buy. Students will tend to debate both sides. Some students will maintain that advertising does not influence them in any way. I then write the following brands on the board (please adapt these to fit your style):

- Rolex
- Timex
- Nabisco
- Pepperidge Farm
- Nike
- Adidas

I ask the students to tell me which ones are high-end or low-end brands. I then go down the list, writing beside each brand "high-end" or "low-end." This facilitates a discussion of how we know this information and who put the idea in our minds that Rolex is better than Timex (Does that mean surgeons only use Rolexes in complex procedures?). This is a great way to transition into discussing the communication process between the company and the customer. You will also want to discuss different methods of advertising, such as word of mouth, television, and radio. It is also a good opportunity to discuss the consumer and the different media used to learn about a company, product, or service.

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Students start questioning what they are hearing and seeing in their surroundings. I like to ask students to then do a special project. I ask them to write down all the brand references they see in the first 10 min of waking in the morning. I have students bring this list to class, and they are quite amazed at how many different brand references they see in the morning. For example, "When I open my eyes, I see GE on the alarm clock. In the bathroom, I see Crest on the toothpaste, Oral-B on the toothbrush, Price Pfister on the faucet, Kohler on the sink, etc."

This exercise helps students understand how hard it is for companies to get their names out in the marketplace due to all the "noise" and competition for consumers' attention. This leads to a discussion of how many TV channels and streaming apps the typical home has now. The answers will vary from 50 to 500 per home. I then go over how in the early 1980s it was typical for consumers to have only 10 or 15 channels. This affects advertisers in different ways. Most likely, with the advent of so many different viewing options, we are not necessarily creating more TV viewers. To put this in lay terms, let's pretend for a moment that CBS has a million viewers. Then five additional channels are launched. This affects CBS by dropping them to 800,000 viewers, and the other five new channels get the remaining viewers. This is called cannibalization: as television and radio add more and more channels, the universe (the number of audience members) is not growing at the same rate. For an advertiser this is a serious dilemma, because now they have to advertise on five to 10 stations (or more) to get the same results they used to get from one station.

This chapter will explain to students the evolution of advertising. It is important for students to understand that although advertising started in the 1700s, it did not really become an everyday occurrence until the late 1800s in America. Many people believe it is because Americans were not as focused on consumption as they are now.

There are a number of approaches one can take to discuss the evolution of advertising in the United States. The traditional approach is to focus on the developments within the advertising industry. Show students *Ad Age*'s timeline of how advertising started in America.

Reviewing older ads with students is also both informative and entertaining. In the 1900s, ads were very wordy. Back then, people read a lot more than they do today. This is because radios and television sets have not yet become standard possessions. Newspapers and magazines were consumers' ways of catching up on the latest news. Advertisers used to make ads look like newspaper articles to help sell products or services.

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Remind students that the advent of television allowed many consumers, for the first time, to actually hear and see a product or service. This really helped to change advertising, and the resulting television commercials have helped to sell billions of dollars of products through the years. I also try to encourage students to see the challenge faced by people working in agencies as they struggled to discover effective ways to write and produce for new media. This point can be amplified by showing early commercials from the 1950s and contrasting them with more current examples (such as old Coca-Cola ads with their newer versions).

In the 1970s, there were three television stations: NBC, ABC, and CBS. Manufacturers could advertise on these three stations and reach enormous numbers of consumers for a fair price. With the advent of cable, satellite, and the internet, there are more choices for consumers than ever before. Now we have millions of people watching television, but instead of watching three channels, they are watching several hundreds, reducing the impact of television advertising.

Web Resources

Advertising Age Historical Timeline	https://adage.com/article/special-report-the-advertising-century/ad-age-advertising-century-timeline/143661
Ads of the World	http://adsoftheworld.com
AdRants: A blog about advertising	http://www.adrants.com
Ad*Access: John W. Hartman Collection	https://repository.duke.edu/dc/adaccess
Forbes: The 8 Keys to Successful Branding	http://www.forbes.com/sites/mattsymonds/2012/05/30/the-8-keys-to-successful-branding-why-mad-men-and-bourbon-are-not-going-to-cut-it
AdFreak: A blog about the best and worst of advertising, branding, and design	https://www.adweek.com/category/adfreak

Video Resources

PSA about texting and driving	https://youtu.be/rClJW9gnchc
It's On Us: Sexual Assault PSA	https://youtu.be/wNMZo31LziM
Coke 1971 Hilltop ad	https://youtu.be/1VM2eLhvsSM
Coke 1979 Mean Joe Green ad	https://youtu.be/xffOCZYX6F8
Ford 1950s commercial (example of unique selling proposition and market segmentation)	https://youtu.be/kmzlbkhyCJ4
Secret 2000 deodorant commercial (example of market segmentation)	https://youtu.be/LOdK_sJGfFA
AHA Vintage Anti-Smoking PSAs (example of demarketing)	https://youtu.be/GLT36rS0XO4

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Connect Exercises
Advertising Today: Wendy's Advertising Evolution
Subway and IMC: Becoming a Multichannel Marketer
GoFuel Functions of Advertising
When Less Is More: Demarketing

Pedagogical Features
My Ad Campaign 1-A: Overview
My Ad Campaign 1-B: Tools for Teamwork

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LECTURE OUTLINE

I. Vignette: Wendy's

This gives an introduction to the world of advertising. It includes an example of an integrated marketing campaign from Wendy's using Twitter and *Fortnite*.

My Ad Campaign 1-A: Overview

Welcome to My Ad Campaign, a valuable feature of this text. My Ad Campaign should be useful in any of the following situations:

- Your instructor has asked students in your class to work on part or all of an ad campaign, either individually or in groups.
- You are doing an internship and want practical advice on how to help your internship sponsor.
- You want to try to apply the concepts and ideas that you are reading about in this book to the real world.

Instructors approach advertising projects differently. No matter which approach your instructor takes, the good news is that developing an advertising campaign follows a similar path. The My Ad Campaign feature is designed to help guide you through the process.

Let's begin with a definition. An ad campaign involves the creation and placement of a series of strategic communications that are unified by an underlying theme or core message.

The My Ad Campaign topics are listed below. You may find it useful or necessary to jump around as you develop your own campaign.

1. Overview/Tools for Teamwork
2. Your Campaign Assignment
3. Understanding What Your Client Wants
4. Segmenting the Audience
5. Understanding Your Customer and Product
6. Conducting Marketing and Advertising Research
7. Situation Analysis, Objectives, and Budgets
8. The Creative Brief
9. Developing the Creative Product
10. Magazine and Newspaper Advertising
11. Television and Radio Advertising
12. Digital Interactive Media
13. Out-of-Home, Direct Mail, and Specialty Advertising
14. Developing Media Objectives and Strategies
15. Developing a Plans Book
16. Blogging/The Client Presentation

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II. What Is Advertising?

Many people simply refer to all commercial messages as "advertising," but in fact, these various tools are collectively called **marketing communications**. Advertising is just one of these tools.

Advertising is defined as:

1. Structured and composed.
2. Nonpersonal, or mass, communication of information.
3. Usually paid for.
4. Delivered through various media.
5. Usually persuasive to get the audience to do something and often promotes products.
6. By identified sponsors.

Advertising includes six core components:

1. **Advertising** is a structured form of communication that uses verbal and nonverbal elements to fill predetermined space and time formats that are controlled by the sponsor.
2. Advertising is nonpersonal communication of information because it is directed at groups rather than individuals. These people could be **consumers**, who buy products for their personal use, or businesspeople, who buy products for their businesses.
3. Advertising is usually paid for by sponsors who are identified in the ad. An exception is some charitable sponsors whose **public service announcements (PSAs)** are carried at no charge.
4. Advertising is mediated, meaning between a source and a receiver there is a channel of communication referred to as a **medium**, such as radio advertising, television advertising, Instagram ads, Google ads, and so on. Personal communication about products or **word-of-mouth (WOM) advertising** is a communication medium, but it has not generally been considered an advertising medium until recently. The popularity of social media is forcing advertisers to reconsider this belief. Historically, advertisers have used **mass media** (the plural of medium), such as radio, TV, newspapers, magazines, and out-of-home media such as billboards. Other types of media include:
   a. Addressable media (direct mail)
   b. Interactive media (Snapchat)
   c. Nontraditional media (specialty advertising, event sponsorship, or direct mail)

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5. Advertising is usually persuasive in nature—it is designed to change a belief or attitude, usually to motivate people to do something. Advertising promotes tangible **goods** (e.g., oranges, iPads, and olive oil), publicizes intangible **services** (e.g., bankers, beauticians, bike repair shops), and advocates a wide variety of **ideas** (concepts based on economics, politics, etc.). In this book, the term **product** encompasses goods, services, and ideas.
6. Advertising identifies its sponsors (whereas public-relations activities often refrain from open sponsorship).

✓Check Yourself 1-1

1. What are the six key components of the definition of advertising?
   Advertising is:
   - a type of communication
   - typically directed at groups of people rather than individuals
   - paid for by sponsors
   - carried to audiences via a medium
   - intended to be persuasive in promoting a product
   - associated with an identified sponsor
2. Which of these components do product placements not fulfill?
   Product placements are often made to look natural and unobtrusive so the sponsorship is not identified, leaving audiences unsure that they are seeing a promotion.

CONNECT EXERCISE: Advertising Today: Wendy's Advertising Evolution
Activity Summary: This activity is designed to aid students in differentiating between advertising and integrated marketing communications (IMC). In the exercise, students watch three videos of different promotions for Wendy's. One is an advertisement from their 1980s, classic "Where's the Beef?" campaign. The other two videos show Wendy's more recent promotions, which reflect their IMC approach. This is followed by multiple-choice questions regarding how and why Wendy's advertising changed.
Type: Video Case
Learning Objectives:
01-01 Define integrated marketing communications and explain its importance.
01-02 Clarify how advertising differs from other forms of marketing communications.
Difficulty Level: 1 Easy; 2 Medium
Blooms: Remember; Apply
AACSB: Knowledge Application; Reflective Thinking; Analytical Thinking
Follow-Up Activity: Instructors could ask students to find examples of brands that have evolved from a focus strictly on advertising to an IMC approach and to provide examples of these brands' IMC efforts.

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III. The Role of Advertising in Business

A. Business organizations are typically classified under three broad categories:
   1. Operations (R&D, production/manufacturing)
   2. Finance/administration
   3. Marketing

   Marketing is the only one whose primary role is designed to attract revenue.

B. What Is Marketing?
   1. **Marketing** is:
      a. the activity, set of institutions, and processes.
      b. for creating, communicating, delivering, and exchanging offerings.
      c. that has value for customers, clients, partners, and society at large.
   2. Marketing is a process, a sequence of activities, aimed at profitably satisfying consumer needs.
   3. The process is typically broken down into the 4P's of the **marketing mix**: developing *products*, *pricing* them strategically, distributing them to customers at appropriate *places*, and *promoting* them through sales and advertising activities.

C. Advertising and the Marketing Process
   1. Advertising helps a company achieve marketing goals. So do market research, sales, and distribution. These other marketing specialties affect the kind of advertising a company uses. An effective advertising specialist should have a broad understanding of marketing to know what type of advertising to use in a given situation.
   2. The **marketing strategy** will help determine who the targets of advertising should be, the markets in which the advertising will appear, and the goals advertising should help accomplish. The **advertising strategy**, in turn, will refine the target audience and define what response the advertiser is looking for.
   3. Marketing is a set of exchanges that create value for the parties involved. At a broader level, such exchanges create an **economy**, so it is helpful to consider the economic dimension of advertising and how it has evolved as both an economic and a societal tool.

✓Check Yourself 1-2

1. What is the ultimate goal of marketing?
   The ultimate goal of the marketing process is to profitably exchange products with customers who need or want them.
2. What are the 4P's of the marketing mix, and under which does advertising fall?
   The 4P's are developing *products*, *pricing* them strategically, distributing them to customers at appropriate *places*, and *promoting* them through sales and advertising activities.
3. What guidance does marketing strategy give to advertising planning?

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It helps determine who the targets of advertising should be, in which markets the advertising will appear, and what goals the advertising should accomplish.

CONNECT EXERCISE: Subway and IMC: Becoming a Multichannel Marketer
Activity Summary: In this activity students learn about a real-world example of the importance of integrated marketing communications and the need to reach customers through online and mobile media. They first watch a video describing how Subway came to recognize the importance of modernizing its means of reaching its customers and the steps the company took to adopt a consumer-centric approach and achieve this. They then answer a series of multiple-choice questions about what they have learned.
Type: Video Case
Learning Objectives:
01-01 Define integrated marketing communications and explain its importance.
01-04 Illustrate the functions of advertising in a free-market economy.
01-05 Discuss how advertising evolved with the history of commerce.
Difficulty Level: 1 Easy; 2 Medium
Blooms: Apply; Understand
AACSB: Knowledge Application; Analytical Thinking
Follow-Up Activity: Instructors should ask students to identify brands that they feel have adapted their practices to exhibit a more consumer-centric approach. Task students with identifying specific practices the business or brand has adopted that show this adaptive approach.

IV. Economics: The Growing Need for Advertising

Economic forces have driven the growth of advertising since its beginnings and helped to make advertising one of the hallmarks of the free-enterprise system. Today business and advertising are undergoing dramatic changes. To understand the nature of these changes and why they are taking place, we look at how advertising has evolved.

A. Principles of Free-Market Economics

The United States and some other nations embrace economic practices that are often called capitalism. Capitalism is based on the idea of free-market competition. Market-driven societies try to achieve four fundamental assumptions of free-market economics:

1. *Self-interest*—People and organizations look out for their own interests, and people usually want more for less. Companies are formed to offer products and services that help people acquire things they value. Firms are motivated to do so because successful companies earn enough revenue to generate a profit and reward employees, owners, and shareholders.
2. *Complete information*—The more information buyers and sellers have about what products are available, at what quality, and at what prices, the more efficient the competition and the more likely that exchanges will satisfy.

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3. *Many buyers and sellers*—A wide range of sellers ensures that if one company does not satisfy customer needs, another company can try to do so. A wide range of buyers with different needs helps companies find customers who are interested in their unique products. In contrast, when a seller has a monopoly (it is the only provider), it can force consumers to pay high prices.
4. *Absence of externalities* (social costs)—The sale or consumption of products sometimes unintentionally affects persons not involved in the transaction. In some cases, governments regulate transactions to reduce such **externalities**. Examples include restrictions on the sale or consumption of products that can cause harm (tobacco and second-hand smoke; car fuel economy requirements).

B. Functions and Effects of Advertising in a Free Economy
For any business, advertising performs a variety of functions. The history of Coca-Cola illustrates this.
1. Identify products and differentiate them from others through **branding**.
2. Communicate information about the product, its features, and its location of sale.
3. Induce customers to try new products and to suggest reuse.
4. Stimulate the distribution of a product.
5. Increase product use.
6. Build value, brand preference, and loyalty.
7. Lower the cost of sales.

✓Check Yourself 1-3

1. What are the seven functions of advertising as a marketing tool?
   - Identify products and differentiate them from others.
   - Communicate information about the product, its features, and its place of sale.
   - Induce consumers to try new products and to suggest reuse.
   - Stimulate the distribution of a product.
   - Increase product use.
   - Build value, brand preference, and loyalty.
   - Lower the overall cost of sales.
2. Provide an example of each function from the history of Coca-Cola.
   - Identify products and differentiate them from others: Coca-Cola created a distinctive logo and bottle shape.
   - Communicate information about the product, its features, and its place of sale: Pemberton and Robinson added the word *drink* before the product name on signs in the front of drugstores where it was sold.
   - Induce consumers to try new products and to suggest reuse: Asa Candler mailed out thousands of coupons for free drinks to get people to try Coca-Cola.
   - Increase product use: Company executive persuaded the government to give troops Coca-Cola during World War II, creating a loyal customer base.

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- Stimulate the distribution of a product: Coca-Cola established bottling plants around the world.
- Build value, brand preference, and loyalty: Coca-Cola advertising has consistently spread the message that Coca-Cola makes life's relaxing moments even better.
- Lower the overall cost of sales: Coca-Cola has sought out the most cost-effective advertising, such as buying commercials during highly watched TV programs.

CONNECT EXERCISE: GoFuel Functions of Advertising

Activity Summary: This activity explores how well students understand the function, ethics, and economics of advertising in free-market economies. It does so by presenting them with a case study of an oil company. GoFuel has had an oil spill and wishes to use advertising to address the accident. Students then answer multiple-choice questions about how GoFuel can most effectively use advertising in this case and what ethical and legal pitfalls it faces in doing so.

Type: Case Analysis

Learning Objectives:

01-02 Clarify how advertising differs from other forms of marketing communications.

01-04 Illustrate the functions of advertising in a free-market economy.

01-06 Describe the impact of advertising on society.

Difficulty Level: 1 Easy; 2 Medium

Blooms: Remember; Understand; Apply

AACSB: Analytical Thinking; Reflective Thinking

Follow-Up Activity: Students could be assigned into small groups and tasked with developing advertisements for GoFuel's campaign. Instructors should remind students to consider the functions of advertising while creating their ads.

V. The Evolution of Advertising as an Economic Tool

For most of human history, people struggled to meet basic survival needs. Exchange was limited to bartering in small, isolated communities. Limited quantities of goods and the absence of mass media meant there was no need or opportunity for advertising.

A. Early Advertising

When people learned to farm, civilized living became possible. Having a stable food supply led to cities, which were centers of commerce and trade. The creation of money made exchanges relatively simple. The need to call attention to products and services led to the earliest advertising, which usually took the form of shop signs, many of which used symbols rather than words. This period, the **preindustrial age**, for Western civilization extended from the beginning of recorded history until roughly the start of the 19th century. During this period, important developments that led to modern advertising included:

1. The Chinese invented paper, and Europe produced its first paper mill in 1275.

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2. In the 1440s, Johannes Gutenberg invented the printing press in Germany. The printing press is the most important development in the history of advertising because it changed the way people communicated, lived, and worked. Previously, people relied only on oral communication, and most were illiterate.
3. The invention of printing led to advertising in the form of posters, handbills, and signs, then eventually to the first mass-medium—newspapers.
4. In 1472, the first ad appeared in English, a handbill.
5. By the early 1700s, the Western world's population had grown to 600 million, and the concentration of population in some major cities made volume advertising possible.
6. In the American colonies, the *Boston Newsletter* started carrying ads in 1704.
7. Benjamin Franklin made ads more readable by using large headlines and ample white space. Franklin was the first American to use illustrations in ads.

B. The Industrial Age and the Birth of Agencies

The Industrial Revolution began in the late-1700s, and by the early 1800s, it had spread to North America. During this period, important developments that led to modern advertising included:

1. Machinery led to mass production of goods with uniform quality.
2. Large companies increased their productivity.
3. It cost individuals less to buy a product than to make it themselves.
4. People left farms to work in the city, which caused urban growth.
5. Better transportation—the railroad and the steamship—made it possible to distribute products beyond the local market where they were produced.
6. Mass consumption increased the need for mass-marketing techniques such as advertising to inform markets of the availability of products.
7. These changes collectively led to the **industrial age**, which lasted roughly until the end of World War II (1945).
8. During this period, manufacturers were mainly concerned with production.
9. Advertising to consumers was up to local retailers and large mail-order catalog companies like Montgomery Ward and Sears Roebuck.
10. The profession of advertising began in 1841 when Volney B. Palmer opened a business to buy large volumes of advertising space at discount rates and then resell it to advertisers at a higher rate.
11. In 1869, Ayer & Sons became the first agency to charge a commission based on "net cost space."
12. Technological advances added to advertisers' toolkit: photography, telegraphs, telephones, typewriters, phonographs, and motion pictures aided communication.
13. In 1840, magazine advertising began.
14. In 1896, the U.S. government inaugurated free rural mail delivery, and direct-mail advertising and mail-order selling flourished.

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15. Public schooling increased literacy to 90%, meaning most people could read print ads.
16. The United States entered the 20th century with a national marketing system propelled by advertising.
17. In the 1920s, after World War I, the war machine returned to peacetime production. Society became driven by the consumption of products.
18. Claude Hopkins wrote *Scientific Advertising* in 1923. It proposed a basic copy strategy of a preemptive product claim repeated loudly and often.
19. Radio was born, offering immediacy, expanded audiences, and new types of ads.
20. New markets developed for new, inexpensive brands of consumer luxury and convenience goods referred to as **consumer packaged goods**.
21. Each brand sought to sell the product on its own special qualities. **Product differentiation** began emphasizing that products were different because of quality, variety, and convenience.
22. In October 1929, the stock market crashed and the Great Depression began. Advertising expenditures plummeted.
23. Advertising focused on research to improve its effectiveness to survive.
24. Began studying consumer attitudes and preferences.

C. The Golden Age of Advertising

The **golden age** lasted from the end of World War II (1945) until about 1979. The U.S. economy was strong, having emerged relatively unscathed from the war. During this period, important developments that led to modern advertising included:

1. In 1941, the mass medium of television was introduced. It became the largest advertising medium in terms of revenues.
2. In the prosperous late 1940s and early 1950s, consumers tried to climb in social status by buying more and more modern products. Ads focused on product features that conveyed social acceptance, style, luxury, and success.
3. Giant advertising agencies emerged.
4. Rosser Reeves introduced the idea that every ad must highlight the product's **unique selling proposition (USP)**, the features that differentiate it from its competitors. As all advertisers adopted USP, consumers started to find it difficult to see anything as unique.
5. Strategy changed to **market segmentation**—a process whereby marketers search for unique groups of people whose needs could be addressed through more specialized products.

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6. Increased competition led to the positioning era in the 1970s. **Positioning** strategies proposed that what really mattered was how a brand ranked against its competition. Positioning separated a particular brand from its competitors by associating that brand with a particular set of consumer needs. In addition, advertising professionals who had worked for Procter & Gamble and Colgate-Palmolive began to teach international clients how to do mass marketing.

D. The Postindustrial Age

The **postindustrial age** began around 1980. People became aware of the negative effects of consumption on the environment and worried about dependence on vital natural resources. Notable moments in history include:

1. Energy producers used advertising to ask people to slow consumption; people were asked to not run clothes washers during peak times, for example.
2. **Demarketing** refers to the method any company or organization uses advertising to request consumers to refrain from use of that product for a particular reason (e.g., products not considered energy efficient, tobacco, alcohol).
3. The end of the Cold War opened untapped markets in former Warsaw Pact states, and companies wanted to expand internationally. Agencies began consolidating and going global in megamergers.
4. European and Asian advertising agencies grew. A British advertising agency—Saatchi & Saatchi—became the largest in the world and bought out many U.S. agencies.
5. Then the global economy went into recession, mergers stopped, and business management turned to the theories of Total Quality Management (TQM) to cut costs and increase efficiency.
6. Marketing in this period was characterized by (1) the aging of traditional products, with corresponding growth in competition and (2) the growing affluence and sophistication of the consuming public.
7. Growing international trade fueled competition, which provided consumers with more choices, higher quality, and lower prices.
8. Newly affluent consumers wanted to spend money on products that represented who they aspired to be. By the mid-1980s, ads had become aimed at the “me” generation.
9. The U.S. economy slowed, and clients trimmed their ad budgets, turning to more cost-effective **sales promotion** alternatives (coupons, direct mail, and direct marketing). By 1990, advertising had lost 25% of its share of the marketing budget to other forms of marketing communications.
10. Clients demanded better results from their promotional dollars; small, imaginative agencies won accounts away from big agencies. Even such major clients as Coca-Cola defected.

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11. Newspapers, magazines, and TV networks all lost advertising dollars. The advertising agency business lost more than 13,500 jobs; about 40 magazines ceased publication.
12. By the mid-1990s, U.S. marketers began to shift dollars back to advertising to rebuild value in their brands. Fueled by the latest mass medium—the internet—ad spending increased every year from 1994 to 2000.
13. In 2001, a series of economic setbacks contributed to a record decline in advertising activity. The terrorist attacks on September 11 of that year also curbed marketing and advertising.
14. By 2005, U.S. advertising expenditures had more than recovered from the 2001 decline.
15. However, technological changes (including the explosion of the internet), evolving lifestyles, new fears over security, and rising costs had permanently changed the advertising industry.

E. The Global Interactive Age: Looking at the 21st Century
1. The rest of the world has, in many respects, caught up to North America. Recent estimates of worldwide advertising expenditures outside the United States exceed $400 billion per year.
2. The importance of advertising in individual countries depends on that country's level of development and national attitude toward promotion.
3. Many eastern European countries now encourage private enterprise and realize the benefits of advertising. China has become the third-largest market for media spending.
4. New media developments include transformation of television to a more specialized, **narrowcasting** medium.
5. Fast internet service is bringing about an even more revolutionary change: TV on demand. Viewers find it convenient and preferable to stream what they want, when they want, through **cable cutting**.
6. Watching video via the internet is called OTT (over-the-top).
7. Digital technology, such as personal computers, smartphones, tablets, and smart devices give advertisers new media for reaching consumers.
8. Recent years have also seen the widespread use of social media. Advertisers have reallocated spending to engage social media audiences.
9. The growth of new media has disrupted traditional media. The newspaper industry has been particularly hard hit with a steep decline in ad revenue, causing several high-profile papers to fold.
10. Even capitalism itself has come under scrutiny. The 2016 presidential campaign of Bernie Sanders demonstrated that many young people are open to the idea of socialism. The impact of this trend on advertising, and capitalism, remains to be seen.

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11. In the 2020s, two issues have impacted advertising. The murder of George Floyd, which has led to changes in the representation of Blacks in media; and the global pandemic.
12. Companies are now realizing that their most important asset is their customer and the relationship they have with that person or organization. Companies are trying to do a better job of relationship marketing by being consistent in what they say and do. They realize they must integrate all their marketing communications with everything else they do.

CONNECT EXERCISE: When Less Is More: Demarketing

Activity Summary: This activity is important because advertisers need to be aware of the variety of advertising messages consumers are exposed to and how they might be called on to create messaging to grow or reduce consumption of a good. The goal of this activity is to apply your understanding of the principles of advertising to an advertising campaign.

Type: Case Analysis

Learning Objectives:

01-01 Define integrated marketing communications and explain its importance.
01-02 Clarify how advertising differs from other forms of marketing communications.
01-04 Illustrate the functions of advertising in a free-market economy.
01-05 Discuss how advertising evolved with the history of commerce.

Difficulty Level: 1 Easy; 2 Medium

Blooms: Apply; Evaluate

AACSB: Knowledge Application; Analytical Thinking

✓Check Yourself 1-4

1. What are the four identified periods in the history of Western civilization and what key developments characterized each period?
   - The Preindustrial Age: Farming led to a food surplus; cities were established; some people were able to work at crafts; trade developed.
   - The Industrial Age: Machinery led to mass production of goods with uniform quality. Large companies increased their productivity. People left farms to work in the city, which caused urban growth. Population growth and urbanization led to increased demand for goods. Better transportation made it possible to distribute goods beyond the local market where they were produced.
   - The Postindustrial Age: People became aware of the dangers of consumption for the environment and worried about dependence on vital natural resources. The end of the Cold War opened up untapped markets in former Warsaw Pact states. The economy became more global.

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- The Global Interactive Age: Many other countries have caught up to North America. Eastern European countries now encourage private enterprise. China's economy may be as large as America's. Technology has changed rapidly, including the explosion of the internet, the widespread use of mobile communications devices such as smartphones, and the pervasive use of social media.

2. Explain how one development during each period impacted the evolution of advertising.

- The Preindustrial Age: Most people could not read, so advertising consisted of signs with symbols.
- The Industrial Age: Mass consumption increased the need for mass-marketing techniques such as advertising to inform markets of the availability of goods.
- The Postindustrial Age: One result of the rise in environmental concerns was demarketing, efforts to reduce consumption of some scarce resources.
- The Global Interactive Age: Companies are now trying to do a better job of relationship marketing by being consistent in what they say and do. They realize they must integrate all their marketing communications with everything else they do.

My Ad Campaign 1-B: Tools for Teamwork

1. Advertising agencies look for at least three qualities in the people they hire: talent, knowledge, and the ability to work well with others.
2. Your campaign assignment may be the first time you have worked on a group project. If so, you will discover that working on a team is very different from doing a project on your own.
   a) First, you will need to coordinate everything that you do.
   b) Second, you will be sharing work.
   c) Third, consider the importance of leadership in a group.
   d) Finally, everyone is accountable. Talk to your professor about whether they expect peer evaluations or some other means of assessing differences in group member effort and performance.
3. Many internet tools are now available to help improve the coordination of teams. These include email, document sharing sites like Google Docs, calendar programs for staying organized, research tools, and websites devoted to promoting ways to work with others.

VI. Society and Ethics: The Effects of Advertising

A. Helped improve the standard of living in the United States and elsewhere around the world.
B. Encourages increased productivity by both management and labor.
C. Enables us to communicate information about ourselves through products we buy.

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D. Imbues products with personality.
E. Financial support of advertising fosters the free press and the growth of nonprofit organizations.
F. Advertising has struggled with issues of truthfulness and ethics.
G. In 1906, Congress passed the Pure Food and Drug Act to protect the public and control drug advertising. In 1914, it passed the Federal Trade Commission Act to protect the public from unfair business practices.
H. Advertising practitioners themselves formed groups to improve advertising, promote professionalism, and safeguard the integrity of the industry.
I. In the 1970s, customer movements sprang up to combat dishonesty.
J. Today, attention has shifted to more subtle problems in advertising: puffery, advertising to children, the advertising of legal but unhealthy products, and advertising ethics.
K. On a broader scale, the industry is taking steps to deal with the issue that it lacks diversity.

✓Check Yourself 1-5

1. What are some of the social needs that are served by advertising in the United States?
   Advertising has (1) been a major factor in improving standards of living and (2) supplied income to mass media, thereby facilitating freedom of the press and promoting more complete information.
2. What are some of advertising's societal shortcomings?
   Issues surrounding advertising include charges that it (1) struggles with issues of honesty and ethics and (2) engages in puffery, targets children, and promotes unhealthful products.

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