

Comm 1101 Chapter 13 Notes

Advertising: The Media Support Industry

- Advertising- Any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor.
 - Paid- Advertisers might own the media in which ads appear, but they are still paying for the ads in the sense that they pay for the paper in the newspaper or the transmitter at the broadcast station.
 - Nonpersonal- Distinguishes advertising from in-person selling.
 - Presentation/Promotion- Used in the definition of advertising to make sure that entertaining messages, as well as informative and persuasive ones, are recognized as ads.
 - Ideas/Goods/Services- Reminds us that advertising is not limited to commercial products but can also be used to sell ideas.
 - Identified Sponsor- Reminds us that we generally know who placed the ad and what that person or group is selling.

A Brief History of Advertising

- Handbills- The first printed advertisements; announcements on single sheets of paper.
- Advertising comes to America
 - Trade Advertising- Business-to-business promotions.
 - Consumer Advertising- Ads directed to the retail customer.
 - *Boston News-Letter*- Appeared in 1704 and carried ads that were similar in format to today's classifieds.
 - Display Ads- Print ads that include artwork and fancy typefaces to capture the reader's attention.
 - Trade Cards- Illustrated cards with a business message on one side and artwork on the other.
- Ads and the Industrial Revolution
 - Creation of mass demand
 - Railroads 1869
 - Diffusion of innovations
- The Advent of Advertising Agencies
 - Ad Broker- A liaison between advertisers and newspapers.
 - Volney Palmer was the first ad broker in 1841 and inspired the startup of ad agencies.
 - N.W. Ayer was the first ad agency that worked directly for manufacturers, starting a new trend.
- Early Industry Control
 - Puffery- Exaggeration in advertising claims.
 - *Caveat Emptor*- "Let the buyer beware" about advertising; if people were fooled by false advertising claims, it was too bad for them.

- o *Laissez-Faire*- “Leave it alone” theories of the U.S. government towards advertising.
- o Pure Food and Drug Act 1906- Reaction to a patent medicine claims.
- o Federal Trade Commission 1914- National watchdog of business and advertising.
- o 1924- American Association of Advertising Agencies published its code of ethics. Member agencies pledged not to knowingly produce advertising that contained:
 - False or misleading statements or exaggerations, visual or verbal.
 - Testimonials that did not reflect the real choice of a competent witness.
 - Misleading price claims.
 - Comparisons that unfairly disparaged a competitive product or service.
 - Unsupported claims or claims that distorted the true meaning of statements made by professional or scientific authorities.
 - Statements, suggestions, or pictures offensive to public decency.
 - (National Advertising Review Council investigates complaints)
- Ads Take to the Airways
 - o First radio commercial was run in 1922 by AT&T’s flagship station, WEAJ in New York; advertised an apartment complex in Queens.
 - o Subliminal Messaging- Failed but controversial attempt at a new style of promotion; messages that the consumer is not consciously aware of.
- Diversity and Target Marketing
 - o Target Marketing- The process of breaking up the advertising audience into diverse segments to reach those individuals most likely to purchase a particular product.
 - o Target marketing came about because advertisers like to minimize circulation waste.
 - o Circulation Waste- That part of advertising received by people whom the advertiser has no interest in reaching.
 - o Globalization
 - o A current challenge for global advertising agencies is to adapt to the indigenous cultures of new markets.

Understanding Today’s Advertising Industry

- The Client- The company that provides the product to be sold.
 - o Billings- The gross dollar amount that an advertising agency’s client spends.
- The Agency
 - o Today’s advertising agency has three basic functions
 - To create
 - To produce

- To place the advertising messages that will fulfill the client's objectives
- Agencies are categorized into one of three types:
 - In-House Agencies- Organizations built into the product manufacturer's corporate structure.
 - Boutique Agencies- Specialize in creative services but don't cover the technical aspects such as media buying.
 - Full-Service Agencies- Organizations that supply all the advertising, marketing, and often public relations services that their clients need.
- Most full-service advertising agencies have four basic organizational areas:
 - Account Management- Staffed by numerous account executives.
 - Account Executive- Employee who coordinates the agency's services for the client.
 - Pitching Accounts- Presenting new ideas for ad campaigns to a prospective client.
 - Research- Strives to provide this reassurance through the planning, execution, and interpretation of two main types of investigations:
 - Audience Research – Involves the gathering of data about the targeted consumers who are likely to buy the product.
 - Demographics- Measurements of audience characteristics that are easily observed and labeled.
 - Psychographics- Measurements of audience characteristics that are difficult to observe and label.
 - Positioning- The process of finding the product's most specific customer type and creating appeals that will be effective with that type.
 - Copy Research- Studies that test the effectiveness of ad content, or copy.
 - Focus Groups- Small groups of potential users who sit around and chat about a potential campaign under the guidance of the researcher.
 - Creative-Performs the primary functions of designing and producing ads.
 - Media- Plans how advertising budgets will be allocated among various media and arranges for the purchase of the media space and time.
 - Different media have different advantages for advertisers: