Contemporary Advertising and Integrated Marketing Communications 15th edition Arens Solutions Manual

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CHAPTER TWO

THE BIG PICTURE:

THE EVOLUTION OF ADVERTISING AND IMC

At a macro level, advertising and IMC play a large role in the economic vitality of a nation. Both consumers and sellers gain from the information about brands contained in IMC messages. To see how, this chapter introduces the basic principles of free-market economics; the functions and effects of advertising in a free economy; the evolution of advertising as an economic tool; and advertising's overall impact on society. The chapter will help you understand why the practice of advertising has changed and how it may change even more in the future.

Learning Objectives

After studying this chapter, your students will be able to:
LO2-1 Explain the role of competition in free-market economics.
LO2-2 Discuss the functions advertising performs in a free market.
LO2-3 Understand the importance of branding, including the benefits that strong brands offer companies
LO2-4 Identify important milestones in the history of advertising.
LO2-5 Discuss how the role of advertising has changed in recent years.
LO2-6 Explore the impact of advertising on society yesterday, today and tomorrow.

Teaching Tips and Strategies

Using the Chapter Opening Vignette in the Classroom

I like to emphasize the youth of advertising as a profession, and ask students why that is so. The earliest ads for Coca Cola date back to the nineteenth century, which is likely to seem very ancient to students. Yet even the oldest Coke ads are just a bit over a century old. The professions of medicine, law, and finance date back thousands of years. Prompting students in this fashion will likely lead them to consider the importance of several nineteenth and twentieth century developments for the creation of the modern ad industry. These include industrialization, literacy, urbanization, increases in the standard of living and wealth

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(especially in the U.S. and Europe), and the development of new mass media such as radio, television, and the Internet. Shaping the discussion in this way will lead students to a deeper appreciation of the role that advertising plays in modern life.

Today's students, believe it or not, were not even born when "New Coke" was introduced. I always give a brief account of the New Coke fiasco as a way of differentiating the product (which consumers preferred in blind taste tests) from the brand (which consumers rejected hands down to the classic formula). For background on the discussion, see this site: http://www.msnbc.msn.com/id/7209828/. I find it also can be quite humbling to know that the one of today's most effective and powerful marketers can still make a terrible mistake. If nothing else, the New Coke story helps students understand the difference between product attributes (such as blind taste or containers) and a brand.

Other Tips and Strategies

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 1800s in America. Many people that I have discussed this with believe it is because Americans were as not focused on consumption then as they are now.

A great way to start the class is to go to Advertising Age's timeline website (www.adage.com/century/timeline/index.html). This site has an excellent pictorial timeline of how advertising started in America. I recommend going over the timeline with students. Students seem to really get interested in this information. The timeline begins with the first ad was created in America and brings the students up to date on modern ads. There is also a timeline in the student text.

I like to delve into the last century of advertising with students. As you know, 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 had 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.

One neat fact to share with students is that Coca-Cola helped to standardize the American Santa Claus in the 1930s through advertising. Before the standardization, I have been told that Santa was usually called St. Nicholas, and was plump in certain countries and skinny in others. Coke was trying to increase the market share of its product. They helped create the Santa we have today (think Christmas Coke). The red and white colors were used to mirror

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the red and white Coke logo. That is the power of a well-known brand. One website to show students is http://www.thecoca-colacompany.com/heritage/cokelore_santa.html, which explains the story of Santa in more detail.

You can find online copies of the ads and a great deal of background information about the spots at this great Web site: http://memory.loc.gov/ammem/ccmphtml/colahome.html. There is a wealth of information about how such great spots as the famous "Hillside singers" ad were developed.

I share with students how radio and television changed advertising forever. With the advent of radio came the live radio commercial. Now, instead of just reading about a product or service, people could hear celebrity spokespeople on the radio. Radio ads continue to this day.
I recommend going over the advent of television and how consumers could, for the first time, actually hear and see a product or service on television. This really helped to change advertising, and the resulting television commercials have helped to sell billions of dollars of products through the years. Television advertising has had its ups and downs in the last couple of decades.

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 (I contrast old Coca Cola ads with their newer versions).

Resources: http://www.adage.com/century/timeline/index.html;; personal conversations with Dr. Tom Powers

Web Resources for Enhancing your Lectures:

Advertising Age Historical Timeline	www.adage.com/century/timeline/index.html
Coke Ads	http://memory.loc.gov/ammem/ccmphtml/colahome.html
Ads of the World	http://adsoftheworld.com
AdRants: A blog about advertising	http://www.adrants.com

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Bill Bernbach	http://adage.com/century/people001.html
Ad*Access: John W. Hartman Collection	http://scriptorium.lib.duke.edu/adaccess
AdFlip: Historical print ad archive	http://www.adflip.com/index.php

LECTURE OUTLINE

Portfolio Review: The Modern History of Advertising

Ethical Issue: Ethical Dilemma or Ethical Lapse?

My IMC Campaign 2: Tools for Teamwork

AD LAB 2–A What Kills Bugs Dead?

People behind the Ads: William Bernbach

I. Vignette: The Coca-Cola Story

The Coca-Cola Company has approached advertising in many different ways since its beginning in the late nineteenth century. Both Coke's image and recipe have changed with the times, nearly breaking the company in the 1980s, and yet it remains the world's favorite carbonated beverage today.

II. Economics: The Functions of Advertising and IMC in Free Markets

A. Principles of Free-Market Economics

A market economy is characterized by four assumptions:

1. *Self-interest*—People and firms pursue their own goals. Open competition between self-interested buyers naturally leads to greater product availability at more competitive prices.
2. *Complete information*—Buyers make better decisions when they have more information about the products they can choose from.
3. *Many buyers and sellers*—Having many sellers ensures that if one does not meet customer needs, another will capitalize on the situation by producing a better product.

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4. *Absence of externalities* (social costs)—Sometimes the sale or consumption products may benefit or harm other people who are not involved in the transaction and didn't pay for the product. But it may also contribute significantly to health problems and climate change through increases in air pollution and carbon emissions. In these cases, government may use taxation and/or regulation to compensate for or eliminate the externalities.

B. Functions and Effects of Advertising in a Free Economy

1. For a chronology of the evolution of the Coca-Cola brand and company, see Exhibit 2–1.
2. Identify products and differentiate them from others-a function of branding
3. Communicate information about the product, its features, and its location of sale
4. Induce customers to try new products and to suggest reuse
5. Stimulate the distribution of a product
6. Increase product use
7. Build value, brand preference, and loyalty
8. To lower the overall cost of sales

C. The Brand

1. Scott M. Davis and Michael Dunn define the concept "**brand**" as follows: Promises made to customers…based on multiple experiences over time…delivered with a consistently high level of quality and value…that are perceived to be unparalleled relative to the competition,…ultimately resulting in deep, trust-based relationships…, which in turn, garners great amounts of loyalty and profits over time.

2. A brand is a promise about a product. It allows consumers to have an expectation that a product will do something valuable or desirable, and that this will happen each time they buy or use the product. Because of this perception, consumers build trust-based relationships with a brand.

3. Among the more specific benefits provided to a company by strong brands are these:

a. They allow for premium pricing versus competitors.
b. They afford protection against price wars.
c. They allow for a greater chance a new product will succeed.
d. They afford leverage in negotiating with channel partners.
e. They make companies more attractive to co-branding partners.
f. They help companies more effectively deal with a brand crisis.
g. They help companies recruit top talent.
h. They garner consumer loyalty.

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4. For an overview of important milestones in advertising history, see Exhibit 2–3.

D. The Evolution of Advertising as an Economic Tool

1. Early Advertising

a. During the **preindustrial age,** several important events contributed to the eventual development of modern advertising.

b. The Chinese invented paper around 150 B.C. Europe had its first paper mill by 1275.

c. Around 1449, Johannes Gutenberg invented the movable-type 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.

d. In 1472, the first ad in English appeared: a handbill tacked on church doors in London announcing a prayer book for sale.

e. 1700s: The world's population stood at about 600 million people, and some cities were big enough to support larger volumes of advertising.

f. Samuel Johnson, a famous English literary figure, observed in 1758 that advertisements were now so numerous that they were "negligently perused" and it had become necessary to gain attention "by magnificence of promise." This was the beginning of *puffery* in advertising.

g. In the colonies, the Boston Newsletter started carrying ads in 1704.

h. About 25 years later, Benjamin Franklin, the father of advertising art, made ads more readable by using large headlines and considerable white space. In fact, Franklin was the first American to use illustrations in ads.

2. The Industrial Age and the Birth of Ad Agencies

a. The **industrial age** began around the middle of the nineteenth century and lasted well into the twentieth.

b. Fresh mass markets then developed for the new, inexpensive brands of consumer luxury and convenience goods called **consumer packaged goods .**

c. Ads appeared in publications called *price currents* that informed retailers about the sources of supply and shipping schedules for commodities.

d. The American *profession* of advertising began when Volney B. Palmer set up business in Philadelphia in 1841.

e. The manufacturers changed their focus from a *production* orientation to a *marketing* orientation.

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f. In the 1920s, the era of salesmanship had arrived and its bible was *Scientific Advertising* ,written by the legendary copywriter Claude Hopkins at Albert Lasker's agency, Lord & Thomas. Radio was born at about the same time and rapidly became a powerful new advertising medium.
g. Manufacturers followed this strategy of *product differentiation* vigorously, seeking to portray their brands as different from and better than the competition by offering consumers quality, variety, and convenience.

3. The Golden Age
   a. The postwar period from 1946 through the 1970s is sometimes referred to as advertising's "Golden Age." This is because the introduction of television helped make the advertising industry a focus of great attention, which led to both acclaim and criticism.
   b. In the prosperous late 1940s and early 1950s, seemed to many to create a culture in which consumers tried to climb the social ladder by buying more and more modern products.
   c. USP *(unique selling proposition)* —features that differentiate it from competitive products.
   d. Companies turned to a new mantra: **market segmentation,** a process by which marketers searched for unique groups of people whose needs could be addressed through more specialized products.
   e. The image era of the 1960s was thus the natural culmination of the creative revolution. Advertising's emphasis shifted from product features to brand image or personality as advertisers sought to align their brands with particularly profitable market segments.
   f. **Positioning strategy** proved to be an effective way to separate a particular brand from its competitors by associating that brand with a particular set of customer needs that ranked high on the consumer's priority list.
4. The Postindustrial Age
   a. Beginning around 1980, the **postindustrial age** has been a period of cataclysmic change.
   b. Acute energy shortages of the 1970s and 1980s introduced a new marketing term, **demarketing.**
   c. To expand globally, big multinational companies and their advertising agencies went on a binge, buying other big companies and creating a new word in the financial lexicon: *megamerger*.

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d. Two related economic factors characterized the marketing world of this period: (1) the aging of traditional products, with a corresponding growth in competition, and (2) the growing affluence and sophistication of the consuming public, led by the huge baby boomer generation.

D. The Global Interactive Age: Looking at the 21st Century

1. As Exhibit 2–4 shows, the top 10 worldwide advertisers are based in many different countries.
2. In an effort to do a better job of *relationship marketing,* companies understand that must be consistent in both what they say and what they do.
3. Companies must integrate all their marketing communications with everything else do, too. That's what *integrated marketing communications* really means.

III. Society and Ethics: The Effects of Advertising

A. Advertising has been a major factor in improving the standard of living in the United States and around the world.

B. Newspapers, magazines, radio, television, and many Web sites all receive their primary income from advertising. This facilitates freedom of the press and promotes more complete information.

C. The Red Cross, United Way, and other noncommercial organizations receive continuous financial support and volunteer assistance due in large part to the power of advertising.

D. Advertising practitioners formed groups to improve advertising effectiveness and promote professionalism and started vigilance committees to safeguard the integrity of the industry.

E. Advertising has had a pronounced effect on society as well as the economy. It has also fostered a host of social attitudes and laws that have dramatically affected advertising itself.

IV. Chapter Summary

A. Economic theory includes four fundamental assumptions of free-market economics: self-interest, complete information, many buyers and sellers, and absence of externalities.

B. The greatest impact on the evolution of advertising has been economic.

C. With changing economies and increased competition, advertising has evolved from the preindustrial age through the industrializing and industrial ages to the postindustrial age.

D. As a social force, advertising has helped improve the standard of living in the United States and around the world.

E. Advertising has also been severely criticized over the years for its lack of honesty and ethics.

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Review Questions

1. What are the four fundamental assumptions of free market economics?
   (1) Self-interest; (2) complete information; (3) many sellers, many buyers; (4) absence of externalities (social costs)
2. What are the primary functions of advertising in a free economy? (Exhibit 2–2)
   The primary functions of advertising in a free economy are: (1) to identify products and their sources and to differentiate them from others; (2) to communicate information about the product, its features, and its location of sale; (3) to induce customers to try new products and to suggest reuse, (4) to stimulate the distribution of a product; (5) to increase product use; (6) to build value, brand preference, and loyalty; and (7) to lower the overall cost of sales.
3. What has had the greatest impact on the way advertising has evolved?
   The printing press, invented by Johannes Gutenberg in the 1440s, was the most important invention of the Preindustrial Age. The printing press revolutionized not only the system of communication, but also the way people lived and worked. In the Industrializing Age, the advent of industry was the most important invention, as it facilitated the mass production of products. This trend continued in the Industrial Age, which also saw the invention of broadcast media and greater sophistication in marketing techniques, including market segmentation. The most important things that happened in the Postindustrial Age is the realization of the limits of natural resources and the emergence of demarketing. The Internet is the greatest innovation of the Global Interactive Age.
4. How does advertising lower the cost of sales?
   Advertising can lower the cost of sales by increasing the volume of sales, which in turn lowers the costs of manufacturing and distribution.
5. How would you differentiate the advertising used in the industrializing age from the industrial age?
   During the industrializing age, manufacturers were more concerned about getting products out to the general public. Wholesalers used to advertise to the public to let them know they had a product or service. In the industrial age, society started changing to more of a consumer-centered process. The increased availability of competing brands led to a greater focus on differentiation, letting consumers know how and why a product was different from its competitors.
6. What has been the most important influence on advertising in the postindustrial age?
   The fact that consumers started realizing that our resources were not infinite.

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7. What are three examples of companies or organizations that use a demarketing strategy?
   Three examples of companies/organizations that use the demarketing strategy are states trying to curtail smoking, utilities trying to get consumers to use less energy, and cities trying to get consumers to limit the waste they bring to the curb each week for pickup.
8. What companies can you think of that are engaged in marketing warfare?
   A classic example is Coke and Pepsi. They have been at each other's throats and as of this writing, it seems Pepsi is starting to edge ahead, especially with the purchase of Quaker Oats (which owns Gatorade). Today the biggest competitive advertising campaigns are those of the wireless phone companies.
9. As a consumer, are you likely to save money buying at a store that does not advertise? Explain.
   This answer will vary. Sometimes a decision not to advertise is an indication of exclusivity. In such cases, shoppers will not likely save money but may still get value in the form of excellent service (think Nordstrom's). But in other cases, a store that does not advertise might still save consumer money (think Dollar Stores). Often stores that advertise the prices of the items they sell are generally trying to call attention to low prices. Consumers will likely save money shopping at such outlets.
10. What effects do you believe advertising has had on society in general? Explain.
    Advertising can help create trends and desires. For example: BMW introduced the Z3 convertible in a James Bond movie, which helped make that car a desired status symbol for many wealthy middle-aged men.

Portfolio Review: The Modern History of Advertising

1. If we look back at the ad campaigns of 30, 50, 70, and even 100 years ago, we get a fascinating indication of how life was lived back then, and we can also see how the development of modern advertising parallels the development of our own standard of living.
2. Study the array of historical ads in this Portfolio Review and consider how well each relates to the seven functions and effects of advertising discussed in this chapter.

ETHICAL ISSUE Ethical Dilemma or Ethical Lapse?

This is an interesting discussion to have with the class. Is it an ethical dilemma (which tends to look at how the law would interpret it) or is it an ethical lapse (not telling the truth or trying to deceive). It is also interesting to discuss with students WorldCom, Enron, Tyco, etc. These are all instances of unethical corporate behavior.

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I try to convey to the class that the goal of advertising is to position and sell products/services. Some people might interpret that as unethical, whereas others might interpret it as ethical. One of the dilemmas with ethics is that what I think is ethical, you might find unethical. Sometimes ethics are open to interpretation.

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My IMC Campaign 2: 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. First, you will need to coordinate everything that you do.
3. Second, you will be sharing work.
4. Finally, everyone is accountable. Talk to your professor about whether he or she expects peer evaluations or some other means to assess differences in group member effort and performance.

Staying Connected

E-mail, of course, remains an essential tool. You may have a university e-mail account, but these can be problematic because (1) your inbox space is limited, (2) spam filters in these accounts are often very aggressive (too much useful mail is moved to the spam folder), and (3) they lack many useful tools for organizing and labeling your mail.

Creating Documents

Google docs (http://docs.google.com) is a free suite of simple yet powerful document creation tools that includes a word processor, a spreadsheet program, and a presentation creator.

Staying Organized

Many people find that calendars and to-do lists are essential. Google has an excellent calendar program (www.google.com/calendar) that everyone in the team can edit.

Conducting Research

For secondary research purposes it is great to have a program that allows you to copy and store documents, Web pages, photos, charts, and other kinds of information.

Working Well and Staying Accountable

Learning to adapt to group projects is not easy for everyone. Knowing what to expect and developing the skills to work well with others is essential. For guidance, consider these thoughts from experts:
Susan Heathfield: http://humanresources.about.com/od/workrelationships/a/play_well.htm
If you volunteer to be a team leader (or are appointed one), some helpful tips can be found here:
Stephen Covey: www.stephencovey.com/blog/?p=6
If you are doing peer evaluations in your class, your professor will likely have a form that you should use. These types of forms can be found throughout the Web. Some examples include these:
https://courses.worldcampus.psu.edu/public/faculty/PeerEvalForm.html
www.utexas.edu/courses/kincaid/peerevaltips.html

AD LAB 2–A What Kills Bugs Dead?

Laboratory Applications

1. Now that you know a little about slogans, create one for yourself personally or for your (real or imagined) company. Which qualities and characteristics do you want your slogan to highlight? Share your slogan with your classmates and gauge their reactions.

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Answers to this question will vary. The key is to make sure the student's slogans sound compelling. This exercise will also help students realize that these slogans are not as easy to create as they might have thought.

2. Business cards serve a higher purpose than simply providing information for a Rolodex. They are mini-advertisements. Create a business card for yourself using your slogan. This is a fun exercise to have students turn in. It always amazes me what students come up with.

Internet Exercise

1. Need help getting started on your slogan assignment? Adslogans.com has step-by-step instructions that lead you through the process (www.adslogans.co.uk/general/students.html). For more ideas, look at slogans and ad campaigns past and present at www.adflip.com.

People behind the Ads: William Bernbach

1. For most of the 1950s creativity carried little currency.
2. But by 1959 a creative revolution was brewing, led by the founder and creative leader of an upstart New York agency, Doyle Dane Bernbach.
3. Contradicting Hopkins's claim that advertising was a science, Bernbach wrote: "I don't want academicians. I don't want scientists. I don't want people who do the right things. I want people who do inspiring things…Let us blaze new trails."
4. Bernbach developed copy that encouraged consumers to reject groupthink, the mass society, and the idea that everyone should be like everyone else.
5. Bernbach passed away in 1982 after a fabled career, but his legacy is intact. Harper's Magazine, noting his passing, wrote that Bernbach had made "a greater impact on American culture than any of the distinguished writers and artists" appearing in the magazine during its 133 years.

The Advertising Experience

1. Ad Action: Demarketing

Identify a social problem at your school that has had an effect on your life in the past few months. Then create a print demarketing advertisement that addresses this problem. The ad should have a visual element as well as a slogan.

2. Economic Perspectives of Advertising

Visit the Web sites that follow for readings on the economics of advertising. After studying them, do you believe advertising primarily promotes monopoly or does it foster many buyers and sellers? Support your argument with points from the articles.

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a. "The Economics of Advertising" (Introduction), 2001— introductory essay to a volume edited by Columbia University economist Kyle Bagwell: http://web.stanford.edu/~kbagwell /Bagwell_Web/advertisingintrofv2.pdf
b. "Advertising," The Library of Economics and Liberty: The Concise Encyclopedia of Economics—an interesting primer by Prof. George Bittlingmayer, University of Kansas: www.econlib .org/library/Enc/Advertising.html

3. Advertising History
Visit the following Web sites to see what else you can learn about the early advertising efforts of companies here and abroad. Can you find some early ads for Kodak? Coca-Cola? Sunkist? Who are some of the other major advertisers listed? What specific characteristics in art and copy styles do you notice that make these ads different from advertising today?

a. The Emergence of Advertising in America section of the John W. Hartman Center for Sales, Advertising, and Marketing History at Duke University: http://scriptorium.lib.duke.edu/eaa
b. Archives of the History of Advertising Trust: http://www.hatads .org.uk/
c. History Matters: http://historymatters.gmu.edu/mse/ads/amadv .html
d. The Museum of Broadcast Communications (Chicago): http://www.museum.tv/index.htm
e. Nineteenth-century advertising in Harper's Weekly magazine: http://advertising.harpweek.com
f. USATVADS (a large—more than 1 million examples— pay-site collection of American television commercials): www.usatvads.net

g. Advertising, marketing, and commercial imagery collections of the National Museum of American History at the Smithsonian: http://americanhistory.si.edu/collections /subjects/advertising

4. Volkswagen's advertising from the early 1960s was clearly quite different from that of its competitors—perhaps because of its decision to pair copywriters with art directors, a partnership that is now all but standard in the advertising industry. But did other automakers sit up and take notice? Find some examples of American auto advertising in the years since that could potentially have been influenced by DDB's VW work.

5. Some Coca-Cola investors want the company to spend more on advertising products in growing categories, such as sports drinks, and less on trying to revive consumer interest in full-calorie soft drinks. How would you respond to these shareholders?

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6. After stirring up consumers' emotions and shaking their faith in the company by introducing New Coke, company executives have been treading somewhat lightly for the last 20 years. Do you think their efforts to conserve and protect the brand have stifled the creativity of Coca-Cola advertising? Why or why not?

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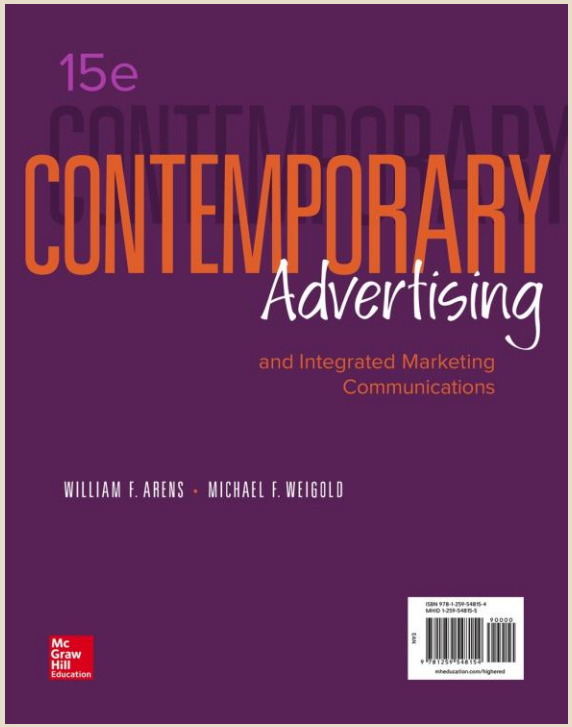
Chapter 2
The Big Picture:
The Evolution of Advertising & IMC



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Chapter Overview

Explains the principles of free-market economics, the functions and effects of advertising, advertising as an economic tool, and the impact of advertising.

Artwork by Henry McAlear, Image from the History of Medicine (NLM)

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Chapter Objectives

- Explain the role of competition in free-market economics
- Discuss the functions advertising performs in a free market
- Understand branding and its benefits
- Identify milestones in advertising history
- Discuss how the role of advertising has changed
- Explore advertising's impacts on society

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Assumptions of Free Market Economics

Self - Interest

Complete Information

Many Buyers & Sellers

Absence of Externalities

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Functions & Effects of Advertising

- Identify and differentiate products (branding)
- Communicate product features and availability
- Induce customers to try products and suggest reuse
- Increase product use
- Stimulate product distribution
- Build value, brand preference, loyalty
- Lower overall cost of sales

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Benefits of Strong Brands

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Evolution of Advertising

Preindustrial	Industrializing	Industrial	Postindustrial
pre-1800	1800-1900	1900-1980	1980-present

Source: Library of Congress Prints and Photographs, LC-USZ62-39705

Source: The Coca-Cola Company

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Preindustrial Age of Advertising

During this era, few could read

Then. . .

Chinese invented paper

Gutenberg invented the printing press

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Industrializing Age of Advertising

THAT the Stage-Waggons, kept by *John Barnhill*, in *Elm-Street*, in *Philadelphia*, and *John Mercereau*, at the *New-Blazing Star*, near *New-York*, continues their Stages in two Days, from *Powles-Hook Ferry*, opposite *New-York*, to *Philadelphia*; returns from *Philadelphia* to *Powles-Hook* in two Days also; they will endeavour to oblige the Publick by keeping the best of Waggons and sober Drivers, and sets out from *Powles Hook* and *Philadelphia*, on Mondays and Thursdays, punctually at Sunrise, and meet at *Prince Town* the same Nights, to exchange Passengers, and each return the Day after: Those who are kind enough to encourage the Undertaking, are desired to cross *Powles Hook Ferry* the Evenings before, as they must set off early: The Price for each Passenger is *Ten Shillings* to *Prince Town*, and from thence to *Philadelphia*, *Ten Shillings* more, Ferriage free: There will be but two Waggons, but four sets of fresh Horses, so it will be very safe for any Person to send Goods, as there are but two Drivers, they may exchange their Goods without any Mistake. Persons may now go from *New-York* to *Philadelphia*, and back again in five Days, and remain in *Philadelphia* two Nights and one Day to do their Business in: The Public may be assured that this Road is much the shortest, than any other to *Philadelphia*, and regular Stages will be kept by the Publick's obliged humble Servants,

JOHN MERCEREAU, and
JOHN BARNHILL.

Producers needed mass consumption to match mass production

For the first time, it cost less to buy a product than to make it yourself

Transportation breakthroughs facilitated distribution

Increased need for mass marketing techniques

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Industrial Age of Advertising

- Fresh markets for new, inexpensive brands of luxury and convenience goods
- Consumer packaged goods
- Catalogs mailed to rural areas
- Radio provides new medium
- Advertising becomes a profession

Source: The Coca-Cola Company

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Golden Age of Advertising

The Product Positioning Era
Post WWII - 1970

- Product differentiation
- Market segmentation
- Positioning

Age of Television

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Post Industrial Advertising

- Demarketing
- Cold War ends
- Multinational companies expand
- Traditional products aged
- Affluent baby boomers
- Increased competition among agencies
- The Internet and Facebook

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Global/Interactive Age

Advertising becomes a world-wide enterprise

2013	Marketer	Headquarters	WW Spend (billions)	2012-2013 Chg
1.	Procter & Gamble	U.S.A.	$11.5	10%
2.	Unilever	Netherlands	7.9	9.2
3.	L'Oreal	France	5.6	6.4
4.	Toyota	Japan	3.0	1.7
5.	General Motors	U.S.A.	3.3	5.1
6.	Vokswagen	Germany	3.2	7.9
7.	Nestle	Switzerland	3.1	4.1
8.	Coca Cola	U.S.A.	2.9	0.5
9.	Mars	U.S.A.	2.9	22.1
10.	Pepsi	U.S.A.	2.7	9.4

Source: Advertising Age Datacenter, retrieved at: http://adage.com/datacenter/datapopup.php?article_id=295216

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Global Interactive Age

- TV Remote Control
- Satellite and Cable
- Narrowcasting

- Personal computers
- Smart phones
- The Web—iTunes, Hulu

Source: The Coca-Cola Company

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Advertising as a Social Force

Improves standard of living

Ensures availability of information

Supports social benefit causes and organizations

Enables us to communicate about ourselves by the products we buy

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Advertising Ethics and Effects

On the other hand, advertising can be dishonest and unethical

- Puffery
- Advertising to children
- Advertising legal but unhealthful products

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Effects of Unethical Advertising

Results in laws, regulations, and agencies

- Pure Food and Drug Act
- Federal Trade Commission Act
- Better Business Bureau
- Association of National Advertisers
- American Advertising Federation

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