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Advertising & IMC

Principles and Practice

TENTH EDITION

Sandra Moriarty
Nancy Mitchell
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Sandra Moriarty

University of Colorado

Nancy Mitchell

University of Nebraska-Lincoln

William Wells

University of Minnesota

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The Tenth Edition is dedicated to all the students who have inspired us with their questions and ideas and all the colleagues who have challenged us with new thoughts and new findings. Most of all we dedicate this book to all our many contributors—the students, graduates, professors, and professionals who have contributed their thoughts, creative work, and professional experience to this edition.

Sandra Moriarty and Nancy Mitchell

Brief Contents

PART 1	Principle: Back to Basics	
1	Advertising	34
2	Brand Communication	62
3	Brand Communication and Society	88
PART 2	Principle: Be True to Thy Brand—and Thy Consumer	
4	How Brand Communication Works	120
5	Segmenting and Targeting the Audience	152
6	Strategic Research	180
7	Strategic Planning	206
PART 3	Practice: Developing Breakthrough Ideas in the Digital Age	
8	The Creative Side	238
9	Promotional Writing	268
10	Visual Communication	300
PART 4	Principle: Media in a World of Change	
11	Media Basics	334
12	Paid Media	362
13	Owned, Interactive, and Earned Media	398
14	Media Planning and Negotiation	432
PART 5	Principle: IMC and Total Communication	
15	Public Relations	472
16	Direct Response	498
17	Promotions	530
18	The Principles and Practice of IMC	558
19	Evaluating IMC Effectiveness	588
	Appendix	616
	Glossary	621
	Notes	639
	Index	650

Contents

Preface	21
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PART 1 Principle: Back to Basics

1. Advertising	34
IT'S A WINNER: Old Spice: What It Takes to Be a Man	35
What Is Advertising?	36
What Are Advertising's Basic Functions? 37 What Are the Key Components of Advertising? 38 Common Types of Advertising 39 Other Important Promotional Tools 39 What Roles Does Advertising Perform? 40	
A MATTER OF PRACTICE: The Greatest Commercial Ever Made	42
How Did Current Practices and Concepts Evolve?	43
Eras and Ages 43	
The Advertising World	48
Who Are the Key Players? 48	
A MATTER OF PRINCIPLE: <i>Mad Men</i> : The Inherent Drama of Advertising	49
THE INSIDE STORY: Freelancing: Two Sides of the Coin	52
Types of Agencies 52	
How Are Agency Jobs Organized? 54	
A DAY IN THE LIFE: The Day-to-Day Job in Content Management	55
How Are Agencies Paid? 56	
How Is the Practice of Advertising Changing?	56
Consumer in Charge 57 Blurring Lines and Converging Media 57 Accountability and Effectiveness 57 Integrated Marketing Communication 58 Looking Ahead 58	
IT'S A WRAP: Old Spice: The Smell of Success	59
Key Points Summary	59
Key Terms	60
Review Questions	60
Discussion Questions	61
Take-Home Projects	61
TRACE North America Case	61

2. Brand Communication	62
IT'S A WINNER: McDonald's Love Story	63
What Is Brand and Marketing Communication?	64
Brand Communication's Role in Marketing	65
Who Are the Key Players? 65 What Are the Most Common Types of Markets? 66	
A DAY IN THE LIFE: A View from the Marcom Front Line	67
How Does the Marketing Mix Send Messages? 68 Added Value 70	
What Is Integrated Marketing Communication?	71
What Is the Role of Communication in Branding?	72
THE INSIDE STORY: A Passion for the Business	73
How Does a Brand Acquire Meaning? 74 How Does Brand Transformation Work? 75	
A MATTER OF PRINCIPLE: It's Pure and It Floats	76
Brand Value and Brand Equity 79	
A PRINCIPLED PRACTICE: PAUSE FOR THE CAUSE: <i>Boosting Brand Value with Cause Marketing</i>	79
Brand Communication in a Time of Change	81
Brand Relationships 82 Accountability 82 Global Marketing 82	
Word-of-Mouth Marketing 83 Looking Ahead 84	
IT'S A WRAP: Golden Arches, Golden Opportunity	84
Key Points Summary	85
Key Terms	85
Review Questions	86
Discussion Questions	86
Take-Home Projects	87
TRACE North America Case	87
3. Brand Communication and Society	88
IT'S A WINNER: To Tell the truth®	89
What Is the Social Impact of Brand Communication?	90
What Are the Key Debates about Impact on Society? 91 What Are the Key Debates and Issues about Brand Communication Practices? 93	
THE INSIDE STORY: Pepsi: Creating Culturally Relevant Programs	95
A PRINCIPLED PRACTICE: Tribute to Ivan L. Preston: 1931–2011	97
Communicators' Ethical Responsibilities	101
PRACTICAL TIPS: Brilliant or Offensive Advertising?	102
Personal and Professional Ethics 102	
A MATTER OF PRACTICE: Advertising Gets No Respect!	103
Why and How Is Brand Communication Regulated?	105
Brand Communication's Legal Environment 105 The Regulatory Environment 108 The Impact of Regulation 109 Media Review of Advertising 112 Self-Regulation 112 Looking Ahead 114	
IT'S A WRAP: The truth® Wins Out in the End	114
Key Points Summary	115
Key Terms	115
Review Questions	116
Discussion Questions	116
Take-Home Projects	116

TRACE North America Case	117
Hands-On Case	117

PART 2 Principle: Be True to Thy Brand— and Thy Consumer

4. How Brand Communication Works	120
IT'S A WINNER: Anatomy of an Award-Winning Campaign for Chrysler	121
How Does Brand Communication Work?	122
The Mass Communication Foundation 123 Adding Interaction to Brand Communication 124	
THE INSIDE STORY: What Went Wrong at Office Depot?	126
Other Aspects of Communication 126 What Are the Effects behind Effectiveness? 127	
What Are the Facets of Impact?	129
The Perception Facet: See/Hear 130	
A PRINCIPLED PRACTICE: Ice Cubes, Breasts, and Subliminal Ads	133
The Emotion or Affect Facet: Feel 134 The Cognition Facet: Think/Understand 136	
A MATTER OF PRINCIPLE: Thought vs. Feeling	138
The Association Facet: Connect 139 The Persuasion Facet: Believe 141 The Behavior Facet: Act/Do 143	
A MATTER OF PRACTICE: May VW's Force Be with You	144
The Power of Brand Communication	146
Strong and Weak Effects 146 Looking Ahead 148	
IT'S A WRAP: Finding Chrysler's Heart and Soul	148
Key Points Summary	149
Key Terms	149
Review Questions	150
Discussion Questions	150
Take-Home Projects	151
TRACE North America Case	151
5. Segmenting and Targeting the Audience	152
IT'S A WINNER: Dove Audiences Redefine Beauty	153
Starting the Conversation	154
How Do Consumers Make Brand Decisions? 155 Paths to a Brand Decision 155	
What Influences Consumer Decisions?	156
Cultural Influences 156	
A MATTER OF PRINCIPLE: "There Are No Ugly Women, Only Lazy Ones": Why Dove's Real Beauty Campaign Flopped in Taiwan	158
Social Influences 158	
THE INSIDE STORY: Scotts Brand Comes Alive as Scott	159
Psychological Influences 160 Influences on B2B Decision Making 162	
How Do We Segment Markets and Target Audiences?	163
Segmentation Strategies 163 Types of Segmentation 164 Targeting the Best Audience 165	
Profiling Markets and Target Audiences	166
Targeting and Profiling Using Demographics 166	

A MATTER OF PRACTICE: Same-Sex Marriage: A Boon to the Economy?	168
Targeting and Profiling Using Psychographics 170 Sociodemographic Segments 173 Targeting and Profiling Using Behavioral Patterns 174 Seeking Seekers 175 Looking Ahead 177	
IT'S A WRAP: The Beauty of a Campaign	177
Key Points Summary	177
Key Terms	178
Review Questions	178
Discussion Questions	179
Take-Home Projects	179
TRACE North America Case	179
6. Strategic Research	180
IT'S A WINNER: Domino's Cooks Up a Recipe for Success	181
How Do You Get Insights into Consumer Behavior?	182
What Are the Basic Types of Research? 183 Basic Research Designs 185	
A PRINCIPLED PRACTICE: Does Advertising Make Smoking Cool?	188
How Do We Use Research?	188
Market Information 189 Consumer Insight 190 Media Information 191 Message Development and Diagnostics 192 Evaluation 192	
A MATTER OF PRINCIPLE: Finding Moments of Truth	193
What Are the Most Common Research Methods?	194
Ways of Contact: Quantitative Methods 194 Ways of Contact: Qualitative Methods 195	
A MATTER OF PRACTICE: Online Marketing Research	196
A DAY IN THE LIFE: A Stopwatch, Code Sheet, and Curiosity	199
How Do You Choose a Research Method? 201	
Research Trends and Challenges	202
Sampling Challenges 202 Global Issues 202 IMC Research Challenges 203 Looking Ahead 203	
IT'S A WRAP: Domino's Gets Its Slice of the (Pizza) Pie	203
Key Points Summary	204
Key Terms	204
Review Questions	205
Discussion Questions	205
Take-Home Projects	205
TRACE North America Case	205
7. Strategic Planning	206
IT'S A WINNER: Re-telling a Tale	207
What Is Strategic Planning?	208
The Business Plan 209 The Marketing Plan 211	
A PRINCIPLED PRACTICE: "Just Give Me My One Vice"	212
A MATTER OF PRACTICE: "My SPAR": Letting Our Customers Lead	214
The Brand Communication/IMC Plan 215 Plans for Marketing Communication Functions 216	
Key Strategic Decisions	217
The Communication Objectives 217 The Target Audience 218 Brand Identity Strategy 218	
THE INSIDE STORY: Mistake #1: Drinking and Driving Drunk	219
Brand Positioning Strategy 221	

Consumer Insight and Account Planning	225
A MATTER OF PRINCIPLE: The 7-Up Uncola Story: A Classic in Repositioning	226
Account Planning 227 The Consumer Insight Process 228 The Creative Brief 230 Looking Ahead 231	
IT'S A WRAP: Re-telling a Tale	231
Key Points Summary	232
Key Terms	232
Review Questions	233
Discussion Questions	233
Take-Home Projects	233
TRACE North America Case	234
Hands-On Case	234

PART 3 Practice: Developing Breakthrough Ideas in the Digital Age

8. The Creative Side	238
IT'S A WINNER: A Tale of Brotherly Love and Sharp Thinking	239
Science and Art?	240
Who Are the Key Players? 242 What Is the Role of Creativity? 242	
A DAY IN THE LIFE: Tweets from the Front Line	243
The Creative Brief 243	
Message Strategies	246
Which Strategic Approach to Use? 247	
A MATTER OF PRINCIPLE: Six Message Strategies in Six Minutes	249
Strategic Formats 250 Matching Messages to Objectives 253	
Creative Thinking: So How Do You Do It?	256
Big Ideas 257	
PRACTICAL TIPS: Checklist for Killer Ads	258
The ROI of Creativity 259 The Creative Leap 260 Dialing Up Your Creativity 260 The Creative Process: How to Get an Idea 261 Brainstorming 262	
Managing Creative Strategies	263
Extension: An Idea with Legs 263 Adaptation: Taking an Idea Global 263 Evaluation: The Go/No-Go Decision 264 Looking Ahead 265	
IT'S A WRAP: Creating Ideas That Stick	265
Key Points Summary	265
Key Terms	266
Review Questions	266
Discussion Questions	267
Take-Home Projects	267
TRACE North America Case	267
9. Promotional Writing	268
IT'S A WINNER: Wildlife Blaze Trails for Frontier	269
The Writer's Role in Brand Communication	270
The Language of Brand Communication 270 Writing Styles 273 Strategy and Legal Imperatives 274	

Types of Brand Communication Writing	274
The Ad Copywriter 275	
PRACTICAL TIPS: So You Think You Want to Create a Funny Ad?	278
Public Relations Writing 279 Direct-Response Writing 279	
Writing for Various Media	279
Basics of Writing for Print Media 280	
A MATTER OF PRINCIPLE: The Principle of Truth	285
Radio Messages and How to Write Them 287 Television Messages and How to Write Them 289	
A MATTER OF PRACTICE: How the Emotional Pivot Works in a Story	290
A DAY IN THE LIFE: A Copywriter's View of Television Production	293
The Internet and How to Write for It 294	
Copywriting Challenges	295
Writing for a Global Brand 295 Looking Ahead 296	
IT'S A WRAP: And the Winner Is . . . Frontier	296
Key Points Summary	297
Key Terms	297
Review Questions	298
Discussion Questions	298
Take-Home Projects	298
TRACE North America Case	299
10. Visual Communication	300
IT'S A WINNER: A Strong Mint with a Curious Past Goes Digital	301
Why Is Visual Communication Important?	302
Visual Impact 302	
A PRINCIPLED PRACTICE: An Imperative: Respect the Dignity of the Person	303
Brand Image and Position 305 Visual Storytelling 306	
Emotion and Visual Persuasion 307	
A MATTER OF PRINCIPLE: Save the Pandas! Save the Baby Seals! Save the Eagles! Save the Toads?	307
What Is Art Direction?	308
THE INSIDE STORY: Large or Small, Which Would You Choose?	
The Good, Bad and Ugly, Exposed	308
The Designer's Tool Kit 309 Design Principles, Layout, and Styles 312	
A MATTER OF PRACTICE: The Beautiful Messy	315
Composition 316 Environmental Design 317	
What Do You Need to Know about Production?	317
Print Media Requirements 317 Print Art Reproduction 319	
Binding and Finishing 320 3D Printing 321	
What Does an Art Director Need to Know about Video Production?	321
Filming and Editing 322 The Process of Producing Videos 323	
The Television Production Process 324	
Web Design Considerations	326
Action and Interaction 327 Looking Ahead 327	
IT'S A WRAP: Keeping the Altoids Brand in Mint Condition	328
Key Points Summary	328
Key Terms	329
Review Questions	329

Discussion Questions	330
Take-Home Projects	330
TRACE North America Case	331
Hands-On Case	331

PART 4 Principle: Media in a World of Change

11. Media Basics	334
IT'S A WINNER: Lottery of Life	335
What Do We Mean by Media?	336
A MATTER OF PRINCIPLE: The Engagement Strategy behind Sports Advertising	337
IMC and Media 338 The Media Industry 338 Media Types and Terms 339 The Evolution of Media Forms and Functions 342 Key Media Players 345	
What Are the Fundamentals of Media Strategy?	346
The Media Plan 346 Key Strategic Media Concepts 346	
THE INSIDE STORY: "Warrior—A Three-Artist, One-Song Music Video for Converse"	348
The Basis for the Buy 349	
Changing Patterns of Media Use	351
Consumer Use of Media 351	
A MATTER OF PRACTICE: Connected Viewers + Multiscreen Marketers	352
Alternative Media Forms 353	
A MATTER OF PRINCIPLE: Creative Use of Out-of-Home and Nontraditional Media	354
THE INSIDE STORY: The Animated Axe Effect in <i>City Hunters</i>	356
Looking Ahead 358	
IT'S A WRAP: Lottery of Life	358
Key Points Summary	359
Key Terms	359
Review Questions	360
Discussion Questions	360
Take-Home Projects	360
TRACE North America Case	361
12. Paid Media	362
IT'S A WINNER: The Art of Laying an Egg and Making It Golden	363
Traditional Paid Media of Advertising	364
Published Print Media 364 Published Media: Newspapers 365	
THE INSIDE STORY: Tsunami Disaster: The Inherent Value of Newspapers and Their Ads	365
Published Media: Magazines 369 Published Media: Directories 372	
A MATTER OF PRINCIPLE: Directories: The Medium You Trust the Most	373
Broadcast Media: Radio 374 Broadcast Media: Television 376	
A MATTER OF PRACTICE: People Really Enjoy Their Large-Screen Televisions	377
Movie Advertising 382 Video Game Advertising 383 Place-Based Media 383	
PRACTICAL TIPS: Outdoor: An Effective Brand Communication Medium	386

Online Advertising	388
Cell Phone Advertising 389	
THE INSIDE STORY: Indian Villagers Advertise on Mobile Phones	390
Website Advertising 390 Search Advertising 392 Online Advertising Sales 393	
Digital Issues for Traditional Media 394 Looking Ahead 394	
IT'S A WRAP: Aflac's Flap Ducks Disaster	395
Key Points Summary	395
Key Terms	396
Review Questions	397
Discussion Questions	397
Take-Home Projects	397
TRACE North America Case	397
13. Owned, Interactive, and Earned Media	398
IT'S A WINNER: Unleash Deadly	399
Beyond Paid Media	400
Owned Media: We Own It; We Control It	400
Corporate Presence Media 401 Branded Media 402 The Media of Retail 403	
A MATTER OF PRINCIPLE: Using Chinese Folk Arts in Promotional Designs	404
The Owned Media of Public Relations and Promotions 405	
Owned but Interactive: Let's Talk	407
Corporate Interactive Media 408 Direct-Response Media 408 Personal Contact	
Media 408 Interactive Promotional Media 410	
THE INSIDE STORY: Farmers Ending Hunger	411
Owned Digital Media 411	
A MATTER OF PRACTICE: How Web Sites Build Brands (or Don't)	413
Mobile Marketing 416 Our Mobile Future 416	
A MATTER OF PRACTICE: Your Mobile Future	417
Earned Interactive Media: Let's Listen	418
Earned Publicity 418 Word of Mouth 419 Social Media Mentions 420	
The Media of Sharing 422 Earned and Interactive Media Considerations 423	
Multiplatform Brand Communication	424
Viral Marketing 425 Social Media Marketing 426 Integration of Platforms 426	
A MATTER OF PRINCIPLE: Advertising at the Intersection of Digital	
and Physical Media	427
Looking Ahead 427	
IT'S A WRAP: Unleash Deadly	428
Key Points Summary	428
Key Terms	429
Review Questions	430
Discussion Questions	430
Take-Home Projects	430
TRACE North America Case	431
14. Media Planning and Negotiation	432
IT'S A WINNER: A Hair-Raising Story about Men's Cancer	433
How Are Media Plans Created?	434
Media Engagement Research 435	
Key Steps in Media Planning	440
Step 1: Target Audience 440	
A DAY IN THE LIFE: What Do I Do as a Media Planner?	441

A MATTER OF PRACTICE: Toyota Taps the Do-It-Yourself Community Step 2: Communication and Media Objectives	443
A MATTER OF PRACTICE: Horizontal and Vertical Reach Step 3: Media Strategies 447 Step 4: Media Metrics and Analytics	445
A MATTER OF PRACTICE: Integrating Advertising and Public Relations Media Planning	458
How Do Media Buying and Negotiation Work? Media-Buying Basics	460
PRACTICAL TIPS: Interactive Media Buying Multichannel Buying (and Selling) 463 Global Media Buying	463
Media Planning and Buying Trends Unbundled Media Planning and Buying 465 Online Media Buying 465 New Forms of Media Research 465 Looking Ahead	465
IT'S A WRAP: Having a Ball and Saving Lives	466
Key Points Summary	467
Key Terms	467
Review Questions	468
Discussion Questions	468
Take-Home Projects	468
TRACE North America Case	468
Hands-On Case	469

PART 5 Principle: IMC and Total Communication

15. Public Relations	472
IT'S A WINNER: Häagen-Dazs Creates a Buzz about Bees	473
What Is Public Relations? Public Opinion 475 Reputation: Goodwill, Trust, and Integrity 475 How Public Relations Contributes to Brand Perception	474
A MATTER OF PRACTICE: Content Management as a Career in Public Relations	477
Different Types of Public Relations Programs Aspects of Public Relations That Focus on Relationships 478 Aspects of Public Relations That Focus on Particular Functions	477
What Key Decisions Guide Public Relations Plans? Research and SWOT Analysis 481 Targeting 482 Objectives and Strategies	481
A MATTER OF PRACTICE: Mudo City: A Successful Brand Expansion The Big Idea	483
What Are Common Public Relations Tools? Advertising	484
A PRINCIPLED PRACTICE: The Social Impact of Public Service Advertising Publicity 489 Publications 491 Other Tools 491 Online Communication	487
A MATTER OF PRACTICE: Engaging Word of Mouth through Online Influencers Looking Ahead	493
IT'S A WRAP: Just Bee-Cause	495
Key Points Summary	495
Key Terms	496
Review Questions	496

Discussion Questions	497
Take-Home Projects	497
TRACE North America Case	497
16. Direct Response	498
IT'S A WINNER: The Gecko and His Pals Go Direct for Geico	499
What Is Direct-Response Brand Communication?	500
Who Are the Key Players? 502 What Is Included in the DBC Process? 503	
What Are the Primary Tools and Media of DBC?	506
Personal Sales 506 Direct-Response Advertising Media 507 Direct Mail 508	
THE INSIDE STORY: Thinking outside the Mailbox	510
Catalogs 512 Telemarketing 513 The Internet and New Forms of Direct Response 514	
Databases: The Foundation of DBC	517
Databases Drive a Circular Process 518 Lists 519 Data Mining 520 Issue: Privacy 521	
A PRINCIPLED PRACTICE: Privacy: Use but Don't Abuse Consumer Information	523
DBC Trends and Challenges	524
Integrated Direct Marketing 524 Global Considerations in DBC 526 Looking Ahead 526	
IT'S A WRAP: The Gecko and Pals Deliver Direct Response	527
Key Points Summary	527
Key Terms	528
Review Questions	528
Discussion Questions	528
Take-Home Projects	529
TRACE North America Case	529
17. Promotions	530
IT'S A WINNER: The Power of Pink	531
Why Sales Promotion?	532
Why Is Sales Promotion Growing? 533 Sales Promotion Planning 535 Promotional Big Ideas 538	
Consumer Promotions	538
Tools of Consumer Promotions 538 How Are Consumer Promotions Used? 542	
Trade Promotions	543
Types of Trade Promotion 544	
THE INSIDE STORY: Explore. Discover. FEI and the World of Images	545
How Is Trade Promotion Used? 546	
PRACTICAL TIPS: Planning Point-of-Purchase Promotions	547
Multiplatform Promotions	548
Sponsorships and Event Marketing 548 Event Marketing 549	
A MATTER OF PRACTICE: Active Engagement through Event Sponsorships	549
A MATTER OF PRINCIPLE: The Underdog Wins the Super Bowl Ad Championship	550
Loyalty Programs 552 Partnership Programs 552	

Sales Promotion and Integration	554
Looking Ahead 555	
IT'S A WRAP: Positively Pink	555
Key Points Summary	555
Key Terms	556
Review Questions	556
Discussion Questions	557
Take-Home Projects	557
TRACE North America Case	557
18. The Principles and Practice of IMC	558
IT'S A WINNER: I'm Amazing	559
Key IMC Concepts	560
Stakeholders and Brand Relationships 560 Total Communication 561	
A MATTER OF PRINCIPLE: When Is Too Many Too Much?	561
Moving from Channels to Contact Points 562 Message Synergy 562	
A Brand Is an Integrated Perception 563 Unified Brand Vision 563	
Internal Integration 563 Brand Integrity 564	
IMC Campaign Planning	564
What Is a Campaign Plan? 565 Situation Analysis 565	
A MATTER OF PRACTICE: Doha: A New City	566
Campaign Strategy 567 The IMC Mix 571 Message Strategy 572	
A MATTER OF PRACTICE: A Campaign with Legs (and Flippers)	572
IMC Media and Contact Points 573 Management and Campaign Controls 576	
THE INSIDE STORY: What in the World Is Marketing Portfolio Management?	577
International IMC Campaigns	578
Managing 360° Communication Programs	581
Cause and Mission Marketing 581 Internal Integration 582	
A MATTER OF PRINCIPLE: Who's the Integrator Here, Anyway?	583
Looking Ahead 584	
IT'S A WRAP: I'm Amazing	585
Key Points Summary	585
Key Terms	586
Review Questions	586
Discussion Questions	587
Take-Home Projects	587
TRACE North America Case	587
19. Evaluating IMC Effectiveness	588
IT'S A WINNER: Gut-Checking Obesity	589
Brand Communication Impact: Did It Work?	590
First Things First: The Campaign Objectives 590	
A MATTER OF PRACTICE: Can You Really Predict the Impact of Advertising on Sales?	591
The Campaign Purpose: Brand Building 592 Why Evaluation Matters 593	
A MATTER OF PRINCIPLE: Completing the Cycle	593
How Evaluation Fits into the Stages of Brand Communication Testing 594	

Evaluating the IMC Message	594
Experts in Message Evaluation 596 Message Evaluation Techniques 597	
Evaluating the Performance of Various IMC Tools	599
Advertising 600 Public Relations 601 Consumer, Trade, and Point-of-Purchase Promotions 601	
THE INSIDE STORY: The Best and Worst Website Designs	603
Evaluating the Performance of Media Vehicles	603
Media Optimization 604 Evaluating Exposure 604	
Vehicle-by-Vehicle Evaluation 604	
IMC Campaign Evaluation Challenges	606
Measuring ROI 606 The Synergy Problem 606	
Digital Challenges 607	
A PRINCIPLED PRACTICE: Can a Broken Guitar Really Hurt United?	608
International Challenges 609	
Back to the Big Picture: Did the Campaign Work?	609
Connecting the Dots: Tying Measurement Back to Objectives 609	
Bringing It All Together 610	
IT'S A WRAP: Results of Colorado's Gut Check	611
Key Points Summary	612
Key Terms	612
Review Questions	613
Discussion Questions	613
Take-Home Projects	613
TRACE North America Case	613
Hands-On Case	614
Appendix	616
Glossary	621
Endnotes	639
Index	650

About the Authors

Sandra Moriarty, Ph.D., Professor Emerita, University of Colorado at Boulder

Sandra Moriarty is cofounder of the Integrated Marketing Communication graduate program at the University of Colorado. Now retired, she has also taught at Michigan State University, University of Kansas, and Kansas State University, where she earned her Ph.D. in education. She specialized in teaching the campaign course and courses on the creative side—both writing and design. She has worked in government public relations, owned an advertising and public relations agency, directed a university publications program, and edited a university alumni magazine. She has been a consultant on integrated marketing communication with agencies such as BBDO and Dentsu, the largest advertising agency in the world, and with their clients in the United States, Europe, and Asia. Professor Moriarty has published widely in scholarly journals on marketing communication and visual communication topics and has authored 12 books on advertising, integrated marketing communication, marketing, visual communication, and typography. A classic book on integrated marketing, *Driving Brand Value*, was written with coauthor Tom Duncan. Most recently she has authored the *Science and Art of Branding* with Giep Franzen, University of Amsterdam. International versions of her books include Spanish, Chinese, Taiwanese, Korean, Japanese, and an English-language version for India. She has spoken to groups and presented seminars in most European countries, as well as Mexico, Japan, Korea, India, New Zealand, and Turkey.



Nancy Mitchell, Ph.D., Professor, University of Nebraska-Lincoln

Nancy Mitchell is professor of advertising in the College of Journalism and Mass Communications at the University of Nebraska-Lincoln, where she's taught since 1990. She served as chair of the advertising department for 11 years before heading the graduate program in her college. Prior to her tenure at the University of Nebraska, she taught at West Texas A&M University. She's taught a variety of courses, including advertising principles, design, copywriting, research and strategy, and campaigns and media ethics. She worked as an advertising professional for 15 years before entering academe. She gained experience as a copywriter, designer, editor, fund-raiser, and magazine editor in an array of businesses, including a large department store, a publishing company, an advertising agency, a newspaper, and a Public Broadcasting System affiliate. Her research focuses on creating effective advertising messages to underrepresented groups, ethical issues, and assessment of student learning. Nationally, she served as Advertising Division Head for the Association for Education in Journalism and Mass Communications. She serves on the editorial boards for *Journal of Advertising Education* and *Journalism and Mass Communication Educator*.





William Wells, Ph.D., *Professor Emeritus, University of Minnesota, and former Executive Vice President, DDB, Chicago*

One of the industry's leading market and research authorities, Bill Wells is a retired Professor of Advertising at the University of Minnesota's School of Journalism and Mass Communication. Formerly Executive Vice President and Director of Marketing Services at DDB Needham Chicago, he is the only representative of the advertising business elected to the Attitude Research Hall of Fame. He earned a Ph.D. from Stanford University and was formerly Professor of Psychology and Marketing at the University of Chicago. He joined Needham, Harper, Chicago as Director of Corporate Research. Author of the Needham Harper Lifestyle study as well as author of more than 60 books and articles, Dr. Wells also published *Planning for ROI: Effective Advertising Strategy* (Prentice Hall, 1989).

Preface

The Power of Liking

You know what—and who—you like. And your likes ripple through your friendship circles as you influence and are influenced by people you know and respect. That's what research in 2013 found about the practice of "liking" something on Facebook and other social media. A positive comment or action feeds on itself and sets off a cycle of friendly responses as it spins through a network of communication.

Why is that important to advertising and brand communication? It's because these "likes" may echo and amplify thoughts and feelings about brands and organizations as well as people and events.

Commercial communication has changed radically in the 21st century, moving from marketer-driven and product-focused brand messages to social media strategies that aim to inspire positive comments about brands and the organizations behind them. In this new world, the snowball effect of liking may spread the word about a brand faster and farther than traditional advertising—and with greater impact.

But liking is just the social face of emotion. On a deeper level, savvy marketers would like customers to fall in love with their brands.

That's the focus of a 2013 book called *Loveworks: How the World's Top Marketers Make Emotional Connections to Win in the Marketplace* by Brian Sheehan, one of this book's contributors. He's also a Syracuse University professor who spent 25 years working for Saatchi & Saatchi and its agencies in Japan, Australia, and Los Angeles. Based on a previous book called *Lovemarks* by Saatchi's CEO Kevin Roberts, Professor Sheehan's *Loveworks* uses case studies to prove that brands that engage consumer's deepest emotions are the ones that work—the brands that win in the marketplace.

For example, the idea that responses to communication are driven by emotion is demonstrated in the "Blood Relations" campaign by the Saatchi agency in Tel Aviv that showed Israelis and Palestinians giving blood together. The effort was sponsored by the Parents Circle Families Forum (both Israeli and Palestinian families whose relatives had been wounded or killed in the conflict) and the Peres Centre for Peace. The simplicity of the symbolism of "blood relations" and the imagery of blood donors sitting side by side was supported by the slogan "Could you hurt someone who has your blood running through their veins?" The "Blood Relations" videos led to an avalanche of coverage both in Israel and internationally on NBC, BBC, and Reuters, generating comments in blogs as well as other news publications and radio stations. The effort won the United Nations Gold Award and five Gold Lions at Cannes in 2012, but it also moved a few survivors and combatants to see each other in a more positive way.

That's why this textbook, *Advertising & IMC: Principles & Practice*, is dedicated not only to explaining advertising and other areas of brand communication—such as public relations, direct marketing, and sales promotion—but also to make you think about what works in commercial communication.

We'll look at the basic principles and best practices in an industry that is undergoing radical change—old media are shape-shifting, and new media are emerging and merging with old media. The practice of brand communication faces new and exciting challenges in an interactive age where consumers are more in charge—actively selecting and designing their own media worlds and engaging with their friends in new forms of social media.

This 10th edition reflects these changes as it challenges its readers to assume control not only of their media choices but also of their bigger role as consumers and creators of products, ideas, and media.

What's New in the 10th Edition

1. **Liking, Loving, and Loyalty** In recognition of the importance of brand liking, the 10th edition of *Advertising & IMC: Principles & Practice* focuses throughout on emotion-driven strategies that have relevance to consumers and that create feelings of liking for a brand or organization. It also focuses on brand relationship strategies that move consumers from targets to partners, moving away from one-way communication to interactive and experiential brand communication.
2. **The New Media World** The media world has changed so dramatically in the first decade of the 21st century that the old media categories we have used in the past, such as print or broadcast, are no longer valid. Media distinctions have blurred and expanded to include media other than advertising. Furthermore, consumers now exert more control over media selection as their role as consumers of media has expanded. This has driven the biggest change in the 10th edition, which is a total rewrite of the four chapters in Part 4.

The media industry has a new concept that describes this broader and more interactive media world—POE, which stands for Paid, Owned, and Earned. With the guidance of the media experts on our Advisory Board, we have restructured the four media chapters in Part 4 around these concepts. We've also included Interactive as a defining media concept. In other words, we are now approaching media not in terms of the form (print or broadcast) but rather as functions—particularly how media function in consumers' lives where they seek out entertainment, social connections, and information. This approach is discussed in Chapter 11 as part of the overview of the changes in the media marketplace. Here is how this totally rewritten presentation of the media world is presented in Chapters 12, 13, and 14:

- **Paid Media** This category includes traditional advertising, which relies on the purchase of time and space from other media owners, as well as new media used to deliver advertising messages, such as cell phones, video games, and online ads. This is the focus of the new Chapter 12.
- **Owned Media** The first part of Chapter 13 looks at media owned and controlled by the organization, such as corporate public relations materials, as well as media used in retail promotions and branded media, which are often used by consumers to engage in positive, entertaining experiences.
- **Interactive Owned Media** Also in Chapter 13, we consider corporate interactive media (such as websites, Facebook, and Twitter pages), direct-response media, personal contact media and experiences (sales and customer service), and mobile marketing platforms. Although owned by the organization, consumers use them to gain information and participate in entertainment and social activities.
- **Earned Interactive Media** The earned category has traditionally been the province of public relations, particularly through publicity and mentions in the news media. In addition, this discussion of earned media has been broadened in Chapter 13 to include word of mouth (such as referrals) and brand mentions in social media, such as Facebook and Twitter. The focus is on buzz—people talking about things that interest them, including brands.
- **Multiplatform Brand Communication Strategies** Chapter 13 concludes with a discussion of new practices, such as mobile marketing, viral marketing, and social media marketing, that call for new approaches to platform integration as these new media forms overlap and, it is hoped, reinforce one another.
- **Media Planning and Negotiation** Chapter 14 continues to provide a review of the media planning and buying functions; however, the buying operation is reframed to emphasize the important role of negotiation. In addition, this chapter is expanded to include the complexities of managing multimedia and multiplatform programs.

3. **More In-Depth IMC Focus** The title of this book was modified in the ninth edition to recognize the importance of integrated marketing communication (IMC) practices, many of which have been important in this book since its first edition. In the 10th edition, a number of other changes have been made to better align the content with an IMC philosophy:
 - **More on Promotional Writing** Chapter 9 was rewritten to include writing for all the areas of brand communication. So, instead of a focus on only advertising copywriting, writing for all areas of brand communication is discussed.
 - **Broader Review of Media** Similar to the advertising copywriting change in Chapter 9, media from all IMC disciplines and functions are discussed in the four media chapters in Part 4.
 - **Principles of IMC** A set of IMC principles was developed in the ninth edition. Instead of appearing throughout the book, as they did in ninth edition, in the 10th edition these principles have been grouped to form a more comprehensive presentation of the basic IMC concepts in Chapter 18. This is a wrap-up technique to pull the IMC discussion together into a more coherent conclusion about the essential IMC concepts and the principles on which they are based.
 - **IMC Campaign Discussion as Summary** Discussions about campaign planning were sprinkled through a number of chapters in the ninth edition. In the 10th edition, campaign planning is developed more comprehensively in Chapter 18 as a way to summarize the principles and practices discussed in the previous chapters.
 - **IMC Management** Chapter 18 concludes by making a distinction between the practice of IMC campaigns, which by their nature are more short term, and the management of IMC programs, which involves setting the direction and philosophy of an IMC operation for the long term.
4. **New Evaluation Chapter (and Author)** Chapter 19 introduces Regina Lewis, a member of the book's Advisory Board, as the author of the final chapter in the book, which wraps up the discussion of effectiveness and the evaluation of brand communication efforts. An expert in consumer insight, Professor Lewis has directed marketing communication research and evaluation programs for Dunkin' Brands and the Intercontinental Hotels Group. She uses her broad experience to shape our discussion of the critical area of evaluation and wrap up the discussion of effectiveness, which continues to be a central theme of *Advertising & IMC: Principles & Practice*.
5. **New Examples of Award-Winning Brand Communication Campaigns** Part of the added value of this textbook lies in the cohesive story that it tells about effective brand communication. This is particularly important as students face a radically changing and complex media environment. New and updated case studies open each chapter in the 10th edition to illustrate basic principles and best practices and show students how professionals design and execute effective strategies that work.
6. **New Faces, New Cases, New Brands** Throughout the book new stories have been added to update the discussions and illustrate the many changes in this new marketing communication environment.
 - In the 10th edition two new members of the Advisory Board have been involved not only with personal interviews and writing boxes, but also with critiquing and making suggestions about changing content and, in some cases, changing the organizational structure of the book.
 - We have seven new Ad Stars whose work and thoughts we feature, as well as eight new Pros and Profs who have written boxes about their research, professional work, and other projects.
 - All but two of the opening stories are new or have been completely rewritten. We also have five new part-ending cases.
 - We have a major new case adapted from the AAF National Student Advertising Competition in the Appendix with application and reflection questions at the end of every chapter.
 - With a total of 33 new or completely rewritten boxes, almost every chapter has new featured stories to support and further explain concepts in the text.
7. **Contributions from Experts around the World** Preparing students to become effective brand communicators requires a broad knowledge about many subjects in

a dramatically changing media environment. This edition expands the number of contributions from experts across the globe, exposing students to a vast array of contemporary thinking about current issues. These pieces are designed to pique readers' interest about exciting new possibilities related to brand communication and challenge students to think critically in their quest to apply enduring principles and develop effective practices.

The Central Themes

Although the introduction to this preface highlighted changes, the important thing in a textbook project of this size and scale is that there are central threads that weave key ideas across the chapters and throughout the book. So let's consider the foundation themes that make this book different from other introductory textbooks in advertising and marketing communication.

Brand Communication and IMC

This book started out many years ago as an introductory advertising textbook; however, it has always had an IMC slant with coverage of other marketing communication areas. Over the years, the scope of advertising has changed. Now we use the phrase *brand communication* (or *marketing communication*) because what used to be known as *advertising* has expanded beyond the familiar ads in print media and commercials on radio and television.

Electronic and social media have opened up new ways to communicate online with consumers about a brand. Alternative and nontraditional forms, such as *guerilla marketing*, which reaches people in surprising ways in unexpected places, have opened up new opportunities to engage people with brand messages through memorable experiences.

Creating buzz and dialogue have replaced the old practice of targeting messages at consumers. A new goal is to enlist word-of-mouth conversations to reinforce and extend the power of the more traditional marketing communication forms.

This wider view of *advertising* includes an array of communication tools used by a variety of organizations—nonprofit as well as for-profit—promoting consumer as well as business-to-business products and services. We mention public relations, direct marketing, and sales promotion, but those are just a few of the tools in the brand communication tool kit.

We will describe the use of these various forms of brand communication as IMC, which refers to the strategic use of multiple forms of communication to engage different types of consumers who have an interest in or a connection to a brand. The title of this book changed in the previous edition to recognize the importance of IMC in modern brand communication.

Effectiveness

During a Super Bowl some years ago, an ad for Anheuser-Busch called “Applause” showed people in an airport spontaneously applauding a group of American troops returning home. Even the audience watching from their living rooms were inclined to join in with applause as part of this graceful display of respect and appreciation. It was touching and memorable, and it might have nudged a few viewers to think well of Anheuser-Busch.

But was it an effective ad? What was it trying to accomplish? Did the viewers remember it as an Anheuser-Busch ad, and, if so, did it affect their opinions of that company and its brands?

What is effective? Is it marketing communication that gets talked about? Is it a message like the Anheuser-Busch commercial that touches your emotions and inspires you to applaud? What, exactly, does it mean to say that a brand message “works”?

Our answer is that brand communication is effective if it creates a desired response in the audience. A brand message *that works* is one that affects people; it gets results that can be measured.

Effective messages move people to like, love, laugh, dance, squirm in their seats, or even shed tears. But they can also cause you to stop and watch or even to stop and

think. Commercial communication can't make you do something you don't want to do, but it can inspire you to read about a new product or remember a favorite brand when you're walking down the aisle in a supermarket.

This book uses the *Facets Model of Advertising Effects* to better explain brand communication strategies, consumer responses, and effectiveness. The facets model is like a diamond or a crystal whose surfaces represent the different types of responses generated by a brand message. This model and the ideas it represents are used throughout the book to help explain such things as how objectives are decided on, what strategies deliver what kind of effects, and how an advertisement and other forms of marketing communication are evaluated based on their objectives.

That's why this textbook is dedicated not only to explaining advertising and other areas of brand communication—such as public relations, direct marketing, and sales promotion—but also to make you think about what works in all commercial communication efforts.

Enduring Principles and Best Practices

To help you better understand how effective communication is created, this textbook will highlight the principles and practices of the industry. Marketing communication messages are part inspiration and part hard work, but they are also a product of clear and logical thinking. In most cases, consumers have little idea what the objectives are because that information generally isn't made public—and you sometimes can't tell from the communication itself. But think about the “Applause” ad. From what we've told you, what do you think the ad's objectives are? To sell beer? To get viewers to run out and buy the brand? Actually, the ad seems to be a bit removed from a straight sales pitch.

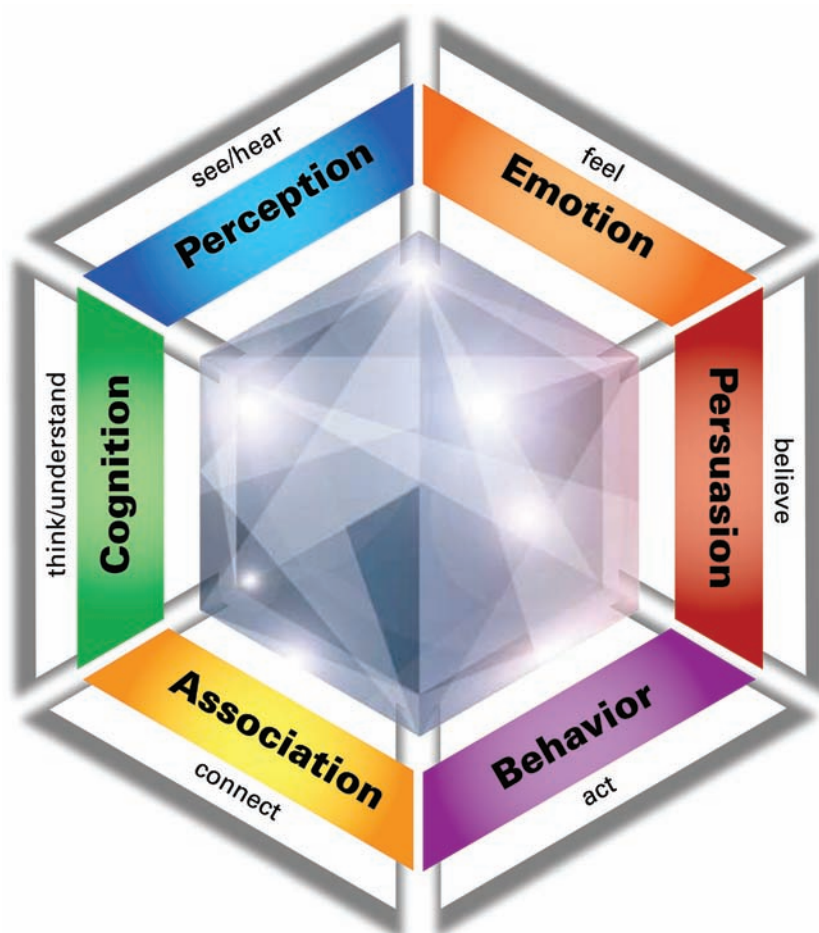
An educated guess—and that's what you will be better able to make after reading this book—is that perhaps its objective is simply to make people feel good, to see the goodness in a simple patriotic gesture—and, ultimately, to associate that feeling of goodness and warmth with the brand. Does it work? How did you feel when you read over the description of the ad?

This book presents both principles and practices of effective brand communication. You will find principles in the margins of the text in every chapter. In addition, boxes and other features elaborate on both the principles and the practices related to the topic of each chapter.

In this 10th edition, we take you behind the scenes of many award-winning campaigns, such as the Aflac, Altoids, Geico, and McDonald's campaigns, to uncover the hard work and explain the objectives, the inspiration, and the creative ideas behind some great campaigns. You will see how the ideas come together; you will live through the decision making, and you will understand the risks the message creators faced.

We also have contributions from highly experienced professionals as well as our Ad Stars—graduates from advertising and marketing communication programs around the

The Facets Model of Effects



country who were nominated by their professors to be featured in this book. We showcase their work throughout the book. They also have written “Inside Stories” that explain strategies and what they have learned on the job as well as “A Day in the Life” features that provide insight into various career opportunities in marketing communication.

The Proof It Works

Advertisers and marketers want proof that their marketing communication is effective and efficient. Likewise, you should want proof about the value of your textbooks. You will learn in this book that all advertising claims need to be supported. That’s why we make the claim—and, yes, this is an advertisement—that *Advertising & IMC: Principles & Practice* is the book to read to learn about effective brand communication. We are making a bold claim, but here is how we back it up.

Advertising & IMC: Principles & Practice is time-tested. That’s why it has continued as one of the market leaders for more than 25 years. It continues to be in touch with the most current practices in the industry, but it also presents the fundamental principles in ways that will give you a competitive edge. That’s why students keep this textbook on their shelves as an important reference book as they move through their major. One thing we hear from our young professional Ad Stars is that they continue to rely on this book as they make their transition to professional life, and you can find it on many of their office shelves as well. The principles in this book are enduring, and your understanding of the practices of the field can jump-start your career.

Teaching Aids for Instructors on the Instructor Resource Center

At www.pearsonglobaleditions.com/Moriarty, instructors can access a variety of print, digital, and presentation resources available with this text in downloadable format. Registration is simple and gives you immediate access to new titles and new editions. As a registered faculty member, you can download resource files and receive immediate access and instructions for installing course management content on your campus server.

If you need assistance, our dedicated technical support team is ready to help with the media supplements that accompany this text. Visit <http://247pearsoned.custhelp.com> for answers to frequently asked question and toll-free user support phone numbers.

The following supplements are available to adopting instructors (for detailed descriptions, please visit Instructor Resource Center or at MyMarketingLab:

- **Instructor’s Manual** This downloadable instructor’s manual includes chapter-by-chapter summaries, learning objectives, extended examples and class exercises, teaching outlines incorporating key terms and definitions, teaching tips, topics for class discussion, and solutions to review questions and problems in the book. This manual is available for download by visiting www.pearsonhighered.com/irc.
- **Test Item File** This downloadable Test Item File contains over 2,000 questions, including multiple-choice, true/false, and essay-type questions. Each question is followed by the correct answer, the learning objective it ties to, the AACSB category (when applicable), the question type (concept, application, critical thinking, or synthesis), and a difficulty rating.
- **PowerPoints** This downloadable deck of PowerPoints is available from www.pearsonhighered.com/irc. PowerPoints include the basic outlines and key points with corresponding figures and art from each chapter. These PowerPoints are completely customizable for individual course needs or ready to use. The notes section on each slide provide additional explanations written for your students.
- **TestGen** Pearson Education’s test-generating software is available from www.pearsonhighered.com/irc. The software is PC/Mac compatible and preloaded with all of the Test

Item File questions. You can manually or randomly view test questions and drag and drop to create a test. You can add or modify test-bank questions as needed.

- **Video Library** Videos illustrating the most important subject topics are available in: **MyMarketingLab** Available for instructors and students, providing around-the-clock instant access to videos and corresponding assessment and simulations for Pearson textbooks.

Contributors

Advisory Board VIPs



Shawn M. Couzens

Conceptual Engineer,
AbbaSez, Yardley, Pennsylvania



Constance Cannon Frazier

Chief Operating Officer,
AAF, Washington, D.C.



Larry Kelley

Partner, Media Director, and
Chief Planning Officer, FKM,
and Professor, University of
Houston, Texas



Regina Lewis

Associate Professor, University
of Alabama, and Contributing
Author for Chapter 19



Ingvi Logason

Principal, H:N Marketing
Communications,
Reykjavik, Iceland



Harley Manning

Vice President of Research
and Research Director,
Forrester Research



Susan Mendelsohn

Ph.D., President, Susan
Mendelsohn Consultants,
Chicago, Illinois



David Rittenhouse

Worldwide Media Director,
Ogilvy, New York



William H. Weintraub

Chief Marketing Officer
(Retired), Coors Inc.,
Boulder, Colorado



Karl Weiss

President/CEO, Market
Perceptions, Inc.,
Denver, Colorado



Robert Witeck

CEO, Witeck Communications,
Washington, D.C.



Charles E. Young

Ph.D., Founder and CEO,
Ameritest, Albuquerque,
New Mexico

Contributors: Ad Stars



Masaru Ariga

Group Account Director,
Dentsu Inc., Tokyo, Japan



Heather Beck

Photographer, Beck
Impressions, Lewisburg,
Tennessee



John Brewer

President and CEO, Billings
Chamber of Commerce/CVB,
Billings, Montana



Ed Chambliss

Vice President, Team Leader,
The Phelps Group,
Santa Monica, California



Diego Contreras

Art Director, Anomaly,
New York



Jennifer L. Cunningham

Account Manager at Disney's
Yellow Shoes Creative



Michael Dattolico

Owner, Musion Creative, LLC,
Gainesville, Florida



Tammie DeGrasse-Cabrera

Management Supervisor,
CP+B, Miami



Graham Douglas

Creative Director, Droga5,
New York



Eric Foss

Director of Consulting Services,
North America, Pcubed,
Denver, Colorado



Amy Hume

Communications Consultant,
University of Colorado-Denver



Mike Latshaw

President and Copywriter,
Full Flannel Nudity,
Pittsburgh, Pennsylvania



Melissa Lerner

Vice President, Director, Client
Delivery and Data, Posterscope



Elisabeth Loeck

University of Nebraska-Lincoln



Lara Mann

Associate Creative Director,
mcgarrybowen, Chicago

**Mary Nichols**

Founder and Chief Community Builder, Karmic Marketing, Portland, Oregon

**Amy Niswonger**

Design Instructor, School of Advertising Art, Dayton, Ohio; President, Ninth Cloud Creative & Little Frog Prints

**Sonia Montes Scappaticci**

Business Development Director, Branded Entertainment, Catmandu Entertainment, Detroit, Michigan

**Karl Schroeder**

Senior Writer, Coates Kokes, Portland, Oregon

**Peter Stasiowski**

Marketing and Communications Manager, Interprint, Inc., Pittsfield, Massachusetts

**Kate Stein**

University of Florida and Cornell Law School

**Aaron Stern**

Freelance Copywriter, New York, New York

**Trent Walters**

Brand Management Team Leader, The Richards Group, Dallas, Texas

**Lisa Yansura**

Marketing Coordinator, Gragg Advertising, Kansas City, MO

**Wendy Zomnir**

Creative Director and Founding Partner, Urban Decay, Costa Mesa, California

Contributors: Pros and Profs

**Glenda Alvarado**

Assistant Professor, Advertising and Public Relations, University of South Carolina

**Nikki Arnell**

Assistant Professor of Graphic Design, Arkansas State University

**Bill Barre**

Instructor, Central Michigan University

**Ann Barry**

Associate Professor, Boston College, Boston, Massachusetts

**Fred Beard**

Professor, Gaylord College of Journalism and Mass Communication, University of Oklahoma, Norman

**Daryl Bennewith**

Strategic Director, TBWA Group, Durban, South Africa

**Edoardo Teodoro Brioschi**

Professor and Chair of Economica and Techniques of Business Communication, Università Cattolica del Sacro Cuore, Milan, Italy

**Sheri Broyles**

Professor and Interim Chair, Department of Strategic Communications, Mayborn School of Journalism, University of North Texas, Denton

**Clarke Caywood**

Professor and Director, Graduate Program in Public Relations, Medill School of Journalism, Northwestern University, Evanston, Illinois

**Jason Cormier**

Cofounder and Managing Partner, Room214.com, Boulder, Colorado

**Joel Davis**

Professor, School of Journalism and Media Studies, San Diego State University

**Bonnie Drewniany**

Associate Professor, University of South Carolina, Columbia

**Tom Duncan**

IMC Founder and Director Emeritus, University of Colorado, and Daniels School of Business, University of Denver

**Steve Edwards**

Director and Professor, Termerlin Advertising Institute, Southern Methodist University, Dallas, Texas

**Gary Ennis**

Freelance Creative Director

**Arlene Gerwin**

Marketing Consultant and President, Bolder Insights, Boulder, Colorado

**Thomas Groth**

Professor, Department of Communication Arts, University of West Florida, Pensacola

**Jean M. Grow**

Associate Professor, Diederich College of Communication, Marquette University, Milwaukee, Wisconsin

**Scott R. Hamula**

Associate Professor and Program Director, Integrated Marketing Communications, Roy H. Park School of Communications, Ithaca College, Ithaca, New York

**Michael Hanley**

Associate Professor,
Department of Journalism,
Ball State University

**Dean Krugman**

Professor Emeritus, Department
of Advertising and Public
Relations, Grady College
of Journalism and Mass
Communication, University
of Georgia, Athens

**Hairong Li**

Professor, Department of
Advertising, Public Relations,
and Retailing, Michigan State
University, East Lansing

**Qing Ma**

Professor, Shejiang University
City College, Hangzhou, China

**Karen Mallia**

Associate Professor, University
of South Carolina, Columbia

**James Maskulka**

Associate Professor of
Marketing, Lehigh University,
Bethlehem, Pennsylvania

**Michael McNiven**

Managing Director and
Portfolio Manager for
Cumberland Advisors,
Sarasota, Florida

**George Milne**

Professor, University of
Massachusetts–Amherst

**Keith Murray**

Professor, College of Business,
Bryant University,
Smithfield, Rhode Island

**Connie Pechmann**

Professor, Paul Merage School
of Business, University of
California–Irvine

**Jimmy Peltier**

Professor, Marketing, University
of Wisconsin–Whitewater

**Joseph E. Phelps**

Professor and Chair,
Department of Advertising
and Public Relations, University
of Alabama, Tuscaloosa

**James Pokrywczynski**

Associate Professor, Strategic
Communication, Diederich
College of Communication,
Marquette University

**Jef I. Richards**

Chair and Professor,
Department of Advertising
and Public Relations,
Michigan State University

**Herbert Rotfeld**

Professor of Marketing,
Auburn University, Alabama

**Sheila Sasser**

Professor of Advertising
Creativity, IMC, and Marketing,
College of Business, Eastern
Michigan University, Ypsilanti

**Brian Sheehan**

Associate Professor, S. I.
Newhouse School of Public
Communications, Syracuse
University, Syracuse, New York

**Mark Stuhlfaut**

Associate Professor,
University of Kentucky

**John Sweeney**

Professor, Head of Advertising
and Director of Sports
Communication Program,
University of North Carolina–
Chapel Hill

**Ronald E. Taylor**

Professor, School of Advertising
and Public Relations, University
of Tennessee–Knoxville

**Joe Tougas**

Professor, Evergreen State
College, Olympia, Washington

**Wan-Hsiu Sunny Tsai**

Assistant Professor,
School of Communication,
University of Miami, Florida

**Bruce G. Vanden Bergh**

Professor Emeritus, Department
of Advertising and Public
Relations, Michigan State
University, East Lansing

**Philip Willet**

Assistant Professor, University
of Oklahoma

**Joyce M. Wolburg**

Professor and Associate
Dean, Diederich College
of Communication,
Marquette University,
Milwaukee, Wisconsin

Acknowledgments

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Contributors:

Rania Deeb, Business Consultant, UAE

Diane Sutherland, Writer

Jon Sutherland, Writer

Reviewers:

Kim Min-chung, Hong Kong Polytechnic University

Jayashree Sreenivasan, Multimedia University

Lilian Yap, Wawasan Open University

Advertising & IMC

Principles & Practice

Tenth Edition

Global Edition

1

Principle: Back to Basics

This is one of the most exciting times to take an advertising course because of all the changes in the industry—new technology, new media, new types of consumers and media users, new ways of looking at brand communication, and new economic challenges. It's also a great time to be studying the basics of advertising and brand communication because this is the era of back to basics. Why do we say that?

Unchanging Truths in Times of Change



Bill Weintraub is retired from Coors where he was chief marketing officer. Before that he spent 15 years managing a range of brands at Procter & Gamble, then he was chief marketing officer at Kellogg and Tropicana. He teaches about brands and brand communication at the University of Colorado and the Daniels School of Business at Denver University.

Rather than redefine the field to accommodate changing times, Bill Weintraub, one of this book's advisory board members and a marketing expert who led marketing teams at Procter & Gamble, Tropicana, Kellogg's, and Coors, insists that the basic truths in marketing communication are immutable.

He observes, "Whether the economy is strong or weak, the basic principles of strategy and persuasion remain in place. As economic conditions change, what might evolve is more or less strategic emphasis on 'price' vs. 'value added'—in product offering and formulation, promotion strategy, and advertising executions." He continues,

I don't believe the underlying principles of marketing and communication should ever change. Regardless of the economy, new media, changes in culture, etc. I don't accept that these superficial changes in the marketing environment are relevant in terms of how intelligent business practices should be conducted.

The Basic Truth: Understand Your Brand

So what are the immutable principles that guide the practice of marketing communication? The most important is understanding your brand.

Advisory board member Regina Lewis, who has been in charge of consumer insights for InterContinental Hotel Group and Dunkin' Brands, says, "There is a very charged need for brand authenticity. With social media's power, brands are tasked with—among other things—achieving

CHAPTER 1 • Advertising

CHAPTER 2 • Brand Communication

CHAPTER 3 • Brand Communication and Society

perfect transparency.” In other words, “There is an enhanced need for brand clarity—for brands to know exactly what they stand for and to communicate exactly what they stand for.”

How is that brand strategy developed and delivered? Weintraub believes that “the essence of building a brand is a sound strategy that clearly differentiates a brand (in a positive way) to a specific group of consumers for whom the brand promise is relevant.”

Lewis believes that the basics of successful branding lie with connecting with consumer values. Like, Weintraub, she sees that “uniquely positioning your brand (a strategy based on knowing how consumers think and feel about your brand versus competitive brands) is essential.” But that’s just the foundation of successful branding; the structure of a successful brand is built on effective communication. As Lewis explains, “Communicating about your brand in a way that is highly meaningful to consumers becomes even more important” in dynamic periods such as we see in this 21st century.



Dr. Regina Lewis has been vice president of Global Consumer Insights at InterContinental Hotels Group and vice president and director of the Consumer and Brand Insights Group at Dunkin’ Brands, Inc. She is now an associate professor in the Department of Advertising and Public Relations at the University of Alabama.

The Enduring Principles

We agree with Weintraub and Lewis that branding, positioning, and communication are the foundations of brand success. We’ve elaborated on their thoughts to compile seven principles that we believe express marketing and marketing communication basics. These principles are central themes in this textbook:

1. **Brand** Build and maintain distinctive brands that your customers love.
2. **Position** Identify your competitive advantage in the minds of consumers.
3. **Consumers** Focus on consumers and match your brand’s strengths to consumer needs and wants.
4. **Message** Identify your best prospects and engage them in a brand conversation.
5. **Media** Know how to best reach and connect with your target audience.
6. **Integrate** Know how to connect the dots and make everything in the marketing communication toolkit work together.
7. **Evaluate** Track everything you do so you know what works.

As you will see throughout this book, effective advertising and marketing communication are founded on these basic, enduring principles. That doesn’t mean that brand communication is unchanging. In fact, the practices are dynamic and continually adapting to changing marketplace conditions. But the basic principles are unchanging even in times of change. In the chapters that follow in Part 1, these principles and practices will be explained, as will the key concepts of advertising and brand communication.

Advertising



Source: Ads reprinted courtesy of Wieden + Kennedy and the Procter & Gamble Co.

It's a Winner

Campaign

The Man Your Man
Could Smell Like

Company

Old Spice/
Procter & Gamble

Agency

Wieden + Kennedy

Contributing
Agencies

Paine PR, Landor

Award

Grand Effie and
Gold Effies in Beauty
Products,
Brand Experience,
Media Innovation,
Single Impact
Engagement
categories

MyMarketingLab™

★ **Improve Your Grade!**

Over 10 million students improved their results using the Pearson MyLabs.

Visit www.mymktlab.com for simulations, tutorials, and end-of-chapter problems.

CHAPTER KEY POINTS

1. What is advertising, how has it evolved, and what does it do in modern times?
2. How have the key concepts of marketing communication developed over time?
3. How is the industry organized—key players, types of agencies, and jobs within agencies?
4. Why and how is the practice of advertising changing?

Old Spice: What It Takes to Be a Man

"The original. If your grandfather hadn't worn it, you wouldn't exist." This recent Old Spice slogan is part of an award-winning campaign that has become a cultural phenomenon. Old Spice advertising is a good starting point for this book because it lets us see advertising through a lens of change. What worked to convince your grandfather to use Old Spice probably wouldn't persuade guys to use it now.

This book explains and demonstrates principles and practices of effective advertising today. We are interested not only in ads that amuse us personally but also in ads that communicate effectively to achieve goals for the companies that sponsor them. Old Spice is a great example because it has demonstrated its effectiveness sufficiently to win the Grand Effie, the top prize in a competition that recognizes advertising and marketing communication that works.

As you read the book, you'll get a behind-the-scenes look at what makes advertising effective. You can see for yourself that a 1953 ad for Old Spice with the headline "Grand Shave? Looking Great!" and pictures of the shaving lotion bottle probably wouldn't cut it today to sell much shaving cream. Advertising has evolved to be much more complex than simply announcing that a brand of shaving cream is for sale, as the more recent "The Man Your Man Could Smell Like" campaign proves.

Procter & Gamble (P&G) and its agency Wieden + Kennedy faced a significant challenge to protect Old Spice's share in the male body wash segment and boost sales amid fierce competition, particularly from Dove Men+Care body wash, which was introduced during the 2010 Super Bowl.

To address this challenge, P&G took stock of the situation. Old Spice was perceived as a manly scent, not a feminine scent like other brands. P&G's research surprisingly revealed that women—not men—purchased 60 percent of men's body wash. The big idea driving the marketing communication: the campaign needed to spark conversations between men and women talking about a manly-scented body wash. If you want to "smell like a man," then the choice is obvious: Old Spice. Former NFL tight end Isaiah Mustafa (remember the bare-chested guy on the horse?) brought the message to life with his hilarious and over-the-top delivery about manhood.

Executing the idea in the digital age requires more than running an ad in a magazine or a commercial on television. P&G devised a strategy that involved using media in an innovative way, building buzz with social media and using YouTube, Facebook, Twitter, the Old Spice website, as well as television commercials to get people talking.

These commercials appeared on YouTube and Facebook a few days before—not during—the Super Bowl when airtime is superexpensive, and they ran in places where both sexes might be together and see them, such as during *Lost*, the Vancouver Winter Olympics, and *American Idol*.

Another component of this campaign was designed to generate buzz by letting the audience ask questions of “The Man Your Man Could Smell Like.” Interactivity, getting people involved with a memorable message through a communication exchange, is a key to convincing the audience that Old Spice is cool.

Did it work? At the end of the chapter, the “It’s a Wrap” section will report the results.

Sources: “The Man Your Man Could Smell Like,” Effie Awards published case study, www.effie.org and www.oldspice.com; Bruce Watson, “Smells Like Viral Advertising: Old Spice through the Ages,” July 16, 2010, www.dailyfinance.com; Brian Morrissey, “Old Spice’s Agency Flexes Its Bulging Stats,” August 4, 2010, www.adweek.com; “Online Video: Old Spice The Most Viral Brand of the Year—Again,” December 28, 2011, www.adage.com.

In this chapter, we’ll define advertising and its role in marketing and more generally in marketing communication. We’ll also explain how advertising’s basic concepts and practices evolved. Then we’ll describe the agency world. We’ll conclude by analyzing the changes facing the larger area of marketing communication.

What Is Advertising?

You’ve seen thousands, maybe millions, of commercial messages. Some of them are advertising, but others are different types of promotional messages, such as the design of a package or a sporting event sponsorship. But the heavyweight promotional tool in terms of dollars and impact is advertising, also the most visible of all the forms of marketing communication, and that’s why we will start first with advertising.

So how would you define advertising? It may sound silly to ask such an obvious question. But where would you start if your instructor asked you for a definition?

At its most basic, the purpose of advertising has always been to sell a *product*, which can be *goods*, *services*, or *ideas*. Although there have been major changes in recent years, the basic premises of advertising remain unchanged even in the face of economic downturns and media convulsions. So how do we define it now, realizing that advertising is dynamic and that its forms are constantly changing to meet the demands of society and the marketplace? We can summarize a modern view of advertising with the following definition:

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

This definition has a number of elements, and as we review them, we will also point out where the definition is changing because of new technology, media shifts, and cultural changes (see also the *American Marketing Association Dictionary* at www.marketingpower.com/_layouts/Dictionary.aspx).

Advertising is usually *paid* for by the advertiser (e.g., P&G) who has a product to *sell* (Old Spice), although some forms of advertising, such as public service announcements, use donated

space and time. Not only is the message paid for, but the sponsor is identified. Advertising began as *one-way* communication—from an advertiser to a targeted audience. Digital, interactive media, however, have opened the door to interesting new forms of *two-way* and *multiple-way* brand-related communication, such as word-of-mouth conversations among friends or consumer-generated messages sent to a company.

Advertising generally reaches a *broad audience of potential customers*, either as a *mass audience* or in smaller *targeted* groups. However, *direct-response* advertising, particularly those practices that involve digital communication, has the ability to address individual members of the audience. So some advertising can deliver *one-to-one* communication but with a large group of people.

In traditional advertising, the message is conveyed through different kinds of *mass media*, which are largely *nonpersonal* messages. This nonpersonal characteristic, however, is changing with the introduction of more *interactive* types of media, as the Old Spice case demonstrates with its social media that created a great deal of buzz. Richard Edelman, chief executive officer (CEO) of the Edelman agency, emphasizes the emerging importance of *word of mouth*, which is personal communication through new media forms rather than what he describes as “scripted messages in a paid format.”¹ In other words, the communication pattern is not just from a *business* to a *consumer*, which we sometimes describe in marketing shorthand as “B to C,” but it can also be *business to consumer to consumer*, or “B to C to C,” which recognizes the important role of personal communication—**word of mouth**—about a product or even an advertisement.

Most advertising has a defined strategy and seeks to *inform* consumers and/or make them *aware* of a brand, company, or organization. In many cases, it also tries to *persuade* or influence consumers to do something, such as buy a product or check out a brand’s website. Persuasion may involve *emotional* messages as well as information. The Old Spice strategy was designed to recognize the negative messages associated with the brand’s old image in order to turn the image around and make it cool for today’s audience.

Keep in mind that, as we have said, a *product* can be a *good*, a *service*, or an *idea*. Some nonprofits, for example, use ads to “sell” memberships, inform about a cause and its need for donations and volunteers, or advocate on behalf of a position or point of view.

Advertising is not the only tool in a brand’s promotional toolkit, although it may be the biggest. Advertising is a more than \$500 billion industry worldwide and a \$174 billion industry in the United States.² Advertising often is seen as the driving force in marketing communication because it commands the largest budget as well as the largest number of agencies and professionals.

What Are Advertising’s Basic Functions?

To summarize the key parts of the definition and to better understand advertising’s development as a commercial form of communication, it helps to see how advertising’s definition has evolved over the years in terms of three critical functions.

- **Identification** Advertising identifies a product and/or the store where it’s sold. In its earliest years, and this goes back as far as ancient times, advertising focused on identifying a product and where you could buy it. Some of the earliest ads were simply signs with the name or graphic image of the type of store—cobbler, grocer, or blacksmith.
- **Information** Advertising provides information about a product. Advances in printing technology at the beginning of the Renaissance spurred literacy and brought an explosion of printed materials in the form of posters, handbills, and newspapers. Literacy was no longer the badge of the elite, and it was possible to reach a general audience with more detailed information about products. The word **advertisement** first appeared around 1655, and by 1660 publishers were using the word as a heading in newspapers for commercial information. These messages announced land for sale, runaways (slaves and servants), transportation (ships arriving, stagecoach schedules), and goods for sale from local merchants. Because of the importance of commercial information, these ads were considered news and in many cases occupied more space in early newspapers than the news stories.
- **Persuasion** Advertising may persuade people to buy things. The Industrial Revolution accelerated social change as well as mass production. It brought the efficiency of machinery

P. T. BARNUM'S
Greatest Show on Earth.
 SEASON OF 1878.



Comprising a World's Fair, Immense Museum and School of Marvelous Mechanism, a Score of Imported Royal Stallions, and a Grand European and Native Circus, all combined in
ONE VAST UNDIVIDED SHOW,
 Owned by me exclusively and under my own individual and personal direction, assisted by Messrs. BAILEY, JUNK, NATHAN, and several other well-known Managers of experience and ability.

EXHAUSTIVE, EXTENSIVE, MAGNIFICENT, MARVELOUS AND COSTLY as many of my previous exhibitions have been, I hereby pledge my Honor, Reputation and Fortune that the present **Grand Exhibition of 1878** exceeds them all.

More than **ONE MILLION OF DOLLARS** are invested in this unparalleled collection of the **World's Wonders**. It is transported through the country on 100 railway cars of my own. This Colosseum, Mobile.

ACADEMY OF OBJECT TEACHING

Occupies many acres with its vast tents, and possesses more now and imported features, more Marine Monsters, more and rarer Wild Beasts, Birds and Reptiles, more marvelous Human Phenomena—including huge Giants, tiny Dwarfs, and the wonderful **Tattooed Greek Nobleman**—more Caricatures and Comic Mechanical Wonders, more Distinguished Equestrians and Athletes, more Penny Cancers, and more Educated Animals and Magicians. Trick Horses, than were ever before presented at any one time in any age or place, and More than Ten Times the Price of Admission Refused to Everybody.

I will give \$20,000 to any person who can show that, during the past five years, the daily expenses of my vast establishment have not been larger than the entire gross receipts of any traveling show in this or any other country.

A magnificent **FREE STREET PAGEANT** of bewildering beauty, a mile in length—including twenty Twelve Gallies, gorgeous Gilded and Crystal Chariots, Bands of Music, Herds of Elephants, Camels and Dromedaries, open Cages of Lions, Tigers and Serpents, handled by their keepers—all worth going many miles to see—takes place on the morning of our arrival, from 9 to 10 o'clock. Among my newest novelties are:



20 Royal Trained Stallions,
 From the Royal Stables of Germany, Russia, Italy and Tartary, which execute the most intricate and picturesque evolutions with the regularity and precision of army drill—EVEN WALKING ON THEIR HIND FEET EXACT AS SOLDIERS.

These remarkable specimens of equine beauty and training cost me \$250,000 in gold, and I will cheerfully pay a like sum for their equals in beauty of form, magnificence of action, thorough training and intelligence. They are divided into FIVE GROUPS, each one performing different but equally remarkable feats. They are the most wonderful animals in the world, and will prove of great interest to all lovers of the horse as well as to the public generally.

Two Exhibitions Daily at 1 and 7 o'clock.
 Admission to the entire Exhibitions and Performances, 50 Cts.
 Children, Half Price.

My entire undivided establishment will make a tour through the United States this Summer, visiting all the principal cities and towns in New England as far East as Bangor, then through the States of New York, Pennsylvania, Ohio, Indiana, Illinois, Michigan, Wisconsin, Missouri, as far West as Omaha.

P. T. BARNUM.
 Bridgeport, Conn., April, 1878.

Source: Collection of the John and Mable Ringling Museum of Art Tibbals Collection.

CLASSIC

P. T. Barnum was a pioneer in advertising and promotion. His flamboyant circus posters were more than just hype. What are the other roles they performed?

Principle

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

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

not only to the production of goods but also to their distribution. Efficient production plus wider distribution meant manufacturers could offer more products than their local markets could consume. With the development of trains and national roads, manufacturers could move their products around the country. For widespread marketing of products, it became important to have a recognizable brand name, such as Ivory or, more recently, Old Spice. Also, large groups of people needed to know about these goods, so along with industrial mechanization and the opening of the frontier came even more use of new communication media, such as magazines, catalogs, and billboards that reached more people with more enticing forms of persuasion. P. T. Barnum and patent medicine makers were among the advertising pioneers who moved promotion from identification and information to a flamboyant version of persuasion called *hype*—graphics and language characterized by exaggeration, or hyperbole.

Over the years, these three functions—identification, information, and persuasion—have been the basic objectives of marketing communication and the focus of most advertising messages. Even though this first chapter focuses on advertising, note that many of the advertising basics, such as organization, compensation, and strategy, also apply to the other marketing communication functions.

What Are the Key Components of Advertising?

In this brief review of how advertising developed over some 300 years, a number of key concepts were introduced, all of which will be discussed in more detail in the chapters that follow. But let's summarize these concepts in terms of a simple set of key components that describe the practice of advertising: strategy, message, media, and evaluation (see Figure 1.1):

- **Strategy** The logic or strategy behind an advertisement or any type of marketing communication message is stated in measurable objectives that focus on areas such as sales, news, psychological appeals, emotion, branding, and brand reputation, as well as the position and differentiation of the product from the competition and segmenting and targeting the best prospects.
- **Message** The concept behind a message and how that message is expressed is based on research and consumer insights with an emphasis on creativity and artistry.
- **Media** Various media have been used by advertisers over the centuries including print (handbills, newspapers, and magazines), outdoor (signs and posters), broadcast (radio and television), and now digital media. Targeting ads to prospective buyers is done by matching their profiles to media audiences. Advertising agency compensation was originally based on the cost of buying time or space in the media.

Common Types of Advertising

Advertising is not only a large industry but also a varied one. Different types of advertising have different roles. Considering all the different advertising situations, we can identify eight major types of advertising:

1. **Brand advertising**, the most visible type of advertising, is referred to as *national* or *consumer* advertising. Brand advertising, such as that for the Apple Macintosh in the classic “1984” commercial, focuses on the development of a long-term brand identity and image.
2. **Retail advertising** or **local advertising** focuses on retailers, distributors, or dealers who sell their merchandise in a certain geographical area; retail advertising has information about products that are available in local stores. The objectives focus on stimulating store traffic and creating a distinctive image for the retailer. Local advertising can refer to a retailer, such as T. J. Maxx; a service provider, such as KFC; or a manufacturer or distributor who offers products in a fairly restricted geographic area.
3. **Direct-response advertising** tries to stimulate an immediate response by the customer to the seller. It can use any advertising medium, particularly direct mail and the Internet. The consumer can respond by telephone, by mail, or over the Internet, and the product is delivered directly to the consumer by mail or some other carrier.
4. **Business-to-business (B2B) advertising**, also called *trade advertising*, is sent from one business to another. It includes messages directed at companies distributing products as well as industrial purchasers and professionals, such as lawyers and physicians. Advertisers place most business advertising in professional publications that reach these audiences.
5. **Institutional advertising**, also called **corporate advertising**, focuses on establishing a corporate identity or winning the public over to the organization’s point of view. Tobacco companies, for example, run ads that focus on the positive things they are doing. The ads for a pharmaceutical company showcasing leukemia treatment also adopt that focus.
6. **Nonprofit advertising** is used by not-for-profit organizations, such as charities, foundations, associations, hospitals, orchestras, museums, and religious institutions, to reach customers (e.g., hospitals), members (the Sierra Club), and volunteers (Red Cross). It is also used to solicit donations and other forms of program participation. The “*truth*”[®] campaign for the American Legacy Foundation, which tries to reach teenagers with antismoking messages, is an example of nonprofit advertising.
7. **Public service advertising** provides messages on behalf of a good cause, such as stopping drunk driving (as in ads from Mothers Against Drunk Driving) or preventing child abuse. Also called **public service announcements**, advertising and public relations professionals usually create them **pro bono** (free of charge), and the media donate the space and time.
8. Specific advertising areas, such as health care, green marketing, agribusiness, and international, address specific situations or issues and have developed specialized advertising techniques and agencies. For example, some \$262 million were spent for and against the health care reform legislation.³

Although these categories identify characteristics of various types of advertising, there are many commonalities. In practice, all types of advertising demand creative, original messages that are strategically sound and well executed, and all of them are delivered through some form of media. Furthermore, advertisements can be developed as single ads largely unrelated to other ads by the same advertiser, such as the “1984” ad for Apple, or as a **campaign**, a term that refers to a set of related ads that are variations on a theme. They are often used in different media at different times for different segments of the audience and to keep attracting the attention of the target audience over a period of time.

Other Important Promotional Tools

As we said, advertising’s original purpose was to sell something, but over the years, other promotional tools, with different sets of strengths, have developed to help meet that objective. For example, providing information, particularly about some new feature or a new product, is sometimes better handled through *publicity* or public relations. *Direct-response* advertising, such as catalogs and flyers sent to the home or office, can also provide more information in

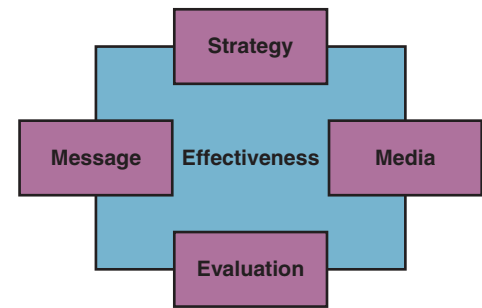


FIGURE 1.1
Four Components of Advertising

Principle

All types of advertising demand creative, original messages with a sound strategy delivered through some form of media.



Photo: © TJX Companies, Inc. All rights reserved

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

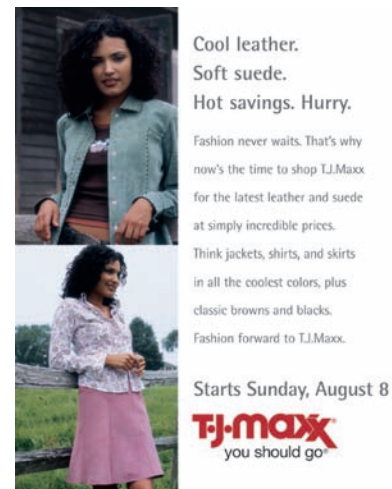


Photo: © 2010 The Procter & Gamble Company. All rights reserved

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

more depth than traditional ads that are limited in space and time. *Specialties* that carry brand logos as reminders or incentives to buy are handled by *sales promotion* companies. Communication with employees and shareholders about brands and campaigns is usually handled by *public relations*.

In other words, a variety of promotional tools can be used to identify, inform, and persuade. Professionals see differences in all of these areas, but many people just see them all as *promotion* or lump them together and call them *advertising*. The proper name for this bundle of tools, however, is **marketing communication (marcom)**, an umbrella term that refers to the various types of promotional tools and communication efforts about a brand that appear in a variety of media. Although we are focusing on advertising in this chapter, the book will also introduce you to this expanded concept of marketing communication. Chapter 2 will provide more information about this wider world of brand communication.

What Roles Does Advertising Perform?

Advertising obviously plays a role in both communication and marketing, as we've been discussing. In addition to marketing communication, advertising also has a role in the functioning of the economy and society. Consider the launch of the Apple Macintosh in 1984, which was successful because of the impact of one advertisement, a television commercial generally considered to be the greatest ever made. As you read about this "1984" commercial in the "A Matter of Practice" feature, note how this commercial demonstrated all four roles—marketing, communication, social, and economic.

Marketing and Communication Roles In its marketing communication role, advertising provides information about a product. It can also transform a product into a distinctive brand by creating a **brand image** that goes beyond straightforward information about product features. The "1984" commercial demonstrated how a personality could be created for a computer



"Your child has leukemia." The most devastating news a parent could hear. It used to mean there was little chance of survival. Now, 80 percent of kids diagnosed with leukemia not only survive—but lead normal lives. How? New breakthrough medicines, discovered and developed by pharmaceutical company researchers, have given many leukemia patients and their parents a second chance. The new medicines our researchers are discovering are giving families hope—and patients a chance to be kids again.

America's Pharmaceutical Companies

Leading the way in the search for cures

www.searchforcures.org

Photo: © 2004 The Pharmaceutical Research and Manufacturers of America (PhRMA). All rights reserved

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



Photo: Courtesy of Aflac Incorporated

Business-to-Business (B2B) Most people buy Aflac policies through payroll deduction at their workplace. Aflac used its memorable, quirky duck in B2B advertising to create a brand identity and help businesspeople understand how Aflac insurance can be part of an employee benefit package at no direct cost to the company.

(innovative), one that showcased it as a creative tool that breaks through the rigid systems of other computer brands. As advertising showcases brands, it also creates consumer demand (lines of customers the following day at stores where the Macintosh was sold) and makes statements that reflect social issues and trends (opening up the new category of personal computers for nonexperts). So, in addition to marketing and communication, advertising has economic and social roles.

Economic and Societal Roles Advertising flourishes in societies that enjoy economic abundance, in which supply exceeds demand. In these societies, advertising extends beyond a primarily informational role to create a demand for a particular brand. In the case of the Old Spice campaign, the decision was to invite people to ask questions in order to generate **buzz** as well as reinforce a high level of demand for the brand. Creating buzz—getting people to talk about the brand—has become an important goal of marketing communication in this era of social media.

Most economists presume that, because it reaches large groups of potential consumers, advertising brings cost efficiencies to marketing and, thus, lower prices to consumers. The more people know about a product, the higher the sales—and the higher the level of sales, the less expensive the product. Think about the high price of new products, such as a computer, HDTVs, and cell phones or other technologies. As demand grows, as well as competition, prices begin to drop. David Bell, retired CEO of the Interpublic Group, told a group of advertising educators in 2012 that “advertising is the motor of a successful economy. . . . But it isn’t effective without trust . . . and ethics is critical to trust.” In his view, the economic importance of advertising is a function of its social acceptance.⁴ We’ll talk about the critical role of ethics in Chapter 3 and trust in Chapter 4.

Two contrasting points of view explain how advertising creates economic impact. In the first, the rational view, advertising is seen as a vehicle for helping consumers assess value through price cues and other information, such as quality, location, and reputation. Advocates of

Principle

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

A Matter of Practice

The Greatest Commercial Ever Made



The advertiser was Apple, the product was its new Macintosh, and the client—the person handling the advertising responsibility and making decisions—was Steve Jobs, Apple's CEO, who wanted a "thunderclap" ad. The agency was California-based Chiat/Day (now TBWA/Chiat/Day) with its legendary creative director Lee Clow (now global director for media arts at TBWA worldwide). The medium was the Super Bowl. The "supplier" was legendary British film director Ridley Scott of *Alien* and *Blade Runner* fame. The audience was the 96 million people watching Super Bowl XVIII that winter day in January 1984, and the target audience was all those in the audience who were trying to decide whether to buy a personal computer, a relatively new type of product for consumers.

It's a basic principle in advertising: The combination of the right product at the right time in the right place with all the right people involved can create something magical—in this case, Jobs's thunderclap. It also required a cast of 200 and a budget of \$900,000 for production and \$800,000 for the 60-second time slot. By any measure, it was a big effort.

The story line was a takeoff on George Orwell's science fiction novel about the sterile mind-controlled world of 1984. An audience of mindless, gray-skinned drones (who were actually skinheads from the streets of London) watches a massive screen image of "Big Brother" spouting an ideological diatribe. Then an athletic young woman in bright red shorts runs in, chased by helmeted storm troopers, and throws a sledgehammer at the screen. The destruction of the image is followed by a burst of fresh air blowing over the open-mouthed drones as they "see the light." In the last shot, the announcer reads the only words in the commercial as they appear on screen:

On January 24th, Apple Computer will introduce Macintosh. And you'll see why 1984 won't be like "1984."

Was it an easy idea to sell to the client?

First of all, some Apple executives who first saw the commercial were terrified that it wouldn't work because it didn't look like any commercial they had ever seen. After viewing it, several board members put their heads

down in their hands. Another said, "Who would like to move on firing Chiat/Day immediately?" Legend has it that Apple's other founder, Steve Wozniak, took out his checkbook and told Jobs, "I'll pay for half if you pay for the other half." The decision to air the commercial finally came down to Jobs, whose confidence in the Chiat/Day creative team gave him the courage to run the ad. Recently, Clow and Steve Hayden, copywriter on "1984," said that Steve Jobs "put a stake in the ground," referring to how he wanted "technology in the hands of everybody."

Was it effective?

On January 24, long lines formed outside computer stores carrying the Macintosh, and the entire inventory sold out in one day. The initial sales goal of 50,000 units was easily surpassed by the 72,000 units sold in the first 100 days. More would have been sold if production had been able to keep up with demand.

The "1984" commercial is one of the most-talked-about and most-remembered commercials ever made. Every time someone draws up a list of best commercials, it sits at the top, and it continues to receive accolades more than two decades later.

Remember, the commercial ran only once—an expensive spot on the year's most-watched television program. The commercial turned the Super Bowl from just another football game into the advertising event of the year. What added to its impact was the hype before and after it ran. People knew about the spot because of press coverage prior to the game, and they were watching for it. Coverage after the game was as likely to talk about the "1984" spot as the football score. Advertising became news, and watching Super Bowl commercials became an event. That's why *Advertising Age* critic Bob Garfield calls it "the greatest TV commercial ever made."

Go to YouTube.com and search for 1984 Apple Hammer ad to view this award-winning commercial in its entirety as well as an interview with Ridley Scott about making this award-winning commercial.

Sources: "The Breakfast Meeting: What Olbermann Wrought, and Recalling Apple's '1984,'" *New York Times Media Decoder*, April 2, 2012, <http://mediadecoder.blogs.nytimes.com>; Kevin Maney, "Apple's '1984' Super Bowl Commercial Still Stands as Watershed Event," *USA Today*, January 28, 2004, 3B; Liane Hansen (host), "Steve Hayden Discusses a 1984 Apple Ad Which Aired during the Super Bowl," National Public Radio Weekend Edition, February 1, 2004; Bradley Johnson, "10 Years after '1984': The Commercial and the Product That Changed Advertising," *Advertising Age*, June 1994, 1, 12–14; Curt's Media, "The 1984 Apple Commercial: The Making of a Legend," www.isd.net/cmcalone/cine/1984.html.

this viewpoint see the role of advertising as a means to objectively provide price/value information, thereby creating more *rational economic decisions*. By focusing on images and emotional responses, the second approach appeals to consumers making a decision on *nonprice, emotional appeals*. This emotional view explains how images and psychological appeals influence consumer decisions. This type of advertising is believed to be so persuasive that it decreases the likelihood a consumer will switch to an alternative product, regardless of the price charged.

In addition to informing us about new and improved products, advertising also mirrors fashion and design trends and adds to our aesthetic sense. Advertising has an educational role in that it teaches about new products and their use. It may also expose social issues—some say the “1984” commercial symbolically proclaimed the value of computer literacy “for the rest of us,” those who weren’t slaves to the hard-to-operate PC systems of the time. It helps us shape an image of ourselves by setting up role models with which we can identify (a woman athlete liberating the gray masses), and it gives us a way to express ourselves in terms of our personalities (smash the screen image of Big Brother) and sense of style (red shorts—the only color in the drab environment) through the things we wear and use. It also presents images capturing the diversity of the world in which we live. These social roles have both negative and positive dimensions, which we will discuss in Chapter 3.

How Did Current Practices and Concepts Evolve?

As illustrated in the timeline in Figure 1.2, the advertising industry is dynamic and is affected by changes in technology, media, and the economic and social environment. But this history is far more than names and dates. The timeline reflects how the principles and practices of a multi-billion-dollar industry have evolved.⁵

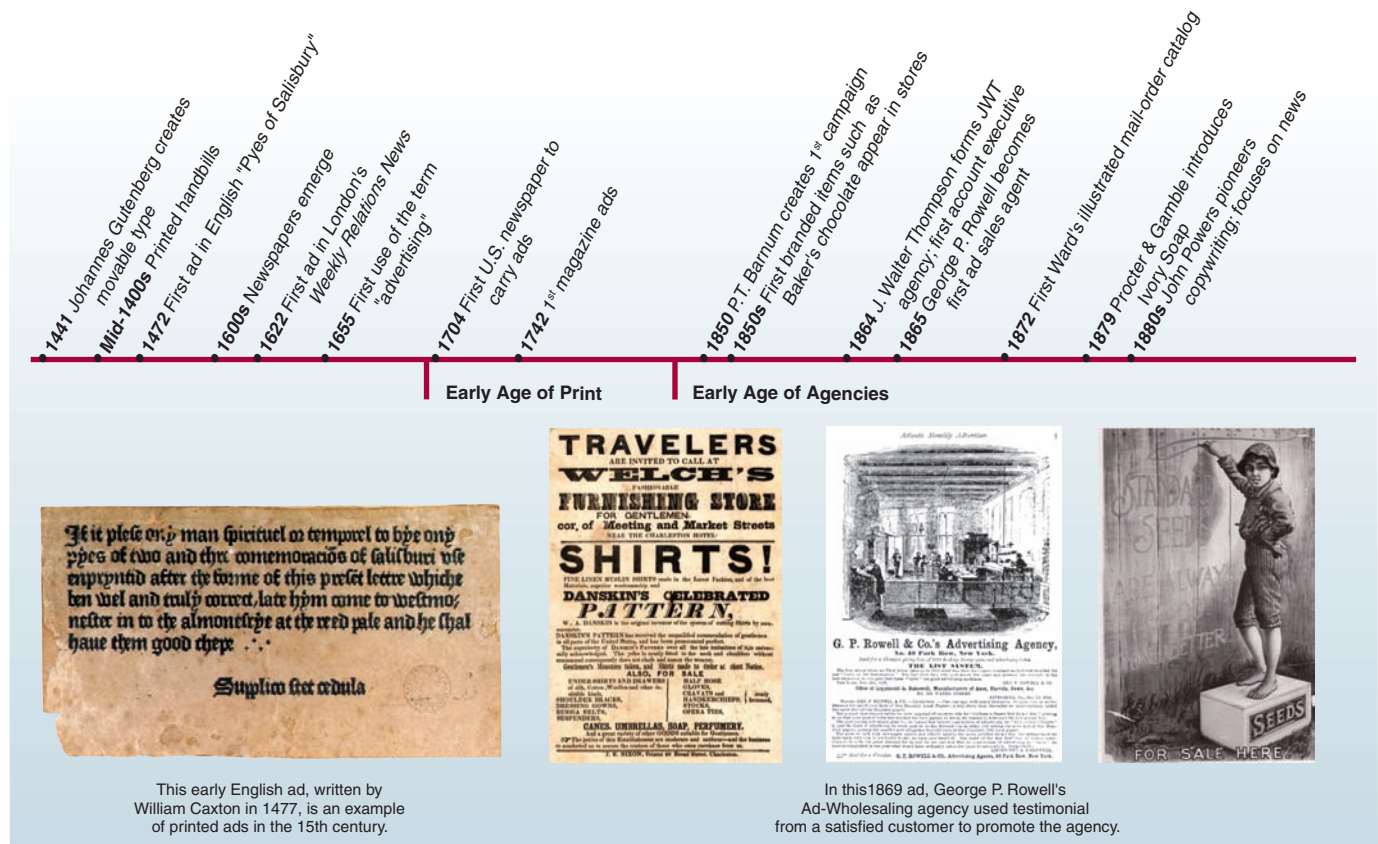
Eras and Ages

The time line divides the evolution of advertising into five stages that reflect historical eras and the changes that led to different philosophies and styles of advertising. As you read through this, note how changing environments, in particular media advancements, have changed the way advertising functions. (For more historical information, check out the extensive time line at <http://adage.com/century/timeline/index.html> or <http://library.duke.edu/digitalcollections/ea>. Another source for classic ads is www.vintageadbrowser.com.)

The Early Age of Print Industrialization and mechanized printing spurred literacy, which encouraged businesses to advertise beyond just their local place of business. Ads of the early years look like what we call **classified advertising** today. Their objective was to *identify products* and *deliver information* about them, including where they were being sold. The primary medium of this age was *print*, particularly newspapers, although handbills and posters were also important, as were hand-painted signs. The first newspaper ad appeared in 1704 for Long Island real estate, and Benjamin Franklin’s *Pennsylvania Gazette* ran the first advertising section in 1729. The first *magazine* ads appeared in 1742 in Franklin’s *General Magazine*.

The Early Age of Agencies The 19th century brought the beginning of what we now recognize as the advertising industry. Volney Palmer opened the *first ad agency* in 1848 in Philadelphia. The J. Walter Thompson agency formed in 1864, the oldest advertising agency still in existence. P. T. Barnum brought a Swedish singer to the United States and used a blitz of newspaper ads, handbills, and posters, one of the first *campaigns*. In 1868, the N. W. Ayer agency began the **commission system** for placing ads—advertising professionals initially were agents or brokers who bought space and time on behalf of the client for which they received a commission, a percentage of the media bill. The J. Walter Thompson agency invented the **account executive** position, a person who acts as a liaison between the client and the agency.

As advertisers and marketers became more concerned about creating ads that worked, professionalism in advertising began to take shape. Here, also, is when it became important to have a definition or a theory of advertising. In the 1880s, advertising was referred to by advertising

**FIGURE 1.2**

Time Line

(Ads displayed by permission)

legend Albert Lasker as “*salesmanship in print driven by a reason why.*” Those two phrases became the model for stating an ad *claim* and explaining the *support* behind it.

On the retail side, department store owner John Wanamaker hired John E. Powers in 1880 as the store’s full-time **copywriter**, and Powers crafted an advertising strategy of “*ads as news.*” The McCann agency, which began in 1902, also developed an agency philosophy stated as “*truth well told*” that emphasized the agency’s role in crafting the ad message. *Printer’s Ink*, the advertising industry’s first trade publication, appeared in 1888. In the early 1900s, the J. Walter Thompson agency began publishing its “Blue Books,” which explained how advertising works and compiled media data as an industry reference.

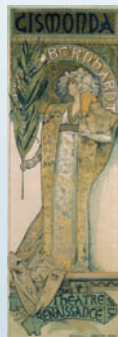
By the end of the 19th century, advertisers began to give their goods **brand names**, such as Baker’s Chocolate and Ivory Soap. The purpose of advertising during this period was to create demand as well as a visual identity for these new brands. Inexpensive brand-name products, known as *packed goods*, began to fill the shelves of grocers and drug stores. The questionable ethics of hype and *puffery*, which is exaggerated promises, came to a head in 1892 when *Ladies Home Journal* banned patent medicine advertising. But another aspect of hype was the use of powerful graphics that dramatized the sales message.

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

The Scientific Era In the early 1900s, professionalism in advertising was reflected in the beginnings of a professional organization of large agencies, which was officially named the American Association of Advertising Agencies in 1917 (www.aaa.org). In addition to getting the industry organized, this period also brought a refining of professional practices. As 19th-century department store owner John Wanamaker commented, “Half the money I spend on advertising is wasted and the trouble is I don’t know which half.” That statement partly reflected a need to know more about how advertising works, but it also recognized the need to better target the message.

- 1888 George Eastman creates first Kodak camera.
- 1888 Printer's Ink founded
- 1890s Earnest Elmo Calkins and Ralph Holder develop image copy
- 1890s Lord & Thomas agency forms
- 1904–1940s Albert Lasker pioneers "reason-why" copy
- 1905 John E. Kennedy describes advertising as "salesmanship in print"
- 1905–1930s Claude Hopkins develops scientific, mail-order copy testing
- 1906 Pure Food and Drug Act
- 1908 Beginning of celebrity endorsements—Pepsi uses famed racecar driver Barney Oldfield
- 1912 "Truth in Advertising" movement
- 1914 FTC Act passed
- 1917 American Association of Advertising Agencies formed
- 1918 Stanley & Helen Resor develop account services, brand names, and status appeals
- 1923 Young & Rubicam agency formed

Scientific and Regulation Era



After WW1, "I wanted to be happy" was the call of consumer, and jazz and dancing became popular, as this ad for Victor Talking Machine Co. illustrates.

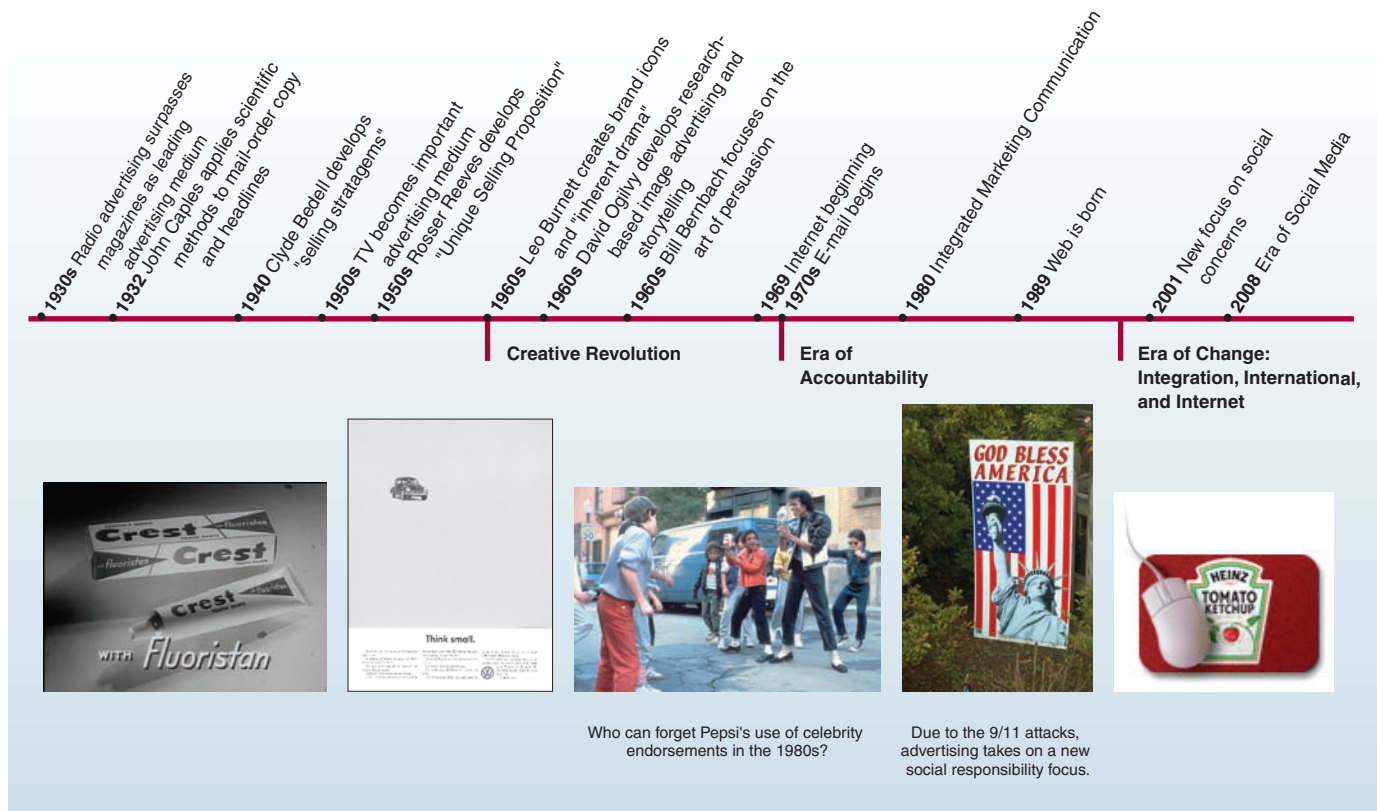


In the early 20th century, modern professional advertising adopted scientific *research* techniques. Advertising experts believed they could improve advertising by blending science and art. Two leaders were Claude Hopkins and John Caples. At the height of Hopkins's career, he was Lord & Thomas's best-known copywriter. Highly analytical, he conducted *tests of his copy* to refine his advertising methods, an approach explained in his 1923 book *Scientific Advertising*. John Caples, vice president of Batten, Barton, Durstine and Osborn (BBDO), published *Tested Advertising Methods* in 1932. His theories about the *pulling power of headlines* also were based on extensive tests. Caples was known for changing the style of advertising writing, which had been wordy and full of exaggerations. During the 1930s and 1940s, Daniel Starch, A. C. Nielsen, and George Gallup founded research organizations that are still part of today's advertising industry.

During and after the Great Depression, Raymond Rubicam emerged as an advertising power and launched his own agency with John Orr Young, a Lord & Thomas copywriter, under the name of Young and Rubicam. Their work was known for intriguing headlines and fresh, original approaches to advertising ideas.

The idea that messages should be directed at particular groups of prospective buyers, a practice called **targeting**, evolved as media became more complex. Advertisers realized they could spend their budgets more efficiently by identifying those most likely to purchase a product as well as the best ways to reach them. The scientific era helped media better identify their audiences. In 1914, the Audit Bureau of Circulation, now known as Alliance for Audited Media, was formed to standardize the definition of paid circulation for magazines and newspapers. Media changes saw print being challenged by *radio advertising* in 1922. Radio surpassed print in ad revenue in 1938.

The world of advertising agencies and management of advertising developed rapidly in the years after World War II. The J. Walter Thompson agency, which still exists today, led the boom in advertising during this period. The agency's success was due largely to its *creative copy* and the *management* style of the husband-and-wife team of Stanley and Helen Resor. Stanley developed the concept of *account services* and expanded the account executive role into strategy development; Helen developed innovative copywriting techniques. The Resors also coined the brand-name concept as a strategy to associate a unique identity with a particular product as well as the concept of *status appeal* to persuade nonwealthy people to imitate the habits of rich people (www.jwt.com).

**FIGURE 1.2***(continued)*

Television commercials came on the scene in the early 1950s and brought a huge new revenue stream to the advertising industry. In 1952, the Nielsen rating system for television advertising became the primary way to measure the reach of *television commercials*.

This period also saw marketing practices, such as **product differentiation** (identifying how a brand differs from its competition) and **market segmentation** (identifying groups of people who would likely buy the product) incorporated into advertising strategy. The idea of **positioning**, carving out a unique spot in people's minds for the brand relative to its competition, was developed by Al Ries and Jack Trout in 1969.

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

Leo Burnett was the leader of what came to be known as the *Chicago school of advertising*. He believed in finding the "*inherent drama*" in every product. He also believed in using *cultural archetypes* to create mythical characters who represented American values, such as the Jolly Green Giant, Tony the Tiger, the Pillsbury Doughboy, and his most famous campaign character, the Marlboro Man (www.leoburnett.com).

Ogilvy, founder of the Ogilvy & Mather agency, is in some ways a paradox because he married both the *image school* of Rubicam and the *claim school* of Lasker and Hopkins. He created enduring brands with *symbols*, such as the Hathaway Man and his mysterious eye patch for the Hathaway shirt maker, and handled such quality products as Rolls-Royce, Pepperidge Farm, and Guinness with product-specific and information-rich claims (www.ogilvy.com).

The Doyle, Dane, and Bernbach (DDB) agency opened in 1949. From the beginning, William Bernbach—with his acute sense of words, design, and creative concepts—was considered to be the most innovative advertising creative person of his time. His advertising touched people—and persuaded them—by focusing on *feelings and emotions*. He explained, "There are a lot of great technicians in advertising. However, they forget that advertising is persuasion, and persuasion is not a science, but an art. Advertising is the art of persuasion."⁶ Bernbach is known for the understated Volkswagen campaign that ran at a time when car ads were full of glamour and bombast.

The campaign used headlines such as “Think Small” with accompanying picture of a small VW bug (www.ddb.com).

The Era of Accountability and Integration Starting in the 1970s, the industry-wide focus was on **effectiveness**. Clients wanted ads that produced sales, so the emphasis was on research, testing, and measurement. To be accountable, advertising and other marketing communication agencies recognized that their work had to prove its value. After the dot-com boom and economic downturn in the 1980s and 1990s, this emphasis on accountability became even more important, and advertisers demanded proof that their advertising was truly effective in accomplishing its *objectives* as stated in the strategy.

Social responsibility is another aspect of accountability. Although advertising regulation has been in place since the early 1900s with the passage of the Pure Food and Drug Act in 1906 and the creation of the Federal Trade Commission in 1914, it wasn’t until 1971 that the National Advertising Review Board was created to monitor questions of *taste and social responsibility*. Charges of using sweatshops in low-wage countries and an apparent disregard for the environment concerned critics such as Naomi Klein, who wrote the best-selling book *No Logo*, and Marc Gobe, who wrote *Citizen Brands*. One powerful campaign that demonstrates social responsibility is the SORPA effort from Iceland.



Photo: Courtesy of SORPA bs and Ingvi Logason.
Used with permission

Photo: Courtesy of Ingvi Logason



SHOWCASE

Contributed by Ingvi Logason, this work by his agency H:N Marketing Communication in Reykjavik, Iceland, for the local SORPA recycling center, urged people to participate in recycling. He explained, “From day one the marketing strategy, concept and platform has been very consistent—always positive, encouraging, and built around light colors. These two print ad examples were part of an overall image/reminder campaign that has the company aiming for even higher positive ratings, SORPA is now maintaining over a 90 percent positive rating.”

A graduate of the University of West Florida, Ingvi Logason, who is a member of this book’s Advisory Board, was nominated by Professor Tom Groth.

Ingvi Jökull Logason CEO and Strategy Director, H:N Marketing Communication, Reykjavík, Iceland

As the *digital era* brought nearly instantaneous means of communication, spreading *word of mouth* among a social network of consumers, companies became even more concerned about their practices and brand or corporate reputation. The recession that began in December 2007 and subsequent headlines about bad business practices, such as the Bernard Madoff “Ponzi” scheme and bank lending practices, made consumers even more concerned about *business ethics*.

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

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

No longer are brand messages dependent on planned and managed marketing communication programs with their targeted messages and one-way communication. In this new interactive world, consumers are generating brand messages and posting them to YouTube as well as sharing their thoughts and experiences with brands on Facebook and in tweets. Brands set up their own Facebook and Twitter accounts, but the exciting dialogue is happening beyond their control in person-to-person conversations, as Mountain Dew found out in 2013 when one of its ads featuring a battered woman and a lineup of black men had to be pulled because of vociferous criticism. Companies and organizations are hard pressed to keep up with changing technology and consumers as they search for new ways to listen, respond, and engage their customers in conversations.

This time line has briefly identified how various jobs and professional concepts emerged and changed over time. Let’s now put the advertising world under a microscope and look deeper at the structure of the industry.

The Advertising World

In the discussion of definitions and the evolution of advertising practices, we briefly introduced agencies, but as a student of advertising and marketing communication, you need to know more about how the advertising industry and agencies are organized and how they operate. One way to get a peek at the field is through the lens of television, such as the *Mad Men* show. The “A Matter of Principle” feature explains how Bruce Vanden Bergh analyzed the cultural relevance of the popular award-winning drama *Mad Men*.

Who Are the Key Players?

As we discuss the organization of the industry, consider that all the key players also represent job opportunities you might want to consider if you are interested in working in advertising or some area of marketing communication. The players include the advertiser (referred to by the agency as the *client*) who sponsors the message, the agency, the media, and the *suppliers*, who provide expertise. The “A Matter of Practice” feature about “1984,” the greatest television commercial ever made, introduced a number of these key players and illustrated how they all make different contributions to the final advertising.

The Organization Advertising begins with the organization behind the promotion message, or the **advertiser**. The company sponsors advertising and other promotional messages about its business. In the “1984” story, Apple Computer was the advertiser, and Steve Jobs, the company’s CEO, made the final decision to run the then-controversial commercial. The advertiser is the number one key player. Management of the advertising function usually lies with the organization’s marketing or advertising department.

In terms of the top advertisers in the United States, the list usually begins with P&G. The next leaders in 2012 who vary in importance from year to year are General Motors (moved up to second after its turnaround in 2010–2011), AT&T and Verizon, News Corp and Time Warner,