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CONTEMPORARY ADVERTISING

*and Integrated Marketing
Communications*

WILLIAM F. ARENS • MICHAEL F. WEIGOLD

Mc
Graw
Hill



CONTEMPORARY

advertising

**and Integrated Marketing
Communications**





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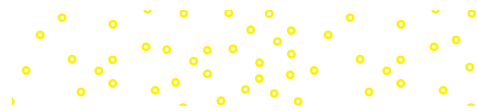
sixteenth edition

William F. Arens

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CONTEMPORARY ADVERTISING, SIXTEENTH EDITION

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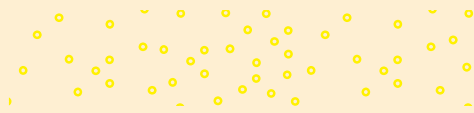
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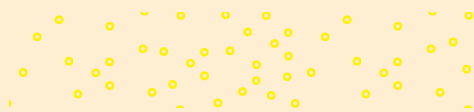
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To Debbie

My partner in everything
MFW





the preface

What's New?

Quite a lot. The 16th edition of *Contemporary Advertising and Integrated Marketing Communications* represents a larger overhaul than executed for many recent editions. The rate of change in the advertising and IMC world has accelerated, and the book's changes are meant to keep pace.

We provide a chapter-by-chapter breakdown of what is new for our returning adopters later in this introduction. But here we introduce our biggest changes to the book: the addition of significantly more information about digital media throughout the text and the fuller realization of the book itself as a digital product, incorporating McGraw-Hill's latest digital learning technologies such as SmartBook and Connect.

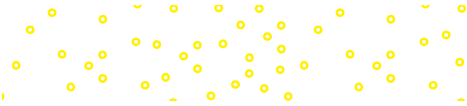
Two editions ago we introduced a social media chapter. With hindsight, it is clear that changes in the industry and in consumer behavior justify that decision. By one estimate there are over 3 billion active social media users in the world, a penetration of 42 percent of the global population. Even with saturation in North America (88% penetration) and Europe (94%), billions of people living in Africa, Central and Eastern Asia, and South America will be joining social communities over the next five years. In response, the CMO Survey conducted by Deloitte, Duke's Fuqua School of Business, and the American Marketing Association suggests that the portion of marketing budgets spent on social (currently 9.8%) will nearly double in the next five years.

There have been other big changes since the last edition, perhaps none bigger than the growing attention to consumer privacy and data protection. After disclosures about the collection, without consent, of millions of Facebook users' personal information by Cambridge Analytica, Congress and the American people reached what some have called a watershed moment. The incident and its aftermath are included in the book's opening vignette.

Another important change to this edition is the expansion of each chapter's coverage of ethics to a broader focus on ethics, diversity, and inclusion. Advertising has made strides in diversifying both its ranks and its messages, in part because America's marketplaces and work spaces are more diverse than ever. Even so, much work remains for an industry that has not always led on the issue. My hope is that a deeper focus on diversity will reinforce valuing and practicing inclusion as an important learning outcome of your course.

Digital disruption continues to roil industries that include cable companies, newspapers and magazines, film and television production studios, broadcast networks, and advertising agencies. Cable, a major disrupter in an earlier time, is now in decline, and pay services such as Hulu and Netflix are standard ways that consumers watch "TV." The fact that many streaming services are advertising-free poses a new challenge for marketers who've long been able to count on network and cable television's power and reach.

One "victim" of disruption has been traditional production methods in print, audio, and video. William Arens created a uniquely elegant chapter that focused on production techniques used for decades in traditional media. This focus was unique among IMC texts and distinguished the book in an important way from its competitors. However, digital production methods have largely reduced or even eliminated traditional methods. As a result, Chapter 12 from the 15th edition, titled *Print, Electronic, and Digital Media Production*, has been eliminated. Instead, information on production is now included in the relevant media chapters. With this change, the text returns to a total of 18 chapters, its length prior to the introduction of the social media chapter.



Texts are part of the digital disruption too. Backed by McGraw-Hill's Connect and SmartBook technologies, instructors can do more than introduce and reinforce the concepts of IMC. Rather, with these platforms, instructors can help students gain mastery of what they are learning through application. Created by the authors of the text, Connect and SmartBook bring advertising and IMC practice alive and help ensure retention of learning objectives from the text. Instructors can assign activities that include case studies, video cases, and concept reinforcement. The experience is completely customizable, so that instructors can use as much or as little of the Connect content as they wish, or even create their own content for application of unique lecture material. The exercises can be done strictly for student study or used for online homework, quizzes, exams, or projects.

Best of all, both technologies scale easily to the size of your class. As an instructor who regularly teaches advertising and IMC to over 200 students a semester, I love that Connect and SmartBook can scale to provide an engaging experience for large classes.

As always, I want to know what you think. Drop me a line about what you like and don't like at mweigold@gmail.com; I'd love to hear from you. Advice from adopters has been influential in every revision, none more than this one. Also follow my advertising and IMC teaching blog on twitter: @MichaelWeigold7

The Audience for This Book

Those of us who teach advertising and IMC know that students find them to be fascinating. The majority of your students have never known a world without likes, tweets, posts, filters, and stories—and not just as consumers, but as creators. It is not a stretch to say that no generation has ever been more media-savvy, nor more active in creating media content.


That makes the study of IMC and advertising more important today than ever before. The study of IMC gives students, regardless of their major field of study, an understanding of the tools they use today and will use in the future. It teaches them to think and plan strategically; gather and analyze research data; compute and evaluate alternative courses of action; cooperate with others in developing creative solutions; analyze competitive proposals; understand why people behave the way they do; express themselves and their ideas with clarity and simplicity; defend their point of view with others; appreciate and assess the quality of different creative endeavors; and use powerful ideas to speak with knowledge, confidence, and conviction.

In addition, students of advertising and IMC gain several specific benefits. The study of IMC can help students to

- Appreciate the diversity of audiences and the value of listening and understanding before communicating.
- Understand the real economic, social, and cultural roles of advertising and, conversely, the impact of a society's values on advertising.
- Realize how advertising supports news and entertainment and relates to the whole field of communications.
- Appreciate the global effect of IMC on business, industry, and national economies.
- Comprehend the strategic function of IMC within the broader context of business and marketing.
- Evaluate and even apply the impressive artistic creativity and technical expertise required in IMC.
- Discover what people in advertising and related disciplines do, how they do it, and what the career opportunities in these fields now offer.

Student-Oriented Features for the Twenty-First Century

Our mission in *Contemporary Advertising and Integrated Marketing Communications* continues to be presenting advertising as it is actually practiced. Now, in the 16th edition, our purpose remains the same. We also believe advertising and IMC should be taught in an intelligible manner and lively style relevant to students in higher education.



Award-Winning Graphic Design

Design thinking is being embraced by companies all over the world because it affects every aspect of how we live, work, and interact. For a text on creating messages designed to persuade and inform, beautiful design helps do more than teach—it inspires. The open, airy look of the text continues to contribute to learning by making the text material colorful, inviting, and accessible to students. Throughout the book, chapter overviews, chapter learning objectives, and key terms printed in boldface type all work together to make the material as reader-friendly as possible.

Chapter-Opening Vignettes

To capture and hold student interest, each chapter begins with a story. Many of the vignettes have been updated for this edition. Wherever possible, the opening story is then woven throughout the chapter to demonstrate how textbook concepts actually come to life in real-world situations. For example, throughout Chapter 1, we examine how privacy concerns roiled digital media companies and led to significant changes in privacy laws. In Chapter 4, the story of McDonald's advertising is complemented with numerous examples that range from global to local. In Chapter 7 we examine the actual media plan of an organization dedicated to addressing the lives of people living with HIV. And in Chapter 15 we look at how the popular game Fortnite is linking people and brands together in new, engaging ways. The integration continues in Connect, where the opening vignettes are featured in many video cases.

Extensive Illustration Program

The best way to teach is to set a good example. So each of the 18 chapters features beautiful full-color illustrations of recent award-winning ads, commercials, and campaigns that demonstrate the best in the business. *Contemporary Advertising and Integrated Marketing Communications* is one of the most heavily illustrated textbooks on the market, with all the major media represented—print, electronic, digital, social, and out-of-home—in a balanced manner. The author carefully selected each example and illustration for both their quality and their relevance to your students. Nearly half of the ads are new to this edition.

Furthermore, we feature a mix of local, national, and international ads from both business-to-business and consumer campaigns. In-depth captions tell the stories behind many of the ads and explain how the ads demonstrate the concepts discussed in the text.

The book is liberally illustrated with models, charts, graphs, and tables. Some of these encapsulate useful information on advertising concepts or the advertising industry. Others depict the processes employed in account management, research, account planning, media planning, and creative thinking.

Full-Color Portfolios

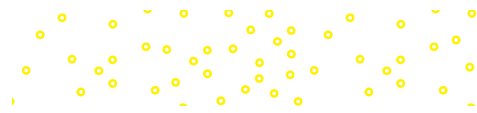
In addition to the individual print ads and actual frames from TV commercials, the book contains several multipage portfolios of outstanding creative work. These include “Strategic Use of the Creative Mix,” “Outstanding Magazine Ads,” “Advertising on the Internet,” “Corporate Advertising,” and others. Accompanying captions and questions tie the ads to topics germane to the chapter in which they appear.

Ad Lab

Active participation enhances learning, so Ad Labs play a significant role in virtually every chapter. These unique sidebars to the world of advertising introduce students to topics of current interest or controversy and then involve them in the subject by posing questions that stimulate critical thinking. Some of the many topics presented in Ad Labs include government regulation, bottom-up marketing, creativity, the psychological impact of color, advertising on the internet, “green” advertising, sales promotion, and direct-response advertising.

Ethics, Diversity, and Inclusion

As noted earlier, the chapter by chapter box on ethics has been expanded in this edition to include a focus on diversity and inclusion. In *every* chapter of the book, we introduce a current issue—to focus attention on the most critical social questions facing marketers today. These include programs available to your students that are designed to make the industry more diverse (Chapter 1), the story of the first female CEO of a company listed on the New York Stock Exchange (Chapter 2), how the 4A's is leading on making agency workplaces safe and collaborative in the #metoo era (Chapter 4), how the Association of Minority Market Research Professionals is helping improve the diversity of research samples (Chapter 7), and many more.



My IMC Campaign

For instructors who offer students semester-long projects as a way of getting their hands dirty, we've included this valuable resource. In each chapter, students receive practical advice on developing a real campaign, culminating with tips on developing a plans book and a client presentation.

My IMC Campaign is a chapter-by-chapter guide for students enrolled in classes that involve semester-long campaign projects. From our conversations with dozens of professors, we know that semester-long projects are a major component of many advertising and IMC courses. These projects help students gain their first experience with the practice of marketing communications. We applaud instructors who make the effort to offer their students this opportunity, and we are proud to provide a chapter-by-chapter project guide.

The My IMC Campaign feature offers students practical advice for developing their projects. The advice ranges from frameworks for developing creative strategy, media plans, and situation analyses, to practical tips on using collaborative software, developing presentations, and working in teams. We believe professors who incorporate experiential learning in their classes will find this new feature greatly assists their efforts to give students real-world experience in advertising.

People behind the Ads

Behind the thousands of ads we see and hear are real human beings—the writers, designers, programmers, executives, and media specialists. In the final analysis, the marketing communications industry is more than a collection of concepts, processes, and activities. It is an industry of people, some of the smartest, most creative, and most interesting people in the world. Your students will meet some of the most interesting right here, many offering insights provided uniquely for this text. The feature presents students contemporary practitioners who are already industry legends (Bogusky, Steele), enduring legends (Bernbach, Gallup, Lasker), and new leaders changing the industry every day. New to this edition are the inspiring stories of Dayana Falcon, Sales Marketing Manager for Disney Advertising, and Tria Chingcuangco, Director of Strategy and Planning at PowerPhyl Media.

Additional Learning Aids

Each chapter concludes with a summary followed by questions for review and discussion. These pedagogical aids help students review chapter contents and assimilate what they have learned. Throughout the text, key ideas and terms are highlighted with boldface type and defined when introduced. The definitions of all these terms are collected at the end of the book in a thorough and extensive glossary.

The Advertising Experience Exercises

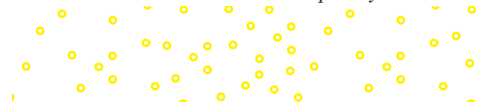
True to the text's agency approach, the 16th edition of *Contemporary Advertising and Integrated Marketing Communications* continues hands-on application exercises that place students in the advertisers' shoes to help them see how advertising is done in the real world. Effective as outside assignments or in-class discussion starters, the Advertising Experience allows students to effectively apply their knowledge of each chapter.

Many exercises also require students to access the web and perform research on questions relevant to the chapter topic.

This edition continues our commitment to our IMC core. The need to consider advertising within an IMC framework is no longer debated in either industry or academia. The focus on the message receiver, as compared to the message creator, has improved the practice of marketing communications. While advertising remains an important part of the book, we give greater coverage to other promotional elements. You will find that in choosing between the words *advertising* versus *IMC*, we emphasize the former when the practices we describe are largely those of advertising agencies. When practices are used across broader or more integrated messaging platforms, we use *IMC*.

For the Professor: The 16th Edition Has Been Thoroughly Revised

Our continuing goal has been to bring clarity to the often-murky subject of advertising. Our method has been to personally involve students as much as possible in the practical experiences of advertising, while simultaneously giving them a clear understanding of advertising's dynamic role in both marketing management and the human communication process. In the pursuit of this objective, we have included significant modifications and improvements in the 16th edition of *Contemporary Advertising and Integrated Marketing Communications*.



Current and Concise

As with every new edition, our first effort was to update all statistics and tables and to document the most recent academic and professional source material to give *Contemporary Advertising and Integrated Marketing Communications* the most current and relevant compendium of academic and trade citations in the field. We've referenced important recent research on topics ranging from the effects of advertising and sales promotion on brand building to relationship marketing, integrated communications, and internet advertising. And, where appropriate, we've redesigned the building-block models that facilitate student comprehension of the often-complex processes involved in human communication, consumer behavior, marketing research, and IMC.

In our last edition we introduced a new, simpler organization scheme for the chapters. Part One, which covers Chapters 1–4, is titled “What Are Advertising and Integrated Marketing Communications?” The focus of these chapters is to introduce students to the practice of advertising and to the role advertising plays in the United States and the world. In Part Two, “Planning the Campaign,” covering Chapters 5–10, we present detailed information about research and the development of strategy for markets, media, and creative. Finally, Part Three, “Executing and Evaluating the Campaign,” explains how the strategic decisions of a campaign are realized in the creation of copy and art and decisions about IMC platforms, including major media. This part of the book covers Chapters 11–18. The book concludes with an epilogue, “Repositioning a Brand.” Original author Bill Arens' choice of MasterCard as the subject of the book's epilogue is another testament to his genius. For nearly 30 years the “Priceless” campaign has epitomized the big idea. “Priceless” continues to epitomize the promise of MasterCard as 2019 begins. When Bill selected the campaign, he wanted to show how IMC done right means choosing the right idea and adapting it to the times. Now, many years after he made that decision, the campaign still reinforces that idea.

As always, we have prudently governed the length of the text material. The illustrations, graphics, sidebar information, and overall design are all aimed at keeping the text open, airy, and inviting while sharpening *clarity*—the hallmark of *Contemporary Advertising and Integrated Marketing Communications*.

Compared to the true length of other comprehensive course books, *Contemporary Advertising and Integrated Marketing Communications* is one of the most concise texts in the field. In this edition, the inclusion of many new topics and concepts has not come at the price of expanding the text.

Fresh, Contemporary, Relevant Examples

For the 16th edition, we added many new, real-world examples, selected for their currency and their relevance to students. Likewise, many of the chapter-opening stories are new, such as the advertising success stories of M&M's, Amazon, Fortnite, and Corona. Others document marketing or communication misfires such as the Lance Armstrong fiasco. All of the full-color portfolios have been updated, expanded, or replaced with more recent examples, and all of the Ad Labs and Ethics, Diversity, and Inclusions have been updated and edited for currency and accuracy.

Global Orientation Integrated Throughout

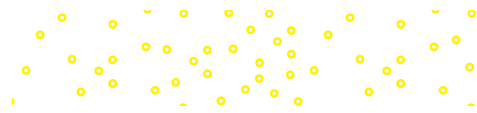
In light of the increasing globalization of business, we introduce the subject of global advertising early in the book in Chapter 4, “The Scope of Advertising: From Local to Global.” All the international data have been extensively revised and updated to reflect the increased importance of advertising in the new economic and marketing realities of Asia, especially China; Europe; and Latin America.

CASE STUDY: Epilogue: Repositioning a Brand

So that students can see how many of the principles taught in the text come together in the real world, we have included an updated Epilogue, immediately following Chapter 18, on the complete story behind the highly successful “Priceless” branding campaign for MasterCard, created by McCann Worldwide in New York. We are greatly indebted to both McCann and MasterCard for authorizing us to share the details of this fascinating, student-relevant campaign and for the tremendous assistance they gave us in the creation of the Epilogue.

Local and Business-to-Business Advertising Coverage

Throughout the book, *Contemporary Advertising and Integrated Marketing Communications* addresses the needs of both small and large consumer and business-to-business advertisers with its many examples, case histories, Ad Labs, and advertisements. Moreover, this is one of the few texts to devote adequate attention to the needs of the small retail advertiser by discussing how local advertisers can integrate their marketing communications.



Highlights of This Revision

Each chapter of *Contemporary Advertising and Integrated Marketing Communications* has been thoroughly updated to reflect the most recent trends, facts, and statistics available. We have created several new chapter-opening vignettes for this edition and have rewritten significant portions of the remaining vignettes to ensure they are up-to-date and current. As with previous editions, many of these vignettes are referenced within their corresponding chapters and in chapter-concluding review questions.

Chapter 1, “Advertising and IMC Today”

A new opening vignette introduces the issue of digital marketing and privacy concerns, including the GDPR, European legislation that offers consumers significantly more privacy protection. The discussion of concept and practice of IMC is updated throughout. The definition of relationship marketing for LO1-4 is updated to the current one used by the AMA. The discussion of lifetime customer value has been expanded to make this concept clearer for students. The practice of IMC by Disney offers concrete examples that show how every consumer touchpoint with the company is carefully managed. The new Ethics, Diversity, and Inclusion (EDI) box is introduced and two important industry-sponsored programs for students are described. The Portfolio Review is thoroughly updated to illustrate how ads communicate.

Chapter 2, “The Big Picture: The Functions of Advertising and Its Evolution”

The chapter’s title has changed to better represent the learning objectives. This chapter has long featured Coke as a way to illustrate the history of advertising. The opening vignette has been updated to the present. We’ve continued to emphasize the importance of branding early in the text and expanded on our earlier discussion. Students now learn how a brand vision is created, understand how companies develop and maintain a brand personality, and read vision statements of some of the world’s most famous brands. The EDI box features Mary Wells Lawrence, an advertising legend and one of the earliest women to lead a major advertising agency. The My IMC Campaign box has been updated to ensure students learn about the latest tools for staying connected and working together.

Chapter 3, “The Big Picture: Economic, Ethical, and Regulatory Aspects”

The chapter is slightly retitled to include the word “Ethical.” The opener is updated to include the latest information about Lance Armstrong, Michael Vick, and Tiger Woods and their difficulties following scandals. The ethical dilemmas that arise from advertising are placed squarely in the context of its economic functions. The four assumptions of market economics have been expanded and made more accessible to students. Nike’s dominance of Adidas in the U.S. market and the success of Apple’s iPhone are presented to show how advertising stimulates competition. Nike’s attention-grabbing ad featuring Colin Kaepernick is presented to frame the discussion of advertising’s effect on our values. The Kaepernick ad is then the focus of the EDI box later in the chapter. The discussion of cigarettes in the “regulatory issues” section now includes additional information on e-cigarettes and the FDA. The privacy section is updated and a new section on “protecting consumer data” has been added to acknowledge the costs of data breaches. The National Advertising Review Council changed its name to the Advertising Self-Regulatory Council (ASRC), a change acknowledged in the chapter. ASRC groups, including CARU, ERSP, and IBA, are introduced and described.

Chapter 4, “The Scope of Advertising: From Local to Global”

The chapter updates the McDonald’s vignette and more information about McDonald’s global IMC campaigns are included. Ad Lab 4-B updates all statistics regarding the ad industry. The 4A’s “Enlightened Workplace Certification Program” is the subject of the chapter’s EDI box, replacing the focus on account reviews from the 15th edition. Nancy Hill is no longer the CEO of the 4A’s, so the People behind the Ads (PBTA) feature introduces students to Marla Kaplowitz, the current CEO.

Chapter 5, “Marketing and Consumer Behavior: The Foundations of IMC”

Examples are updated throughout the chapter. The ELM and the discussion of the role of habit in psychological processes has been expanded and made more accessible to students. The revised EDI box assesses the halting progress in agency diversity.

Chapter 6, “Market Segmentation and the Marketing Mix: Determinants of Campaign Strategy”

We’ve retained the spectacular “The man your man could smell like” campaign for Old Spice and referenced its lessons more often throughout the chapter. Ad Lab 6-B focuses on a new brand, Amazon, currently the most highly valued company in the world. Exhibit 6-13 shows that differentiation often fails to translate into brand success, at least when the differentiations leave consumers unimpressed.

Demographics discussion in the chapter contains significantly more material on Millennials and Hispanics.

Chapter 7, “Research: Gathering Information for IMC Planning”

All statistics for companies and research expenditures have been updated. The use of exploratory research in storytelling is explained and linked to the Budweiser opening vignette. New Google research tools, including Think Insights and Google Keyword, are introduced. The new EDI box discusses how strides are being made to ensure the ethnic diversity of samples used in marketing research.

Chapter 8, “Marketing and IMC Planning”

The opening vignette featuring Mountain Dew has been thoroughly revised and updated for this edition. The section on a marketing plan’s mission statement has been expanded and now includes mission statements from several global brands. The discussion of how brands select target markets is illustrated through the example of the Jaguar I-Pace. Ernest Martin’s seven approaches to developing a positioning strategy are now more broadly defined and supplemented with examples. Our text’s “eighth” strategy is associated with the Blue Ocean strategy developed by W. Chan Kim and Renee Mauborgne. Marketing tactics are now illustrated through the clever GoPro campaign to encourage brand users to post their videos. The use of mobile payment systems in tracking user behavior is described under planning. The Portfolio Review is updated with new, fresh executions by IKEA, Adidas, and Faber Castel.

Chapter 9, “Planning Media Strategy: Disseminating the Message”

The chapter is thoroughly revised in collaboration with Jordan Alpert, assistant professor in the Department of Advertising at the University of Florida. A former postdoctoral fellow in cancer prevention and control in the Department of Health Behavior and Policy at Virginia Commonwealth University School of Medicine, Jordan has nine years of industry experience, including stops as marketing communications manager at About.com, senior account executive at IMC2, account executive at Sharpe Partners, junior account executive at TMP Worldwide, and assistant media planner at Universal McCann.

The chapter updates include new information about the HIV.gov campaign and shows how media planning helps in this important cause. The text has been substantially revised throughout. Ad Lab 9-A gives students the chance to apply what they’ve learned to a fictitious but realistic media buy. The EDI box discusses groups often ignored in media plans, including LGBT consumers. Information on programmatic buying is expanded. The PBTA individual for the chapter is now Tria Cingcuangco, Director, Strategy & Planning at PowerPhyl Media.



Chapter 10, “Creative Strategy and the Creative Process”

The chapter expands on the information versus transformational distinction and shows how the former concept is fundamental in search ads. Target and the retailer’s great ads remain the focus of the chapter, but added attention is given to the brand’s product concept and media choices. The chapter’s definition of creativity is expanded through insights from Lee Odden, David Meerman Scott, Seth Godin, and Daniel Pink. The EDI box, which still focuses on the use of sex in ads, now explicitly references the #metoo movement and its impact on responsible messages.

Chapter 11, “Creative Execution: Art and Copy”

Information on production has been added by consolidating material from the now deleted Chapter 12, “Print, Electronic, and Digital Media Production.” Tips for writing great copy from Demian Farnworth at Copyblogger are included in My IMC Campaign. The discussion of typography from the deleted chapter can now be found in this chapter. The EDI box addresses the need for copywriters to be sensitive to the power of words to hurt people, even when the intent of the ad is humor. On a more inspiring note, Procter & Gamble’s “Like a Girl” campaign is applauded for reframing hurtful words into words of empowerment for women. The material on major categories of production techniques (Live Action, Animation, and Special Effects) has been eliminated as these categories are too restrictive in the age of digital production. The section on writing copy for digital media has been updated and revised. The focus of the PBTA box, Alex Bogusky, returned to the advertising industry in 2018.

Chapter 12, “Advertising in Print Media”


The opener of this chapter, which was Chapter 13 in the last edition, is updated. Sadly, the story for newspapers has not improved. Native advertising is introduced as a concept in the “Using Magazines in the Creative Mix” section and is the feature of Ad Lab 12-B. The Portfolio Review is completely updated with new, fresh ads. The EDI box is updated to focus more specifically on elderly consumers and to reflect current legislation on sweepstakes. The auditing firm for print is now named the Alliance for Audited Media, a change noted in the chapter.

Chapter 13, “Using Electronic Media: Television and Radio”

A new opening vignette describes how M&M’s has developed a strong brand through the creative use of television spots. The chapter highlights the many transformations affecting TV and radio, especially from digital media and streaming services. The recent decline of cable is noted. The My IMC Campaign 13-A includes streaming video as an option for TV and podcasts as an option for radio. The section on DTV has been replaced by a focus on streaming video. The EDI box that focuses on children and teens as an audience for TV spots has been completely rewritten. Ad Lab 13-A continues a focus on ratings but has also been completely updated to reflect the current issues in measuring audiences in the digital age. Product placement is now discussed in this chapter, where it logically belongs. Ad Lab 13-C, which focuses on measuring radio, has been updated to reflect audiences across audio options. Content from the deleted Chapter 12 on production of radio and TV is now in the final section of the chapter.

Chapter 14, “Using Digital Interactive Media”

Our opener focuses on the new giant in digital advertising—Amazon—and shows how it is using strategies from legacy and digital companies to thrive. Spending on digital media now exceeds that on TV, which is noted. In general, “internet” companies are now referred to as digital media. The latest Pew Internet & American Project Life Study’s findings are included throughout the chapter. The disruptive potential of 5G technology is discussed. The section on “Measuring the Digital Audience” has been completely rewritten and updated, with highlights on privacy and data security. The emergence of Comscore as a challenger to Nielsen in measuring digital audiences is explained. A significantly revised



EDI box updates data privacy issues to the present. Most of the Portfolio Review ads are new. The “Other Interactive Media” section introduces voice-controlled devices like the Amazon Echo as an advertising medium.

Chapter 15, “Social Media”

The new opener focuses on online gaming craze Fortnite and demonstrates the social nature of online gaming. The remainder of the chapter is significantly revised to reflect the dramatic changes in the use of social media that have occurred over the past few years. The EDI box highlights the impact of social media on bullying, especially of teenagers, and raises questions about the role that social media platforms should play in protecting users. The ways social media have transformed business, especially local businesses, is highlighted. The PBTA feature on Mark Zuckerberg is updated to reflect the recent travails of Facebook.

Chapter 16, “Using Out-of-Home, Exhibitive, and Supplementary Media”

The new opener highlights Corona’s creative and socially responsible campaign for World Ocean Day. OOH statistics and uses are updated throughout. The Portfolio Review is updated with new, creative executions. Geotargeting and geofencing are introduced and their uses are explained.

Chapter 17, “Relationship Building: Direct Marketing, Personal Selling, and Sales Promotion”

A new PBTA features an interview with Disney executive Dayana Falcon. The opener, which has long focused on Geico, now features the sponsorship opportunities available at Disney theme parks. The EDI box focuses on advertising issues related to marketing to elderly Americans.

Chapter 18, “Relationship Building: Public Relations, Sponsorship, and Corporate Advertising”

The Netflix vignette focused on Reed Hasting’s proactive response to a potential crisis is updated to show the success of the streaming giant.

Uses for This Text

Contemporary Advertising and Integrated Marketing Communications was written for undergraduate students in liberal arts, journalism, mass communication, and business schools. However, because of its practical, hands-on approach, depth of coverage, and marketing management emphasis, it is also widely used in independent schools, university extension courses, and courses on advertising management. The wealth of award-winning advertisements also makes it a resource guide to the best work in the field for students in art and graphic design courses and for professionals in the field.

Many of the stories, materials, and techniques included in this text come from the authors’ personal experiences in marketing communications and in higher education. Others come from the experiences of friends and colleagues in the business. We believe this book will be a valuable resource guide, not only in the study of advertising but later in the practice of it as well. In all cases, we hope readers will experience the feel and the humanness of the advertising world—whether they intend to become professionals in the business, to work with practitioners, or simply to become more sophisticated consumers.

Our goal with each new edition is to produce a finer book. We think instructors and students alike will approve of many of the changes we’ve made to this one. We would love to hear from you—what you like, what you don’t, what we should look to add in the future. E-mail Mike Weigold at mweigold@gmail.com.

Michael F. Weigold



our thanks

We are grateful to all of the individuals who serve as the focus of our People Behind the Ads feature. I am especially grateful to Dayana Falcon, Alex Bogusky, Tria Chingcuangco, Cliff Marks, Samantha Avivi, John Posey, Jon Steel, and Joe Zubi for the time and energy that they spent sharing their thoughts about their advertising and marketing careers.

Modern texts are integrated learning tools, and this one is no exception. The Connect exercises that accompany the book offer students a chance to apply what they've learned, assess their level of understanding, and integrate concepts and practices. I am immensely grateful to the amazing team of scholars below who reviewed this material and made it significantly better.

- Susan Westcott Alessandri, Suffolk University
- Sheila Baiers, Kalamazoo Valley Community College
- Steven W. Rayburn, Texas State University
- Lisa M. Sciulli, Indiana University of Pennsylvania
- Amanda Stoecklein, State Fair Community College
- Corliss Thornton, Georgia State University
- Gary B. Wilcox, University of Texas at Austin

This edition benefited from the abilities and efforts of some great people at McGraw-Hill. Kelly I. Pekelder and Anne Leung served as the Product Developers of the text and always worked to make the product better. Both are a delight to work with. The book benefited greatly from their skills. I am also grateful to our Portfolio Manager Meredith Fossel, Marketing Manager Nicole Young, and our Senior Project Managers Kathryn Wright and Keri Johnson. Thanks are also due to our wonderful photo researcher Ann Marie Jannette.

I am appreciative of my department chair, Tom Kelleher, and of my wonderful colleagues in the Department of Advertising at the University of Florida for their support and encouragement and for making Florida a special place to work. Go Gators!

William Arens created a special text, and it is my great honor to extend his legacy. His son Chris and I collaborated over several editions, and Chris's warm personality and professional insights continue to make this book better than it would be otherwise. Jordan Alpert brought his talent and experience to the Media Planning chapter and ensured the continued currency of this important topic for IMC students.

Finally, thanks to Debbie Treise for her support, encouragement, and love.

M. F. W.

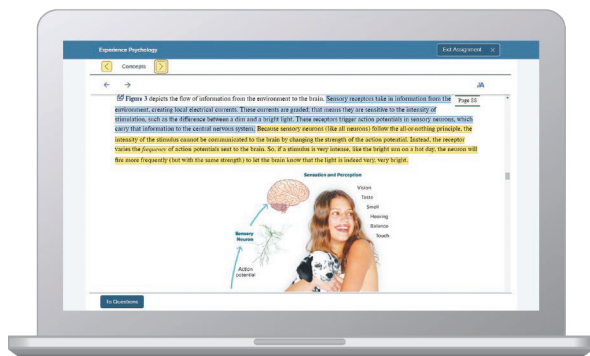
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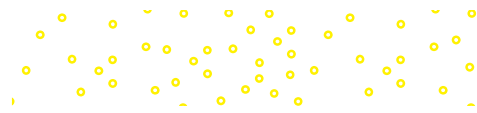
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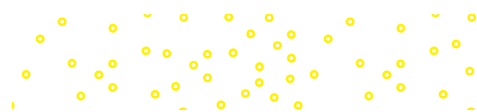
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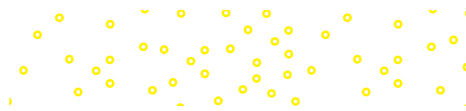
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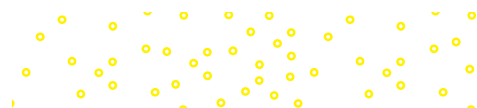
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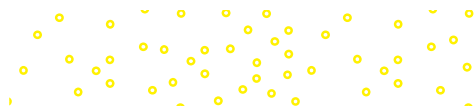
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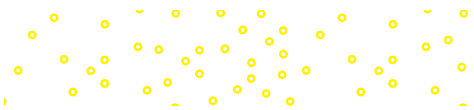
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CONTEMPORARY

advertising **and Integrated Marketing** **Communications**

C H A P T E R

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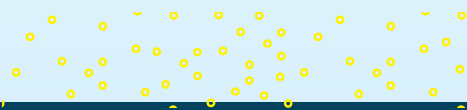
Advertising and IMC Today

LEARNING OBJECTIVES

This chapter introduces you to several important themes and concepts, including advertising, integrated marketing communications (IMC), marketing, and relationship marketing. It also describes how advertising functions as a special kind of communication, one that is of great value in a company's marketing strategy.

After studying this chapter, you will be able to:

- LO1-1** Define integrated marketing communications.
- LO1-2** Clarify what advertising is and how it differs from other kinds of marketing communications.
- LO1-3** Describe the human communication process and compare it with how advertising communicates.
- LO1-4** Offer reasons why companies want relationships with their customers and show how IMC helps them to develop such relationships.
- LO1-5** Define marketing and identify the four elements of marketing strategy.
- LO1-6** Illustrate IMC's role in marketing strategy.
- LO1-7** Identify important categories under promotion: the communication element of strategy





maxkabakov/iStock/Getty Images

For most of advertising's history, its value to companies was its utility in helping consumers discover and learn about brands. While advertising still plays that role, the biggest change of the past 20 years is this: Advertising now helps brands learn about consumers. ■ This change has shifted billions of marketing dollars away from legacy media, such as newspapers, to digital media, especially Google and Facebook. Companies that advertise through these digital giants easily uncover a wealth of information about prospects and customers. In turn, the sophisticated use of data analytics helps ensure that subsequent advertising efforts are more precise, more accountable, and more powerful. ■ The flip side is that consumers are not always happy that advertisers know so much about them. You may be surprised to learn what almost any company can find about you, according to Bernard Marr,¹ a writer for *Forbes* and other publications:

1. Your search history (Google, or your other search engine) and your browsing history (your internet service provider, even in "incognito" mode).

2. Your age and gender (Google).
3. The quality of your relationship (Facebook, based on algorithms that analyze your posts).
4. Where you've traveled (from your phone). Also, how fast you were traveling and the locations of your home and work.
5. Where your pet lives (from geolocation data associated with pictures taken on your phone when the pictures appear in Instagram).
6. What you purchase (credit card issuers, who share the information to determine your creditworthiness).
7. Your favorite food items at the supermarket (based on coupons and loyalty programs).
8. Whether you are pregnant, even if you haven't told anyone (Target).²
9. The videos you watch (YouTube, which is owned by Google).
10. Everything you've ever asked Siri, Cortana, or Alexa (Apple, Microsoft, and Amazon, respectively).
11. What your kid sister says to Barbie (Mattel, based on the "Hello Barbie" talking doll).³

12. Whether you are likely to commit a crime, or be a victim of one (Chicago Police Department and others using computer-based “Heat Lists”).⁴
13. When and where you drive (your auto insurance company if it is Progressive and you use Snapshot to get lower rates) and whether you are running red lights or stop signs, even when no one is around (your local municipality using cameras that photograph your license plates).
14. How religious, smart, happy, and emotionally stable you are. And your political and sexual orientations, as well as your alcohol and drug use (Facebook analysis of your “likes”).⁵

Even this list is just the tip of the iceberg. Perhaps it is obvious that Google can track your e-mail (if you use Gmail), your searches, your destinations (Google maps), and your appointments (Google calendar), but did you realize that Google is getting pretty good at predicting when you will die? Pretty good as in close to 95 percent accurate at predicting the deaths of hospitalized patients.⁶ ■ Unsettling? Many think so. So perhaps it is not surprising that two of the biggest IMC events as the 2010s draw to a close are related to consumer privacy. ■ The first was the passage of a law by the European Union called the General Data Protection Regulation, or GDPR for short. The law took effect in the summer of 2018, and while the legislation is European, its impact affects virtually every major internet company. The law is intended to make it easy for consumers to discover what companies know about them and to require consent before such information is collected in the first place. Big web companies

responded quickly to the changes. Google no longer analyzes e-mails to serve specific ads, and Facebook claimed it would create a dashboard for users to regulate what information they share. Other companies, including ad-server Drawbridge, announced they would no longer do business in the EU.⁷ ■ The other major event was the improper sharing of data by Facebook with a political advisory company called Cambridge Analytica. According to Facebook, the data of nearly 87 million users were shared. CEO Mark Zuckerberg quickly found himself testifying before congressional panels about the specific event and the company’s privacy practices. In the aftermath, Facebook took several immediate steps that included denying some information to third-party apps, limiting the time certain data are kept at the site, and making it easier for users to see what information about them is being shared.⁸ In perhaps its most controversial move, the company began a reputation rating system for users, scored from zero to one. Those with a bad reputation will, inevitably, find little of their content shared. One problem? Users can’t discover the rating that Facebook assigned them.⁹ ■ What do these events mean for online privacy? It is not clear. Perhaps they represent a new era of consumerism in which online privacy will become more important. Or perhaps these are just minor bumps on the road to increasingly easy information access about everyone. One thing is certain: The enormous amounts of data big internet companies keep is central to their business models. This ensures that while Google and Facebook will work hard to mollify consumers, and Congress, they have little incentive to delete what they know about us. Or to stop learning more.



Look around. If your TV or radio is on, if you’ve sorted through your mail, or if you’ve checked in on Instagram, it is likely that you’ve just seen a brand. In fact, you’ve probably been exposed to many brand messages today.

Brand messages seem to be everywhere because marketers spend lots of money trying to reach you. Every year, expenditures on advertising alone amount to hundreds of dollars for every man, woman, and child living in the United States. Perhaps you think that the money spent trying to reach you is largely wasted. When was the last time, after all, that you bought something just because it was advertised? Answering that question can be difficult because many things influence your buying decisions. And you may not always be aware of them.

One way to demonstrate how brand messages, or, more broadly, **marketing communications**, work, and at the same time introduce some important concepts, is to tell a story

about an ordinary person, perhaps someone like you. The story is about a woman who sees an ad and ultimately buys a product. As you read, think about all the factors that influence her decision. In addition, try to identify which influences conform to your definition of “advertising,” and which do not.

Sharon, a college student, decides it is finally time to buy some clothes. Normally she would head to the mall, but an ad in her Facebook feed announcing a clothing store grand opening catches her attention. The ad features photos of women Sharon’s age wearing attractive jackets, hats, sweaters, and cotton jeans. Connecting the pictures and running through the company’s logo are two thin, bright green lines. The store is called Green Threads.

The ad says that Green Threads clothing is made exclusively from natural materials and that all of their products are “workshop free.” Sharon isn’t quite sure what that means, but it calls to mind an article she once read describing terrible conditions at the factory of one of her favorite mall brands. She had decided never to buy that brand again.

Grabbing her bike Sharon sets off for the store. On arrival she notices a sturdy bike rack near the attractive, naturally lit entrance. How thoughtful, she thinks (it bothers her that so many retailers cater only to drivers). Inside she spots clothes in the darker colors and the natural fabrics that she loves. Sharon selects a pair of jeans and a beautiful sweater and considers whether she should buy them.

The clothes list for at least 20 percent over their mall equivalents. Sharon asks a clerk whether the store ever runs sales. He smiles and shakes his head no. To reduce excess inventory, he explains, Green Threads donates unsold clothes to local charities. Sensing Sharon’s concern about the prices, he hands her a pamphlet titled “Our Philosophy” and encourages her to learn more about the company’s business practices. He admits that Green Threads clothes are not the cheapest available, but points out that all the store’s products are made from natural fibers and stitched in the U.S. The cotton used in the clothes is grown organically and all wool comes from farms that treat livestock humanely.

Sharon is not sure what to do. She is impressed with Green Threads’ corporate philosophy and she loves the clothes. But she also hates spending extra money. After going back and forth she finally decides to buy the jeans and the sweater.

Over the next few months Sharon concludes that she made the right choice. Her friends compliment her when she wears her sweater and she believes that wearing Green Threads clothes helps others see that she supports socially responsible companies. Eventually she posts a positive online review of the store. She’s happy to see other five-star reviews there as well. She also sees that some of the reviews are not as positive and that these most often complain about high prices.

Soon Sharon is receiving e-mails from Green Threads announcing new arrivals at the store. She also notices that Green Threads display ads appear much more frequently in her Facebook feed. She much prefers the social media posts to a paper catalog, thinking it is one less thing for her to recycle. After a few weeks, Sharon decides to check out the new spring line of clothes arriving at the store.

What happened between Sharon’s first exposure to the ad and her purchase? In this case, a Facebook ad helped make Sharon *aware* of Green Threads and allowed her to *comprehend* what the store offered and how it differed from its competition. The ad also sparked a series of events that ultimately resulted in a purchase. But the ad wasn’t the sole, or even the most important, reason that Sharon became a customer. Much of what she learned about Green Threads came from other sources—for example, her reaction to the look and feel of the store, her initial impressions of the clothing, the helpful sales clerk, and the corporate brochure. Even the thoughtfully placed bike rack helped Sharon form a positive impression of the company.

Sharon’s story helps to illustrate a central idea of this book: Companies do not create ads or other promotional messages in isolation. Instead, they strive to make sure that every experience a customer has with the company reinforces core ideas about who they are and what their products are like. Such evidence can come in advertising messages, but from a broader perspective, it comes from every consumer experience with the company. When a company strategically plans, coordinates, and integrates messages that target important audiences about its products or brands, it is practicing **integrated marketing communications**, or **IMC**.



My IMC Campaign 1-A

Overview

Welcome to My IMC Campaign, an important feature of this text. My IMC Campaign should be useful in any of the following situations:

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

Instructors approach advertising projects differently. Some assign students to create ads for a real product, although you never actually contact the company that makes the product. Some assign a fictional brand in a real product category. Perhaps your instructor has secured a real client, such as a small local business or firm. You may even have to find a client yourself by making inquiries in your community. Finally, your instructor may ask you to help a charity or nonprofit with its advertising. In all of these instances, the good news is that developing a campaign follows a similar path. And the My IMC Campaign feature is designed to help you do it well.

Let's begin with a definition. An IMC campaign involves the creation and placement of strategic messages that are unified by an underlying theme or core message. The messages are intended to help promote a brand, product, service, organization, or idea. They are aimed at a group called a target audience, individuals or organizations important to the advertiser. Campaigns have specific objectives, such as increasing product awareness or persuading people to try a service or donate money to a cause. The messages appear in various media, such as Facebook, radio, or billboards. Even if you do not do all of these activities, your understanding of the concepts introduced in this text will be much deeper and richer to the extent you have a chance to apply them.

As what you have read so far suggests, in an effective IMC campaign there is a great deal of planning that occurs before messages are developed. So, while you may be itching to create ads for your client, you have lots of work to do first. Think about your favorite ad that is running right now. It is successful because the people who created it thought carefully about the audiences that are important to reach, the media that can effectively reach them, and the objectives that are crucial to success. On a much smaller scale and with far fewer resources, you face similar challenges. My IMC Campaign is designed to help you in that quest.

In subsequent chapters, you will develop a deeper understanding of your brand or client, create a plan for marketing and advertising activities, conduct research so that you can better understand your target audience, formulate media strategy, and design effective advertisements. Finally, you'll find out how to implement evaluation programs to test whether your ads have been successful. By the end of the semester, you may not be a top advertising professional, but you'll have some real experience in the art and science of IMC.

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

1. Overview
2. Tools for Teamwork
3. Your Assignment
4. Understanding Your Client; Creating Local Advertising; Agency Review; Ways to Be a Better Client
5. Understanding What Consumers Look for in a Product
6. Segmenting the Audience
7. Research; Methods for Pretesting; Methods for Posttesting; Developing an Effective Questionnaire
8. Developing the Situation Analysis; Developing IMC Objectives; Ways to Set IMC Budgets
9. Developing Media Objectives and Strategies
10. The Creative Brief
11. Product Facts for Creatives; Creating Great Headlines and Copy; Design Principles; Writing Effective Copy; Creating Effective Radio Commercials; Creating Effective TV Commercials
12. Producing Ads
13. The Pros and Cons of Magazine Advertising; The Pros and Cons of Newspaper Advertising; Planning and Evaluating Print Media
14. Planning and Buying TV and Radio; The Pros and Cons of Broadcast TV Advertising; The Pros and Cons of Cable TV Advertising; The Pros and Cons of Radio Advertising
15. Using Interactive Media
16. Using Social Media
17. Using Out-of-Home, Exhibitive, and Supplementary Media
18. Developing a Plans Book
19. Corporate Blogging; The Client Presentation

How did IMC factor in Sharon's purchase decision? Recall that she was conflicted about buying clothes at Green Threads because they were pricey. Cost was a serious consideration for Sharon because she is on a limited budget. But the information Sharon learned that day helped create a *conviction* that Green Threads was a company with both great clothes and a socially responsible way of doing business. That unique combination of attributes helped Sharon decide that, even at a higher price, Green Threads clothes

In relationship marketing and IMC, companies don't just advertise to customers, they listen too. This ad from Wells Fargo is meant to show the company is responsive to consumer concerns about its banking practices.

Source: Wells Fargo

WELLS FARGO Home Commitment Products and Services Community Contact

Established 1852. Re-established 2018 with a recommitment to you.

From day one, we always came through for our customers. Today, we're renewing our commitment to you—and working to earn back your trust.
See what's new at Wells Fargo:

- Building a better bank
- Putting service first
- Upgrading our banking features
- Increasing community impact

were more desirable to her than clothes sold at the mall. No other retailer offered her both important qualities. The uniqueness of the offerings at Green Threads led Sharon to form a *desire* to buy from the store. And, after thinking carefully about her clothes budget, she took *action* and made a purchase.

Why do companies practice IMC? Because IMC helps companies adopt a consumer-centric, rather than marketer-centric, perspective when they create brand messages. And in today's marketing environment, nothing is more important than understanding and effectively communicating with consumers. Another reason companies use an IMC perspective is that consumers learn about brands from far more sources than just advertising. Smart companies try to think carefully about all of the ways consumers experience their brands. In some cases, advertising may play a crucial role in engaging and persuading consumers. In others, it may play a smaller role, or even none at all. Companies that practice IMC evaluate the strategic importance of advertising within the context of all possible ways they can communicate.

What Is Advertising?



Now that you know what IMC is, let's focus on an important element in many IMC campaigns: advertising. Many of the most vivid and memorable IMC messages you encounter are advertisements. But not all. Information about brands can appear in many forms—commercials, websites, and text messages—or in the form of product placements in TV shows, coupons, sales letters, event sponsorships, telemarketing calls, or e-mails. You may refer to them all as “advertising.” But the correct term for such an assortment of tools is **marketing communications**. Advertising is just one type of marketing communications.

So what is advertising and how does it differ from other kinds of marketing messages?

At the beginning of the 20th century, Albert Lasker, often regarded as the father of modern advertising (see People behind the Ads: Albert Lasker and Claude Hopkins later in this chapter), defined it as “salesmanship in print, driven by a reason why.”¹⁰ But that was before the advent of radio, television, or the web. The nature and scope of the business world, and advertising, were limited in Lasker's time. As media technologies have changed, so have the concept and practice of advertising.

Images of advertising sometimes reflect the functions that it serves a person in his or her professional life. Journalists, for example, might define it as a communication, public relations, or persuasion process; businesspeople see it as a marketing process; economists and sociologists tend to focus on its economic, societal, or ethical significance. And some consumers might define it simply as a nuisance. Interestingly, scholars and professionals also disagree somewhat about how to define advertising, as scholars Jef Richards and



Companies use ads to differentiate their brands from those of competitors. But guided by an IMC philosophy, ads are just one part of an overall message strategy. Progressive finds a humorous way to remind consumers of its iconic spokesperson “Flo” by encouraging people to dress like her on Halloween. When people do so, it turns parties into yet another way of encountering and developing attitudes about the Progressive brand.

Source: Progressive Casualty Insurance Company

Catharine Curran discovered in a research study intended to find agreement about a definition. Their multi-wave panel study suggested the following definition comes closest to a consensus of experts:

Advertising is a paid, mediated form of communication from an identifiable source, designed to persuade the receiver to take some action, now or in the future.¹¹

Let’s take a closer look at this definition. Advertising is, first, a form of *communication*, often defined as a process through which meaning is exchanged between individuals using a system of symbols, signs, or behavior. It differs from other forms in that advertising is a very *structured* form of applied communication, employing both verbal and nonverbal elements, *composed* to fill specific space and time formats determined by the sponsor.

Second, advertising is directed to groups of people, usually referred to as audiences, rather than to individuals. These people could be **consumers**, who buy products like cars, phones, or food for their personal use. Or they might be businesspeople, who buy fleets of trucks or thousands of computers for commercial or government use.

Third, the costs of advertising are paid by sponsors. GM, Walmart, Starbucks, and your local fitness salon pay Facebook or a local radio or TV station to carry the ads you read, see, and hear. A few sponsors don’t have to pay for their ads. The American Red Cross, United Way, and American Cancer Society are among the many charitable organizations whose **public service messages** are carried at no charge because of their nonprofit status.

Fourth, most advertising is intended to be *persuasive*—to encourage audiences to take action, such as buying something, or at least to make people more favorably disposed toward a product, service, or idea. A few ads, such as legal announcements, are intended merely to inform, not to persuade.

In addition to promoting tangible **goods** such as oranges, oatmeal, and olive oil, advertising helps publicize the intangible **services** of banks, beauty salons, bike repair shops, and breweries. Advertising is also used to advocate a wide variety of **ideas**, whether economic, political, religious, or social. In this book, the term **product** is used to include goods, services, and ideas.

Fifth, an ad *identifies* its sponsor. Typically, sponsors want to be identified, or why pay to advertise? An important difference between advertising and *public relations* is that many PR activities (e.g., publicity) aren’t openly sponsored. We’ll discuss the differences between advertising and other forms of marketing communications later in this chapter.

Finally, advertising reaches people through a channel of communication referred to as a **medium**. An advertising medium is any nonpersonal means used to present an ad to a large audience. Advertising media include radio, television, newspapers, websites, social media, search engines, video games, billboards, and so on. When you tell somebody how much you like a product, that’s sometimes called *word-of-mouth (WOM)* advertising. Although WOM is a communication medium, it has not generally been considered an advertising medium. However, the popularity of social media, such as Facebook and Twitter, is forcing advertisers to reconsider this belief. In fact, social media is an ideal platform for advertisers to encourage digital WOM, as when people share their favorite brands and ads or provide ratings of their experiences at restaurants and hotels.

Historically, advertisers used the traditional **mass media** (the plural of *medium*) to deliver their messages. But modern technology enables advertising to reach people efficiently through a variety of *addressable media* (e.g., direct mail) and *digital media* (like the web). Advertisers also use an increasing variety of *nontraditional media* such as shopping carts, blimps, and billboards to find their audience. A thorough understanding of the strengths, weaknesses, and capabilities of different media is important, and this text devotes several chapters to the subject.

Now that you better understand the types of messages that do and do not qualify as advertising, let’s focus more deeply on two important dimensions of modern

advertising: engagement and integration. First, contemporary advertising focuses less on making a single sale and more on helping companies foster relationships with consumers and other stakeholders. This was a key theme developed in the vignette that opened this chapter. In other words, modern advertising is less about informing consumers and more about engaging them and building relationships. Second, today's advertising is strategically created to complement other marketing communications efforts, such as public relations, sales promotions, product placements, and direct sales. This may seem obvious, but it was not always so. Decades ago ad campaigns were developed without much thinking about other marketing efforts. Today it is best to think of effective advertising as one tool among many that can be artfully used in integrated marketing communications efforts.

In the next section of this chapter, we'll flesh out a bit more about advertising by examining it as a form of communication. Then, we consider the strategic element of advertising by showing the importance marketers place on building relationships and practicing integrated marketing communication. Looking ahead to the other chapters in Part One, we will trace the evolution of IMC from its earliest practice, delve more deeply into the role of marketing messages in a market economy, review the most important regulatory and legal considerations practitioners must keep in mind, and consider the scope of advertising from local to global. Finally, we will consider the audiences for advertising messages.

Communication: What Makes Advertising Unique

LO 1-3

The Human Communication Process

First and foremost, advertising is communication—a special kind of communication. McCann Worldgroup, the ad agency for MasterCard, claims that advertising is “truth well told.” This means that ethical advertisers and the agencies they employ work together to discover the best methods possible to tell their story truthfully and creatively. To succeed, they must understand the advertising communication process, which derives from the basic human communication process.

Success in life depends on our ability to inform others or persuade them to do something (or stop doing something). The first scholars to study human communication formulated a model like the one in Exhibit 1-1. The process begins when one party, called the **source**, formulates an idea, **encodes** it as a **message**, and sends it via some **channel** to another party, called the **receiver**. The receiver must **decode** the message in order to understand it. To respond, the receiver formulates a new idea, encodes it, and then sends the new message back through some channel. A message that acknowledges or responds to the original message constitutes **feedback**, which also affects the encoding of a new message.¹² And, of course, all this takes place in an environment characterized by **noise**—the cacophony of many other distractions.

Applying this model to advertising, the source is the sponsor, the message is the ad, the channel is the medium, the receiver is the consumer or prospect, and the noise is the din of competing messages, including other ads. But this model oversimplifies the

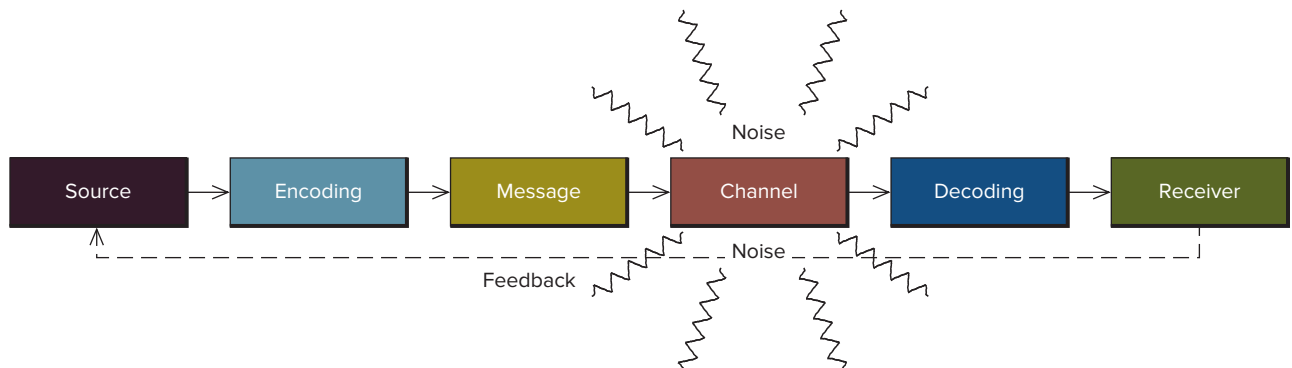


Exhibit 1-1

The traditional human communication process.

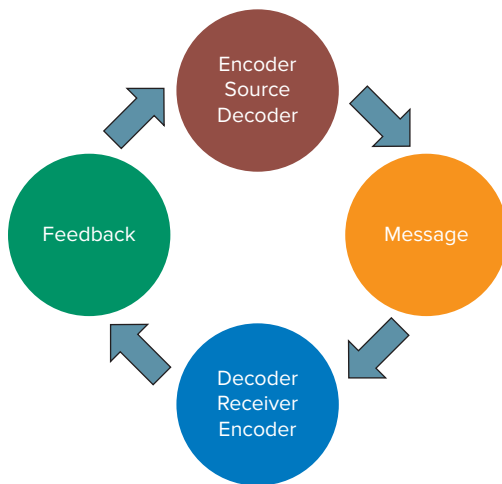


Exhibit 1-2
The interactive model of communication.

Applying the Communication Process to Advertising

process that occurs in advertising or other sponsored marketing communications. It doesn't take into account either the structure or the creativity inherent in composing the advertising message. We need to consider some of the many complexities involved, especially with the advent of *interactive media*, which let consumers participate in the communication by extracting the information they need, manipulating what they see, and responding in real time. The realization that much contemporary communication, especially in marketing, is better characterized as dialogue has led many scholars to revise the communication model to reflect interactivity, as depicted in Exhibit 1-2.

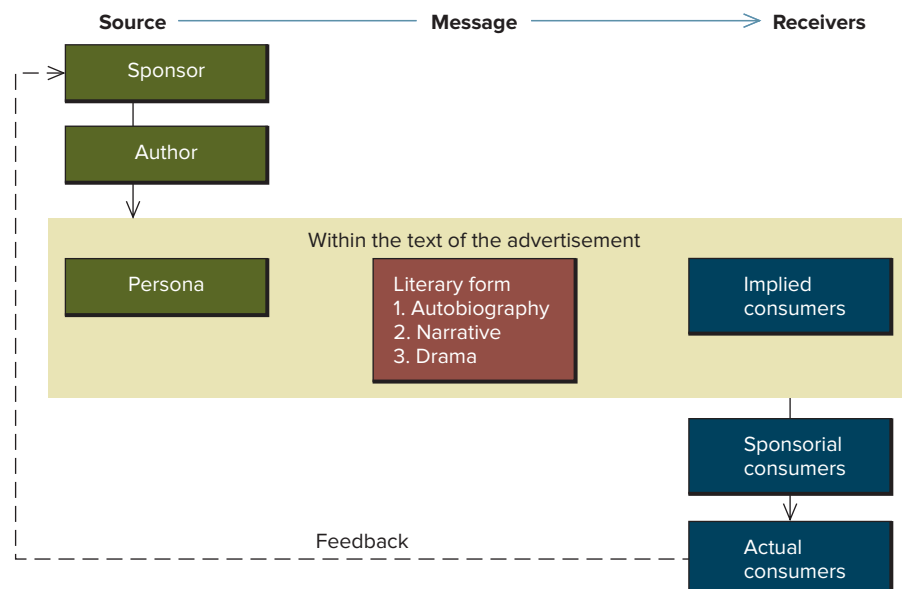
Exhibit 1-2 presents an interactive model of communication. In this model, no single entity operates as a source or receiver. Instead, two or more entities serve both roles in an ongoing process. This model better represents marketers' understanding of their relationships with consumers today. Marketers no longer dominate the exchange of messages. Rather, they are engaged in a conversation with consumers who send their own messages, both to the marketer and to other consumers. The interactive model helps remind companies that they do not have as much control over messages as the traditional model seems to suggest. It also reminds companies that the reputation of brands is not just a function of what the company says, but what consumers and others say as well.

Communications scholar Barbara Stern proposes a more sophisticated communication model, one that views advertising as *composed commercial text* rather than informal speech. The Stern model helps remind us that in advertising, sources, messages, and receivers have multiple dimensions. Some of these dimensions exist in the real world; others exist on a different level of reality—a virtual world within the text of the advertising message itself.

Source Dimensions: The Sponsor, the Author, and the Persona

In oral communication, the source is typically one person talking to another person or a group. But in advertising, identifying the source of a message is not so simple. Certainly the real-world **sponsor**, that is, the company that is advertising a product or idea, is legally responsible for the communication and has a message to communicate to actual consumers. But as the Stern model in Exhibit 1-3 shows, the path from sponsor to consumer can be long and circuitous. To begin with, the sponsor does not usually produce the message. That is the typical role of the sponsor's ad agency. So the **author** of the communication is actually a creative team at an ad agency. Commissioned by the sponsor to create the advertising message, these people exist in the real world but are unknown to the reader or viewer.

Exhibit 1-3
The Stern model of the advertising communication process.



At the same time, *within the text* of the ad is a real or imaginary spokesperson (a **persona**) who lends some voice or tone to the ad. To the consumer, this persona, who represents the sponsor, is the source of the within-text message. But the persona's discourse is composed and crafted by the ad's authors solely for the purposes of the text; it is not a part of real life. It exists only in the virtual world of the ad. As an example, the Garnier ad shown in Ad Lab 1-A presents a living person, a woman whose daily stresses cause people to see her as older at night than when she first wakes. Although her experiences seem spontaneous, the entire "day" has been planned by ad agency creatives. (See Ad Lab 1-A, "Advertising as a Literary Form.")

Message Dimensions: Autobiography, Narrative, and Drama

Advertising messages may also be multidimensional. As artful imitations of life, they typically use one or a blend of three literary forms: autobiography, narrative, or drama. In **autobiographical messages**, "I" tell a story about myself to "you," the audience eavesdropping on my personal experience. Other ads use **narrative messages** in which a third-person persona tells a story about others to an imagined audience. Finally, in the **drama message**, the characters act out events as though in a play. The audience is an invisible observer of the actions in the ad.

The creators of ads make important decisions about what kind of persona and which literary form to use to express the message. Key considerations are the emotions, attitudes, and motives that drive customers in their target audience. Words and visuals are placed in the structured format most suitable to the medium selected for delivering the message. The format may be a dramatic 30-second TV commercial; an autobiographical, full-page, black-and-white magazine ad; a colorful, narrative brochure; or a multipage website that employs a variety of message styles. In all cases, though, the message exists only within the text of the ad. Doing all this effectively requires great skill, but it's this creativity that distinguishes advertising from all other forms of communication.

Receiver Dimensions: Implied, Sponsorial, and Actual Consumers

The receivers of advertising are also multidimensional. First, *within the text*, every ad or commercial presumes an audience. These **implied consumers**, who are addressed by the ad's persona, are not real. They are imagined by the ad's creators to be ideal consumers who accept uncritically the arguments made by the ad. These are the people imagined by the copywriter as he or she composes the words that will appear on paper or in electronic or digital form. They are, in effect, part of the ad's drama.

When we move outside the text of the ad, though, the first audience is, in fact, a group of decision makers at the sponsor or advertiser. These **sponsorial consumers** are the gatekeepers who decide if the ad will run or not. So, before an ad ever gets a chance to persuade a real consumer, the ad's authors must first persuade the sponsor's executives and managers who pay for the campaign and must approve it.

The **actual consumers**—equivalent to the receiver in oral communications—are people in the real world who make up the ad's target audience. They are the people to whom the sponsor's message is ultimately directed. But they will get to see, hear, or read it only with the sponsor's approval.¹³

Actual consumers do not usually think or behave the same as the implied consumer or even the sponsorial consumer. Thus, the advertiser (and the creative team) must be concerned about how the actual consumer will decode, or interpret, the message. The last thing an advertiser wants is to be misunderstood.

Unfortunately, message interpretation is only partially determined by the words and symbols in the ad. The medium used has an effect as well. As Marshall McLuhan said, "The medium is the message." Communications professionals are very interested in how different media affect the way people receive and interpret promotional messages.



AD Lab 1-A

Advertising as a Literary Form

These four ads show how advertising messages typically come in one or a blend of three literary forms: autobiography, narrative, or drama.

Autobiography tells its story from a first-person point of view and may often use the word *I*. In the L'Oreal ad (autobiography), a woman is followed throughout her busy day, demonstrating the toll that life's stresses take on youthful beauty. The narrative form typically uses a third-person voice, which often exudes a well-informed, authoritative quality to tell the reader about the product. In the next example, a narrator describes the heroic efforts to save a white lion in desperate need of treatment for his deteriorating teeth. The video, and the treatment, is

sponsored by Fixodent. The drama form uses the style of theater to create or perform a scene, so the reader receives the message by implication rather than by direct telling. The ad for Wilkinson Sword blades depicts a sensual "battle" between two sultry characters.

Two other key elements are the persona, which usually represents the advertiser, and the implied consumer. Sometimes a character may represent the implied consumer. The persona may be a trade character, such as the Pillsbury Doughboy, or a real person, such as Eminem, shown below in the Brisk Iced Tea ad. A logo may even be a form of persona. Ads may also employ a number of literary forms simultaneously.



1. *Autobiography.*

Source: L'Oréal International



2. *Narrative.*

Source: Procter & Gamble



3. *Drama.*

Source: Wilkinson Sword



4. *Mixture of literary forms and elements.*

Source: PepsiCo Inc.

The characteristics of the receivers are also very important, and in Chapter 5, we'll see how attitudes, perceptions, personality, self-concept, and culture are important influences that affect the way people receive and respond to messages.

Finally, the sponsor's messages must vie with hundreds of competing commercial and noncommercial messages every day. They are referred to as **noise**. So the sender doesn't know *how* the message is received, or even *if* it's received, until a consumer acknowledges it.

Feedback and Interactivity

That's why feedback is so important. It completes the cycle, verifying that the message was received. Feedback employs a sender-message-receiver pattern, except that it is directed from the receiver back to the source.

In advertising, feedback takes many forms: redeemed coupons, website visits, phone inquiries, visits to a store, tweets, Facebook posts, increased sales, responses to a survey, or

e-mail inquiries. Dramatically low responses to an ad indicate a break in the communication process. Questions arise: Is the product wrong for the market? Is the message unclear? Have the right media been chosen? Without feedback, these questions cannot be answered.

Long gone are the days when audiences could be considered passive receivers of impersonal mass messages. They are active decision makers who control what communications they receive and choose the information they want about a particular product. Social media allow for instantaneous, real-time feedback on the same channel used by the message sender. The increased opportunities for feedback mean companies can develop richer, deeper relationships with consumers today as compared with earlier times. This is a fundamental change for advertisers, and we explore this topic more deeply in the section to follow.

LO 1-4

IMC and Relationship Marketing

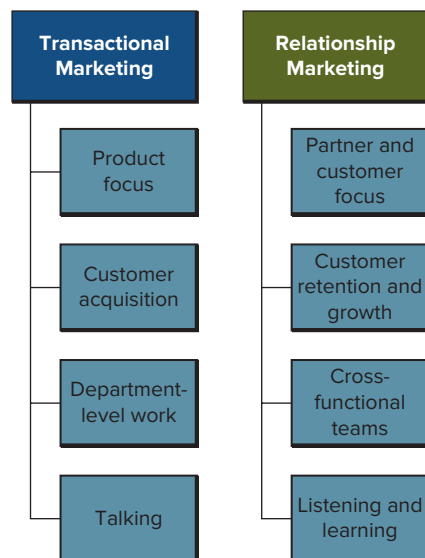


Exhibit 1-4

A comparison of transactional and relationship marketing. Adapted from Kotler and Keller.¹⁷

As companies have become less advertising-centric and more IMC-centric, they've shifted their focus from a focus on sales to a concern with building relationships with consumers. This shift has rich implications for brand messages.

A market-driven firm's overriding purpose is to profitably create happy, loyal customers. Customers, not products, are the lifeblood of the business. This realization has created a trend away from simple *transactional marketing* to **relationship marketing**¹⁴—defined by the American Marketing Association as marketing “with the conscious aim to develop and manage long-term and/or trusting relationships with customers, distributors, suppliers, or other parties in the marketing environment.”¹⁵ As can be seen in Exhibit 1-4, the shift from a transactional to a relationship focus has broad implications for the goals of marketing and the focus of advertising and IMC. None of these changes is more significant than the elevation of listening as a corporate value. Consider these examples: In response to a consumer campaign to eliminate plastic straws in England, McDonald's converted theirs to paper ones; adidas responded to consumer wishes for sustainability by creating over a million running shoes using garbage collected from ocean water.¹⁶

Consumers can choose many different products and services. As a result, the customer relationship—in which a sale is only the beginning—is the key strategic resource of the successful modern business. Companies that commit to relationship marketing are generally trying to accomplish three things: (1) identify, satisfy, retain, and maximize the value of profitable customers; (2) strategically manage the contacts between the customer and the company to ensure their effectiveness; and (3) develop a full and useful view of the customer by acquiring data.

The Importance of Relationships

To succeed, companies focus on managing loyalty among carefully chosen customers and **stakeholders** (employees, centers of influence, stockholders, the financial community, and the press). This is important for a number of reasons:

1. *The cost of lost customers.* Great marketing will not win back a customer lost from shoddy products or poor service. The real profit lost is the **lifetime customer value (LTCV)** to a firm. Brad Sugars, writing for *Entrepreneur*, argues that LTCV can be expressed quantitatively using the following formula: (Average Value of a Sale) × (Number of Repeat Transactions) × (Average Retention Time in Months or Years for a Typical Customer). LTCV gives a company a clearer picture of how much it should spend on marketing efforts to recruit new customers and retain existing ones.¹⁸ It also makes clear the cost of marketing or product failures, as negative word of mouth can have a terrible snowballing effect. And if one lost customer influences only one other customer not to patronize the business, the LTCV loss doubles. With the pervasiveness of social media, this is more important today than ever before.
2. *The cost of acquiring new customers.* Defensive marketing, which attempts to retain loyal customers, typically costs less than offensive marketing, which seeks new

customers, because it isn't easy to lure satisfied customers away from competitors.¹⁹ In fact, it costs five to eight times as much in marketing, advertising, and promotion to acquire a new customer as it does to keep an existing one.

3. *The value of loyal customers.* Repeat customers keep a company profitable even in tough economic times.²⁰ Retention is enormously profitable because acquiring new customers is almost five times as expensive as retaining old ones. In addition, long-term customers are less sensitive to the marketing efforts of other companies.²¹ The bottom line is a company that makes a small increase in customer retention may be rewarded with big profits in return.²²

For all of these reasons, a company's first market should always be its current customers. Many marketers commit resources to *postsale* activities, making customer retention their first line of defense. They have discovered the primary benefit of focusing on relationships: increased retention and optimized lifetime customer value.²³

It is neither profitable nor realistic for every company to invest heavily in deep customer relations. Marketing experts Kotler and Armstrong distinguish five levels of relationships that can develop between a company and its stakeholders, depending on their mutual needs:

- *Basic transactional relationship.* The company sells the product but does not follow up in any way (McDonald's).
- *Reactive relationship.* The company (or salesperson) sells the product and encourages customers to call if they encounter any problems (Men's Wearhouse).
- *Accountable relationship.* The salesperson phones customers shortly after the sale to check whether the product meets the expectations and asks for product improvement suggestions and any specific disappointments. This information helps the company continuously improve its offering (Acura dealers).
- *Proactive relationship.* The salesperson or company contacts customers from time to time with suggestions about improved product use or helpful new products (Verizon).
- *Partnership.* The company works continuously with customers (and other stakeholders) to discover ways to deliver better value (financial planner).²⁴

How should a company choose the type of relationship to earn with its stakeholders? It can be a difficult question. Different stakeholders require different types of relationships. The relationship a company seeks with a customer is different from the one it seeks with its suppliers. Additionally, some companies deal with significant overlap in stakeholder roles. An employee may also be a customer and a stockholder.

The number of stakeholders is also important. The more there are, the more difficult it is to develop an extensive personal relationship with each. Some customers may prefer a transactional relationship.²⁵ Most people wouldn't want a phone call from a store-label soft drink company. But Mtn Dew believes its customers *do* want a relationship with the brand. As a result, the company has encouraged users to design new flavors and bottle designs. This is because of the potential for **interactive customer relationships**, which makes it easy for companies and customers to communicate in digital media. In such relationships, companies encourage consumers to "feel like they're a part of your brand in a unique way."²⁶

Mtn Dew also places a great deal of emphasis on creating a "Dew-x-perience" for its customers. For example, it employs a variety of hip-hop and Latin recording artists in various "street marketing" efforts to distribute bottles of Dew. It also sponsors extreme athletes and appears at sporting events such as the Gravity Games and ESPN's X Games with vans full of merchandise and giveaways.²⁷

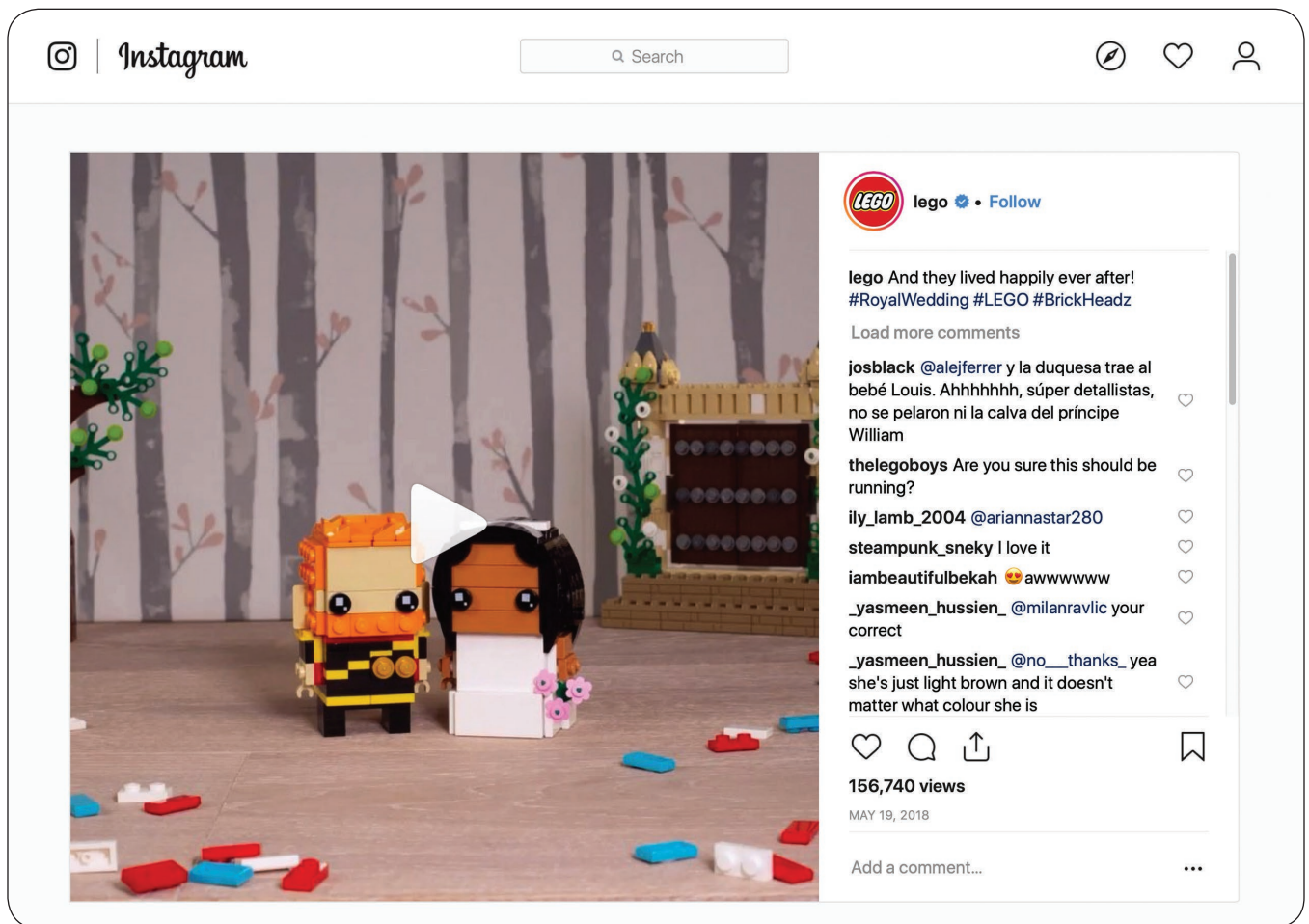
A company must also consider its profit margins. High-profit product or service categories make deeper, personal relationships more important (see Exhibit 1-5). Low profit margins imply a marketer should pursue basic transactional relationships augmented by brand-image advertising.²⁸

Levels of Relationships



Most business is conducted with repeat customers. This places a premium on customer retention. Retention can be achieved by offering special benefits to loyal customers, effectively rewarding and thanking them for business, and providing an incentive for a continued relationship in the future. CVS, a national pharmacy company, successfully retains its customers with a variety of rewards programs. The more a customer spends, the more CVS offers savings and coupons.

Source: CVS.



LEGO, like many contemporary brands, stays close to its customers through regular and creative use of social media. This ad cleverly helps to celebrate Harry and Meghan's royal wedding. How does the use of social media change the relationship between a brand like LEGO, and its consumers?

Source: Instagram/Lego Group.

No matter how a company builds relationships with stakeholders, the strategic use of IMC is vital. Is the company committed to a basic transactional relationship? Then the practice of IMC can guide the company as it evaluates the efficient and careful use of media. Is the company committed to a deeper relationship? Then it will be prepared to spend large amounts of money to support, engage, and satisfy stakeholders.

Exhibit 1-5

Relationship levels as a function of profit margin and number of customers.

		Profit margins		
		High	Medium	Low
Number of customers	Many	Accountable	Reactive	Basic
	Medium	Proactive	Accountable	Basic
	Few	Partnership	Accountable	Reactive

IMC is both a concept and a process. The *concept* of integration is *wholeness*. Achieving this wholeness in communications creates *synergy*—the principal benefit of IMC—because each element of the communications mix reinforces the others for greater effect. For example, Disney advertises every one of its theme parks as “the happiest place on earth.” That concept, happiness, informs many ways Disney interacts with customers. Of course, advertising messages emphasize colorful Disney characters, luxury hotels, fun rides, and great family experiences. But the happy experience at a Disney park also involves interactions with staff, who are referred to as cast members. These interactions, as suggested by IMC, are hardly left to chance. The company’s service guidelines, cleverly linked to its famous Dwarfs, include:

1. Be *Happy* . . . make eye contact and smile!
2. Be like *Sneezy* . . . greet and welcome each and every guest. Spread the spirit of Hospitality . . . It’s contagious!
3. Don’t be *Bashful* . . . seek out Guest contact.
4. Be like *Doc* . . . provide immediate service recovery.
5. Don’t be *Grumpy* . . . always display appropriate body language at all times.
6. Be like *Sleepy* . . . create DREAMS and preserve the “MAGICAL” Guest experience.
7. Don’t be *Dopey* . . . thank each and every Guest!²⁹

Disney messaging through its advertising and its guidance to cast members is more than merely consistent; it’s reinforcing. Cast members see the ads too, and advertising messages can motivate them to ensure guests experience Disney parks as happy places. And guests perceive the ads in a more powerful way when the messages encourage them to reflect on happy interactions with cast members from previous visits. This is synergy.

While IMC is a concept, it is also, as Tom Duncan, an IMC scholar, has pointed out, a *process* in which communication becomes the driving, integrating force in the marketing mix and throughout the organization. Consumers are part of that process too. In the age of social media, brand marketers must “assess their IMC capability and understand how to leverage the consumer’s voice.”³⁰ In other words, for IMC to retain value, its capability must be fluid rather than static. Here too Disney is a great example. Even as the company has stood for wholesome, family entertainment, the company has evolved with the changes in values and norms from its founding by Walt Disney.

The Evolution of the IMC Concept

Glen Nowak and Joe Phelps, advertising professors from the Universities of Georgia and Alabama, argue that IMC developed as a consequence of several important trends, including escalating media costs, splintering consumer markets, and skepticism about traditional mass media advertising. These have led marketers to question the wisdom of creating walls between disciplines such as public relations, direct-response advertising, and sales promotion.³¹

The IMC approach, according to Nowak and Phelps, focuses on four related tactics: (1) less emphasis on advertising relative to other promotional tools, (2) heavier reliance on targeted messages and on reaching smaller segments, (3) increased use of consumer data, and (4) changed expectations for marketing communications suppliers.

Although IMC is considered crucial to any contemporary marketing effort, it has proven surprisingly difficult to define. Nowak and Phelps noted that IMC is used by some to mean “*one voice*” (i.e., ensuring all elements of the marketing mix converge on a single idea), by others to mean *integrated communications* (that advertising can and should achieve both action and awareness objectives simultaneously), and by still others to mean *coordinated marketing communications* (ensuring the various marketing mix elements such as advertising direct-response, sales promotions, and the like, work together).³²

One scholar’s review suggests that a complete definition would include four elements: first, that IMC refers both to a concept (or idea) and process (a sequence of steps); second that IMC draws on management skill at strategic planning; third, that IMC, as compared with traditional promotional approaches, places greater emphasis on audiences, channels, and results; and finally that IMC represents a broadened view of brand promotion. He concludes that IMC is best defined as “the concept and process of strategically managing audience-focused, channel-centered, and results-driven brand communication programs over time.”³³

The marketing of luxury products such as Lexus is also guided by IMC principles. Consumers receive messages about such brands from many sources, including advertising, dealerships, and the popular press. Preserving the value of the Lexus brand thus requires careful attention to all consumer “touch points.”

Source: Toyota Motor Corporation



How the Customer Sees Marketing Communications

Clearly, to understand IMC, we have to look through the customer's eyes. Customers develop perceptions of the company or brand through a variety of sources: news reports, word of mouth, gossip, experts' opinions, financial reports, websites, blogs, and even the CEO's personality.

All these communications or brand contacts, sponsored or not, create an *integrated product* in the consumer's mind.³⁴ In other words, customers automatically integrate all the brand-related messages that they encounter. The way they integrate those messages determines their perception of the company. IMC gives companies a better opportunity to manage or influence those perceptions and create a superior relationship with those stakeholders.

The Four Sources of Brand Messages

To influence customers' perceptions, marketers must understand one of the basic premises of IMC: that *everything we do (and don't do) sends a message*. That is to say, every corporate activity has a message component. Duncan and Moriarty describe four sources of company/brand-related messages stakeholders receive: *planned*, *product*, *service*, and *unplanned*. Each of these influences a stakeholder's relationship decision, so marketers must know where these messages originate, what effect they have, and the costs to influence them.

1. *Planned messages*. These are the traditional promotional messages—advertising, sales promotion, personal selling, merchandising materials, publicity releases, event sponsorships. These often have the *least* impact because they are seen as self-serving. Planned messages should be coordinated to work toward a predetermined set of communications objectives.
2. *Product messages*. In IMC theory, every element of the marketing mix sends a message. Messages from the product, price, or distribution elements are typically referred to as *product* (or *inferred*) *messages*. For example, customers and other stakeholders receive one product message from a \$25,000 Rolex watch and a different one from a \$30 Timex. Product messages also include packaging, which communicates about the product through the use of color, type, imagery, design, layout, and materials.

Product messages have great impact. When a product performs well, it reinforces the purchase decision. However, a gap between the product's performance and advertised promises creates violated expectations.

3. *Service messages*. Employee interactions also send messages to customers. In many organizations, customer service people are supervised by operations, not marketing. Yet the service messages they send have greater marketing impact than the planned

messages. With IMC, marketing people work with operations to minimize negative messages and maximize positive ones.

4. *Unplanned messages.* Companies have little control over the unplanned messages that emanate from employee gossip, unsought news stories, comments by the trade or competitors, word-of-mouth rumors, or major disasters. Unplanned messages may affect customers' attitudes dramatically, but they can sometimes be anticipated and influenced, especially by managers experienced in public relations.³⁵

The Integration Triangle

The integration triangle developed by Duncan and Moriarty is a simple illustration of how perceptions are created from the various brand message sources (see Exhibit 1-6). Planned messages are *say* messages—what companies say about themselves. In the story of Sharon and Green Threads, the Facebook ad was an example of this. Product and service messages are *do* messages because they represent what a company does. The bike rack, socially aware business practices, and helpful clerk were examples of this in the Green Threads story. Unplanned messages are *confirm* messages because that's what others say and confirm (or not) about what the company says and does. The positive posts on Google and any positive (or negative) news articles that Sharon might encounter about Green Threads are examples of this. Constructive integration occurs when a brand does what its maker says it will do and then others confirm that it delivers on its promises.³⁶

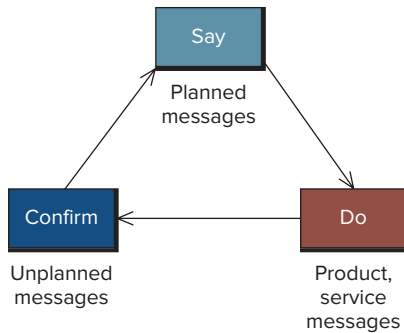


Exhibit 1-6
The integration triangle.

The Dimensions of IMC

To maximize the synergy benefits of IMC, Duncan suggests three priorities for an organization's integration process. It should first ensure consistent positioning, then facilitate purposeful interactivity between the company and its customers or other stakeholders, and finally actively incorporate a socially responsible mission in its relationships with its stakeholders.

As Duncan's IMC model shows in Exhibit 1-6, the cross-functional planning and monitoring of IMC activities result in an enhanced relationship with customers and other stakeholders, which leads to stakeholder loyalty and ultimately to greater brand equity.

The interest in IMC is global.³⁷ Large American-based companies such as McDonald's, IBM, and General Motors use IMC in campaigns throughout the globe, and foreign-based firms such as BMW, Lenovo, Samsung, and Sony practice IMC in their marketing efforts, including those aimed at U.S. consumers. IMC helps each of these firms maximize its resources and link communications activities directly to organizational goals and the resulting bottom line.³⁸

While this text deals with most major facets of IMC and brand messages, advertising frequently has a central role. Why? Because advertising is typically the element of marketing communications over which a company has greatest control. As such, it remains an important component of almost every great IMC campaign. And it is likely to remain so for the foreseeable future.

Marketing: Determining the Type of IMC Message to Use

LO

1-5

We now consider the marketing dimension of IMC because that's what defines IMC's role in business. Every business performs a number of diverse activities, typically classified into three broad functional divisions:

- Operations (production/manufacturing)
- Finance/administration
- Marketing

Of all the business functions, marketing is the only one whose primary role is to bring in revenue. Without revenue, of course, a company cannot recover its initial investment, pay its employees, grow, or earn a profit. So marketing is very important.

What Is Marketing?

Over the years, the concept of marketing has evolved based on the supply of and demand for products. Because we need to understand marketing as it relates to IMC, we define the term as follows:

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.³⁹



Companies that exist to make a profit are not the only organizations that use marketing principles. Charities also apply these ideas in their quest to increase donations. The “crack” in the pavement is part of an unusual outdoor ad in San Francisco that reminds city residents of how important the Red Cross would be in an earthquake.

Source: American Red Cross

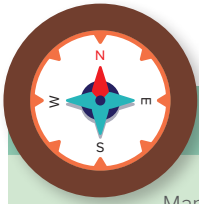
Marketing is a **process**—a sequence of actions or methods—aimed at satisfying customer needs profitably. This process includes developing products, pricing them strategically, making them available to customers through a distribution network, and promoting them through sales and advertising activities. A company’s ultimate goal of the marketing process is to profitably exchange products or services with customers who need or want them. And the role of advertising is to inform, persuade, and remind groups of customers, or markets, about the need-satisfying value of the company’s goods and services. Even nonprofit organizations use the marketing process to develop and promote services that will satisfy their constituents’ needs.

Advertising and the Marketing Process

Companies and organizations use many different types of advertising, depending on their particular marketing strategy. The marketing strategy will determine who the targets of advertising should be, where ads should appear, what media should be used, and what advertising should accomplish. (Exhibit 1-7 shows some of the ways advertising can be classified, based on these strategic marketing elements.) These criteria will also determine what different advertising skills are required.

By Target Audience	By Geographic Area	By Purpose	By Medium
<p><i>Consumer advertising:</i> Aimed at people who buy the product for their own or someone else’s use.</p> <p><i>Business advertising:</i> Aimed at people who buy or specify products and services for use in business.</p> <ul style="list-style-type: none"> • <i>Trade:</i> Aimed at wholesalers and retailers of products and services who buy for resale to their customers. • <i>Professional:</i> Aimed at people licensed under a code of ethics or set of professional standards. • <i>Agricultural:</i> Aimed at people in farming or agribusiness. 	<p><i>Local (retail) advertising:</i> Advertising by businesses whose customers come from only one city or local trading area.</p> <p><i>Regional advertising:</i> Advertising for products sold in one area or region but not the entire country.</p> <p><i>National advertising:</i> Advertising aimed at customers in several regions of the country.</p> <p><i>International advertising:</i> Advertising directed at foreign markets.</p>	<p><i>Product advertising:</i> Promotes the sale of products and services.</p> <p><i>Nonproduct (corporate or institutional) advertising:</i> Promotes the organization’s mission or philosophy rather than a specific product.</p> <p><i>Commercial advertising:</i> Promotes products, services, or ideas with the expectation of making a profit.</p> <p><i>Noncommercial advertising:</i> Sponsored by or for a charitable or nonprofit institution, civic group, or religious or political organization.</p> <p><i>Action advertising:</i> Attempts to stimulate immediate action by the reader.</p> <p><i>Awareness advertising:</i> Attempts to build the image of a product or familiarity with the product’s name and package.</p>	<p><i>Print advertising:</i> Newspapers, magazines.</p> <p><i>Broadcast (electronic) advertising:</i> Radio, TV.</p> <p><i>Out-of-home advertising:</i> Outdoor, transit.</p> <p><i>Direct-mail advertising:</i> Advertising sent through the Postal Service and by e-mail.</p> <p><i>Interactive advertising:</i> Web, social media, mobile, etc.</p>

Exhibit 1-7
The classifications of advertising.



Ethics, Diversity & Inclusion

Programs for Advertising Students

Many U.S. industries have struggled to ensure that career opportunities are available to all people. The advertising industry is no exception. In addition, advertising has a special role in cultural understanding of diversity because of its power and prominence. Many see ads as a mirror of society, or even a powerful creator of social norms and values. But how can ads represent the diversity of people from all walks of life if the people who create those ads come from the majority culture only?

The Ethics, Diversity & Inclusion portion of each chapter will explore this important dimension and demonstrate how the advertising industry has, and has not, met its social responsibility towards people from all backgrounds. Even today full inclusion remains a work in progress.

The good news is that the advertising world knows it must do a better job of diversifying its ranks. If you are a student of advertising, there are two important programs that you should know about. These programs represent concerted efforts by the industry to attract the very best talent.

The American Association of Advertising Agencies, better known as the 4A's, sponsors a fantastic internship program known

as MAIP (Multicultural Advertising Internship Program). If you have an interest in working in an agency, or learning more about agency life, the MAIP is a great opportunity. Students can choose a specific advertising area of focus (media, creative, public relations, etc.) and work in a variety of locations around the U.S. Applications are normally due in October, and interns are notified of their selection in February. To apply, visit <https://maip.aaaa.org/application/>.

A second great program is offered by the American Advertising Federation, or AAF. It is called the Most Promising Multicultural Students program. The MPMS offers students an opportunity to meet with high-power professionals in New York for several days of networking and coaching. Your school must have an AAF dues-paying chapter to be eligible. These applications are also due in October. You can find out more about this program at www.aaf.org/AAFMemoR/Awards_and_Events/Awards/Most_Promising_Multicultural_Students/Eligibility.aspx.

If you meet the criteria for these programs, my advice to you is go for it. Past participants routinely rave about their experiences in both programs. Why not help your career and help change the world?

Identifying Target Markets and Target Audiences

A firm's marketing activities are always aimed at a particular segment of the population—its **target market**. Likewise, advertising is aimed at a particular group called the **target audience**. When we see an ad that doesn't appeal to us, it may be because the ad is not aimed at any of the groups we belong to. For example, a TV commercial for denture cream isn't meant to appeal to teens. They're not part of either the target market or the target audience. There are two main types of target markets, *consumers* and *businesses*.

Consumer Markets

Most ads you encounter fall under the broad category of **consumer advertising**. Usually sponsored by the producer (or manufacturer) of the product or service, these ads are typically directed at **consumers**, people who buy the product for their own or someone else's personal use. One example is **retail advertising**, advertising sponsored by retail stores and businesses. Consumer advertising also includes noncommercial *public service announcements (PSAs)* from organizations such as the American Cancer Society or the Partnership for a Drug-Free America.

To create messages that are persuasive, advertising professionals try to understand how people act and think—and why they buy, what they buy. This area of study is the province of *consumer behavior*, our focus in Chapter 5. The better an advertiser understands the buying behavior of people, the better it can bring its products into the collective consciousness of prospective customers.



This ad for Nivea helps to identify the target audience and convey a "personality" of the brand. The images, copy, layout, and placement of the ad are designed to attract and resonate with the company's target audiences.

Source: Beiersdorf AG

Industrial/Business Markets

Companies use **business advertising** to reach people who buy or specify goods and services for business use. It tends to appear in specialized business publications or professional journals, in direct-mail pieces sent



Trade advertising is aimed not at consumers but at people who buy or influence business purchases. This website encourages businesses to consider using tough Corning glass for packaging their products.

Source: Corning Incorporated

to businesses, or in trade shows. Because business advertising (also called **business-to-business, or B2B, advertising**) rarely uses consumer mass media, it is typically invisible to consumers. However, some business-to-business ads, by firms such as FedEx, do appear on TV and in consumer magazines.

In addition to general business advertising, there are three specialized types of business advertising: trade, professional, and agricultural. Companies aim **trade advertising** at resellers (wholesalers, dealers, and retailers) to obtain greater distribution of their products. For example, Sunkist places trade advertising in publications such as *California Grocer* to develop more grocery outlets and to increase sales to existing outlets.

Advertising aimed at teachers, accountants, doctors, dentists, architects, engineers, lawyers, and the like is called **professional advertising** and typically appears in official publications of professional societies (such as the *Archives of Ophthalmology*). Professional advertising has three objectives: to convince professionals (people with specialized training who work under a code of ethics) to recommend or prescribe a specific product or service to their clients, to buy brands of equipment and supplies for use in their work, or to use the product personally.

Companies use **agricultural (or farm) advertising** to promote products and services used in agriculture to farmers and others employed in agribusiness. FMC Corp., a large agricultural chemical company, for example, might advertise its plant nutrition products to growers using *California Farmer* magazine. Agricultural advertising typically shows farmers how the advertised product will increase efficiency, reduce risks, and widen profit margins.

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Fine Legal, Executive & Business Stationery
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As any successful business owner knows, it's the small details that can make an all important impression on wooing clients from other companies. From a smiling face at the front reception desk to ensuring that the coffeepot is always filled and ready for business, these are items that can be taken care of easily and help to ensure that a good impression is always made, at a low cost. One of these small but extremely important items is the use of business stationery. A well-turned out letter or invitation can be extremely beneficial in making a good first impression on a client.
The great thing about business stationery is that it is so adaptable, with the ability to be customized for any sort of unique need that an individual or office could think of. This can include the use of personalized letterhead, business cards, or other individual options that will be sure to set your business apart. With the help of a graphic designer and a printing press, the options are basically endless. Little splashes of color may be preferred by some, or a sleek, minimalist clean look by others. Business cards are the way in which contacts that are met will most remember you, so special care should be taken that they match your own personality or that of your business.

At the Wells & Drew Companies, we understand your reputation is your livelihood. After all, your business card and letterhead are your ambassadors. That's why we provide only the finest quality business stationery; engraved envelopes, engraved letterhead and engraved stationery packages.

QUICK QUOTE
First Name *
Last Name *
Telephone *
Email Address *
How can we help you?
Submit

REQUEST A SAMPLE
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Professional advertising targets audiences in fields such as accounting, medicine, and education. Law firms are the intended target of this ad from Wells & Drew Companies.

Source: Wells & Drew Companies, Jacksonville, FL

Implementing Marketing Strategy



Business customers tend to be very knowledgeable and sophisticated, and they may require extensive technical information before making the purchase decision. So people who work in business-to-business advertising often require more specialized product knowledge and experience than their consumer advertising colleagues.

After selecting a target market for its products, a firm designs a strategy to serve that market profitably. As we'll discuss in Chapter 6, marketing strategy is the particular blend, or *mix*, of strategic elements over which the marketer has control: product concept, pricing, distribution, and communication. For ease of memory, marketers often refer to these elements as the 4Ps: product, price, place, and promotion. Each of these elements also influences the type of message used.

Product: Features and Benefits

Products have multiple features and solve a variety of problems. Advertising typically focuses on those features (product or brand components) or benefits (problems the brand can solve or ways the brand can provide desired rewards) of greatest relevance to the target audience. Consider automobiles. All have tires, a steering wheel, and windshields, and all will get you from one location to another. However a Prius, with its hybrid engine, will do so in an environmentally friendly way. A BMW Z4 will draw admiring looks from others. And a Ford F150 will complement an outdoor lifestyle. Part of the way we know these things is because advertising messages remind us why a brand is special.

Price: Strategies for Emphasizing Value

Consumers view value as the ratio of a brand's quality to its price. If two brands are priced similarly, the one higher in quality is the better value. If two brands are equal in quality, the one with the lower price is the better value. The implications for advertising strategy are straightforward. Some products (Suave personal care brands, No-Ad lotions) are publicized using **price advertising**, in which an ad claims the product is equal in quality to competing brands but sells at a lower cost. Other goods and services, which do not attempt to compete on price, emphasize product quality. **Image advertising**, which creates a perception of a company or a personality for a brand, is rarely explicit about price. Apple's iPods and Macs generally sell for more than competing brands, so Apple emphasizes how "cool" its technologies are and almost never mentions price. **Sale advertising** is used most often by retailers, dealers, and shops to call attention to a recent drop in the price of a brand or service. Such advertising allows retailers to match competitor price drops, move inventory, or increase retail traffic. However, when a brand is frequently put on sale, consumers may believe it is not worth its regular price. For this reason, some manufacturers prohibit retailers from discounting their products.

Place: The Distribution Element

The third element of marketing strategy, place (or, more accurately, distribution), also affects the type of advertising used. Global marketers such as Coca-Cola, Toyota, and IBM may use **global advertising**, in which messages are consistent in ads placed around the world. Other firms may promote their products in foreign markets with **international advertising**, which may contain different messages and even be created locally in each geographic market. The field of international marketing is so important that we discuss global advertising issues in every chapter of this book.

Companies that market in several regions of the United States and use the major mass media are called *national advertisers*, and their promotion is called **national advertising**. Some companies sell in only one part of the country or in two or three states. They use **regional advertising**, placing their ads in local media or regional editions of national media. Finally, businesses and retailers that sell within one small trading area typically use **local advertising** placed in local media or direct mail. We'll explore this topic further in Chapter 4.