

Advertising

13

THE MEDIA SUPPORT INDUSTRY

Chapter Highlights

HISTORY: Advertising has a long and varied history, during which it has affected the development of various media.

INDUSTRY: Advertising is a big business, one that is best understood through an analysis of the client, the agency, the objectives of the advertising, and the type of media that are used to fulfill those objectives.

CONTROVERSIES: Controversies in advertising tend to revolve around freedom of speech, which is a complex topic when it includes ads that are potentially misleading; ads directed at children; and the influence that advertisers have on media content.



The videos posted on YouTube showed cell phones popping corn.

Cell Phone Popcorn

If anything shows how the world of advertising is changing, it's cell phone popcorn.

The videos caused a sensation when they first appeared on YouTube. At what appears to be a house party, young people are shown placing their cell phones in a circle on a tabletop, so they all point to a few kernels of corn. Most of the participants express doubts that anything will happen. Then they ring the cell phones at the same time, and the corn pops! The partygoers screech in amazement.

Youtubers were soon e-mailing the videos to their friends with “You Gotta See This!” in the subject line, and the blogosphere was buzzing:

“Now THAT’S a party trick!”

“I think they’re using old model cell phones.”

“Freaky. I wonder if this is how they reanimated Orville Redenbacher’s corpse for those commercials last year.”

Many of the blog entries linked cell phone use to the possibility of brain cancer.

Within a few days, the video had more than 4 million hits.

Some of the blog responses insisted that the video was a fake—but how did they do it? Theories ranged from hair driers to hot plates to police department microwave radar guns.

A few days later Cardo Systems, a manufacturer of Bluetooth headphones, announced that it was all a hoax, designed to be a viral ad, the kind of ad that propagates like a virus when friends send it to friends. The next day on YouTube the videos were all updated with a label that said “made by Cardo Systems.” In a CNN interview, the CEO of Cardo was asked if the ad had meant to imply that cell phones without Cardo headsets could emit dangerous radiation. He denied it completely. “We just wanted something funny,” he explained.¹

He also explained that the popcorn effect was achieved by dropping already-popped popcorn into the scene during

filming, then using digital editing to remove the unpopped kernels from the table.

Even at this point, the buzz wasn’t over. TV, online, and print news organizations all reported on the hoax, giving prime-time mentions to Cardo Systems. And then the response videos starting appearing, including one in which an iPhone surrounded by popcorn explodes, one where a piece of raw meat explodes into a full-course dinner, and one in which one of the partygoers—the one expressing the most doubt—bursts into flames as the cell phones ring.

The CEO of Cardo was asked if he was pleased with the ad. He smiled and said, “It exceeded our expectations.”²

ONLINE BOX

For a case study on another interesting viral ad, see “The Subservient Chicken,” at www.mhhe.com/rodman3e.

Viral ads like the cell phone popcorn videos demonstrate how the world of advertising is constantly changing. In this chapter, we’ll look at the history of advertising to trace how the industry got to where it is today. Then we’ll take a look at the size and shape of that industry, examining the players—the clients and the agencies—and their objectives, the media they use, and the way they do business. Finally, we’ll take a look at some of the controversies the ad industry has generated.

A Brief History of Advertising

Advertising is an ancient activity, as old as the business of selling. In fact, we can only speculate about when the first ads appeared. We know that the ancient Egyptians had roadside billboards carved in stone, that gladiator shows were advertised on the walls of ancient Rome, and that the ancient Greeks had town criers who shouted ads in the streets. These town criers proved that some of the basic principles of today’s advertising have actually been with us from the beginning. The criers were hired for the quality of their voices, much like today’s radio and television announcers. Musicians also sometimes accompanied them. All of this suggests that ancient advertisers understood the value of entertainment in conveying their message.

The first printed advertisements were **handbills**, announcements on single sheets of paper. Handbills were often posted on the doors of churches, where people who were able to read would be likely to see them. The first known printed handbill was distributed by the English printer William Caxton in 1478. It advertised the books he printed. Handbills today are usually called flyers, leaflets, or handouts.

handbills
Announcements on single sheets of paper.

ADVERTISING COMES TO AMERICA

Advertising was an integral part of early America. In fact, most of the first settlers who came to the New World did so because of advertisements they had read in England, touting free and fertile farmland. The first edition of the *Boston News-Letter*, which appeared in 1704 (see Chapter 4), carried ads that were similar in format to today's classifieds. These early ads were simple notices of wares for sale, usually directed from manufacturers to local merchants, what we now call business-to-business advertising or **trade advertising**. There wasn't much use for **consumer advertising**—ads directed to the retail customer—because most colonists were self-sufficient people who grew their own food and made their own clothing. When they bought something, it was because they needed it, and if they needed it, the small, local general store would have it. Even when the first consumer ads finally began to appear, in the early 1800s, they resembled the simplest classifieds of today. There wasn't much in the ads to attract the attention of an idle reader, as they were designed for customers who were purposefully looking for goods and services such as horses, household goods, land, or transportation.

Display ads—print ads that are larger than classified ads and include artwork, fancy typefaces, and snappy slogans to capture the reader's attention—weren't common until the 1860s, when large department stores such as Macy's and Wanamaker's were founded. Department stores had to lure substantial numbers of customers away from the general stores, and they used display ads to do it. Chain stores such as A&P and mail-order houses such as Sears and Montgomery Ward needed large customer bases also, so they took up the practice of placing display ads in their catalogs as well as in newspapers. As the technology for printing improved, **trade cards** became available at the counter of every store. These illustrated cards usually had a business message on one side and a piece of artwork on the other. They were one more technique businesses were using to establish a large and loyal customer base.

ADS AND THE INDUSTRIAL REVOLUTION

The American Industrial Revolution that began in the 1830s saw vast advances in steam power, transportation, and mass production. It also created a surge in the growth of the advertising industry.

Creation of Mass Demand

Industrialization led to modernization as people started to adopt up-to-date, factory-built innovations such as vacuum cleaners and gas-fired stoves. It also led to urbanization as people left farms to work in city factories. A national system of railroads was completed in 1869, making it possible to distribute products across the entire country. The leaders of the Industrial Revolution, manufacturers such as Andrew Carnegie (whose factories supplied the steel of the late 19th century) and Henry Ford (who built the automobiles of the early 20th century), believed that mass production would not be possible without advertising. Advertising would



Some of the earliest display ads sought the return of runaway slaves. This ad appeared in 1838.

trade advertising
Business-to-business promotions.

consumer advertising
Ads directed to the retail customer.

display ads
Print ads that include artwork and fancy typefaces to capture the reader's attention.

trade cards
Illustrated cards with a business message on one side and artwork on the other.



This advertising poster for one of the first washing machines appeared in 1869.

create mass demand, and with that demand, manufacturers would be able to produce goods in large quantities. Advertising would thus make big business, and big corporations, possible. Early industrialists believed that advertising would pay for itself, because mass-produced goods would be much cheaper for consumers to buy than custom-produced goods.³

Diffusion of Innovations

In addition to creating mass demand, advertising led to the diffusion, or spreading out, of almost every type of innovation. Some of these innovations were matters of personal hygiene; for example, advertising encouraged people to bathe more often. It was commonly said that before the Industrial Revolution people worshiped every day and bathed once a week, but advertising encouraged them to reverse that pattern. Advertising also encouraged them to brush their teeth and wash their clothes. It encouraged men to shave daily at home rather than to visit the barber shop every few days. Advertising also encouraged the diffusion of a wide range of household medicines, such as cough drops and pain relievers, and packaged foods, such as breakfast cereals and canned vegetables.

During this period, Americans had to be converted from users of homemade products and unbranded merchandise to consumers of standardized, brand-name, nationally distributed goods. The stage was then set for the innovations of the early 20th century, including washing machines, automobiles, farm machinery, and agricultural products such as fertilizers and pesticides. Many of these products were created and promoted as solutions to environmental and health problems. The automobile, for example, was advertised as the solution to air pollution—its manufacturers said it would solve the problem of dried horse manure blowing as dust through city streets. Packaged, processed foods were sold as guarantees of good nutrition. Ironically, automobiles and processed foods are now contributing to the environmental and health problems of today.

What effect did the Industrial Revolution have on advertising? What effect did advertising have on the Industrial Revolution?

**SELF
QUIZ**

THE ADVENT OF ADVERTISING AGENCIES

Ever since Benjamin Day ushered in the era of the penny press in 1833 with the publication of the *New York Sun*, advertising was the chief means of support for newspapers. Most newspapers, however, did not want to maintain a full advertising department. Early newspaper publishers believed their job consisted of finding and reporting the news, not chasing down ad accounts. In addition, they often had a difficult time getting paid. Volney Palmer of Philadelphia saw a way to provide a needed service. As an **ad broker**, he acted as a liaison between advertisers and newspapers, buying up ad space from the newspapers at a discount and selling it to advertisers for full price. Volney started the business in 1841, and it soon became widespread. Publishers liked the service because they could now concentrate on the news and still have a steady source of revenue. Advertisers liked brokers because they gave them the ability to advertise in several papers at once. One broker charged a standard fee of \$100 for one column inch in 100 newspapers.

ad broker

A liaison between advertisers and newspapers.

From Brokers to Agencies

To make ads attractive for sale, brokers became proficient at designing them. When they did that, they moved from being merely brokers to being advertising agencies. As advertisers became dependent on agencies, the agencies began to hire professional writers and artists. By 1860, 30 major agencies were servicing some 4,000 newspapers and magazines. By this time, however, many manufacturers had become so large that they needed agencies that worked directly for them rather than for the newspaper or magazine. The first of these modern agencies was N. W. Ayer & Son, founded in 1869. Its real founder was the son, Frances Wayland Ayer, who was 21 years old at the time. He knew that the businessmen of the day would have a difficult time accepting someone so young, so he named the business after his father. Ayer was one of the first proponents of advertising ethics. He wouldn't work with a product that was dangerous or place ads that he considered deceptive.

SELF QUIZ

How do modern advertising agencies differ from brokers?

EARLY INDUSTRY CONTROL

Not all advertising agencies were as ethical as N. W. Ayer. In fact, advertisers had always been prone to exaggeration, a practice that came to be known as **puffery**.⁴

puffery

Exaggeration in advertising claims.

If people were fooled by false advertising claims, it was too bad for them.

By the latter part of the 1800s, the advertising industry was largely out of control. Outrageous claims and outright deception were the order of the day. The free speech and free enterprise foundations of American society encouraged an attitude of *caveat emptor* ("let the buyer beware") about advertising. If people were fooled by false advertising claims, it was too bad for them. The U.S. government maintained a hands-off policy toward advertising, partially because of the constitutional guarantees of free speech, but mostly because of *laissez-faire* ("leave it alone") theories of business designed to encourage the country's growth.

A variety of products carried misleading claims, but the most striking examples came from the patent medicines of the day. These nonprescription drugs were marketed with promises to cure gout, tuberculosis (also called consumption), cancer, heart disease, and anything else that might ail someone. Those who sold the so-called miracle elixirs often backed their outlandish claims with testimonials from satisfied customers. One ad featured a farmer who claimed, "My wife was about to die of consumption, but after a few bottles of Dr. Hartman's Peruna, she was able to get up and work again."⁵ Many patent medicines, including Dr. Hartman's Peruna, were either useless or harmful. The flavored, colored liquids consisted mostly of alcohol and often contained addictive drugs such as cocaine and morphine.



Many patent medicines contained addictive drugs that are illegal today. This ad was obviously intended for young children as well as adults.

As Americans became more sophisticated about the products they were using, the attitude of “let the buyer beware” became “let the seller be honest.” The Pure Food and Drug Act was passed in 1906 largely as a reaction to patent medicine claims. The Federal Trade Commission was established as a national watchdog of business and advertising in 1914. Eventually, several government agencies began to regulate ads in one way or another. The U.S. Postal Service took responsibility for overseeing ads sent through the mail. The Securities and Exchange Commission was charged with regulating ads about stocks and bonds. The Food and Drug Administration regulated ads about foods, drugs, cosmetics, and health care products.

Many reputable advertisers actually welcomed government regulation. Companies with established brand names that could not afford to make deceitful claims did not want to be forced to compete with fly-by-night products that could. Besides, obviously deceitful advertising weakened the credibility of all advertising.

Despite its early support of government control, however, the industry became nervous when some legislators began to attack all advertisers with great zeal. Self-control by the industry seemed like a better idea, for at least two reasons. First, if the industry controlled itself, the government would not have to be quite so zealous. Second, industry control would show that advertisers wanted to be ethical—they did not need to have ethics forced on them by the government. Self-governed ethical practices would strengthen the credibility of their advertising.

In 1924 the American Association of Advertising Agencies, the industry trade organization, published its code of ethics. Member agencies pledged not to knowingly produce advertising that contained any of the following:

1. False or misleading statements or exaggerations, visual or verbal
2. Testimonials that did not reflect the real choice of a competent witness
3. Misleading price claims
4. Comparisons that unfairly disparaged a competitive product or service
5. Unsupported claims or claims that distorted the true meaning of statements made by professional or scientific authorities
6. Statements, suggestions, or pictures offensive to public decency

Why were some businesses in favor of government regulation? Why did they eventually prefer self-regulation?

SELF QUIZ

This code is still in effect (and still voluntary), and the industry has set up a committee, the National Advertising Review Council, to investigate complaints. If necessary, the council pressures the subjects of those complaints to correct their legal or ethical breaches. If an advertiser persists, the council turns the complaint over to the appropriate authorities for prosecution.

CONSIDER THIS

In your opinion, how well does today's advertising industry follow the American Association of Advertising Agencies' ethics code of 1924?

ADS TAKE TO THE AIRWAVES

Just as advertising was starting to get its ethical house in order, a new and potentially powerful medium, radio, appeared on the horizon. The potential for advertising abuse within this new medium worried many people, and early amateur broadcasters like John Brinkley, who pushed his own brand of fake medicines and surgical procedures over the air, confirmed their worries. As the radio industry developed in the early 20th century, a movement arose to leave broadcasting free of advertising, to run it as a common carrier of mediated interpersonal communication like the telephone. Secretary of Commerce Herbert Hoover insisted that “the quickest way to kill broadcasting would be to use it for direct advertising.”⁶

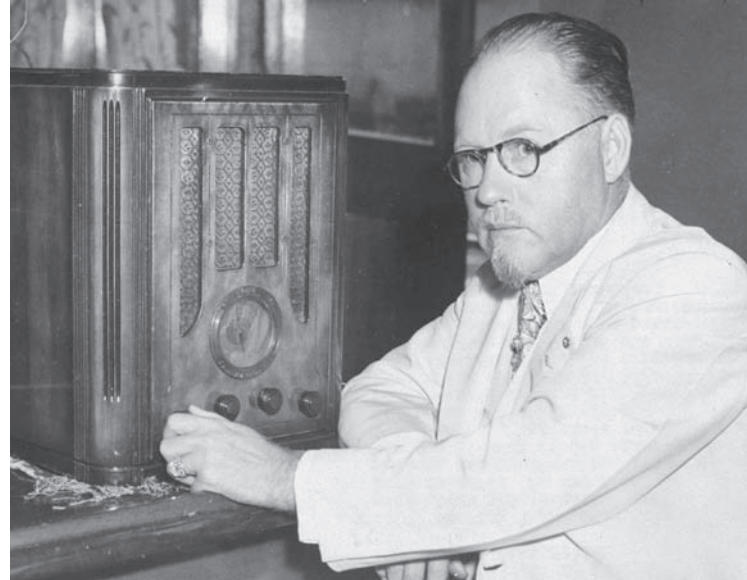
Along with his worries about the power and ethics of radio advertising, Hoover (who would eventually become president) believed that radio was different from print media in that listeners would find it more difficult to avoid advertising that they didn't want or need to listen to. In newspapers they could skip over the ads, but in radio they would have to sit through them or risk missing the programming.

Some countries, in fact, did take an alternate route at this point. Britain, for example, decided in 1926 to fund its state-run broadcasting system, the British Broadcasting Corporation (BBC), by license fees paid by radio owners, not advertising. British radio and television did not begin to accept advertising until the 1950s. China, the Soviet Union, and other communist countries kept their broadcast media state-owned and commercial-free until the 1990s.

In spite of all the resistance to the idea of using radio to sell products in the United States, government and industry eventually agreed that advertising was the best way to cover the steep costs of setting up and operating radio stations. The first commercial was run in 1922 by AT&T's flagship station, WEAJ in New York. The commercial advertised an apartment complex in Queens, and the copy reflected the ambiguity that early broadcasters felt about advertising. The commercial was a very calm 10-minute talk by a company executive, introduced as follows:

This afternoon the radio audience is to be addressed by Mr. Blackwell of the Queensboro Corporation, who through arrangements made by the Griffin Radio Service, Incorporated, will say a few words concerning Nathaniel Hawthorne and the desirability of fostering the helpful community spirit and healthful, unconfined home life that were Hawthorne's ideals.⁷

By 1926, when network radio began, advertising had become the acceptable means of supporting radio. Network radio changed the ad industry, giving it greater reach and impact than it had known previously. Dial twisting, however, made individual ads much easier to avoid than Hoover had imagined. The consensus among agencies was that radio advertising needed to be entertaining and attention grabbing to keep the listener tuned in. Creative talent was needed more than ever, and ad agencies grew as they hired radio specialists.



Federal regulations were established to guard against false advertising, such as that broadcast by radio quack Dr. John Brinkley, who pushed his own brand of fake medicines and surgical procedures over the air during the 1920s.

Radio advertising became so profitable that it delayed the beginning of TV.

Subliminal Fraud

Americans in the 1950s became fearful of what they assumed to be the immense persuasive powers of advertising. Their fears were stoked by Vance Packard, who in his 1957 book *The Hidden Persuaders* warned that advertisers were using their knowledge of Freudian and behavioral psychology to affect the consumer's unconscious mind. Consumers, Packard claimed, were being influenced and manipulated far more than they realized. Packard explained that motivational researchers, those social scientists who specialized in uncovering hidden human motivations, were being used by advertisers to probe people's minds. Packard's

Despite all the attention, the idea of subliminal advertising was never anything more than a hoax.

ideas reflected the general paranoia of the 1950s that was also seen in congressional hearings into communist subversion and in popular science fiction that featured tales of mind control.

Into this atmosphere of paranoia a new controversy arose about subliminal advertising, which supposedly used messages below the threshold of human consciousness. Around the same time that Packard's book was climbing the charts, James Vicary, an unemployed market researcher,

claimed that he had run an experiment in a New Jersey movie theater in which he inserted single frames of ad messages into a film. This resulted, he said, in messages—"Drink Coca-Cola," "Eat popcorn"—that appeared at a speed so fast that the human eye could not perceive them. Vicary explained that because the unconscious mind works like a high-speed tape recorder, filing away far more information than humans can deal with consciously, it was possible for people to be influenced without being aware of it. Vicary claimed that his experiment accounted for a "clear and otherwise unaccountable boost" in movie theater concession-stand sales. This claim started a controversy that continues to this day and led to congressional hearings and local laws (although no national ones) outlawing subliminal advertising. Wilson Bryan Key, a Canadian author, wrote several books, including *Media Sexploitation* and *The Clam Plate Orgy*, supposedly exposing the technique in mainstream advertising.

Despite all this attention, the idea of subliminal advertising was never anything more than a hoax. Vicary made up his findings in order to sell images to major advertisers. When investigators got too close to the truth, Vicary "disappeared, leaving no bank account, no clothes in his closet, and no forwarding address."¹ Although carefully

Network radio advertising became so profitable that it actually delayed the beginnings of commercial television. Doing well with radio, the broadcast networks were in no hurry to switch to the new, expensive, unproved medium of television. The first television commercial, for Bulova watches, did not run until 1941, and the station was able to charge only \$9 for the airtime. Popular demand more or less pushed the radio networks into television. The beginning of network television in 1948, combined with the postwar economic boom, however, created the heyday of American advertising. Advertisers soon saw the advantages of combining audio and video messages in a piece of popular household furniture. Before long, television was demonstrating its power to make any brand name a household word, as people would discuss the previous night's Timex watch commercial ("Takes a lickin' and keeps on tickin'!") or the Lipton soup commercial that comedian Arthur Godfrey did that morning.

With television, advertising became a specialized art form. Television ads became 30-second entertainments—when cute cartoon characters like Speedy

How did radio and television change the type of work ad agencies did?

SELF QUIZ

controlled scientific studies have shown that subliminal perception exists—the mind does indeed record more information than it can deal with at any one time—subliminal persuasion has never been proved to work. In fact, research run with scientifically reliable controls has confirmed that it is impossible to use subliminal techniques to produce predictable responses such as the purchase of a specific product.

Although it has been debunked, some people and even some businesses still believe in the power of subliminal persuasion. During the 1990s, consumers spent \$50 million annually on subliminal self-help products, including audiotapes that supposedly allow them to learn a foreign language in their sleep. Some retailers go so far as to air messages over their store sound systems that try to discourage customers from shoplifting. Eagle-eyed observers still insist that they can find subliminal messages in ads and animated films, but no one has come forward to admit placing the messages there, so we may never know if such images are jokes or genuine attempts at subliminal persuasion.²

¹James Twitchell, *AdCult USA: The Triumph of Advertising in American Culture* (New York: Columbia University Press, 1996), p. 114.

²See, for example, the Urban Legends reference page for Disney's *The Lion King*, at www.snopes.com/disney/films/lionking.htm.



Wilson Bryan Key, in his first book, *Subliminal Seduction*, insisted that there were hidden sexual messages in this ad for Gilbey's gin. Most experts would agree that the letters "S-E-X" were mischievously airbrushed into the ice cubes by someone in the studio, but research has shown that such a technique would do nothing to improve the ad's effectiveness.

Alka-Seltzer sang catchy jingles like "Plop, plop, fizz, fizz, oh, what a relief it is!" people went around humming them the next day. Other media had to react, usually by putting more creative energy behind their ads. One failed but controversial attempt at a new style of promotion was **subliminal advertising**, which involved images of which the consumer wasn't consciously aware (see the Close-Up on History box).

DIVERSITY AND TARGET MARKETING

Today's advertising is distinguished by **target marketing**, the process of breaking up the advertising audience into diverse segments to reach those individuals most likely to purchase a particular product. A manufacturer of ski equipment, for example, can advertise directly in *Skiing* magazine. Target marketing came about because advertisers like to minimize **circulation waste**, that part of advertising received by people whom the advertiser has no interest in reaching. Circulation is wasted on those who

subliminal advertising

Promotional messages that the consumer is not consciously aware of.

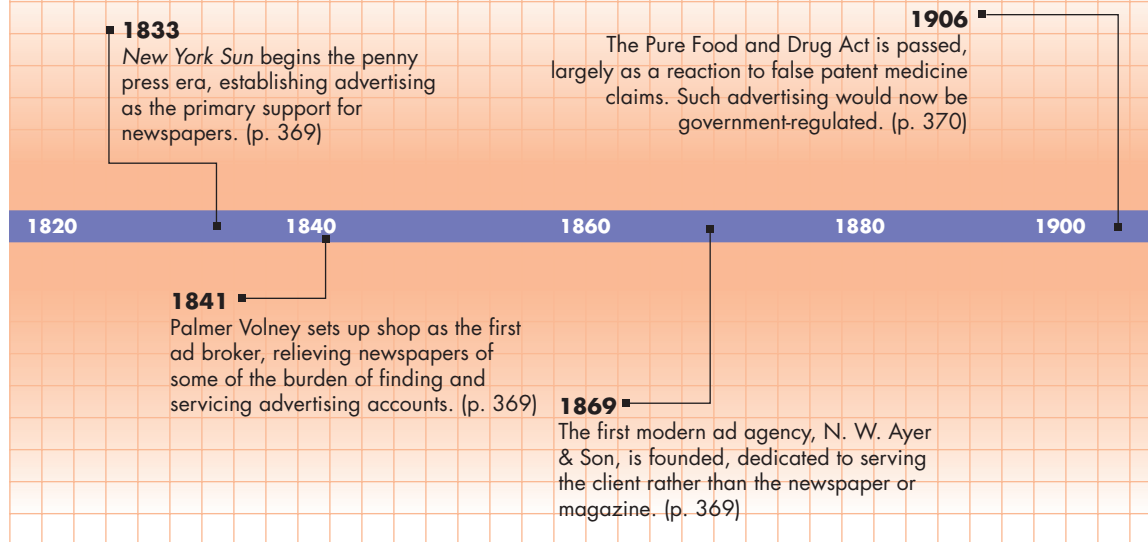
target marketing

The process of breaking up the advertising audience into diverse segments to reach those individuals most likely to purchase a particular product.

circulation waste

That part of advertising received by people whom the advertiser has no interest in reaching.

milestones in advertising history



What is subliminal advertising?
Does it work?

SELF QUIZ

CONSIDER THIS

Researchers have shown that subliminal persuasion doesn't work, yet some critics insist that the constant barrage of regular advertising keeps certain brand names in the consumer's mind, making it seem natural to subconsciously reach for that brand on the store shelf. Do you agree that this could be considered a form of subliminal advertising? Why or why not?

can't afford the product and those who live too far away to visit the advertiser's store or take advantage of a particular service. John Wanamaker, the founder of Wanamaker Department Stores, expressed the feelings of most advertisers about circulation waste. "I know that one-half of the money I spend on advertising is wasted," Wanamaker was fond of saying. "The problem is, I don't know which half."

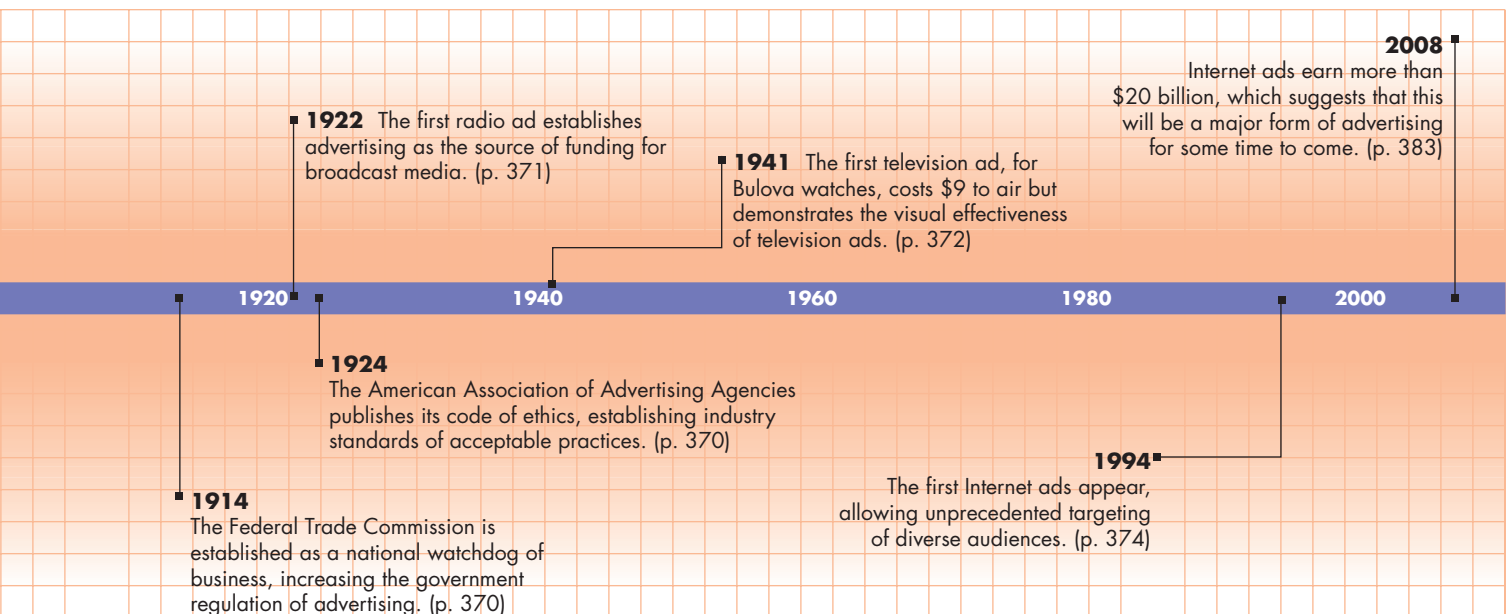
As discussed in Chapter 5, magazines especially felt they could compete with television's impact by reducing circulation waste. After all, television in the mid-20th century was strictly a mass medium; it delivered the message to people of all interests and income levels within the reach of the broadcast station. In response, the magazine industry began to develop specialized magazines to appeal to the specific audiences that advertisers wanted to reach. The same process took place in radio. When network television caused the death of national radio programming, radio became a local medium and fragmented into different formats that appealed to different types of people. Television itself followed the trend of segmentation in the 1980s when the industry developed specialized cable channels. The Internet has been a highly segmented medium from the beginning, allowing people to choose only those sites that interest them. Internet ads began to appear in 1994, and by 2004 they were generating more than \$5 billion in annual revenue.

As advertisers became aware of the buying power of cultural segments of the population, they used target marketing as a way of reaching these diverse audiences. Women's products were an early segment, but ad campaigns directed toward ethnic groups such as African Americans and Hispanics have also become prominent. Gays and lesbians are also targeted, and major corporations such as IBM and AOL now place

ads in gay media. Target marketing has created job opportunities for minorities and women in the advertising world as agencies have sought out their perspective to make targeted advertising successful. These agencies seek to avoid mistakes such as those made by Denny's, a restaurant chain successfully sued by African American plaintiffs



Aware of the buying power of cultural segments of the population, advertisers use target marketing to reach different groups.



for racial discrimination. Denny's ran ads featuring affluent African Americans visiting the restaurant where they were greeted with the slogan "Hi, welcome back to Denny's." The plaintiffs pointed out that the ads compounded their sense of injustice by suggesting that only well-off blacks were welcome at Denny's.⁸

As valuable as target marketing is for advertisers, however, not everyone thinks it is beneficial for society. Inner-city communities become enraged when alcohol and tobacco advertisers target their African American and Hispanic populations. Some critics even suggest that segmented advertising is encouraging the fragmentation of American society at a time when greater unity is needed.⁹ Narrowly targeted ads, according to these critics, encourage society to fragment along lines of race, class, age, and sex; to separate into ever more splintered groups; and to develop habits that stress the difference between their groups and others. Ad executives, however, like to point out that advertising, segmented or not, is an important part of the glue that holds society together. Americans share very little common knowledge about history or culture, they say, but whistle an ad jingle or recite a slogan, and people will immediately know what you are referring to.

GLOBALIZATION

Since the 1980s, advertising has become an international business, and agencies, especially those in the United States, Japan, and Britain, have been growing and merging into transnational behemoths. Global companies like McDonald's and American Express find it more efficient to deal with one agency that has offices all over the world than to hire different agencies in different countries. Recent years have seen tremendous growth in international marketing, especially in places such as China and the republics of the former Soviet Union, where political reform and the desire to create a free-market economy are creating a significant role for advertising. A current challenge for global advertising agencies is to adapt to the indigenous cultures of new markets.

SELF QUIZ

In what ways does advertising pull society apart? In what ways does it bring society together?



Advertising has become a global business. In Shenzhen, China, this street vendor displays his wares beneath an ad for McDonald's.

Understanding Today's Advertising Industry

Advertising, a big business in itself, is the engine that allows the rest of the business world to flourish. It is also a constantly changing field, with advertisers continually looking for new techniques and media for selling products and services. The best way to make sense of this gargantuan enterprise is through an analysis of the agency, the objectives of the advertising it produces, and the type of media it uses to fulfill those objectives. First, though, we need to look at where the process begins: with the client.

THE CLIENT

The advertising process begins with the client—the company that provides the product to be sold. It is the client who decides how much of the budget will be devoted to advertising, or whether advertising will be used at all. Usually a company's advertising budget is figured as a percentage of projected sales. Clients, on average, spend about 20 percent of their revenue on advertising.

Until recently, most clients paid agencies on a commission system. The agency would bill the client for the full price of the advertising time or space, which the media would give to the agency at a discount—usually around 15 percent. That 15 percent was the agency's basic compensation. Many advertisers, however, have now moved to alternate forms of payment. Some agencies make their money by charging fees for designing and producing the ads. Some companies use performance-based compensation, an arrangement in which the agency will accept a lower fee but be given a bonus if certain client objectives, such as product sales, are met or exceeded. The gross dollar amount spent by the client is known as the **billings**.

Clients have to consider many things when selecting an agency. They look at each agency's track record, personnel, style of ads, and amount of clout in the industry. They also have to consider the agency's other clients, because agencies usually don't take on competing companies. If an agency picks up a new cosmetics line, for example, it generally drops its old one. Otherwise the client would have to worry about a conflict of interest on the part of the agency.

THE AGENCY

There are more than 13,000 ad agencies based in the United States. Many are huge international mega-agencies created through mergers and acquisitions in the boom days of the 1980s. In recent years, even larger conglomerates have bought up most of the mega-agencies. Today's "big four" ad groups are listed in Figure 13.1.

Today's advertising agency has three basic functions: to create, to produce, and to place the advertising messages that will fulfill the client's objectives. Agencies are categorized into one of three types: (1) **in-house agencies**, which are organizations built into the product manufacturer's corporate structure; (2) **boutique agencies**, which specialize in creative services but don't cover the technical aspects such as media buying; (3) or **full-service agencies**, which are organizations that supply all the advertising, marketing, and often public relations services that their clients need. All the top international agencies are full-service agencies. They might be involved in creating trademarks and trade characters, redesigning packaging, handling publicity, conducting sales training, designing point-of-sale merchandising displays, and even creating new products. The whole idea of freeze-dried coffee, for example, was the brainstorm of a full-service ad agency.

billings

The gross dollar amount that an advertising agency's client spends.

What are the procedures used by an ad agency to bill its clients? How have these procedures changed in recent years?

SELF QUIZ

in-house agencies

Organizations built into a corporate structure.

boutique agencies

Ad agencies that specialize in creative services.

full-service agencies

Ad agencies that supply all advertising and marketing services.

What are the different types of advertising agencies, and in what ways do they differ?

SELF QUIZ

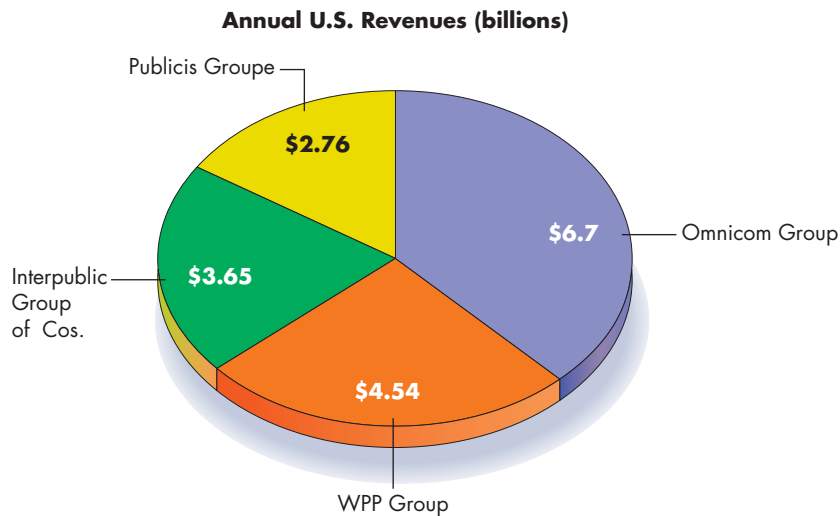


FIGURE 13.1 Big Four Ad Groups There are hundreds of ad agencies across the United States, but the “big four” corporate groups earn 54 percent of the industry’s revenues.

Source: Advertising Age Data Center, at www.adage.com, accessed October, 2008.

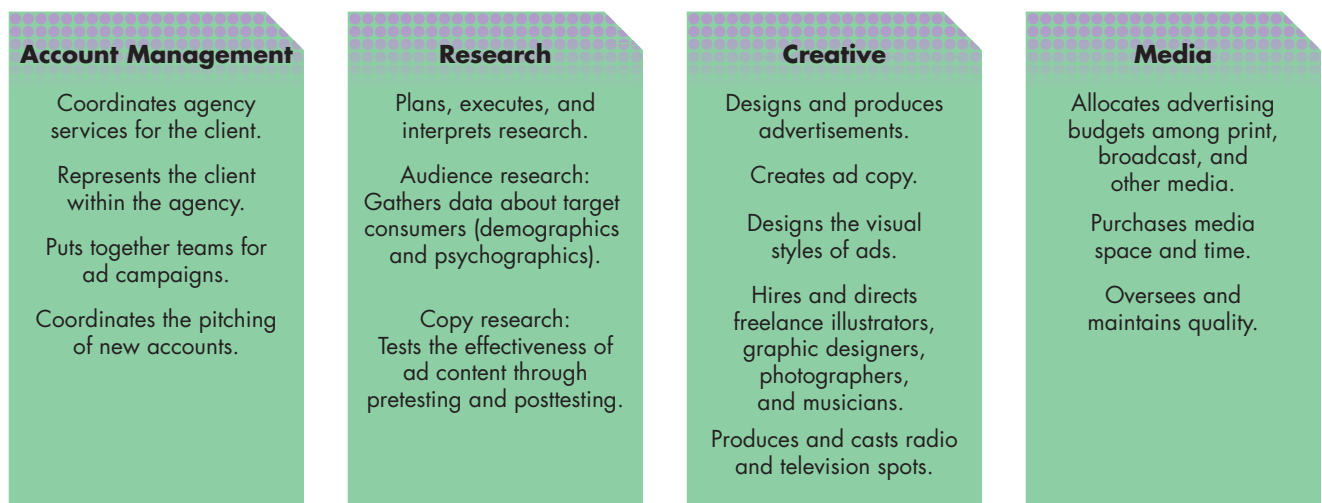


FIGURE 13.2 Full-Service Advertising Agency Organization The four departments of a full-service agency work together to create, produce, and place the advertising messages that fulfill their client’s objectives.

Most full-service advertising agencies have four basic organizational areas: account management, research, creative, and media (see Figure 13.2).

Account Management

The account management area of a full-service advertising agency is staffed by numerous account executives. An **account executive** represents the client within the agency and coordinates the agency’s services for the client. Account executives have to understand the target customer and represent that customer’s point of view at every step of the creative process. They are also responsible for bringing in new business. In this

account executive
Employee who coordinates the agency’s services for the client.

pitching accounts

Presenting new ideas for ad campaigns to a prospective client.

audience research

The gathering of data about consumers targeted in an advertising campaign.

demographics

Measurements of audience characteristics that are easily observed and labeled, such as age, gender, income, occupation, and ethnicity.

capacity, they coordinate the process of **pitching accounts**, which involves preparing and presenting new ideas for ads to a prospective client. The account executive then puts together the team that will work on the actual campaign.

The Research Department

Ad campaigns live and die by the results of research. Because clients spend so much money on their campaigns, they want reassurance in advance that the ads will work. The research department strives to provide this reassurance through the planning, execution, and interpretation of two main types of investigations: audience research and copy research.

Audience research involves the gathering of data about the targeted consumers who are likely to buy the product. The data-gathering methods include interviews and surveys of both satisfied customers and potential new customers. Researchers learn about customers by using both demographics and psychographics. **Demographics** are

measurements of audience characteristics that are easily observed and labeled, such as age, gender, income, occupation, and ethnicity. **Psychographics** are measurements of audience characteristics that are difficult to observe and label, such as the psychological (and sometimes hidden) dimensions of attitudes, beliefs, values, interests, and motivations. One of the best-known approaches to psychographics is SRI Consulting Business Intelligence's (SRIC-BI's) VALS™ framework (see Figure 13.3) which divides consumers into types such as "Believers" who are literal, loyal, and moralistic, and "Achievers," who are more upscale, goal-oriented, and brand conscious.

Both demographics and psychographics help advertisers in terms of **positioning**, the process of finding the product's most specific customer type and creating appeals that will be effective with that type. For example, early research showed that people who loved Volkswagens appreciated their simplicity and economy. The resultant campaign was "Think Small." IBM found out through audience research that its customers were interested not in machines but in solutions to their computing problems, so it came up with the campaign "Solutions for a Small Planet."

Along with positioning existing products, audience research is key in the development of new products. This type of research led to the creation of caffeine-free colas in the 1980s. It also results in new approaches: Research showed that most of the beer sold in the United States is consumed at the end of the workday and is perceived as a reward. This finding became the basic idea behind the long-running "Miller Time" campaign.

The second type of investigation conducted in the research department, **copy research**, tests the effectiveness of the actual ad content. Copy research involves both pretesting and posttesting. Pretesting, which is conducted before the ads run, might involve pulling aside consumers at a shopping mall to ask their opinions on various commercials or print layouts.

Sometimes pretests involve **focus groups**, small groups of potential users who sit around and chat about

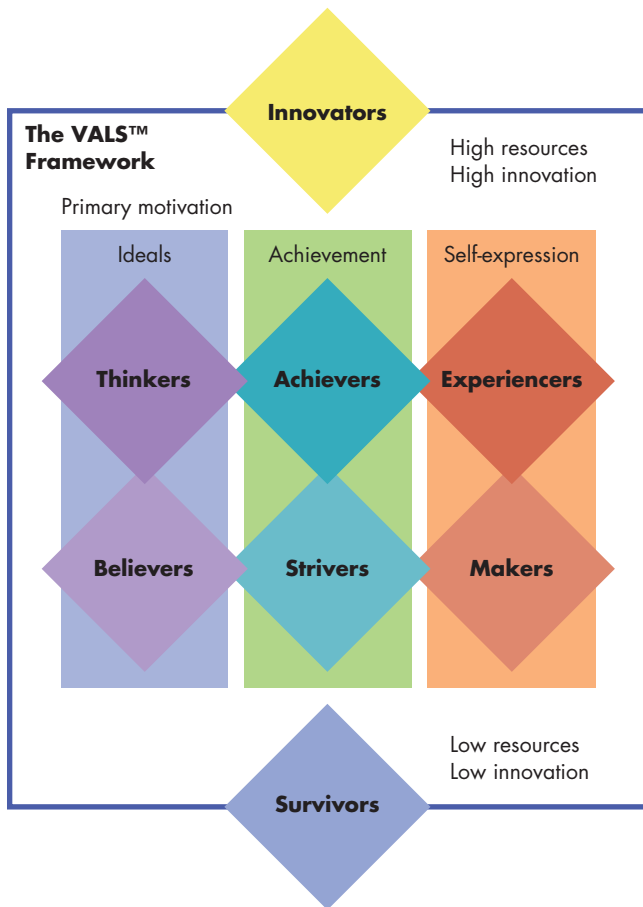


FIGURE 13.3 VALS™ Framework The VALS system divides consumers into eight types based primarily on how much they are motivated by ideals, achievement, and self-expression. VALS was originally an acronym for "Values and Lifestyles." The current VALS system is based on psychological traits instead of social values, so its owners dropped "Values and Lifestyles" but retained the VALS brand.

The VALS™ Framework. Source: SRI Consulting Business Intelligence (SRIC-BI); www.sric-bi.com/VALS.



High Tech Ad Research: Alan Wurtzel, president for research at NBC Universal, monitors a method of testing commercials played at a fast-forward speed.

a potential campaign under the guidance of the researcher. Account executives like focus group pretests, but these techniques have their problems. As one creative director complained:

It is not uncommon for a campaign to be strangled at birth by a few dozen housewives from Queens. The problem is that any genuinely original idea is likely to receive mixed reviews because of its very originality; show those housewives something familiar and they will give you more comforting reactions. In this way, research often perpetuates tame and derivative work.¹⁰

There have been several famously successful campaigns that originally tested badly in focus groups, including Miller Light's "Tastes Great—Less Filling" and the Absolut vodka bottle ads.

Posttests, which are conducted after the ad campaign has started, are used to test the effectiveness of the campaign. They might take the form of telephone surveys or focus groups, usually centering on whether people remember the ad and the product that was advertised, and how they felt about it.

Today, some of the more interesting posttests measure whether viewers get anything from recorded television commercials that they watch while fast-forwarding through them. Researchers have taken a high-tech approach to this question, hooking up subjects to sensors as they watch commercials in fast-forward mode, and observing changes in their heart rate, palm sweat, eye movement, and breathing patterns. The researchers found that the test subjects were just as engaged while watching fast-forwarded advertisements as they were while watching the programs. Advertisers, however, were not convinced. They are still not willing to pay for viewers who watch commercials at high speed.

psychographics

Measurements of audience characteristics that are difficult to observe and label, such as the psychological (and sometimes hidden) dimensions of attitudes, beliefs, values, interests, and motivations.

positioning

The process of finding specific customer types and creating advertising appeals for them.

copy research

Studies that test the effectiveness of ad content, or copy.

focus groups

Small groups of potential consumers observed by a researcher.



"Inside Ogilvy," one of the online videos that accompany this book, discusses the way advertising and public relations work together. Here, a combined team at Ogilvy Worldwide maps out a strategy for a campaign. See the Online Learning Center at www.mhhe.com/rodman3e.

Both audience research and copy research might be part of an introduction of the product into a test market, to see if a wider rollout would be successful. Minneapolis has been a popular test market over the years. People there have seen ads for Choco-Chill, a chocolate-flavored Kool-Aid-type powdered drink mix; a Mr. Coffee filter tea blend, brewed in a coffeemaker; and McDonald's Shanghai McNuggets, which came with chopsticks and oriental dipping sauces—each of which failed in the test market and was not offered nationally.

Creative Departments

The creative department of a full-service advertising agency performs the primary functions of designing and producing ads. Creative directors put together teams that usually include copywriters, who create the words for the ad, and an art director, the staff member responsible for setting the visual style of the advertising. The art director chooses the individual photographers, illustrators, and graphic designers. Other staff members include radio and television producers, musicians, and casting experts.

In today's global marketplace, the creative staff is also often called on to come up with creative solutions to cross-cultural problems (see the Close-Up on Industry box).

The Media Department

The media department of a full-service advertising agency plans how advertising budgets will be allocated among various media and arranges for the purchase of the media space and time. Specialists in this department determine the media mix, that is, which media, and how much space or time in each, will be used for the campaign. Different media have their own advantages and disadvantages in reaching potential customers (see Figure 13.4). Media department professionals consider the uniqueness of each medium in their recommendations to the client. The following list highlights various media as vehicles for advertising and discusses their advantages and disadvantages:

What are the organizational areas of a full-service agency, and what are the responsibilities of each area?

SELF QUIZ

Different media have different advantages for advertisers.

- **Newspapers.** Newspapers provide easy-to-find ads on the most current local sales, and they offer “money off” coupons that the shopper can take to the store. They also have a short lead time, which means that an advertiser can place an ad just a few days before it runs, which allows for the use of the latest information, such as sales prices. Newsprint doesn't allow for glossy artwork, though, so some advertisers shy away from newspapers for image advertising.

- **Television.** With its reach and visual impact, television is perfect for image advertising. Television encourages name recognition better than most other media. Its biggest disadvantage is that it is extremely expensive. Thirty-second spots for a prime-time network hit like *Grey's Anatomy* cost around \$1 million to air, while spots for special events such as the Super

Bowl now cost \$3 million. In fact, the commercials on the Super Bowl have become almost as important as the game itself. Well-known movie directors have done many of these spots.

Another disadvantage of television advertising is called **clutter**, the glut of commercials that compete for the viewer's attention. The average TV viewer sees about 38,000 television commercials a year,¹¹ and after a while they can blur. Along with **infomercials** (program-length commercials that follow the format of information or talk shows) and the typical 30-second spots, there are now quite a few 15-second spots that allow even more messages to be squeezed into an hour's viewing.

- **Direct Mail.** **Direct mail advertising** includes catalogs, flyers, coupon packages, and computer-generated letters that are sent through the postal service. Direct

ONLINE BOX

For a case study about one effective television campaign, see “GEICO's Cavemen,” at www.mhhe.com/rodman3e.

clutter

The glut of ads that compete for the public's attention.

infomercials

Program-length television commercials.

direct mail advertising

Advertising sent by mail.

The Tribulations of Global Image Promotion

The rationale behind creating world brands is that global markets are converging by becoming more similar and more Westernized.¹ Still, advertising that works in one country could very well wind up inhibiting sales in another. Sometimes the problem occurs in language translations. When the Coors Brewing Company wanted to translate its slogan “Turn It Loose” into Spanish, the result was read as “Suffer from Diarrhea.” Clairol kept the name “Mist Stick” for its curling iron in Germany, but in German *Mist* is slang for manure. The pen maker Parker tried to sell a ballpoint pen in Mexico with the slogan “It won’t leak in your pocket and embarrass you.” The company assumed that the word *embarazar* meant “to embarrass”; it actually means “to impregnate.” So the resulting ad read, “It won’t leak in your pocket and make you pregnant.”²

Sometimes the problem is in the use of a visual image. When Gerber started selling baby food in Africa, it used the same packaging as in the United States, with the beautiful baby on the label. Company executives were puzzled when African consumers reacted with shock and revulsion. Later, Gerber learned that since most Africans can’t read English, companies there routinely put pictures on the label of what’s inside. In Malaysia, U.S. cigarette firms wanting to stress outdoorsy greenery in their billboards found that the color green represented death and disease to the local citizens. In Arab countries, American ads that use cartoon animals to sell food products ran into trouble because Arabs see animals as unclean.

When cultures differ, advertisers have to find creative solutions. Cigarette maker Philip Morris and its ad agency, Leo Burnett, had difficulty



Global corporations like Avon have to be careful when placing ads overseas. Advertising that works in one country could very well wind up inhibiting sales in another.

exporting the quintessentially American Marlboro cowboy to Hong Kong, where the cigarette was selling poorly. They discovered that in China, the cowboy was a common laborer—there was little romance attached to his image. A white horse, however, was a symbol of esteem. So the Burnett agency put the Marlboro Man on a white horse, and sales skyrocketed in Hong Kong.³

¹Laurel Wentz, “World Brands,” *Advertising Age*, September 9, 1996, p. 121.

²David Helin, “When Slogans Go Wrong,” *American Demographics* 14 (February 1992). The other examples of translation blunders come from Shelly Reese, “Culture Shock,” *Marketing Tools*, May 1998, available online at www.demographics.com.

³Cited in Randall Rothenberg, “The Big New Pitch for Old Ads,” *New York Times*, October 9, 1988, p. 4.

mail is also known as direct marketing to advertisers and as junk mail to the people who receive it. Advertisers like direct mail for a number of reasons. For one thing, the advertiser can choose from a wide range of formats. Catalogs, for example, can have the glossy paper of magazines, which allows for high-quality illustrations and an extended shelf life.

Another advantage of direct mail is that its results are very measurable. The advertiser knows exactly how many pieces were sent out and how many came back with a positive response, so calculating the cost per thousand (CPM—see Chapter 5) is

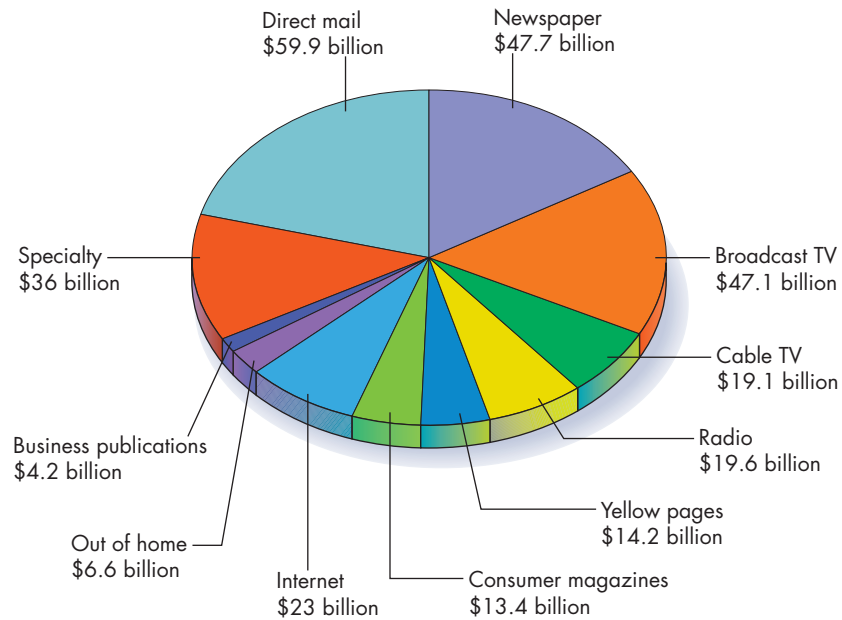


FIGURE 13.4 Top U.S. National Advertising Media by Revenue

Source: The 2008 *New York Times Almanac*; Internet figure updated via *Advertising Age* magazine at www.adage.com, accessed September 2008.



Specialty ads can appear on anything from pens to paperweights.

easy and accurate. That doesn't mean that direct mail is particularly cheap; a 1 or 2 percent response rate is considered fairly successful, so it is not uncommon for each response to cost the advertiser as much as \$15.

- **Specialty Ads.** Specialty ads consist of everything from matchbook covers to T-shirts, pens, party balloons, and even the inside doors of public toilets. This type of advertising is found on every type of medium, including videotapes and CD-ROMs that car manufacturers send out to potential customers. Until 1998, advertising on the World Wide Web was included in the specialty category also, but it has become lucrative enough since then to be included in its own category.

- **Radio.** Radio's highly segmented formats make it easy to target specific audiences. It is a great way to reach everyone from young people who are difficult to reach via other media to adults who commute to work—

political consultants, for example, favor campaign ads on radio news programs to reach adults during drive time. Radio ads also tend to be relatively inexpensive. Production costs are minimal, and often station personnel will produce ads free of charge. Radio airtime is also inexpensive, especially compared with television airtime.

A problem is that listeners use radio ads, like TV ads, as a cue to switch stations. To combat this, radio stations try to blend in advertising with the programming as seamlessly as possible. The ads are often presented by the disc jockey or other on-air personality, so they become part of the general chatter. If the station has a musical format, the same type of music is usually used in the ad.

- **Yellow Pages.** Yellow pages advertising is based on the concept that it is a good idea to advertise in the book that people use to find the telephone number of the

business they need. The first yellow pages were invented and owned by the Bell Telephone system. When the Bell system broke up into smaller regional companies in the early 1980s, other entrepreneurs began publishing yellow pages, aided by the fact that neither the name “yellow pages” nor the “walking fingers” logo was ever copyrighted by Bell. As a result, we now have a wide variety of yellow pages, many of which have become specialized, including segments for different language groups. In the New York City area alone, there are yellow pages catering to, and in the language of, Russians, Israelis, Portuguese, Cubans, Dominicans, Filipinos, Koreans, and Colombians.¹² The major problem with yellow pages is that they come out only once or twice a year. A lot can change for a business in that amount of time, and those changes can’t be reflected in the ads.

- **Magazines.** The advantages of advertising in magazines include their pass-along rate (four to five extra people read each copy besides the purchaser or subscriber) and their shelf life (people keep them for weeks, and sometimes longer). Their glossy paper makes them appropriate for fine artwork. Since the 1950s, magazines have been the medium of choice for special interest advertising. As noted in Chapter 5, there is a magazine for nearly every activity or interest imaginable, from *Abrasive Engineering Society Magazine* to *Zoo Biology*, with very little wasted circulation within each subscription list. Computerized printing technology makes segmentation even easier, allowing regional and local ads to be built into different zip codes and mailing lists. *Newsweek*, to name one example, has more than 150 different versions, printed for different geographic and occupational segments.

The most exotic magazine ads, known in the business as spectaculars, hit their height in the late 1980s—and resulted in some spectacular failures. A 1987 musical Christmas ad for Absolut vodka malfunctioned in scores of magazines, causing them to play “Jingle Bells” endlessly. Another problem was caused by scratch-and-sniff ads, which bothered people with allergies.

- **Outdoor Advertising.** Outdoor ads are big, impressive, and striking—and they can’t be turned off like television or thrown away like a newspaper. This category of advertising includes billboards; signs; posters; placards on buses, taxis, trains, and bus shelters; and even the carved figures that once stood outside stores, the most famous of which was the cigar-store Indian. Outdoor ads have an image of simplicity and directness (“Eat Here—Get Gas”) and in fact the messages on them do have to be simple but catchy, because people tend to pass them quickly. But outdoor ads have their own spectaculars, such as the neon and special-effects billboards that can be found in Los Angeles, Las Vegas, and Times Square in New York City. These spectaculars include cigarette ads that exhale puffs of smoke, golfers who actually swing their clubs, and waterfalls of real water. One type of billboard “talks” by directing the motorist to tune to a particular radio frequency; the billboard itself is fitted with a low-power radio transmitter. Another form of outdoor advertising, “coptermedia,” features flying electric signs lifted into the skies by helicopter. Other airborne ads are carried on balloons and blimps, towed by planes, or written across the skies with skywriting.

- **Online Advertising.** The World Wide Web is the most rapidly growing medium for advertising. Whereas it generated practically no advertising revenue in 1998, it was earning \$23 billion annually by 2008. In many ways, Web ads are a convergence of all former ads. They are both print- and image-oriented. As in newspapers and the yellow pages, ads on the Web are placed precisely where consumers are looking for product information. Online ads compete with magazines in terms of artwork. They involve motion and sound, and therefore have the entertainment advantages of radio and television. They involve and motivate the customer because they are interactive—customers can order merchandise and have their orders confirmed in seconds. A disadvantage of online ads is that some users resent them because they, like TV ads, create clutter. This is especially true of spam, the unsolicited



Neither the name “yellow pages” nor this “walking fingers” logo was ever copyrighted. We now have many different yellow pages, many of which display this logo.

e-mail messages discussed in Chapter 10. Also, not everyone has access to the Web, although users do tend to be in the younger, higher-income groups that advertisers like to reach.

Online ads include standard banner ads, which are strips that run across the top of a Web page; skyscrapers, which run up the side of the page; and buttons, which are small ads of various sizes. Images that move in any way are known as rich media in the online ad business. They include pop-ups, which overlay all or part of the page being viewed, and pop-unders, which appear when the user exits the page. Online ads that include games for children, now called advergimes, are an especially effective interactive environment. Kraft's Nabiscoworld.com features advergimes for at least 17 brands of snack food.

SELF QUIZ

What are some of the advantages and disadvantages of the various media for advertising?

media buyers

Advertising agency personnel who purchase ad time and space.

Once the media department experts decide on the media mix, **media buyers**, those who actually purchase the time and space, take over. Media buyers tend to be skilled negotiators and specialists in radio, spot-television, network-television, print, or online buying. They have to interpret the data received from the research department and translate it into the best possible media buys for their clients. The media department is also responsible for the annual analysis of industry developments, such as which television shows are going to be hits and which print media are likely to develop the best demographics for a particular product. They make sure, for example, that advertisements for maternity clothes don't wind up in a magazine read primarily by men.

The media department is also responsible for ad maintenance. This could mean anything from making sure that shrubs don't block the view of a billboard to hiring observers to make sure that purchased TV commercials actually run. If a broadcast commercial doesn't run in the spot it is supposed to, or if there is a technical problem with the spot, the media department makes sure that the client receives a "make good," or replacement spot.

ADVERTISING OBJECTIVES

One of the first things the agency and client have to determine is the objective of an advertising campaign. A lot of time, effort, and money will be expended in building the campaign, and having a clear objective helps the agency devise a road map to minimize false turns and wasted effort. Advertising professionals help their clients think in terms of traditional and nontraditional objectives.

Traditional Objectives

Traditional objectives for advertising campaigns typically relate to product sales. These include building name recognition, spreading news about the product, promoting an image, and adding value to the product.

Name Recognition and Branding

A basic objective of advertising is to make the product familiar to the potential buyer. The recognition of brand names is important in an era in which customers shop in huge megastores. When there is no one to help them, buyers are likely to grab a product with a familiar brand name. Ad agencies therefore work hard to come up with clever brand names and the catchy slogans that go with them, such as "Sunny Delight: The good stuff kids go for"; "M&Ms melt in your mouth, not in your hand"; and "Nobody doesn't like Sara Lee." Advertisers also look for other creative ways to keep the name familiar, such as the Absolut vodka ads that associate the name and the shape of the bottle with well-known objects. A swimming pool in the shape of the

bottle becomes “Absolut Hollywood”; “Absolut Brooklyn” features the bottle shape of the Brooklyn Bridge.

Spreading News about a Product

Another traditional objective is to spread news about a product. Does it have new ingredients that will make it even more effective? Is it coming out in a new version, model, or edition? *New* is the most frequently used word in advertising copy, and companies love to tout new uses for their products in ads. In the 1980s Arm & Hammer ran several campaigns promoting new uses for its baking soda. Before these campaigns, people used baking soda only in cooking and sometimes as an emergency replacement toothpaste. Arm & Hammer devised a series of ads that told consumers to use baking soda to deodorize the refrigerator. Simply open a new box every month, they were told, and leave it in the refrigerator to get rid of unpleasant fish and onion smells. The campaign worked—so well in fact that the next campaign instructed consumers to use the product as a cleaner and deodorant for their toilets. Because of the ads, people were buying boxes of this product and throwing them immediately down the toilet.

Promoting an Image

Some ads do not sell a product directly as much as they promote an image indirectly. **Image advertising** is designed to associate a product with an image in the audience’s mind. Sometimes advertisers achieve this association by giving their clients’ products a personality. The Leo Burnett Agency of Chicago was famous for this. It was Burnett who gave us the Marlboro Man (changing what was once considered a woman’s filtered cigarette into a product fit for a macho cowboy) and the Doublemint Twins. Advertisers have also created a wide range of cartoon characters for this purpose, including the Campbell Soup Kids, Tony the Tiger, the Jolly Green Giant, the Pillsbury Doughboy, Charley the Tuna, and the toga-clad Little Caesars pizza man.

Sometimes companies get together to change the image of an entire industry, creating what is known as **institutional ads**. Thus the cotton industry, through its trade group, gave us “Cotton: The fabric of our lives.” The milk industry established the image of the celebrity milk mustache, while other industries gave us “Beef is real food,” “Pork: The other white meat,” and “The incredible edible egg.” The Great Lakes Mink Association has produced campaigns promoting the fur coat industry since 1968. Its ads simply show a female celebrity swathed in an opulent mink coat, along with the slogan “What Becomes a Legend Most?”

Adding Value to the Product

When a sexy female model is draped over the hood of a car in an ad, she seems to be promising herself to the male consumer who is the main customer for new cars. Does she really come with the car? In a way, she does, because another traditional objective of advertising is to add value to the product that is not inherent within it. A cake mix is a simple food, but advertising will try to associate it with family happiness and love. That makes the cake more than a simple dessert, so value has been added to it by the advertising. Adding value is also an important consideration in the advertising for children’s toys. Children want the toys they see advertised on television, so the advertisement itself makes the toy more valuable to them. This is a controversial technique, as we will see later in this chapter.

image advertising

The promotion of an idea that becomes associated with a product.

institutional ads

Trade group image promotions for entire industries.



Each of the institutional ads for the mink industry show a female celebrity (in this case, Elizabeth Taylor) wrapped in a mink coat, along with the slogan “What Becomes a Legend Most?”

SELF QUIZ

What is meant by advertising’s adding value to a product?

Nontraditional Objectives

Sometimes advertisers have objectives that go beyond or stand instead of merely selling a product. Such nontraditional objectives include advocacy, correction, and public service.

advocacy ads

Ads designed to affect public opinion or government policy.

corrective ads

Ads designed to rectify an inaccurate impression.

counteradvertising

Ads designed to fight an image that is not in the public interest.

guerrilla advertising

Advertising that uses unorthodox tactics.

public service announcements (PSAs)

Ads on public interest issues presented as a service to the community.

Advocacy Ads

Advocacy ads are designed to affect public opinion or government policy. These ads are also called editorial ads because, like standard newspaper editorials, they express an opinion. The National Rifle Association is famous for its advocacy ads—often featuring celebrities and the slogan “I’m the NRA”—that protest various forms of gun control.

Corrective Advertising

Corrective ads have the objective of rectifying an inaccurate impression formed by earlier ads. Sometimes these ads are required by a legal settlement, such as the one reached between the Federal Trade Commission (FTC) and the makers of the mouthwash Listerine. Listerine’s ads used to claim that the mouthwash could kill the germs that cause colds, when in fact it could not. The FTC made Listerine run \$10 million worth of ads that said, “Listerine will not help prevent colds or sore throats or lessen their severity.” In another case aspirin maker Bayer was told to spend \$1 million to correct the impression that people could reduce their chances of heart attack or stroke simply by taking aspirin daily.

Counteradvertising, another type of corrective advertising, isn’t run by the company that ran the original ads and isn’t required by any type of legal settlement. Counterads are usually run by a nonprofit agency, such as Adbusters (www.adbusters.org), to fight the image created by large-scale campaigns that the agency feels are not in the public interest. Often these ads are parodies that make fun of the original ads. The American Legacy Foundation, which sponsors the “Truth” antismoking campaign, presented a counterad during the 2004 Super Bowl that parodied the corrective advertising that tobacco marketers had been forced to adopt. The commercial featured a spokesperson for an imaginary company that made ice pops laced with shards of glass. “At Shards O’ Glass Freeze Pops, we now agree there’s no such thing as a safe glass freeze pop,” the spokesperson explains. “The only proven way to reduce health risks from our glass pops is to not eat them.” The commercial sent viewers to a satiric Web site, Shardsoglass.com, and ended with this disclaimer: “And remember, Shards O’ Glass Freeze Pops are for adults only.” Counteradvertising based on parody is a form of **guerrilla advertising**, a technique so named because, like guerrilla warfare, its tactics are unorthodox.¹³



Counteradvertising: The “Shards O’ Glass Freeze Pops” commercial is a parody of cigarette advertising. In it, a spokesperson explains, “The only proven way to reduce health risks from our glass pops is to not eat them.”

Promoting the Public Interest

Promoting the public interest is yet another nontraditional advertising objective. This is usually accomplished through **public service announcements (PSAs)**, which are ads on public interest issues presented at no cost as a service to the community. The Partnership for a Drug-Free America, a nonprofit coalition of media professionals, has sponsored numerous well-known PSAs. Through PSAs, the full creative force of a volunteer ad agency is often put into campaigns to fight social ills such as drunk driving, teenage pregnancy, AIDS, dropping out of school, prejudice, and racism.

Many ad clients like PSAs because they help put all advertising in a more credible and favorable light. The Advertising Council, a nonprofit association supported by ad agencies, conducts dozens of major public service campaigns each year. These campaigns have created many memorable slogans, such as “A mind is a terrible thing to waste” (for the United Negro College Fund), as well as some memorable characters, such as Smokey Bear (“Only you can prevent forest fires”) and McGruff the Crime Dog (“Take a bite out of crime”).

SELF QUIZ

What are some of the traditional and nontraditional objectives of advertising?

Controversies

To those who practice the trade, advertising is both an art and a science. Advertisers study the human mind very carefully, and their output shows what they have learned about consumers. Ads also affect consumer behavior in a variety of ways, and that is the basis for most of the controversy about advertising.

American advertising has always been controversial, in part because advertisers wield enormous power. A continuing controversy involves the question of how much freedom of speech advertisers should have. Other issues that draw criticism are advertising clutter, truth in advertising, ads directed at children, and advertiser influence on media content.

ADVERTISING CLUTTER

According to a study by a major marketing research firm, 61 percent of consumers believe that advertising is “out of control.” In addition, 60 percent said they feel “much more” negative about advertising than they did a few years ago.¹⁴

The main reason that consumers feel negatively about advertising is that there is just so much of it. About 65 percent of an average newspaper is advertising. Half of an average magazine is advertising. Pop-up ads intrude on Web sites and search results. Commercial television and radio stations devote around 25 percent of their broadcast time to advertising (and more than 30 percent during prime time).

It is becoming increasingly difficult to find spaces where advertising doesn't appear. Ads for milk and movies have appeared on individual apples, bananas, and oranges. Other ads appear on the street (literally on the street, where people looking down can see them), on the floors of stores, on airport baggage carousels, and on the walls above urinals. Ads talk to you from automated teller machines, and commercials appear on the television-like screens of gas pumps as you fill your tank. One company has even offered cash-strapped towns free police cars as long as it can put ads on the hoods and trunks. The offer has been accepted by 20 towns.¹⁵



In “Advertisers Gone Wild,” one of the online videos that accompany this book, NBC News reports about advertisers finding unexpected new places to advertise—including bathroom urinals and parking lot lines. See the Online Learning Center at www.mhhe.com/rodman3e.

ONLINE BOX

For another example of ads being everywhere, see “Beach Ads Embossed on Sand,” at www.mhhe.com/rodman3e.

It is becoming increasingly difficult to find spaces where advertising doesn't appear.

ADVERTISING AND FREEDOM OF SPEECH

Advertisers believe that their messages should be treated like any other form of speech, but courts and legislators have in certain cases decided that the paid, persuasive nature of advertising calls for some limits. As mentioned earlier in this chapter, several government agencies, such as the U.S. Postal Service and the Food and Drug Administration, regulate advertising in some way (see Figure 13.5). The Federal Trade Commission (FTC) is the main government watchdog against deceptive advertising. When the FTC receives a complaint, it will often ask an advertiser to substantiate its claims. For example, when oil companies claimed that premium gasoline would give all cars better mileage and help them run cleaner, the FTC stepped in. The oil companies

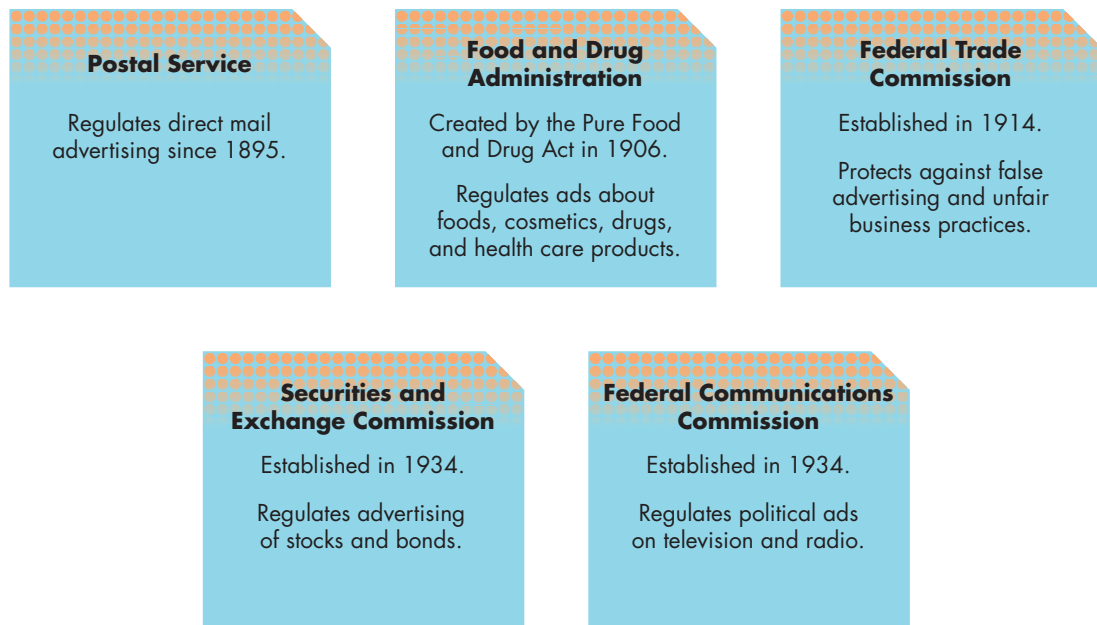


FIGURE 13.5 U.S. Government Advertising Regulations The regulation of advertising began in the United States when the policy of “Let the Buyer Beware” changed to “Let the Seller Be Honest.”

couldn't verify that any car except high-performance sports cars could benefit, so the FTC told them to cease and desist advertising that claim.¹⁶ Most of the companies complied right away. The one that didn't, Exxon, was sued by the FTC and forced into compliance.

If the government doesn't intervene, individual consumers still have access to the courts when they feel advertisers have gone too far. Within those courts, advertising enjoys a certain amount of freedom of speech, but not as much as the news media do. When an Atlanta business executive was murdered in 1986, his business partner and two hit men were convicted of the crime. But the family of the victim went further when they learned that the partner had found the hit men from a *Soldier of Fortune* magazine ad. The classified ad read as follows:

GUN FOR HIRE: 37-year-old professional mercenary desires jobs. Vietnam Veteran. Discrete [*sic*] and very private. Body guard, courier, and other special skills. All jobs considered. Phone . . .

The family sued the magazine and won \$4.3 million in damages. The court ruled that a publisher can be held liable for damages if an ad “on its face, and without the need for investigation, makes it apparent that there is a substantial danger of harm to the public.” If the name and contact information of someone willing to carry out a hit had been printed in a news article, the First Amendment would have protected the newspaper's right to do so, but commercial speech enjoys less protection.

Who regulates advertising, and how is it regulated?

SELF QUIZ

TRUTH IN ADVERTISING

Most people will agree that ads should not lie. Government regulations demand it, as do industry codes. But the line between truth and deception can often be quite thin. There are several problems in determining whether advertisers are telling the

truth, or, for that matter, what the word *truth* means in the context of an ad. After all, modern advertising has always been more about human motivation than product virtues. Consumers don't buy the product, they buy the satisfaction that the product

Most people will accept deception in entertainment, so why not in entertaining ads?

offers. As the old saying goes, advertisers sell the sizzle, not the steak. To make matters even more confusing, ads today have converged into a form of entertainment. Most people will accept deception in entertainment, so they are not likely to question it in entertaining ads. Ad professionals ask, "When a TV ad suggests that a pair of sneakers can turn a kid into a superhero, where's the harm?"

Critics insist, however, that some ads push the legal boundaries established to protect consumers from deception. Others may technically be legal yet ethically questionable. **Bait-and-switch advertising**, for example, provides bait in the form of an advertised bargain and a switch when the customer is talked into a more expensive product.

Other forms of deception are often seen in direct mail advertising. According to the U.S. Postal Service, which receives hundreds of thousands of complaints about direct mail advertising every year, the most common deception involves the statement "You're a guaranteed winner." Sometimes it turns out that recipients are "winners" because they are being given the "opportunity" to buy magazine subscriptions. Other times, when the purported prizewinners call the number provided, they are asked to send in a "processing fee," but they never receive a prize.¹⁷

Some critics assail advertising not for outright dishonesty, but for subtle deception. They accuse copywriters of clever wording that misleads without lying. As the humor columnist Dave Barry points out, an ad saying that a certain cereal is "part of this complete breakfast" usually is referring to "some compressed sugar compound placed on the table next to real food."¹⁸ Another type of deceptive wording is the **parity statement**, defined as an assertion of equality that sounds like an assertion of superiority. An ad using a parity statement is really claiming that the product is just as good as its competition—no better, no worse. "Nothing is proven to work better or last longer than Advil. NOTHING" is a parity statement, in spite of the announcer's dramatic inflection.

ADS DIRECTED AT CHILDREN AND TEENS

Worries about the effects of advertising intensify when critics consider ads directed at children. In fact, many critics feel that ads should not be directed toward very young children at all, and the governments of Denmark and other Scandinavian countries prohibit advertisers from targeting preteens. In the United States, where such ads are common, parents' groups such as the National PTA and watchdog groups such as Action for Children's Television point out that preschoolers do not understand that commercials are there to persuade them—they see ads as just more entertainment. Critics also say that young children are too emotionally susceptible to be exposed to ads. Appeals such as "Make friends with Kool-Aid, make Kool-Aid with friends," they say, are based on deeply felt psychological needs.

bait-and-switch advertising

Technique in which a seller provides bait in the form of an advertised bargain and a switch when the customer is talked into a more expensive product.



Critics point out that some wording, such as "part of this complete breakfast," is subtly deceptive.

parity statement

An assertion of equality that sounds like an assertion of superiority.



In "Advertising to Kids," one of the online videos that accompany this book, CNBC's Donny Deutsch and Campaign for a Commercial-Free Childhood Co-Founder Dr. Susan Linn discuss McDonald's hold on children's taste buds with Katie Couric. See the Online Learning Center at www.mhhe.com/rodman3e.

ONLINE BOX

For another example of advertising that is considered dangerous for kids, see "Heroin Chic Advertising," at www.mhhe.com/rodman3e.

CONSIDER THIS

Why are ads directed at children and teens so controversial? Do you believe they should be banned?

Children as Consumer Trainees

Another criticism is that ads treat children as consumer trainees at a time when they should be learning some of the higher values of life. According to this argument, ads mold the character and personality of the child by encouraging greed and by suggesting that people's importance is based on what they own rather than who they are. Worse yet, according to this argument, advertising discourages critical thinking by encouraging children to buy things they don't need and can't afford. Children are also indirect consumers who persuade their parents to make the actual purchases. An ad that makes a child desire a product that the parent does not want to buy ends up adding to family tension.

Junk-Food Ads

Many critics are concerned about unrestricted junk-food ads directed at children. They blame the growing obesity problem in the United States at least partially on these ads. The Center for Science in the Public Interest began legal action in 2006 against the Kellogg Company and the Nickelodeon cable network.¹⁹ The lawsuit aims to prevent these companies from marketing junk foods in venues where 15 percent or more of the audience is under the age of eight. In addition, they seek to stop this marketing through Web sites, contests, or any other practices geared toward that age group. The center was particularly concerned that renowned children's characters such as Tony the Tiger and SpongeBob SquarePants are used to promote these foods.

Alcohol and Cigarette Ads

Critics are especially concerned about the effects of alcohol and cigarette advertising on children (see the Close-Up on Controversy box). During the 1990s the U.S. government began to battle cigarette ads directed to children. Studies of that time showed that one-third of the students in a typical high school either wore or carried items, such as T-shirts, hats, and backpacks, promoting cigarettes, and that teenagers toting these specialty items were four times more likely than other teenagers to be smokers.²⁰ Such advertising seems particularly inappropriate in a society in which 3,000 children begin smoking each day, and 1,000 of those will eventually die a tobacco-related death.²¹ Joe Camel and other cartoon characters that appealed specifically to children were particularly worrisome to critics.

A 1999 settlement between tobacco companies and states attorneys general banned all transit and billboard advertising of tobacco products throughout the United States. It also banned the distribution of apparel and other nontobacco merchandise with brand names or logos; prohibited brand-name sponsorship of concerts and events with a significant youth audience; banned payments for the use of tobacco products in movies, television shows, and theater productions; and restricted the distribution of free samples. The advertising of cigarettes on television had already been prohibited.

Many in the industry feel that these are unfair restrictions on free speech regarding a product that is, after all, legal. Critics, however, point out that other countries go even further. Cigarette ads are banned outright in Britain, India, and

Brazil because of their influence on children. In countries with no restrictions, such as China and Vietnam, tobacco use is very high.

ADVERTISER INFLUENCE ON MEDIA CONTENT

The issue of advertiser influence on media content involves two related controversies. Advertisers influence content both through product placement in entertainment programming and through their economic clout over news media.

Product Placement: Influencing Entertainment Content

Product placement—or, as it is known in the industry, product integration—was defined in Chapter 6. This technique is becoming increasingly common in other media as well. For years television executives have been concerned about viewers skipping commercials. Commercial breaks have always cued viewers to run to the bathroom or get a snack. The avoidance of commercials was heightened by a succession of technological devices, including remote controls, videotape recorders, and most recently, digital devices such as TiVo that can automatically skip ads. Many industry professionals feel that their only recourse is to make commercials part of the programming itself. That's why you will see sitcom characters occasionally stopping to extol the virtues of a breakfast cereal or characters in police dramas stopping to talk in front of large billboards. Fact File 13.1 lists the top product placement brands on broadcast TV.

On Reality TV

Reality programs have been especially ripe for product placement. Sears, for example, had a product placement deal with ABC for that broadcaster's program *Extreme Makeover: Home Edition*. The show has included not just the use of Sears products but also several scenes of Sears trucks delivering merchandise, plumbers and other workers from Sears home-improvement services making repairs, and visits to Sears stores by the show's makeover team cast. Fact File 13.2 lists the top shows in terms of product placement.

In Books

Other media are also experimenting with product placement. This includes books, one of the few media left that seldom include advertising. The Italian jeweler Bulgari commissioned best-selling novelist Fay Weldon to write a novel with references to the Bulgari name. The novel, *The Bulgari Connection*, was published in 2001. In 2006 Cover Girl Cosmetics signed a marketing partnership with the publisher of the novel *Cover Girl* to have its products mentioned in various parts of the novel.



"I was all set to quit, but when the bastards killed off Joe Camel I swore—never."

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1997 Donald Reilly from
cartoonbank.com. All Rights
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Cigarette ads featuring Joe Camel and other cartoon characters were banned in 1999.

Selling Alcohol to Children

Many critics were enraged by the beer ads shown during the 2004 Super Bowl. The humor seemed to be aimed toward a 12-year-old mentality. Perhaps the prime example was the “flatulent horse” ad for Budweiser beer. In it, a young couple is on an idyllic one-horse sleigh ride. The girl happens to be holding a candle, and when the horse breaks

Children see nearly 2,000 commercials for beer and wine each year.

wind explosively, she is badly burned. Her clueless boyfriend asks, “Hey, you smell barbecue?”

Unfortunately, 2004 was not an exception. Super Bowl beer ads, and beer ads in general, have for many years seemed to be directed toward juveniles. Whether or not advertisers do this intentionally, children pick up on them. A few years ago, three animated Budweiser frogs appeared in a Super Bowl commercial, croaking in sequence the syllables “Bud,” “wei,” and “ser.” The commercial was replayed often, and one year later researchers discovered that children ages 9 to 11 were more familiar with what the three frogs croaked than they were with Smokey Bear, the

Mighty Morphin’ Power Rangers, and Kellogg’s Frosted Flakes’ Tony the Tiger.¹

That kind of advertising impact is especially troublesome to critics, who point out that young people see nearly 2,000 commercials for beer and wine each year. These critics note that for every public service announcement with a

message like “Just say no” or “Know when to say when,” teens will view 25 to 50 beer and wine commercials that say, essentially, “Drinking is cool.”²

Meanwhile, underage drinking remains a widespread problem. Many young people are beginning to consume alcohol around the age of 13, a large majority will do their heaviest drinking before their 21st birthday, and 64 percent of high school seniors use alcohol.³

Advertisers say that they target their ads only to the over-21 audience, but critics counter that common advertising tactics such as animation, humor, and rock music are extremely attractive to young people, especially children ages 10 to 14.



The NBC program *The Apprentice* features product placements in contestant competitions. Here, the task is to come up with an ad campaign for a new Pepsi product.

In the News

Of particular concern to critics have been recent incidents of product placement in the news. Advertisers say they are increasingly being pitched opportunities from local stations to integrate their clients’ products into news programming in exchange for buying commercial time or paying integration fees. Most stations are focusing these efforts on morning news shows, where lifestyle segments allow for more integration opportunities without sounding as many alarm bells with viewers as it might if product integration popped up in the hard news portions of their newscasts.

Some stations, however, go further. For example, Univision’s KMEX-TV in Los Angeles has an integration partnership with health care provider Kaiser Permanente Southern California as part of what the station calls its “Lead a healthy life, get the facts” public service campaign. Kaiser physicians are interviewed on health topics on Univision’s various news programs, news footage is shot at Kaiser facilities, and Kaiser patients and support groups are featured in news segments. As part of the arrangement, Kaiser pays additional fees for the placements, which are not disclosed as such during the news programs.²²

Beer advertisements in particular often glamorize drinking and provide no information about the potential negative effects alcohol has on the body, including nausea, blackouts, and liver problems.

No matter what age group the advertisers are targeting, critics say, ads for alcoholic beverages appeal to the underage market. George A. Hacker, director of the Alcohol Policies Project at the Center for Science in the Public Interest, has said, "It's impossible to construct an advertisement that appeals to a 21-year-old, on his 21st birthday, and doesn't appeal to someone who's 18 years old or maybe even 16." In a televised event like the Super Bowl, he added, "even though the underage audience is a small proportion, it's still the largest audience of kids for any show ever."⁴

¹Mediascope Issue Brief, www.mediascope.org/pubs/ibriefs/yoaa.htm, accessed February 15, 2004.

²Alcohol Policies Project, www.cspinet.org/booze/liquor_branded_advertising_FS1.htm, accessed February 15, 2004.

³Mediascope Issue Brief.

⁴Quoted in Nat Ives, "Is the Alcohol Industry Pitching Products to Young Audiences?" *New York Times* online, September 10, 2003.



Many critics complain that beer ads seem to be directed toward kids. In this ad three animated frogs croak the syllables "Bud," "wei," "ser" in sequence. Researchers found that children were more familiar with what the three frogs croaked than they were with Smokey Bear, the Mighty Morphin' Power Rangers, and Kellogg's Frosted Flakes' Tony the Tiger.

Critics of product placement believe that the practice confuses viewers by masking the sponsors' role in determining the content of entertainment programming. One critic called the practice "an affront to basic honesty."²³ Critics also insist that product placement defies the very definition of advertising, which, as mentioned at the beginning of this chapter, includes the idea of an identified sponsor.²⁴

Economic Clout: Influencing the News

The revenue generated by advertising in television, newspapers, and other media gives advertisers an extraordinary amount of power. This power becomes controversial when it is used to influence the content of the news or information that the medium carries. For example, Xavier Suarez, then mayor of Miami, Florida, threatened to pull the city's legal advertising from the *Miami Herald* in 1998 unless it became "a lot nicer to me, my people, my citizens and my city."²⁵ The *Herald* was investigating accusations of voter fraud by Suarez campaign supporters at the time of his threat, which the mayor left on the managing editor's answering machine. The city advertising was worth about \$200,000 a year. In response to the mayor's threat, the editor of the paper publicly announced that the news columns and the advertising columns of the paper would remain separate.

Sometimes advertisers try to influence content by canceling ads if they don't agree with ideas expressed in a particular story, episode, or program. When CBS ran a story in 2004 critical of auto dealers on *60 Minutes II*, the Philadelphia

FACT FILE 13.1

Top-10 Brands for Product Placement on Broadcast TV

Coca-Cola has been the top brand consistently in recent years, primarily through its association with *American Idol*. Notably, 6 of the top-10 brands are associated with sports or exercise.

Rank	Total Number of Occurrences	Brand, Product Category
1	2,380	Coca-Cola Soft Drinks , Soft Drinks
2	1,545	24 Hour Fitness Centers-Clubs , Fitness Centers-Clubs
3	479	Pussycat Dolls Lounge Nightclubs , Nightclubs
4	396	Freemotion Fitness Exercise Equipment , Exercise Equipment
5	352	Precor Exercise Equipment , Exercise Equipment
6	325	AT&T Telephone Services-Wireless Text Messaging , Wireless Telephone Services
7	294	New Balance Sport Footwear , Sporting Footwear
8	250	National Football League Association , Sporting Assn.
9	218	Apple Computer Systems Laptop , Computer Systems
10	214	Nike Apparel , Apparel

Note: Coverage includes prime-time entertainment programs on ABC, CBS, CW, Fox, MNT, and NBC for Q1 2008.

Source: Place*Views, Nielsen Product Placement Service, at www.nielsenmedia.com, accessed June 2008.

Dodge Dealers Group withdrew all its advertising from the local CBS station, costing that station more than \$100,000 in revenue. After a Catholic group called for a boycott of *Nothing Sacred*, an ABC television series about a young, hip Catholic priest who questions church doctrine, Sears, Isuzu, and Weight Watchers withdrew their ads.

Advertisers explain that they are concerned about the surrounding environment in which their ads appear. Because of this, airlines ask newspapers and broadcast news programs to pull their ads if they will appear near news stories of air disasters. Grocery stores politely request that their commercials go on after cooking segments and not after famine reports. Many other advertisers ask for advance notice of stories that might create a negative environment for their ads. Critics point out that this practice encourages self-censorship, because the media might avoid those stories so as not to lose ad revenue. For years cigarette companies required “early warnings” of antismoking articles that would be run in magazines in which they advertised. The magazines knew that these warnings would enable the companies to pull their ads. To avoid the loss of revenue, some magazines dropped stories about the relationship between smoking and health.²⁶

Too often, the media are willing to be influenced by their advertisers. Some local newspapers may entice new advertisers by offering to run news stories about their businesses. In all media, memos occasionally arrive from the business office reminding the rest of the staff that the medium can’t stay in business by constantly offending advertisers.

How do advertisers influence the editorial content of the media in which their ads appear?

**SELF
QUIZ**

FACT FILE 13.2

Top-10 Programs for Product Placement on Broadcast TV

Rank	Total Number of Occurrences	Program, Network
1	3,977	<i>The Biggest Loser</i> , NBC
2	3,291	<i>American Idol</i> , Fox
3	1,646	<i>The Apprentice</i> , NBC
4	1,603	<i>Deal or No Deal</i> , NBC
5	1,011	<i>Extreme Makeover: Home Edition</i> , ABC
6	1,011	<i>Big Brother 9</i> , CBS
7	929	<i>CW Now</i> , CW
8	805	<i>Pussycat Dolls Present</i> , CW
9	574	<i>America's Next Top Model</i> , CW
10	557	<i>One Tree Hill</i> , CW

Note: Coverage includes prime-time entertainment programs on ABC, CBS, CW, Fox, MNT, and NBC for Q1 2008.

Source: Place*Views, Nielsen Product Placement Service, at www.nielsenmedia.com, accessed June 2008.

Talking Points

1. Advertising helped create the mass market necessary for mass production, and it allowed for the diffusion of a wide variety of innovations. It enabled the establishment of brand names sold nationally. It also made the establishment of new media possible by supporting them financially.
2. The Industrial Revolution; the penny press; and the advent of radio, television, and the World Wide Web have all been major events in the growth of advertising.
3. Advertising agencies are categorized as either in-house, boutique, or full-service.
4. Agencies are usually organized into four areas. Account management coordinates all work with the client. Research departments predict audience reaction and measure ad performance. Creative departments actually devise and produce the ads, and media departments determine the media mix and buy the space or time in the various media.
5. Each medium has its own advantages and disadvantages for advertising.
6. Traditional objectives typically include building name recognition, spreading news about the product, promoting an image, and adding value to the product.
7. Some nontraditional objectives are advocacy (changing public opinion or government policy), correction (changing an impression given by earlier advertising), and public service (promoting the public interest).
8. Advertising has been controversial from the first printed ads to those currently being developed for the World Wide Web.
9. The biggest controversy concerns how much freedom of speech advertising should be given.
10. A related debate revolves around the nature of truth in advertising. Critics contend that some ads lie outright, while others use subtle deception.

11. Other controversies swirl around ads that affect children. Some critics believe that no ads should be directed to small children and that promoting drinking and smoking can be detrimental to teens.
12. Other critics are concerned about the ways advertisers influence the news and information that a medium carries.

Key Terms

These terms are defined and indexed in the Glossary of key terms at the back of the book.

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Online Excursions

ONLINE LEARNING CENTER

You may access these and additional Web excursions on the Online Learning Center for the book (www.mhhe.com/rodman3e). Visit the student portion of this Web site to also access the *Media World* video clips, online boxes, *Interactive Timeline of Mass Media Milestones*, chapter highlights, self quizzes, and recommended readings, movies, and documentaries for this chapter.

HISTORY

1. How were ads different in earlier times? What do these differences suggest about changes in consumers? To find out, go to one of the repositories of old ads on the Web. Do a search for “old ads” or “advertising history,” or go to <http://scriptorium.lib.duke.edu> or a company site such as www.coke.com or www.nike.com and search for advertisements. Choose an old ad that interests you and update the campaign for a contemporary audience.

INDUSTRY

2. Come up with a list of a half dozen or so of your favorite products, services, stores, fashion designers, and the like. Plug them into your browser with a .com address, such as www.pepsi.com, www.benetton.com, www.clubmed.com, or www.jcrew.com to see if they have a company name Web site. If they don't, key word the company name into any search engine to see if they have one under a different name. When you find your six products, evaluate each Web site as a form of advertising. Is it successful?

CONTROVERSIES

3. Search the Web for current advertising issues. You might want to go to one of the ad criticism sites such as the BADvertising Institute at www.badvertising.org. Alternatively, you could access the FTC Consumer Protection site at www.ftc.gov/bcp/consumer.shtm to read about the current advertising issues that the FTC feels the public needs to be warned about. Choose one of these issues and prepare a brief report for the class.

Note: Some Web site addresses may change. When they do, please search for the Web site by name or topic on your favorite search engine.