

What is Advertising?

Advertising is a non-personal form of promotion that is delivered through selected media outlets that, under most circumstances, require the marketer to pay for message placement. Advertising has long been viewed as a method of mass promotion in that a single message can reach a large number of people. But, this mass promotion approach presents problems since many exposed to an advertising message may not be within the marketer's target market, and thus, may be an inefficient use of promotional funds. However, this is changing as new advertising technologies and the emergence of new media outlets offer more options for targeted advertising.

Advertising also has a history of being considered a one-way form of marketing communication where the message receiver (i.e., target market) is not in position to immediately respond to the message (e.g., seek more information). This too is changing. For example, in the next few years technologies will be readily available to enable a television viewer to click a button to request more details on a product seen on their favorite TV program. In fact, it is expected that over the next 10-20 years advertising will move away from a one-way communication model and become one that is highly interactive.

Another characteristic that may change as advertising evolves is the view that advertising does not stimulate immediate demand for the product advertised. That is, customers cannot quickly purchase a product they see advertised. But as more media outlets allow customers to interact with the messages being delivered the ability of advertising to quickly stimulate demand will improve.

Importance of Advertising

Spending on advertising is huge. One often quoted statistic by market research firm ZenithOptimedia estimates that worldwide spending on advertising exceeds (US) \$400 billion. This level of spending supports thousands of companies and millions of jobs. In fact, in many countries most media outlets, such as television, radio and newspapers, would not be in business without revenue generated through the sale of advertising.

While worldwide advertising is an important contributor to economic growth, individual marketing organizations differ on the role advertising plays. For some organizations little advertising may be done, instead promotional money is spent on other promotion options such as personal selling through a sales team. For some smaller companies advertising may consist of occasional advertisement and on a very small scale, such as placing small ads in the classified section of a local newspaper.

But most organizations, large and small, that rely on marketing to create customer interest are engaged in consistent use of advertising to help meet marketing objectives. This includes regularly developing advertising campaigns, which involve a series of decisions for planning, creating, delivering and evaluating an advertising effort. We will cover advertising campaigns in greater detail in our next tutorial.

Managing Advertising Decisions

Delivering an effective marketing message through advertising requires many different decisions as the marketer develops their advertising campaign. For small campaigns, that involve little creative effort, one or a few people may handle the bulk of the work. In fact, the Internet has made do-it-yourself advertising an easy to manage process and has especially empowered small businesses to manage their advertising decisions. As we will see, not only can small firms handle the creation and placement of advertisements that appear on the Internet, new services have even made it possible for a single person to create advertisements that run on local television. For instance, a company called SpotRunner allows users to select from a list of high-quality television ads that can be customized and then placed within local cable television programming.

For larger campaigns the skills needed to make sound advertising decisions can be quite varied and may not be easily handled by a single person. While larger companies manage some advertising activities within the company, they are more likely to rely on the assistance of advertising professionals, such as those found at advertising agencies, to help bring their advertising campaign to market.

Advertising Agency Functions

Professionals at advertising agencies and other advertising organizations offer a number of functions including:

- **Account Management** – Within an advertising agency the account manager or account executive is tasked with handling all major decisions related to a specific client. These responsibilities include locating and negotiating to acquire clients. Once the client has agreed to work with the agency, the account manager works closely with the client to develop an advertising strategy. For very large clients, such as large consumer products companies, an advertising agency may assign an account manager to work full-time with only one client and, possibly, with only one of the client's product lines. For smaller accounts an account manager may simultaneously manage several different, though non-competing, accounts.
- **Creative Team** – The principle role of account managers is to manage the overall advertising campaign for a client, which often includes delegating selective tasks to specialists. For large accounts one task account managers routinely delegate involves generating ideas, designing concepts and creating the final advertisement, which generally becomes the responsibility of the agency's creative team. An agency's creative team consists of specialists in graphic design, film and audio production, copywriting, computer programming, and much more.
- **Researchers** – Full-service advertising agencies employ market researchers who assess a client's market situation, including understanding customers and competitors, and also are used to test creative ideas. For instance, in the early stages of an advertising campaign researchers may run focus group sessions with selected members of the client's target market in order to get their reaction to several advertising concepts. Researchers are also used following the completion of an advertising campaign to measure whether the campaign reached its objectives.
- **Media Planners** – Once an advertisement is created, it must be placed through an appropriate advertising media. Each advertising media, of which there are thousands, has its own unique methods for accepting advertisements, such as different advertising cost structures (i.e., what it costs marketers to place an ad), different requirements for accepting ad designs (e.g., size of ad), different ways placements can be purchased (e.g., direct contact with media or through third-party seller), and different time schedules (i.e., when ad will be run). Understanding the nuances of different media is the role of a media planner, who looks for the best media match for a client and also negotiates the best deals.

Types of Advertising

If you ask most people what is meant by "type" of advertising, invariably they will respond by defining it in terms of how it is delivered (e.g., television ad, radio ad, etc.). But in marketing, type of advertising refers to the primary "focus" of the message being sent and falls into one of the following four categories:

Product-Oriented Advertising

Most advertising spending is directed toward the promotion of a specific good, service or idea, what we have collectively labeled as an organization's product. In most cases the goal of product advertising is to clearly promote a specific product to a targeted audience. Marketers can accomplish this in several ways from a low-key approach that simply provides basic information about a product (informative advertising) to blatant appeals that try to convince customers to purchase a product

(persuasive advertising) that may include direct comparisons between the marketer's product and its competitor's offerings (comparative advertising).

However, sometimes marketers intentionally produce product advertising where the target audience cannot readily see a connection to a specific product. Marketers of new products may follow this "teaser" approach in advance of a new product introduction to prepare the market for the product. For instance, one week before the launch of a new product a marketer may air a television advertisement proclaiming "After next week the world will never be the same" but do so without any mention of a product or even the company behind the ad. The goal is to create curiosity in the market and interest when the product is launched.

Image Advertising

Image advertising is undertaken primarily to enhance an organization's perceived importance to a target market. Image advertising does not focus on specific products as much as it presents what an organization has to offer. In these types of ads, if products are mentioned it is within the context of "what we do" rather than a message touting the benefits of a specific product. Image advertising is often used in situations where an organization needs to educate the targeted audience on some issue. For instance, image advertising may be used in situations where a merger has occurred between two companies and the newly formed company has taken on a new name, or if a company has received recent negative publicity and the company wants to let the market know that they are about much more than this one issue.

Advocacy Advertising

Organizations also use advertising to send a message intended to influence a targeted audience. In most cases there is an underlying benefit sought by an organization when they engage in advocacy advertising. For instance, an organization may take a stand on a political issue which they feel could negatively impact the organization and will target advertisements to voice their position on the issue.

Public Service Advertising

In some countries, not-for-profit organizations are permitted to run advertisements through certain media outlets free-of-charge if the message contained in the ad concerns an issue viewed as for the "greater good" of society. For instance, ads directed at social causes, such as teen-age smoking, illegal drug use and mental illness, may run on television, radio and other media without cost to organizations sponsoring the advertisement.

Advertising Trends

Like most areas of marketing, advertising is changing rapidly. Some argue that change has affected advertising more than any other marketing function. The more important trends in advertising include:

Digital Convergence

While many different media outlets are available for communicating with customers, the ability to distinguish between outlets is becoming more difficult due to the convergence of different media types. In advertising convergence, and more appropriately digital convergence, refers to a growing trend for using computer technology to deliver media programming and information. Convergence allows one media outlet to take advantage of features and benefits offered through other media outlets. For instance, in many areas around the world television programming is now delivered digitally via cable, telephone or satellite hookup. This delivery method uses the same principles of information delivery that is used to allow someone to connect the Internet.

The convergence of television and Internet opens many potential opportunities for marketers to target customers in ways not available with traditional television advertising. For example, technology may allow ads delivered to one household to be different than ads delivered to a neighbor's television even though both households are watching the same program. But convergence is not limited to just television. Many media outlets are experiencing convergence as can be seen with print publications that now have a strong web presence. The future holds even more convergence opportunities. These include outdoor billboards that alter displays as cars containing geographic positioning systems (GPS) and other recognizable factors (e.g., GPS tied to satellite radio) pass by or direct mail postcards that carry a different message based on data that matches a household's address with television viewing habits.

Focus on Audience Tracking

The movement to digital convergence provides marketers with the basic resources needed to monitor user's activity, namely, digital data. Any media outlet that relies on computer technology to manage the flow of information does so using electronic signals that eventually form computer data. In simple form, electronic data is represented by either an "on" or "off" electronic signal. In computer language this is further represented by two numbers "0" and "1" and, consequently, is known as digital information. All digital information can be stored and later evaluated. For media outlets delivering information in digital form, the potential exists for greater tracking and matching this with information about the person receiving the digital data. And tracking does not stop with what is delivered; it also works with information being sent from the customer. For instance, as we noted earlier, by clicking on their television screen viewers will soon be able to instantly receive information about products they saw while watching a television show. This activity can be tracked then used in future marketing efforts.

Audience Concern with Tracking

While media convergence offers marketers more options for tracking response to advertisements, such activity also raises ethical and legal concerns. Many consumers are not pleased to learn their activities are being monitored when they engage a media outlet. Yet consider the following examples of how marketers are tracking users:

- **Television Viewing** – As we noted, the advent of digitally delivered television allows cable, telephone and satellite providers to track user activity through the set-top boxes connected to a subscriber's television. Future innovation will make the user television experience even more interactive and, consequently, open to even more tracking.
- **Television recording** – The days of television videotape recording are quickly coming to an end, replaced by recording using computer technology. A digital video recorder (DVR), such as TiVo, can track users recording habits and, based on a viewer's past activity, make suggestions for programs they may want to record. Additionally, advertising services can program the DVR to insert special advertisements within a program targeted to a particular viewer.
- **Internet Spyware** – Downloading entertainment from the Internet, such as games, video and software, may contain a hidden surprise – spyware. Spyware is a special program that runs in the background of a user's computer and regularly forwards information over the Internet to the spyware's company. In some cases spyware keeps track of websites the user has visited. The information is then used to gain an understanding of the user's interests, which then results in delivery of special ads when a user visits a certain site.

Ad Skipping and Blocking

As noted above, television recording devices offer marketers tremendous insight into viewers' habits and behavior. Yet from the consumer side, the DVR is changing how people view television programs by allowing them to watch programming at a time that is most convenient for them.

Viewer convenience is not the only advantage of the DVR. The other main reason consumers are attracted to the DVR is their ability to quickly skip over commercials. Of course this presents major issues for advertisers who are paying for advertisements. As more DVR devices with ad skipping or even ad blocking features are adopted by mainstream consumers the advertiser's concern with whether they are getting the best value for the advertising money becomes a bigger issue. Advertisers who feel frustrated with television ad-skipping may opt to invest their promotional funds in other media outlets where consumers are more likely to be exposed to an advertisement.

Changing Media Choices

There is a major cultural shift occurring in how people use media for entertainment, news and information. Many traditional media outlets, such as newspapers and major commercial television networks, are seeing their customer base eroded by the emergence of new media outlets. The Internet has become the major driver of this change. In particular, a number of important applications tied to the Internet are creating new media outlets and drawing the attention of many, mostly younger, consumers. Examples include:

- **Podcasting Audio** – This involves delivering programming via downloadable online audio that can be listened to on music players, such as Apple's iPod. Many news websites and even other information site, such as blogs, offer free downloadable audio programming.
- **Podcasting Video** – While audio downloading has been available for some time, the downloading of video to small, handheld devices, including cellphones, is in its infancy. Many television networks are now experimenting with making their programming available for download, albeit, for a fee.
- **RSS Feeds** – This is an Internet information distribution technology that allows for news and content to be delivered instantly to anyone who has signed up for delivery. Clearly those registering for RSS feeds represent a highly targeted market since they requested the content.
- **Networked Gaming** – While gaming systems have been around for some time, gaming systems attached to the Internet for group play is relatively new and becoming more practical as more people move to faster Internet connections. This type of setup will soon allow marketers to insert special content, such as advertising, within game play.

For marketers these new technologies should be monitored closely as they become accepted alternatives to traditional media outlets. While these technologies are currently not major outlets for advertising, they may soon offer such opportunity. As these technologies gain momentum and move into mainstream acceptance marketers may need to consider shifting advertising spending.

Marketers should also be aware that new media outlets will continue to emerge as new applications are developed. The bottom line for marketers is they must stay informed of new developments and understand how their customers are using these in ways that may offer advertising opportunities.