

11.4: Advertising and Direct Marketing

Learning Objectives

1. Understand the difference between media and vehicles.
2. Explain the similarities and differences between advertising and direct marketing.
3. Understand the benefits of direct marketing and what types of direct marketing organizations often utilize.

Advertising

Advertising is paid promotion with an identified sponsor that reaches many people at one time and can be repeated many times. One of the biggest issues an organization must address is which medium or media provides the biggest bang for the buck, given a product's characteristics and target market. For example, a thirty-second ad aired during Super Bowl XLII cost \$2.7 million. Since 97.5 million people watched the game, the cost per ad was less than three cents per viewer. For Super Bowl XLVI, the cost for a thirty-second spot increased to \$3.5 million, and approximately 111.3 million viewers watched. However, do the ads pay off in terms of sales? Many advertising professionals believe many of the ads don't, yet the ads probably do create brand awareness or a public relations type of effect since many people tune in and then talk about Super Bowl commercials.

Whether it's a commercial on the Super Bowl or an ad in a magazine, each medium (e.g., television, magazines, mobile phones, social media) has different advantages and disadvantages. Mobile phones provide continuous access to people on the go, although reception may vary in different markets. Radios, magazines, and newspapers are also portable. People tend to own more than one radio, but there are so many radio stations in each market that it may be difficult to reach all target customers. People are also typically doing another activity (e.g., driving or studying) while listening to the radio, and without visuals, radio relies solely on audio. Both television and radio must get a message to consumers quickly. Although many people change channels (zap) or leave the room during commercials, television does allow for visual demonstrations. In an effort to get attention, advertisers changed the volume for television commercials for years. However, the Federal Trade Commission passed a regulation effective in 2010 that prohibits advertisers from changing the volume level of commercials on television, although consumers still notice that some commercials are louder than the regular shows.

People save magazines for a long time, but advertisers must plan in advance to have ads in certain issues. With the Internet, both magazines and newspapers are suffering in terms of readership and advertising dollars. Many major newspapers, such as papers in Seattle and Chicago, have gone out of business. Other newspapers, such as *USA Today* are free online, although printed copies are also available. The fact that local retailers get cheaper rates for advertising in local newspapers may encourage both local businesses and consumers to support newspapers in some markets.

Within each different medium, an organization might select a different vehicle. A vehicle is the specific means within a medium to reach a selected target market. For example, if a company wants to develop television commercials to reach teenagers, it might select *Gossip Girl* on the CW as the best vehicle. If an organization wants to use magazines to reach males interested in sports, it might use *Sports Illustrated*. *Sports Illustrated* launched SI.com so readers could get up-to-date information on the Web. On SI.com, readers can also access links to popular articles and "SIVault" (<https://vault.si.com/>), where they can search articles and pictures that have run in the magazine since it was launched in 1954. The printed SI swimsuit edition continues to be one of the most popular issues of any magazine. Over 67 million consumers saw the 2010 SI swimsuit franchise (via magazine, mobile, SIVault, etc.)¹.

Direct Marketing

Direct marketing allows organizations to target a specific set of customers, measure the return on investment (ROI), and test different strategies before implementing to all targeted consumers. It can be personalized as a call for consumers to take action, which is a desired response. However, direct marketing is very intrusive, and many consumers may ignore attempts to reach them. Catalogs and direct mail provide popular alternatives for many marketers, although the volume of mail sent may drop significantly in a weak economy.

Telemarketing involves direct marketing by phone. You may have just sat down for dinner when the phone rings with a local charity calling to raise money. The calls always seem to come at dinner or at other inconvenient times. Although expensive, telemarketing can be extremely effective for charitable organizations and different service firms and retailers. However, because

some consumers have negative perceptions of telemarketers, many organizations do not use it. The Do Not Call Registry, which was established in 2008, prevents organizations from calling any numbers registered with the Federal Trade Commission.

Direct response advertising includes an offer and a call to action. You may be watching television when an interesting product is shown. The announcer says, “Call now and receive a bonus package.” They want consumers to call to purchase the product or to get more information. The Internet provides the preferred direct response medium for direct marketing because it is less expensive and easier for the organization to utilize.

Key Takeaway

Advertising is paid for communication that has an identified sponsor and reaches many people at one time. Once companies decide on different media (e.g., magazines or television), they must also select specific vehicles (e.g., *Sports Illustrated* or the Super Bowl). Direct marketing allows organizations to target specific individuals and use direct response advertising. Telemarketing, the Internet, direct mail, and catalogs are popular direct marketing methods.

Review Questions

1. Why do you think so many organizations rely on advertising to communicate with customers and potential customers?
2. What is the difference between a medium and a vehicle? Give examples of each.
3. Why is direct marketing successful even though some consumers may not like it?

¹ http://simediakit.com/property-single.xhtml?property_id=36

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