

2.2: Advertising Is Old - and Brand New

learning objectives

After studying this section, students should be able to do the following:

1. *Understand* how the background and history of U.S. advertising impacts modern advertising and its clients.
2. *Define* the various types of advertising and promotion agencies employ in today's marketplace.

Hammers and screwdrivers did the trick for years, but today marketing communications professionals have a whole new box of power tools. The marketing to-do list is long and so is the list of instructions.

Agencies and their clients sorted madly through the box for the past decade as they tried to find the most effective tools for the job. Now, an avalanche of new technology adds to an increasingly daunting pile. It's hard for some experienced advertising professionals to let go of what they "know." "There's still a little fear out there about shifting away from the traditional marketing tactics," said Doug Scott, executive director for branded content and entertainment for the North American operations of Ogilvy & Mather Worldwide, part of the WPP Group, in 2006.

But some marketers get it. They understand that advertising is a key driver of popular culture in addition to just reflecting what is going on in our world. Think about Burger King, for example: How does a company that sells dead meat sandwiches and strips of deep-fried potatoes dig its way deep into popular consciousness and (dare we say it?) actually become cool? As CEO John Chidsey (who refers to himself as Chief Whopper Flipper) explains, "We want to stay on the cutting edge of pop culture." How cool is it to sell more than three million Burger King-branded Xbox video games in two months? Or to get its creepy icon The King included in seventeen skits on Jay Leno in the same amount of time? How about having a highly visited profile on MySpace, or posting your menu as a video on YouTube. There's something more than basic burger ads going on here.

Fifteen years ago, we defined advertising agencies by the essential tools they used: television commercials, radio spots, billboards, print ads. But today traditional advertising approaches, even in the hands of our most skilled and lauded practitioners, are no longer good enough.

Before we see how things are changing, let's back up and start with a traditional definition: **Advertising** is *nonpersonal communication from an identified sponsor that intends to inform, persuade, and/or remind*. Now let's break that down a bit so we understand what advertising is—and how it differs from other forms of marketing communication:

- *Advertising is nonpersonal communication*: The message gets delivered through one or more forms of paid mass media such as television or billboards.
- *Advertising comes from an identified sponsor*: Whether or not we pay attention to the message, we know who sent it.
- *Advertising informs*: Some messages try to make consumers aware of a product, service, or specific brand. You won't choose a specific MP3 player until you know what it is and believe it's better than listening to music on a CD player.
- *Advertising persuades*: Some messages try to change our opinion or motivate us to take action. You might decide to buy a Toyota Scion after you see a cool ad for it while you're watching *American Idol*.
- *Advertising reminds*: Some messages try to encourage us to keep buying what we already like and use. "Got milk?"

Later we'll talk about other kinds of marketing communication (such as sales promotions) and see how they differ from advertising. For now, suffice it to say that the lines are blurring and the tried and true is no longer so true. For example, while it's mostly accurate to say that advertising comes from nonpersonal communications sources, today some companies recruit "brand ambassadors" who literally become walking billboards for their brands. They may get a tattoo of the company's logo, or in some cases (we're not making this up) name their children after a brand in exchange for some kind of payment. Or, consider the growing use of *human directionals*, which is what the advertising industry calls people who twirl signs outside restaurants, barbershops, and new real estate subdivisions. Southern California in particular has become a mecca for this new "sport" as locals cook up new moves to out-style their competitors. These include the Helicopter, in which a spinner does a backbend on one hand while he twirls a sign above his head. Then there's the popular Spanking the Horse, where the human directional puts the advertising sign between his legs, slaps his own behind, and giddy-ups. Alana Semuels, "The Fine Art of Making a Point: 'Human Directionals'—Those Guys Spinning Advertising Arrows—Can Cost \$60 an Hour.

In addition, it's no longer necessarily crystal clear just who (if anyone) is the sponsor of a message. For example, we'll learn later about some **guerrilla marketing** tactics that involve paid performers who impersonate everyday people and endorse products in

public places. No, you're not paranoid—they really *are* trying to fake you out. Finally, as we'll see, the Web is in some ways taking the “mass” out of “mass media.” New technologies allow advertisers to customize messages so that (literally) each person who sees an ad actually gets a personalized communication that reflects his or her own unique interests and past purchases.



Figure 2.2 A human billboard tries to drum up business for a Realtor in Atlanta.

However, these innovative (and sort of scary) techniques remain in the minority of advertising efforts—at least for now. The reality is that most advertising agencies (and their clients) have been sleeping with their eyes open. According to an online survey of 184 marketers recently cited in the *Wall Street Journal*, “Less than 24 percent of those polled considered their companies ‘digitally savvy,’ citing several issues, including ‘lack of experience in new media’ and ‘dearth of digital talent.’” Suzanne Vranica, “Password to Marketers’ Meeting: Digital Survey Finds Spending Is Weak Despite Change in Consumer Behavior,” *Wall Street Journal*, October 11, 2007, B6. Still, the world of advertising is changing rapidly—and you’ll be in the forefront of that change.

What is happening to advertising?

Transformation. A melding of forms and disciplines. Evolution of species.

Despite conventional definitions and expectations, we need to understand that advertising isn’t just about ads. Messages that sell may not originate with marketers or agencies, but rather with *you*. Marketing messages may not be paid for by advertisers. They are multinational and multidimensional, providing any combination of information, identity, and entertainment.

They don’t stay in place. Today, most any place is ad space (maybe even your own forehead!). By emphasizing the visual and experiential, today’s advertising messages are difficult to analyze critically. By incorporating authentic experience and online collaboration, new marketing is very difficult to predict and control. An old Chinese curse says, “May you live in interesting times.” We do.

There is a fundamental change in the advertising vehicles themselves as media and technology converge. Traditional radio is losing share to digital options, online “television” viewing is increasingly popular, and marketers continue to divert print dollars to online budgets. Once thought to be a specialized type of advertising, now interactive/online approaches often are a fundamental way to engage consumers—especially younger digital natives who have grown up on MySpace, IM, and YouTube. Yet in an article on how advertisers seek less intrusive, more measurable ways to deliver online messages, the *Wall Street Journal* reports, “Many sites and advertisers remain in the throes of experimentation, with mixed or disappointing results to date. Some say the industry hasn’t yet figured out how to make video ads as interactive and effective as they can be.” Kevin J. Delaney and Emily Steel, “Are Skins, Bugs or Tickers the Holy Grail of Web Advertising?” *Wall Street Journal*, August 13, 2007, B1.

Clients are similarly challenged. They no longer have the luxury of telling you only what they want you to know about their brand. Today, you can ask your neighbor or a Norwegian sitting in an Internet café while he’s vacationing in Majorca about that new bottled water you’ve been thinking about trying—all you need to do is type in a few well-chosen key words on your Google search bar and you’re off to the races.

It didn’t take long for some forward-thinking marketers to ask how they could use blogs for their own purposes. Only 30 percent said they understood the meaning of the term *Internet blog*, while 12 percent reported their companies had resorted to legal action to stop a blog that someone else had posted about their company! The executives know there is a new tool out there. Most don’t understand or use it themselves. But their first instinct is that it must be reined in and controlled.

Like many marketers now, they battle twin fears: being late to the game and lacking the proper skills required to play. The danger is in choosing nontraditional routes uncritically because they have the cachet of being on the “bleeding edge.” According to Marc Schiller, chief executive of the digital-marketing shop Electric Artists, “There is always this pressure of saying we weren’t early enough on MySpace. We weren’t early enough on Facebook.... Suddenly there is this herd mentality and people are doing it because they feel like if they are not there, they are missing out.

A word of caution: in a business like advertising that prides itself on cultural currency, there is always a temptation to choose interactive solutions solely because you can. Sometimes, however, the best answer to a marketing problem is as low-tech and

simple as the vivid yellow LIVESTRONG bands on your friends' wrists. But before we talk about where we're going, let's talk about where we've been.

It's time to take a step back and first learn a bit about where advertising came from and how many organizations still do it today.

Some Quick Background and History

Advertising has been with us since the days of ancient Greece, when announcements were etched on stone tablets or shouted by town criers. While Pizza Hut painted its logo on a Russian rocket and delivered a pizza to the Mir Space Station, in reality many of the ad formats we see today haven't fundamentally changed in hundreds of years.

Advertising in the United States began before we were even a nation. Colonial Americans saw ads on posters and in newspapers—the first newspaper ad was for real estate and appeared in 1704. The true rise of modern advertising, however, coincided with the **Industrial Revolution** for three reasons:

- Technologies enabled mass production of consumer goods, which meant that companies could grow to a larger size and make many more products efficiently. Next, they needed to find ways to sell these goods.
- Railroads linked the nation and provided a way to get newspapers and mass-produced products into towns across America. Quaker Oats—the first mass-marketed breakfast food—was introduced in 1878. Ivory Soap followed in 1879, and in 1888 Eastman began advertising the first hand-held Kodak cameras.
- The same technologies that enabled mass production accelerated the growth of mass media. The invention of the rotary press in 1859 and the process of making paper from wood pulp developed in 1866 enabled mass production of newspapers, which in turn provided the medium to distribute ads to more people.

Early examples of mass media include the *New York Times*, which published its first issue in 1851 (it was then called the *New-York Daily Times*). The *New York Tribune* doubled its advertising between October 1849 and October 1850. The magazines *Harper's Bazaar* and *Vanity Fair* debuted in 1867 and 1868, respectively. By 1870, 5,091 newspapers were in circulation in the United States.

Capitalism also fueled advertising as it created a growing middle class that could afford to buy an array of consumer products. Soon the proliferation of mass-distributed consumer goods sparked the rise of the advertising profession. As competing manufacturers grew and more products were available on the market, the need to distinguish one's products from the rest of the pack created a need for professional advertising agents, and advertising grew from an emerging to a legitimate profession. In 1890, the J. Walter Thompson Company (the oldest continuously operating advertising agency in the United States) had billings totaling over \$1 million (in those days, a million was still a lot of money!).

Types of Advertising/Promotion

Today, the realm of advertising has expanded vastly beyond newspapers—way beyond. Consider Target's recent ads that entertained passersby at New York's Grand Central Station. The retailer showcased its designer apparel in a spooky fashion show that repeated every ten minutes; it used *holograms* (two-dimensional moving images that give the illusion of having three dimensions) to project images of garments (sans models) prancing down a surreal runway. Ann Zimmerman, "Target Campaign Goes 'Model-Less,'" *Wall Street Journal*, October 29, 2007, B4. Yes, we've come a long way from stone etchings.

In addition to holograms, take a look at all the media channels available to advertisers today.

Print Advertising

Print advertising includes national, regional, and local newspapers, as well as magazines, which, like newspapers, can be geographical or subject based. For example, *Dog Fancy* reaches dog lovers across the nation.

Direct Mail

Direct mail is advertising sent directly to people's homes through postcards, brochures, letters, and catalogs. Sponsored e-mails are a new form of "direct mail."

Specialty Print Media

Specialty print media include booklets, folders, and CD/DVD inserts developed to provide targeted groups with specialized information on products and services.

Broadcast Media

The **broadcast media** consist of television and radio.

We subdivide **television (TV)** according to major networks, independent stations, cable, broadband, and satellite.

Outdoor Advertising

Also known as *out-of-home* advertising, **outdoor advertising** includes billboards on roadsides, and posters on transit (buses, subways, rail, airports, trucks, and taxis), at gas pumps, and on park benches.

Point of Purchase

Point-of-purchase (POP) displays refer to displays next to cash registers or elsewhere in retail environments—we often find them at the point at which people are ready to buy.

Online Advertising

Pop-ups, pop-unders, banners, and text ads associated with Web pages provide targeted **online advertising** on the Web.

Dig Deeper

U.S. consumers go to the Web 15 percent of the time they spend with all media. This online migration makes the Web where the action is for many advertisers. Most big, traditional companies were very cautious about marketing online, but now they're cranking up their efforts as this media channel continues to gain legitimacy. According to John Galloway, vice president of sports, media, and interactive marketing at PepsiCo Inc.'s Pepsi-Cola North America unit, "Our job is to invest in where consumers are engaging with media."

And online is where they're going. For example, General Mills spends about double on online advertising what it laid out just one or two years ago, while Kraft reports similar numbers. Some media analysts believe the pattern of Web spending will mimic what they saw in earlier times with spending on broadcast and cable TV—both media benefited from huge growth once they reached a tipping point in terms of consumer adoption. This trend bodes well for companies like Yahoo! and Google that make their money from online search and advertising. But these **consumer packaged goods (CPG) companies** still have some catching up to do: in 2005, consumer packaged goods accounted for more than 11 percent of the \$145 billion in U.S. ad spending, but CPG companies spent just 1.6 percent of their ad dollars online on average, compared with an overall average of 5.8 percent of total ad spending for U.S. advertisers.

Check out some online ads for packaged goods companies like General Mills and Kraft to see how they're making this transition from traditional media. For example, you can find some nice recipes at Kraft's website. What could the company do to increase the appeal of this site? If you wanted to appeal to consumers who spend a lot of time browsing online, what changes might you make?

Sales Promotions

Sales promotions build interest in or encourage purchase of a good or service during a specified period. These activities range from coupons that we receive in our newspapers to contests and sweepstakes to sales competitions a company might host for its own employees.

Specialty Advertising

Specialty advertising involves the distribution of merchandise (called **promotional products, premiums, or swag**) to promote awareness of a company. These include coffee mugs, pens, jackets, and many items that are usually imprinted with a company's name, logo, or slogan and given away at trade shows or conferences or in mail campaigns.

User-Generated Content and Word of Mouth (WOM)

These days, many advertisers strive to get consumers to help get the word out about a product or service. The reason is simple: people trust the recommendations of others more than they trust paid advertising. Almost 90 percent of people say they trust recommendations from consumers compared to less than 50 percent who trust radio ads and less than 10 percent who say they trust online banner ads. It's fair to say that **user-generated content** is one of *the* biggest advertising and promotion stories of this decade.

Dig Deeper

How believable are advertisements that big companies sponsor? Is buzz truly more effective than a glitzy ad with a highly paid celebrity who tells you to use a company's product or service? Find some cool print ads and show them to your friends. Ask them to talk about how effective they think the ads are and why they do or don't make it more likely that they'll actually buy the advertised brand.

Ad-Supported Content

Ad agencies are well aware that many consumers watch TV with their TiVo firmly in hand, ready to skip through their wonderful ads. People read fewer newspapers as well (especially college students!). Advertisers lose a lot of sleep worrying about how to get their clients' brands noticed in this ad-hostile environment. This means moving away from traditional advertising and the model of adding prepackaged ads to precreated content.

Ad-supported content (content that advertisers explicitly create or modify to feature products or services) has grown exponentially in the early twenty-first century. The trend toward integrating advertising messages with program content continues to accelerate, and new variations appear all the time. For example, **product placement** refers to the insertion of real products in fictional movies, TV shows, books, and plays. Many types of products play starring (or at least supporting) roles in our culture; in 2007, for example, the most visible brands ranged from Coca-Cola and Nike apparel to the Chicago Bears football team and the Pussycat Dolls band. This practice has become so commonplace and profitable now that it's evolving into a new form of promotion we call **branded entertainment**, where advertisers showcase their products in longer-form narrative films instead of brief commercials. For example, *SportsCenter* on ESPN showed installments of "The Scout, presented by Craftsman at Sears," a six-minute story about a washed-up baseball scout who discovers a stunningly talented stadium groundskeeper.

Is Traditional Advertising Dead?

We've seen that advertisers have many, many more weapons in their arsenal than they used to. With all of these exciting options available, it's tempting to conclude that traditional methods like a TV commercial or a magazine space ad are history. Is traditional advertising dead?

Don't write an obituary for traditional advertising—at least not yet. It's true that fewer people may be watching TV, especially the major networks, but TV is still the medium that reaches the greatest number of people at the same time. That's why advertisers continue to pay top dollar to make and air TV commercials. But the industry is shifting from the sell-and-tell mindset that traditionally prevailed in broadcast and print media. The new mindset engages people in a conversation. This perspective understands that advertising needs to show customers how a product will satisfy their needs—and do it better than the competition. Broadcast media builds awareness of a brand, but, as SS+K's Rob Shepardson says, awareness is only "the first step of the process." Advertising and promotion must now build the relationship, too. Understanding the components of this relationship is part of the marketing discipline. Let's turn to that next.

Key Takaway

Advertising has been with us for thousands of years. As technologies develop and competition for consumers' attention increases, advertisers need to keep alert to new media formats in addition to relying on the traditional platforms they've used for many years.

EXERCISES

1. Describe the differences between advertising and other forms of marketing communication.
2. Explain how guerrilla marketing can be used to bring advertising to the "street."
3. It is said that the true rise of advertising coincided with the Industrial Revolution for three reasons. Briefly list and comment on those reasons.
4. Characterize print advertising, broadcast television (TV), radio, and online advertising. Be sure to cite characteristics that distinguish the four terms.

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