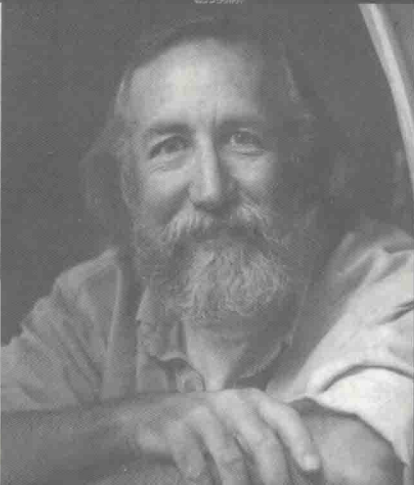
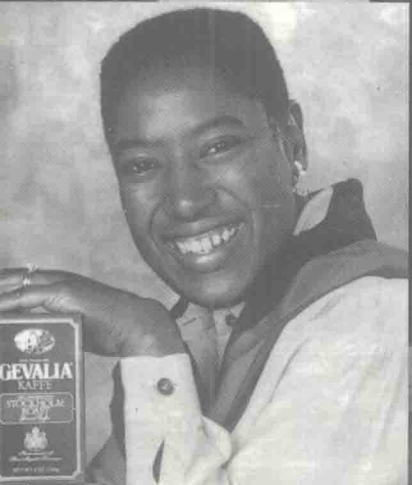
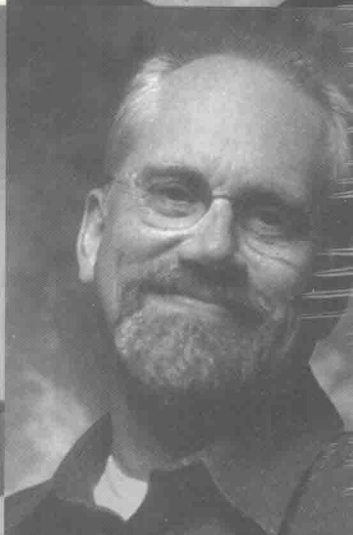




# Advertising

## The Business of Brands



# **ADVERTISING**

## **The Business of Brands**

### **An Introduction to Careers & Concepts in Advertising & Marketing**

by Bruce Bendinger, Ann Maxwell, Beth Barnes, Elizabeth Tucker,  
Anthony McGann, Robert Gustafson, Carla Lloyd, Tom Jordan,  
Jon Wardrip, Jim Avery, Dennis Altman, Alice Kendrick,  
Dennis Ganahl, Joe Bob Hester, and James Marra.

### **First Edition**

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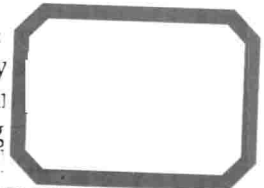
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*This book is dedicated to Tom Jordan,  
ad man, educator, father, and friend.  
[1941–1998]*

# ADVERTISING

## The Business of Brands

### CAREERS & CONCEPTS IN ADVERTISING & MARKETING.

#### Introduction.

READ THIS FIRST. It introduces you to key concepts:

- The development of the brand concept
  - How "The Business of Brands" is organized
  - Marketing, communications, and integration = IMC
  - The process that "manufactures" marketing = PIE
  - The speed of change and the importance of new ideas
- This intro will give you a "roadmap" for the rest of the book.

#### I. The Evolution of Advertising.

THIS SECTION COVERS THE DEVELOPMENT of the American marketplace and its consequences in our lives today.

It begins with the innovations of early advertisers and the rise of new media forms. Then, it shows you how the forces of marketing are changing today's marketplace.

Finally, we'll discuss how advertising has become a major force in both American business and American culture.

#### 1 From Advertising to Marketing.

THE 20TH CENTURY BEGAN with modern advertising.

You'll meet innovators and their innovations as the mass consumer market grows. Midway through the century, you'll see a new way of doing business emerge from advertisers and their agencies – marketing.

38

#### 2 The Modern Marketplace.

THE WORLD OF MARKETING keeps changing.

Now marketing is a driving force almost everywhere.

In this chapter, we'll examine how the growing importance of marketing has reshaped the entire American marketplace and helped create – *The New Advertising*.

And we'll look at the next evolution – *Integrated Marketing Communications (IMC)*.

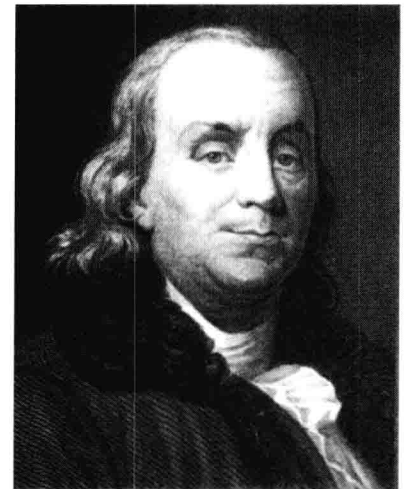
92

#### 3 Advertising & Society.

ECONOMICS, ETHICS, RULES, AND REGULATIONS.

This chapter discusses how advertising in our society affects us all, whether we are students, citizens, consumers, or marketing professionals.

132



**The First American was an Ad Man.** Benjamin Franklin, known as "The First American," was not only an inventor, patriot, and publisher, he was also a marketer, and advertising copywriter! He wrote ads and developed promotions to increase sales of his Pennsylvania Gazette. He even franchised his printing businesses in other colonies – two centuries before Kinko's!

**If my Razor wasn't good enough for me to use I wouldn't ask you to try it!**

You certainly cannot doubt the sound logic and wisdom of the many arguments I have advanced in favor of my razor. You will admit that unless the GILLETTE personally inspects every point of importance it never would have been accepted by two million men in the past three years as the best, most simple and satisfactory shaving device in the world.

In the first place my razor requires **No Shaving**. No Honing. It is always ready. That is why it is the most popular. You can shave in three to five minutes.

The second reason my razor is so popular is that it will shave you without cutting. No pulling, cutting or dragging of the hair. This is an advantage that would be almost impossible to give to any other razor. No other razor is so simple. The razor is so simple that a child can use it. There is no danger of cutting the skin with the razor. It is so simple that it can be used by anyone.

I have seen who have shaved with the razor. They have seen it at the time when it was first used. They have seen it at the time when it was first used. They have seen it at the time when it was first used.

And I will guarantee you will experience the same results. That is why I have sold this razor since 1895. A real safe razor it is.

Let me now guarantee you will experience the same results. That is why I have sold this razor since 1895. A real safe razor it is.

The **Gillette Safety Razor** has changed a razor after played longer, it double-edged blades. 74 keen edges, packed in a retractable holder and the price is \$3.00.

Combination Set From \$6.50 to \$50.00

GILLETTE SALES COMPANY  
300 East Broadway New York  
300 East Broadway NEW YORK  
300 East Broadway NEW YORK

**Gillette Safety Razor**  
NO SHAVING. NO HONING.

**From Manufacturing to Marketing.** Brands began as names for manufactured products. They have evolved into the core concept of marketing organizations.

On any Sunday, you can see marketers like Campbell's advertising in the FSI (Free Standing Insert) section of your local newspaper.

These ads are for **promotions**.

In some cases marketers will spend two or three times more on promotions than they do on advertising!

### National Advertising.

This reaches a large national audience. Here some examples:

Network TV: ABC, CBS, Fox, NBC

National Magazines: Newsweek, People, Time, TV Guide

National Newspapers: USA Today, Wall Street Journal

### Local Advertising.

This reaches people in a specific area or region. Here are some examples:

Local Television

Newspapers

Outdoor

Radio

### Niche Advertising.

This reaches a narrow group – either nationally or within a market.

Here some examples:

Cable Networks: BET, ESPN, Lifetime, MSNBC, MTV, Telemundo

Trade Journals & Special Interest Magazines: AdWeek, Chain Store Age, PC Monthly, Modern Bride



### Ads for Advertising.

This is a sales presentation for BET, the Black Entertainment Network.

A media company uses this to communicate the advantages of their media channel to potential advertisers and other important audiences – such as cable carriers.



## II. The Business of Brands.

MARKETERS, AGENCIES, MEDIA, MARKETING SERVICES.

These four unique types of businesses make up The Business of Brands. You'll see how these different kinds of companies are organized and the many different careers they offer.

### 4 Marketers & Advertisers.

MARKETING AND ADVERTISING DEPARTMENTS are organized around the brands they market.

In this chapter, you'll be introduced to the ways marketers and advertisers do business. We'll cover their internal responsibilities, and the way they work with outside suppliers – such as ad agencies and marketing services firms. 182

### 5 Advertising Agencies.

BRAND-BUILDING COMMUNICATIONS are the unique product of advertising agencies.

You'll see the many types of agencies, how they work, and the many jobs needed to make an ad agency successful. 222

### 6 The World of Media.

MEDIA HAS MANY ROLES IN OUR SOCIETY.

This chapter will focus on the business behind the media – the business of delivering audiences to advertisers and the marketing of *entertainment brands*.

We'll look at the different types of media, and how they market themselves to audiences, advertisers, and agencies as well as how this affects us as citizens and consumers. 268

### 7 Marketing Services.

MARKETING HAS MANY FUNCTIONS.

In this chapter we'll survey the specialized companies that supply marketing services sales promotion, public relations, direct marketing, event marketing, media buying, marketing research, and more. 324



### III. The Brand-Building Process.

MARKETING. COMMUNICATING. INTEGRATING.

This section will cover how advertising is planned, implemented, and evaluated in today's marketplace.

You'll see how marketers, agencies, media, and marketing services work together to build brands.

## 8 Marketing & The Planning Process.

PLANNING & STRATEGY DEVELOPMENT is the focus of this chapter. Planning begins with evaluation.

You'll see how marketers and agencies work together to define and refine objectives and then develop strategies. **364**

## 9 Communication & The Creative Process.

FROM IDEA TO IMPLEMENTATION. This chapter will cover the key element of implementation, the way an ad agency creates, presents, and then produces the communication.

It's one of the most fun parts of advertising. **404**

## 10 Media & The Marketing of Messages.

MEDIA IS THE CRITICAL CONNECTION. It delivers the message in the marketplace. Media costs are usually the largest part of an advertising budget.

This chapter will cover the ways agencies determine the most effective way to deliver their brand's message.

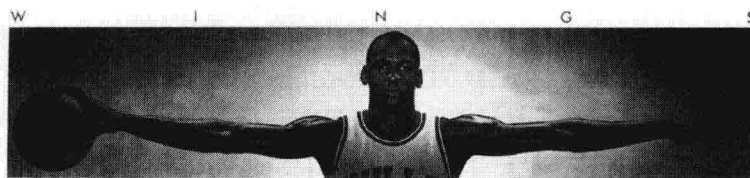
Today, the rapidly changing world of media makes this area a tremendous creative opportunity all by itself. **454**

## 11 Evaluation & Integration.

BRAND BUILDING IS an ongoing process of learning, evaluating, and improving – in a continual dialogue with the marketplace.

This chapter will survey the way programs are evaluated – providing critical information as the process begins anew.

You'll see how marketers improve their programs by integration – coordinating the full range of marketing activities for further improvement. **502**



*The full range of marketing activities...*

### Marketing Plan.

The Marketing Plan is a document describing WHAT a marketer wants to accomplish for a brand. It covers:

**Product**

**Pricing (& Budgets)**

**Distribution (Place)**

**Promotion (including Advertising)**

**Marketing Objective & Strategy**

**Advertising Objective & Strategy**  
and more

### Creative Strategy.

The Creative Strategy describes HOW you will achieve your advertising objective, covering areas such as:

**Brand Essence or Personality**

**Target Audience**

**Consumer Benefit**

To help develop creative work, there may be some sort of "creative brief" which briefs the creative department on the advertising task and the target.

There may also be strategies for areas such as sales promotion and PR.

### Media Plan.

The Media Plan includes:

**A Media Objective** – a goal which focuses on a target audience.

**A Media Strategy** – how you will meet that objective in terms of reaching the target audience.

**A Media Plan** – Tactics (media buys) that will help you achieve your goals.

### Ad Campaign.

The advertising itself is a result of all this planning. Each ad is a TACTIC that helps achieve the advertising objective.

The advertising may be:

**A TV or Radio Commercial**

**Print Advertising**

**Direct Mail**

Or a combination of all the above.

### & more...

Today, advertising is more than advertising. A complete marketing program for a brand might include event sponsorship, a sales promotion event, and product publicity.

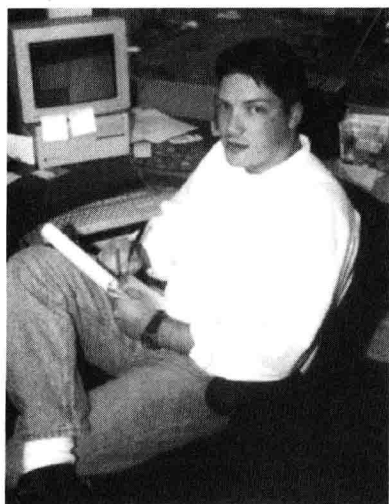
Putting them together is IMC – Integrated Marketing Communications.



*More Power to You.* The PowerBar is just one example of what can happen when an individual with a new idea builds a brand new brand in the marketplace.



*The Dragon – Bringing Your Product to Market.* The Careers section is an organized resource for helping you find that first job in *The Business of Brands*.



*Where will you be sitting a few years from now?* Our mission is to help you prepare for the business of brands, marketing, and advertising. The rest is up to you.

## IV. You & The Marketplace.

THIS SECTION IS ABOUT YOU.

The Business of Brands keeps changing.

So do your career opportunities.

If you're considering a career in marketing or advertising, this isn't the end of this book – it's only the beginning.

### 12 The Power of New Ideas.

NEW PRODUCTS, NEW MARKETS,  
new media, and new technology.

They're all part of the modern marketplace.

We'll show you how new ideas enter the marketplace as marketers, agencies, media companies, and marketing services create new brands and develop new ways to build brands.

You'll see new products, new ad agencies, new media opportunities (like the Internet), and other exciting new job opportunities – the kind that are opening up every day. 530

### Conclusion: You & Your Career.

THIS IS ABOUT "THE BRAND CALLED YOU." It's about how to find your place in today's marketplace.

If you who think you might want to work in advertising or marketing, this section is for you.

It's about how to make the connections that result in new opportunities in *The Business of Brands*. 566

### Your Marketing Plan...

Your first important marketing plan has a very specific objective – Get a Job!

This final section will help you work through a four stage process that can help you do a better job marketing yourself.

#### ① Understanding Yourself as a Product.

First, we'll help you evaluate "The Brand Called You."

#### ② Understanding Your Market.

Second, we'll discuss finding ways to match yourself with the part of the market that will value your abilities.

#### ③ Increasing Your Market Value.

Third, we'll talk about ways to increase your abilities – and your value in the job market.

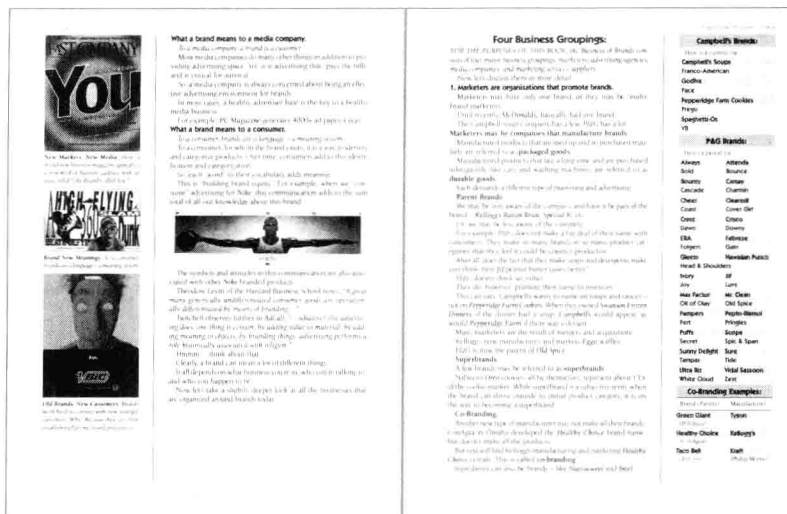
#### ④ Bringing Your Product to Market.

Finally, we'll talk about ways to market and advertise yourself as you work to earn your first job in *The Business of Brands*.

Good luck!

## Index

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**The Look of the Book.** The main part of the text goes down the middle. Along the sides – in smaller type – are ad examples, profiles, stories, and supporting text.

# How to Read This Book.

IT'S REALLY QUITE SIMPLE. The chapter goes down the middle of the page, and the supporting material is featured along the sides.

Early in each chapter, there's a section titled...

## "How This Chapter Is Organized."

This will outline the areas to be covered in the chapter.

Along the way, the sidebars provide ad examples, "Ad Facts," stories, lists, and statistics to put things in context.

The sidebars help make each chapter more interesting.

## Concepts & Vocabulary.

Each chapter ends with a list called "Concepts & Vocabulary."

This list serves two important purposes.

First, if you understand most of the words and concepts, you'll know there's a pretty good chance you understand the chapter.

Second, you can use it for studying. In fact, you can even pull a text file of this section from the [adbuzz](http://www.adbuzz.com) Web site.

## Our Job = Your Job.

Each chapter begins with brief profiles of real people who work in the area covered by that chapter.

We start with people rather than theory. Here's why.

At this stage of your college career, most of you are still "job-shopping." Examples you can relate to help you do that.

## A Bonus Section.

That's why we've also added a bonus section.

It's called "You & Your Career." And though it probably won't be on your final exam, we think you'll be glad it's there.

## In Conclusion...

We worked hard to make this book easy.

But... we're writing about a tough, complex, fast-changing business – so it still may not be all that easy after all.

But look at it this way... if it were easy, they wouldn't need you.

Good luck. And have fun!

## About the Sidebars...

So what's this stuff on the side?

As you read this book, you'll see that almost every page has something displayed along the sides.

Sometimes it's an ad example, sometimes it's a story, sometimes a list, and sometimes... well, you never know.

## Core Text and Context.

The core text of each chapter marches down the main column.

The sidebar goes along for the ride and adds interesting comments and examples as you go.

## Connections.

You're at a time when you're beginning to make new connections.

That's what the sidebars do for you – they make connections.

As the book builds, you'll find yourself connecting concepts in one chapter with concepts in another – just like you'll be connecting the sidebars with the core text.

The Business of Brands contains many different disciplines working together – so get yourself connected.

## & More Connections...

And we have more for you.



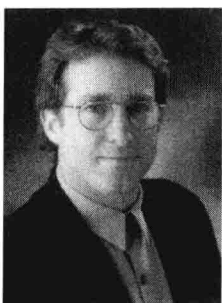
Go to [www.adbuzz.com](http://www.adbuzz.com) and here are some of the things you'll find:

- **"Hot Links"** – we've searched out some of the best ad sites for you.
- **Videos** – QuickTime files of TV commercials featured in the book – with links to more.
- **Ad Gallery** – with links to more.
- **Study Tips** – Concept & Vocabulary sections for each chapter.
- **Extra Readings** – check 'em out.
- **Message Board** – you can even post questions or comments. So get connected.





*This is a brand. Starbucks.*



*This is Scott Bedbury when he worked at Starbucks. Before that, he worked at Nike. Before that, he was at a small agency. And before that... sauerkraut!*



*While Scott was at Nike, this was one of his favorites – a TV commercial that inspired the movie Space Jam. It also helped develop another world-famous brand – Michael Jordan!*

# Introduction.

LET'S START WITH four true stories.

## Do It. Then Brew It.

In 1980, Scott Bedbury was looking for a job.

After graduating with a degree in advertising from the University of Oregon, Scott thought that he wanted to be an advertising copywriter. But that first job isn't always what you want.

The best job he could get was working for a small company in Portland, marketing pickles, relish, and sauerkraut – their entire ad budget was \$200,000.

Scott also helped load pickles and sauerkraut onto the trucks.

From there, he moved to a Seattle advertising agency – as a junior account executive – and Scott spent a few years learning the advertising business.

His next job was with a small, but growing company that seemed to have a lot of potential.

It was a shoe company in Beaverton – *Nike!*

There, Scott played a part in revolutionary marketing that not only changed the shoe industry, but had an important impact on all athletics.

After a transitional period, he moved to Seattle – to become Marketing Director of *Starbucks*, a company that was revolutionizing the marketing of a product that had been around for centuries – coffee.

At Starbucks, Scott worked to turn his brand new brand into a **superbrand**.

Then he left to write a book about the world he had discovered and the brands he helped build.

The book title? *It's a New Brand World!*



*The Five P's of Marketing are Product, Price, Promotion, People, and Place – which is distribution. Starbucks products are distributed through Starbucks' own stores, at bookstores like Barnes & Noble, on United Airlines flights, and in grocery stores. You can even get some of their products by mail. Many products are part of the Starbucks brand – coffee beverages, beans, mugs, ice cream, and even special CDs.*

## A Nice After-School Job.



After graduating from the University of Texas in 1971, **Roy Spence** and five other UT students formed an ad agency where they'd gone to school – Austin.

They'd enjoyed creating advertising for student projects and had even done work for a few small local clients.

For their initial decision, Steve and Bill Gurasich, Roy Spence, Jim Darilek, and Tim McLure decided to call their agency **GSD&M** (Judy Trabulsi, media director, also one of the founders, says she's the "&").

### A Mattress under the Art Table...

They had a one-room office, and, for the first two years, lived on virtually nothing. For a little while, Roy Spence even slept on a mattress under the art table.

Twenty-five years later, their agency is one of the largest in the Southwest, billing over \$850 million.

They serve national brands like *Wal-Mart*, *Southwest Airlines*, *No Fear*, *Pennzoil*, and *Chili's*. They serve big Texas clients like Texas Tourism and the Texas Lottery.

As you can see by the logo on the right, even a state can be treated like a brand.



Their one-room office blossomed into a brand new building – "Idea City." Still in Austin.

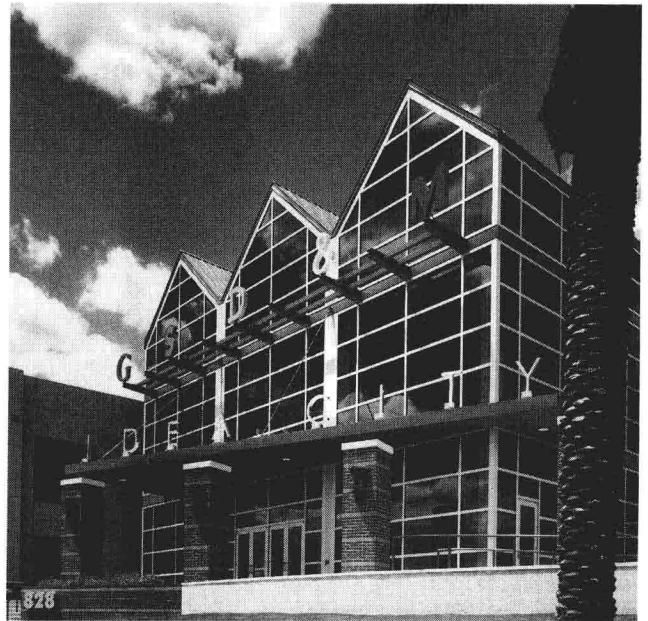
Every once in a while, GSD&M founder Roy Spence would sleep over at the home of his friend Bill Clinton – instead of under the art table.

### Welcome to Idea City.

*"We designed this place to foster entrepreneurship, creativity, community. It's playful, yet serious. It's eclectic, and yet there's a purpose behind everything we did."*



**Before. 1971** – GSD&M's first Austin office on Peach Street.



**After. 1995** – "Idea City," GSD&M's brand-new HQ in Austin, TX.



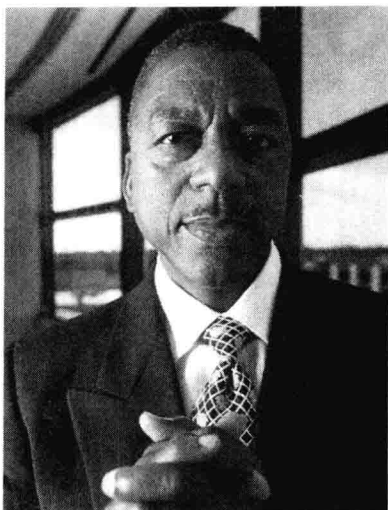
**Before.** Steve Gurasich, Tim McLure, Judy Trabulsi, Bill Gurasich, and Roy Spence.



**After.** Tim McLure, Steve Gurasich, Judy Trabulsi, Bill Gurasich, and Roy Spence.

*"Big Ideas Generate  
Big Results."*

*"When Our Clients Win,  
We Win."*



Robert L. Johnson, founder of BET – Black Entertainment Television.



**Growing a Brand.** Johnson is working to grow BET into a powerful brand with additional BET media properties and marketing partnerships. Will it work? Johnson says you can bet on it! And his bet paid off when he sold to Viacom.



## A Very Good BET.

Robert L. Johnson graduated from the University of Illinois in 1970. Then he received a master's in public affairs from Princeton.

In 1976, after working on the staff of Walter E. Fauntroy, the Congressional delegate from the District of Columbia, he took a job as VP of Government Relations for a media group that was still in its infancy – the National Cable Television Association.

While there, Johnson became aware of the ability of cable to reach “niche” markets. He saw how cable was changing the dynamics of media – providing **niche marketing** in broadcasting on a national scale.

Johnson saw that those marketing principles could be applied effectively to the African-American market.

He developed a business plan for a cable network he called *BET – Black Entertainment Television* – a 24-hour programming service targeting Afro-American consumers.

He did it! He made that media dream a reality.

BET's mission is “*To become the preeminent diversified media company serving African-American consumers.*”

### Growing a Brand.

There are now additional cable channels, including *BET OnJazz*, and *BET Movies/Starz* a joint venture with Encore Media.

BET Holdings also tried to leverage its brand identity into new businesses outside the cable industry.

BET Publications provided an additional media dimension with *Emerge: Black America's News Magazine*, *BET Weekend*, an entertainment and lifestyle magazine, and *Arabesque*, the largest line of African-American themed romance novels.

BET Pictures II will work to produce made-for-TV movies based on *Arabesque* properties. And for the wired segment of their target group, *BET.com* is designed to provide a range of cyberservices to serve the core audience that is the brand's reason for being.

With an initial investment in the thousands, he built a brand worth millions. It all began with an idea.



### BET Sales Points:

- The BET Audience reaches some 50 million homes, including 90% of all black cable households.
- The African-American middle class is growing and becoming more attractive to retail marketers.
- BET brands are emotionally attached to Black America, which gives your invitation instant credibility.
- BET is the most recognizable brand in Black America.

**A Sales Presentation** – presenting some of the reasons for advertising on BET.

## Making Marketers Smarter.

In 1975, Lisa Fortini decided to go to grad school. She already had an undergraduate degree in psychology from Ohio State, but she wanted to know more.

After getting an M.A. in journalism, she received her Ph.D. in communication theory, research methodology, and consumer behavior from the University of Washington. (She was also a regional AAU Power-Lifting Champion!)

From there, she went to Chicago and began working at the Leo Burnett advertising agency in their research department.

In a few years, she moved to a job as Research Director at the small Chicago office of a large national agency.

Then, to a bigger agency with more responsibility as Research Director of Y&R/Chicago.

And then to Office Manager of Hal Riney Chicago.

Along the way, she became **Lisa Fortini-Campbell**.

She made one more big move – she left the agency side of the business to become a professor and marketing consultant.

Her consulting firm – The Fortini-Campbell Company – became one of the many specialized companies that works for large marketers as suppliers of **marketing services**.

Her service: consumer research – a key component in planning and evaluation for marketers and their agencies.

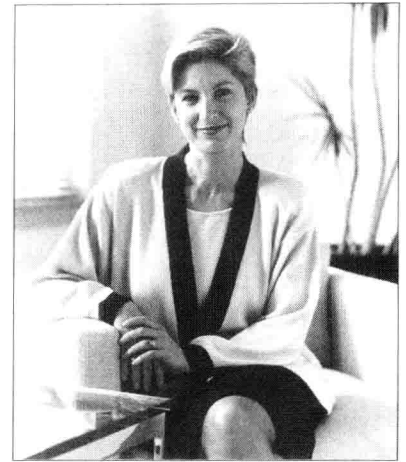
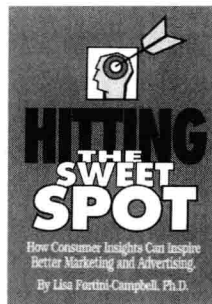
Her reputation grew. The Fortini-Campbell Company was retained by major marketers around the country – Aetna, Kraft/General Foods (KGF), Hewlett-Packard (H-P), IBM, IDEO, Nuveen, Seagram's, and Spiegel.

She wrote a book, *Hitting the Sweet Spot: How Consumer Insight Can Inspire Better Marketing and Advertising*. Companies like Leo Burnett, IBM, GM, P&G, and Reebok now use it for employee training.

Today, she teaches consumer behavior at Northwestern University in the Medill School of Advertising and Integrated Marketing Communications, and top marketers hire her to help develop better consumer insights.

On any given day, she may be lecturing a class at Northwestern or flying to clients like Hewlett-Packard, where she helps improve the marketing and design of their products through “in-depth ethnography.”

She's making marketers smarter, providing H-P and others with consumer insight – a valuable marketing service.



**Dr. Lisa Fortini-Campbell**, Associate Professor @ Northwestern and President, The Fortini-Campbell Company – a market research firm specializing in consumer insight.

### A Smokeless Moment...

Even the most successful careers can have their early bumps.

Lisa remembers...

“At Y&R, we handled the Silver Creek smokeless tobacco account. (You put a pinch between your cheek and your gum and then periodically spit – hopefully into a cup rather than on the floor or yourself.)

“It was an annual review where senior executives visit the branch offices. As the planner, I was in charge of telling them about our work for Silver Creek.

“So, to give these New Yorkers an idea of how to use the product, I decided to demonstrate. I put a pinch of Silver Creek in my mouth – about 3 times as much as I was supposed to – and gave the presentation.

“I’d never had nicotine before in my life, and rather than spit, I swallowed as I went along. By the end of the presentation, I looked absolutely green and felt like the top of my head was going to come off.

“As I left the room, the rest of the account team, who’d been watching from the A/V room, had pitchers of water, towels, and buckets... and they had to walk me around the office for half an hour. It was an experience I’ll never forget... and neither will anyone else who was there.”

## Data > Information > Insight > Inspiration

**Dr. Fortini-Campbell's Secret Formula.** Most marketers have lots of data. That data has to be turned into useful information. Based on that information, you work to find an insight that will be the inspiration for more effective marketing and advertising.





### Interesting Jobs:

Chris Smith is a copywriter – just one of the entry-level jobs you can find in *The Business of Brands*.

#### Marketer:

Brand Assistant  
Marketing Staff Assistant  
Marketing Research Assistant  
Assistant Marketing Director  
Corporate Communications  
Field Marketing Representative

#### Advertising Agency:

Junior Copywriter  
Assistant Art Director  
Broadcast Traffic  
Media Buyer  
Electronic Pre-Press  
Assistant Account Executive  
Receptionist  
Media Billings  
Research Assistant  
Assistant Account Planner

#### Media:

Media Rep (Sales Representative)  
Production Assistant  
Promotion Assistant  
Sales Assistant

#### Marketing Services:

Event Marketing Coordinator  
Sales Promotion Account Exec  
Public Relations Assistant  
Market Researcher

### \* Once upon a time...

...a preacher, asked how to write a sermon, said, "Tell 'em what you're going to tell 'em. Tell 'em. Then, tell 'em what you told 'em."

That's good advice for advertising.

This is the section where we "tell you what we're going to tell you."

Pay attention to this section.

It'll make the rest of the semester go a lot easier – because, unlike the sermon, there will be one more part – where you "tell us what we told you." That's the final. End of sermon.

## Different Jobs. One Thing in Common.

Scott Bedbury worked for Starbucks Coffee, a **marketer**.

Roy Spence helped start GSD&M, an **advertising agency**.

Robert Johnson's BET is a **media** company.

When she's not teaching, Professor Lisa Fortini-Campbell supplies **marketing services**.

They all have something in common. Each of their jobs, and each of their companies, is part of "The Business of Brands."

**First, We'll "Tell You What We're Going to Tell You." \***

In this book, you'll see how they all work together.

- In Part One – *The Evolution of Advertising* – you'll see how **marketing** became a part of almost every business during the 20th century – and how advertising made it happen.

- In Part Two – *The Business of Brands* – you'll find out about the many different jobs in the many different companies that make up our modern marketplace.

- In Part Three – *The Brand-Building Process* – we'll cover the stages that "manufacture" marketing and advertising.

- In Part Four – *The Power of New Ideas and You & Your Career* – we'll talk about change in today's fast-changing marketplace and some of things you can do to get yourself ready.

### One of Those Jobs Could Be Yours.

Not too many years from now, you may find yourself working at a job that plays an important role in that marketplace – just like the people you'll meet in this book – *Advertising & The Business of Brands*.

### This Introduction Will Cover:

Every chapter begins with a brief section that tells you the main topic areas in the chapter and the sequence of those topics. Each chapter ends with a list of key concepts.

We'll do the same thing in this introduction – it's designed to give you a better understanding of the book in its entirety.

Then, you can focus on each successive chapter knowing how it fits in the whole scheme of things. Got it?

Here are the topics we'll be talking about for the next 30 pages or so. Most will be key concepts throughout this book.

- **The Business of Brands** – how this book is organized
- **What's a Brand?**
- **Four Business Groupings**
- **The Brand-Building Process**
- **The Importance of Ideas**
- **The Challenge of Change**



# The Business of Brands.

THE BRAND IS the organizing concept of modern advertising and marketing. Today, it's the way companies do business.

## This Book Has Twelve Chapters.

Each chapter should take about a week of class time.

Now let's look at them in a little more detail – sort of a quick Sneak Preview.

## I – The Evolution of Advertising.

WE'LL START WITH a brief history of advertising and marketing – its evolution and revolutions – and ways that advertising relates to society at large. It'll take three chapters:

### Chapter One – From Advertising to Marketing.

First, you'll look at the early history of advertising and how that evolved into marketing.

### Chapter Two – The Modern Marketplace.

Think of this chapter as “Current Events.” You'll see how marketing is reshaping the modern marketplace.

### Chapter Three – Advertising & Society.

Now it's time for a bit of perspective. We'll spend some time discussing how all that advertising affects us, and what it means to all of us.

## II – The Business of Brands.

THE SECOND SECTION covers the four kinds of companies that work together to “manufacture” marketing and advertising:

### Chapter Four – Marketers & Advertisers.

These are the companies – like manufacturers and retailers – that create and own the brands.

They pay for the advertising you see.

### Chapter Five – Advertising Agencies.

These are the specialized companies that “manufacture” advertising messages and perform other necessary services for marketers. They create the advertising you see.

### Chapter Six – The World of Media.

These are the companies that “distribute” the advertising you see by delivering audiences for brand messages.

### Chapter Seven – Marketing Services.

These are specialized businesses that provide a variety of unique services to marketers, agencies, and media companies. You'll learn about sales promotion, public relations, direct marketing, event marketing, and more.



*Unique Ideas. Sharp thinking helped develop America's earliest brands.*



*Unique Individuals – like Leo Burnett – helped build advertising agencies.*



*Unique Media Forms. Every time the media changed, advertising changed.*

Being British, we  
hardly think it proper  
to plead with you to  
fly our airline.



virgin atlantic 

### III – The Brand-Building Process.

THE THIRD SECTION is about the process that “manufactures” marketing and advertising; how people and companies work together to plan, create, place, and evaluate advertising.

#### Two Inter-Connecting Concepts.

There are two connecting concepts in the next chapters:

##### 1. The Three Fundamental Functions of “IMC.”

A key part of the brand-building process is something we call “IMC” – **Integrated Marketing Communications**.

The three fundamental functions of IMC are: **marketing, communication, and integration**.

Easy to remember. Hard to do.

##### 2. A Three-Stage Cycle. Easy as “PIE.”

Every function is in a three-stage cycle of **planning, implementation, and evaluation**. This cycle is going on all the time – within every function.

So here’s how the section works:

#### Chapter Eight – Marketing & The Planning Process.

Basically, this chapter introduces you to what is involved in setting objectives and developing strategies for marketing and advertising.

#### Chapter Nine – Creativity & Communication.

This chapter involves the creation of ads themselves. It will also introduce you to creativity in sales promotion, public relations, and direct marketing.

#### Chapter Ten – Media & The Marketing of Messages.

The next chapter covers the unique process of placing those messages in the media in the most effective way.

#### Chapter Eleven – Evaluation & Integration.

It is more critical than ever that marketers make the most effective use of marketing dollars. This means finding out (evaluating) how you did and then prioritizing (integrating) your resources for their most effective use.

#### Many People. Many Jobs.

Through it all, you’ll see many people with many specialized jobs. This will lead into the last section.

### IV – You & The Marketplace.

THE FOURTH SECTION will deal with the constant change in the marketplace and ways you can connect with those changes.

#### Chapter Twelve – The Power of New Ideas.

We’ll talk about new opportunities, including the Internet.

#### You & Your Career.

Finally, we’ll focus on how you can prepare yourself to get that first job in The Business of Brands.

The first chapters will last a semester.

This last section will probably last for two years or more.

# What's a Brand?

THE BRAND CONCEPT HAS EVOLVED. Originally, the brand concept developed out of trademarks.

The word **brand** is from the Old English verb *biernan* (to burn). The meaning grew to include making a mark on something by burning (to brand).

It was used on cattle, criminals, and packing crates.

## From Verb to Noun.

The word brand became a noun for something burned on – an identifier. **Harley Procter**, one of the founders of Procter & Gamble (P&G), burned a moon symbol onto his soap crates for easy identification on the shipping dock.

A brand became an identifier, primarily for business purposes, and sometimes for legal protection of an invention.

With the American Trademark Act of 1870, it became a legal symbol of good will.

The Trade Mark Association became official in 1878.

In 1905, Congress passed legislation establishing trademarks as the first evidence of ownership.

A brand was “a name, term, symbol or design – or a combination of these elements that is intended to clearly identify and differentiate a seller’s products from a competitor’s products.”<sup>1</sup>

Originally, brand names came from four general areas: family names, locations, patriotic symbols, or synthetic names.

## From Noun to Verb.

Over time, this original, narrow definition grew to include the process of marketing these branded products or services.

To “brand” something or “put your brand on it” was a positive affirmation of product quality.

“Brand new” meant right from the manufacturer.

John Philip Jones, an internationally known ad professor, describes this evolution: “the branding process developed a purpose and importance beyond this simple legal role...it suggested a guarantee of homogeneity and product quality to buyers of a brand.”<sup>2</sup>

## From Noun to Verb to Concept.

Today, the concept of “brand” has grown even further.

Today, the concept of “brand” encompasses everything from products that are more than 100 years old to modern multinational marketers whose products are “intellectual property.”

**A brand can be an idea. An idea can be many things.**

Today, a brand can be a worldwide media conglomerate, a rock and roll band’s logo, the latest Web site, or a box of detergent that may have the same basic formula but a different brand name – depending on the country where it’s marketed.

Brands do more than differentiate – they add meaning.

They even seem to add life and personality. As French ad executive Jean Louis Dru noted, “When you go from a product to a brand, you’re moving from an object to a person.”<sup>3</sup>

However, were you to fly, we’d certainly be - how shall we put it - grateful.



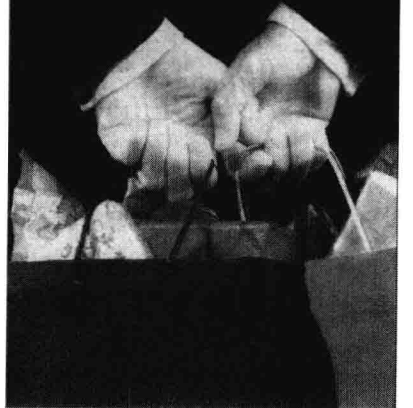
Enjoy a \$500 shopping spree when you join Virgin Freeway<sup>®</sup> and fly Upper Class<sup>®</sup> to London.

The Virgin Atlantic Airways award-winning business class service and you'll receive a stored-value card from American Express worth \$500 – good for a shopping spree at over 100 of your favorite stores in the U.S. First, join Virgin Freeway, our frequent-flyer program. Then fly Upper Class<sup>®</sup> transatlantic to London, between now and April 30, 1999. After your flight, we'll send you your stored-value card, and you can shop directly on your business account for a free month. Offer expires October 31, 1999.

In addition, if you purchase your qualifying Upper Class ticket with your American Express Card, you'll get an additional free Economy ticket.<sup>\*</sup> If you don't have the Card, call 1-800-THE CARD, or visit [www.americanexpress.com](http://www.americanexpress.com) to apply.

Cards

To book your flight, call Virgin Atlantic or your travel agent, and mention this "Walter Upper Class" promotion. Then, before you fly, enroll in Virgin Freeway by calling 1-888-737-2473 and you're on your way.

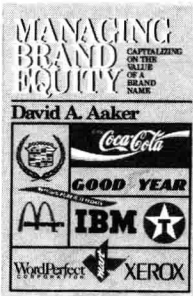


virgin atlantic



## Brand Equity.

Marketing author David Aaker has



this to say:

*"Brand equity is an accumulation of intangibles."*

The result can be very tangible.

Brand equity is "a set of assets and liabilities linked to a brand,

its name, and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers."<sup>4</sup>

### Adding up the Intangibles.

Many things contribute: Some are fact-based – like price and size.

Some aspects are visible and tangible – such as the styling of an automobile or a fashion item.

Some are historical – reputation or our own previous experience.

Some are subjective – feelings about the ads, whether or not we happen like cheese, or someone else's opinion (and your opinion of that opinion).

### "Some Useful Groupings."

Aaker groups brand factors and benefits in this way:

#### Brand Equity Factors:

- Brand Loyalty
- Name Awareness
- Perceived Quality
- Brand Associations (in addition to perceived quality)
- Other proprietary assets: patents, trademarks, channel relationships.

#### Equities add value to the customer by increasing:

- Confidence in the purchase
- Use satisfaction
- Enhanced integration and processing of information.

#### Equities add value to the marketer by increasing:

- Brand Loyalty
- Prices/Margin
- Brand Extensions
- Trade Leverage
- Competitive Advantage
- Overall efficiency and effectiveness of marketing programs.

A brand is more than a name that identifies and differentiates. Today, it is an idea – a **concept**.

Our modern definition is this: *"A brand is a conceptual entity that focuses the organization of marketing activities – usually with the purpose of building equities for that brand in the marketplace."*

A brand is not just a product. A brand is more than a name or a trademark. *A brand is a concept.*

### The Need for Building Brand Equity.

Each brand works at marketing itself. This covers many activities with one purpose – building **brand equity**.

The process of building brands involves adding equity to those brands in a variety of ways.

- Increasing sales builds equity. The brand sells more and it's worth more. Big brands are worth a lot.
- To the brand's owners, it also means adding equities such as greater profit margins or market share.
- It may be improving the functional qualities of the brand (taste, price, or product performance). Often, a brand's success is rooted in some sort of functional superiority.
- Building equity may be adding meaning to the brand through advertising, event sponsorship, or some other form of relationship building with the consumer.
- To accountants, this relationship with the marketplace is called **goodwill**. With big brands, this can show up as a big number on the balance sheet.

For all these reasons, a brand may have a value far greater than its sales. A number of years ago, *Kraft* was purchased for \$13 billion – *this was 600% more than book value!*

Think about that. Less than 20% of the purchase price was for factories and inventory. Over 80% was for the current and future value of *Kraft* brands.

### Negative Brand Equity.

Sometimes, equities can be negative or mixed.

After unfavorable news reports, *Audi* had perceived product negatives that took years to overcome – seriously affecting its ability to charge higher prices for its cars.

Though its name clearly communicated low fares, *ValuJet* felt it had to abandon its well-known brand name after a dramatic plane crash and much negative publicity.

In this case, negatives so outweighed positives that starting over with a new name was judged a better marketing strategy than rebuilding a brand that had literally gone down in flames.

As the reputation of Japanese manufacturing quality grew, the value of a brand name was clearly dramatized. A TV with the *Hitachi* name on it was sold for \$20 more than the same TV with the *General Electric* name on it.

In this product category, a Japanese brand name had more positive equity than an American brand name.