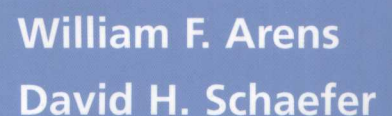
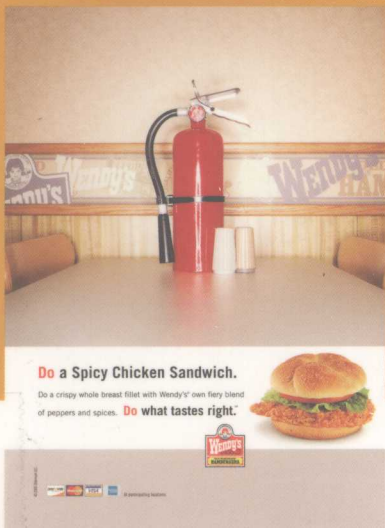
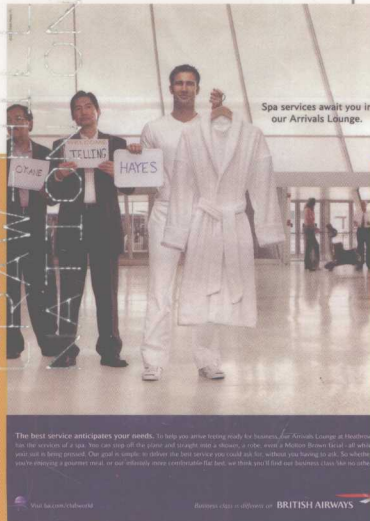


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Essentials of Contemporary Advertising

William F. Arens

Stratimark Consulting

David H. Schaefer

Sacramento City College



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ESSENTIALS OF CONTEMPORARY ADVERTISING

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About the Authors

William F. Arens, President Stratimark Consulting

William F. Arens has spent his entire career in the advertising business, and after 35 years in the field he has literally done it all. As an undergraduate at Berkeley he worked part-time as a media rep for a San Francisco radio station, at the University of Paris he held a position in the Promotions Department for the Paris edition of *The New York Times*, and upon graduation from Whittier College, he began his career in earnest as a sales rep for various print media.

Within a few years, he changed tracks by taking an account management position at a large San Francisco-based high-tech advertising agency, where he rapidly rose to become the manager of their branch office in San Diego.

An entrepreneur at heart, Mr. Arens soon left that position to form his own agency with a partner, where he was both a principal and the chief creative officer. Specializing in business-to-business and financial accounts, that agency grew in stature and reputation over the years, accumulating many awards for creative excellence.

In 1975 he formed William F. Arens and Associates and began focusing on both national and international accounts. Among others, he did award-winning work for Banco Nacional de Mexico (Mexico's largest private bank), Gulfa Water (a bottled water brand in the United Arab Emirates), Bentley Bank (a diamond investment trust headquartered in the Cayman Islands), and Scripps Institute and Research Foundation (an internationally recognized health care institute in La Jolla, California).

A lifelong fascination with foreign languages propelled Mr. Arens into the field of multicultural advertising. In 1982 he formed one of the early Hispanic agencies, Arens & Guterrez, as a joint venture between his agency and one of the largest in Mexico. Working with mainstream American Agencies, A&G created Spanish-language advertising for blue chip advertisers including McDonald's, General Mills, Sav-On Drugstores, and the California Lottery.

In 1989, Mr. Arens jumped to the client side when he bought a chain of quick-lube stores in San Diego. As chief marketing officer, Mr. Arens was responsible for all the firm's advertising and promotion. He oversaw the company's growth in daily revenue as it doubled and then tripled.

Currently, Mr. Arens heads Stratimark Consulting, which specializes in strategic integrated marketing com-

munications consulting for clients in the health care field. At the same time, he travels and lectures extensively, visiting, among other countries, Russia and France regularly.

David H. Schaefer, Professor Sacramento City College

David H. Schaefer is a professor of Business and Marketing at Sacramento City College. He teaches introductory courses in business, marketing, advertising, customer service, and personal finance. He previously held an adjunct teaching position in the College of Business Administration at California State University, Sacramento.

He received his BA in Economics from the University of California, Santa Cruz and his Masters in Business from the Harvard Business School. He also spent six months as an intern on the President's Council of Economic Advisers, working under Chairman Paul McCracken.

Most of David Schaefer's career has been spent working in industry in marketing, advertising, and general management positions. He started his career in brand management at General Foods Corporation, marketing the Jell-O and Cool Whip brands. Then, during six years at Foote, Cone & Belding Advertising, as a vice president and management supervisor, he supervised accounts for the Clorox Corporation, Levi Strauss, and C&H Sugar. When Mount Zion Medical Center (San Francisco) recognized the need to market its services, he joined them as the vice president for Marketing and Planning and developed programs to promote the hospital's managed care services. He also served for several months as the hospital's CEO.

Mr. Schaefer has also provided his marketing skills in a number of small businesses. He founded a retail eyewear business and helped establish an automotive smog inspection service. Most recently he was the director of marketing and business development for Altaireyewear, a division of Vision Service Plan. In all of these positions he was responsible for developing marketing plans, advertising campaigns, and promotional programs.

His wife, Ellen, is also a marketer and the owner of Group Works, conducting qualitative research and facilitating meetings for businesses and not-for-profit organizations. Both of their daughters are currently attending the University of California.

Preface

Advertising is an ever-changing, creative discipline. The power of advertising is so remarkable in its ability to inspire, influence, and communicate that the study of advertising is more important today than ever before. It's important not just for students of business or journalism—who may be contemplating a career in the field—but also for students of sociology, psychology, political science, economics, history, language, science, or the arts. Many of these people will become creators of advertising; all will be lifetime consumers of it.

Essentials of Contemporary Advertising explores the core principles that drive advertising, using a concise and lively voice that goes beyond academic theory. Students in many short-format courses, some community college curricula, and other nontraditional learning programs may not have the time to successfully complete an exhaustive course in advertising. They are likely to be attending school while working part- or full-time. They may be exploring new majors or new careers. One introductory advertising course may be all they need to enhance their skills, or it might inspire them to take more advertising courses.

Our goal is to present advertising as it is actually practiced and make the fundamentals accessible and relevant to the student's "real life." Advertising should be taught as it really is—as a business, a marketing tool, a creative process, and a dynamic, hybrid discipline that draws upon various arts and sciences to influence our everyday lives. The study of advertising gives students, regardless of their major field of study, many valuable tools to use in any subsequent profession. It teaches them to think and plan strategically; gather and analyze primary and secondary research data; compute and evaluate alternative courses of action; cooperate with teams in developing creative solutions to problems; analyze competitive proposals; understand why people behave the way they do; express themselves and their ideas with clarity and simplicity; defend their points of view with others; appreciate and assess the quality of different creative endeavors; and use data to speak with knowledge, confidence, and conviction.

The spirit of advertising evokes enthusiasm and vital energy—our goal is to provide the tools so this energy can transcend to those studying advertising. Therein lies the key to this textbook—we want students to like it. We don't want them to be intimidated or overwhelmed. We do want them to be excited and inspired about the field of advertising. If we're successful, they will continue in their studies.

Organization

Essentials of Contemporary Advertising is divided into six parts. Part 1, "An Introduction to Advertising," looks at what advertising is today and how it has evolved (Chapter 1). Chapter 2 looks at the social and economic impact of advertising and the role of regulatory policies. Then, Chapter 3 gives an overview of the advertising industry and each of the key players in the business.

Part 2, "Understanding the Target Audience," first explores marketing segmentation and its role in the marketing mix in Chapter 4. Then, Chapter 5 looks at the communication process, consumer behavior, and the steps involved in consumer decision making.

In Part 3, “The Planning Process,” the account planning function and how research improves advertising decision making are discussed in Chapter 6. The roles of strategic planning and brand positioning are discussed in Chapter 7.

Part 4, “The Creative Process,” begins by explaining why a creative strategy is essential to the creation of great advertising and proceeds to explore the creative process (Chapter 8). Next, in Chapter 9 we explore how art and copy come together to form ads. And, in Chapter 10, we discuss the different processes for producing advertising for print, television, radio, and the Internet.

Part 5, “Reaching the Target Audience,” analyzes the different channels of communication through which advertising messages are conveyed. We begin with print advertising (Chapter 11) and discuss television and radio advertising in Chapter 12. Next, we explore interactive media and direct mail (Chapter 13) before concluding the part with an examination of outdoor and supplementary media such as billboards, specialty advertising, and trade shows (Chapter 14).

In Part 6, “Integrating Marketing Communications Elements,” we first look at the role of media planning and how it helps to accomplish the advertising objectives (Chapter 15). Next, Chapters 16 and 17 focus on integrated marketing communications and how other elements of the marketing mix can be combined with advertising to build effective relationships with customers.

Acknowledgments

Writing an advertising textbook would be nearly impossible without the assistance and cooperation of a legion of individuals and companies. We are therefore deeply indebted to many people and organizations on all sides of the advertising business (agencies, clients, media, and suppliers) and academia for their professional assistance and personal encouragement. These include, but are certainly not limited to, Joyce Harrington, John Wolfe, and Burtch Drake at the American Association of Advertising Agencies; Paula Alex and Linda McCreight at the Advertising Educational Foundation; Paula Veale at the Ad Council; Shawn O'Neill at New American Financial; Vonda LePage at Deutsch, New York; Roy Elvove at BBDO; David DeCecco at Pepsi-Cola Company; and Peter Farago at Farago & Partners.

We owe a tremendous thank-you to Susan Irwin at McCann-Erickson Worldwide for her many years of friendship and assistance. We are likewise very grateful to everybody at Saatchi & Saatchi Los Angeles, Tokyo, and New York, as well as Toyota Motor Sales U.S.A. for their invaluable assistance, openness, and cooperation in providing important material. We also thank Brannon Wait at Saatchi & Saatchi Chicago for his initiative in getting us together with the Saatchi people in the first place.

For our chapter on the scope of advertising, we are very grateful to our friends at Muse Cordero Chen & Partners for sharing their interesting work on the Honda Civic with us. A big thank you to Shelley Yamane, Wilky Lao, and Jo Muse.

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For their warm, open, and gracious contributions of time, counsel, and materials, we extend our appreciation to all our Canadian friends, especially Paul Lavoie, Daniel Rabinowicz, and Ann Boldt at Taxi; Pierre Delagrave, Normand Chiasson, and Manon Caza at Cossette Communication-Marketing; Yves Gougoux at Publicis/BCP Stratégie Créativité; and Normand Grenier at Communications Grenier.

We are also grateful to our friends at the International Advertising Festival in Cannes for their cooperation and assistance in providing all the award winners for this book. We are especially appreciative of the efforts of Terry Savage, Amanda Benfel, and Monika Barrau. We are grateful for the tremendous personal assistance we've had the last two years at Cannes, first from the assistant video producer Severin Ledresseur and then from Elena Vorobyeva, most recently with Euro RSCG Mordapour, Moscow.

We must give special thanks to several longtime friends in the business whose contributions, continuous support, and wise counsel we value and appreciate immeasurably: Susan Irwin at McCann-Erickson; Jan Sneed at Grey Advertising; Rance Crain at *Advertising Age*; Jack Trout at Trout and Partners; Jorge Gutierrez Orvañanos at MerchanDesign, Guadalajara, Mexico; Brad Lynch, retired from the Ad Council; Jack Balousek, former president of Foote, Cone & Belding; and, of course, a good friend of many years, Al Ries at Ries & Ries.

Deadlines impact family life the worst. For their continued understanding and encouragement, we thank our children, William and Christian and Kristen and Alison, who over the years have paid the highest price for their dads to be teachers and authors. We also thank our wives, Olivia and Ellen, for their constancy, fortitude, and incredible patience.

Finally, we want to give special recognition to a very capable editorial assistant and research manager Sarah Steinberg. Her attention to detail, writing skills, and inimitable dry wit make her a pleasure to work with. We really appreciate the opportunity to work with her.

We also appreciate the skill and dedication of our publishing team at McGraw-Hill/Irwin. Thank you John Biernat, Andy Winston, Anna Chan, and Trent Whatcott. The McGraw-Hill/Irwin A-team also included Laura Griffin, Mike Hruby, Janna Martin, Debra Sylvester, Matthew Baldwin, Ira Roberts, and Sue Lombardi. For moral support and wise counsel when needed, thanks also to Jerry Saykes, Steve Patterson, and Gary Burke. A major thank-you to all of you for again finding the way to do the impossible. We appreciate your patience, dedication to excellence, and your friendship more than you can possibly know.

We also want to recognize and thank the American Academy of Advertising, the American Association for Education in Journalism and Mass Communications, and the American Marketing Association, three organizations whose publications and meetings provide a valuable forum for the exchange of ideas and for professional growth.

We are deeply grateful to the many instructors, professors, academic reviewers, and friends in academia who do the real heavy lifting through their ongoing research, writing, and teaching. Their creative ideas and critical insights were invaluable in the preparation of this book. These people include, but are certainly not limited to, Robyn Blakeman, The University of Tennessee, Knoxville; Lisa Bogaty, Pellissippi State Technical Community College; Tom Hayden, Northwestern University; Won Jang, University of Wisconsin-Eau Claire; Joseph Reihing, Nassau Community College; Daniel Ricica, Sinclair Community College; Patricia Rose, Florida International University; Eugene Secunda, New York University; Shallin Suber, Tri-County Technical College; and Stacy Strawn, Northeast Community College. Finally, we must acknowledge the personal contributions of Hugh Cannon of Wayne State University, a good and generous friend whose wise counsel and brilliant suggestions have enriched this book immeasurably.

To each and every one of you, we thank you. It's your contributions that make this thing work.

William F. Arens
David H. Schaefer

A Guide to Essentials of Contemporary Advertising

part 5

Reaching the
Target Audience

chapter eleven

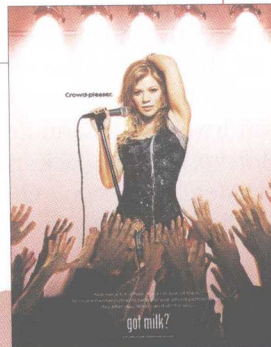
Print Advertising

Objectives

To examine how print advertising enhances the advertiser's media mix. Newspapers and magazines, with their unique qualities, can complement broadcast, direct mail, and other media. By using print wisely, advertisers can significantly increase the reach and impact of their campaigns and still stay within their budget.

After studying this chapter, you will be able to:

- Explain the advantages and disadvantages of magazine advertising.
- Discuss the various ways to analyze a magazine's circulation.
- Describe how newspapers are categorized.
- Define the major types of newspaper advertising.
- Explain the advantages and disadvantages of newspaper advertising.
- Discuss how rates are determined for print media.
- Describe the alternatives for print advertising in foreign markets.



For today's increasingly health-conscious public, the steak and egg meals of yesteryear have lost their appeal. Now, Americans count their calories meticulously, right down to a simple can of soda.

Given this changing attitude, the National Fluid Milk Processor Promotion Board faced a considerable dilemma. How could it reestablish milk as sufficiently savvy for the country's modern beverage consumer? Milk from the dairies of the heartland didn't have the panache sought by the majority of people. Fortunately, unlike many food marketers, the milk board held a trump card of superior nutritional value that it felt could complete a winning hand. What it needed was to educate the public about its special secret and overcome fears of what had become that most taboo "F word": fat.

Science (and nature) worked in the organization's favor. Nutritionists began publishing study after study that confirmed that most Americans

did not receive enough calcium from their diet. And calcium is easily obtained through the consumption of milk. The National Institutes of Health (NIH) warned that without enough calcium, middle-age people (especially women) could suffer from the bone-degenerating disease osteoporosis. It reported that after the age of 11, no age group of females achieves even 75 percent of the recommended levels of calcium, and that only one out of three males receives the levels recommended for adults.¹ Armed with this information, the milk board set out to create a campaign that would spark public interest in its solution to this health problem.

The board hired Bozell Worldwide, an advertising agency well known for its print ads. The puzzle was to create a campaign that would resonate with the times, one that would create appeal for a new era of milk, and one that could be supported by the data from the NIH.

Opening Vignettes

Chapter-opening vignettes introduce each chapter, featuring an actual situation that illustrates a relevant concept in the study of advertising. Wherever possible, the opening story is then woven through the chapter to demonstrate how textbook concepts actually come to life in real-world situations.

Commercial Break 11-B

Innovations in Magazine Advertising

Magazines work closely with advertisers to develop new technologies for presenting ideas and products. From these efforts have come such innovations as fragrance strips, color strips, and pop-up ads.

Fragrance strips are a great favorite with perfume advertisers. With the Scentstrip, readers sample a scent by opening a sealed insert tucked into a magazine. Despite some consumer complaints, Scentstrips have been incredibly

popular. Fragrances are useful for other products as well. For example, a Rolls-Royce ad in *Architectural Digest* carried a Scentstrip bearing the essence of leather. Cosmetics manufacturers insert color strip samples of eye shadow, blush, lipstick, and other makeup that readers can try immediately. Color strips are expensive to produce, but many advertisers think they're worth it.

Another costly innovation is the pop-up ad. Corporate advertisers such as Honeywell and TransAmerica were among the first to try this eye-catching approach. Product ads, such as a pop-up for the Dodge Dakota, followed.

Other intriguing approaches include 3-D ads (complete with 3-D glasses), product samples (facial tissues and paper towels), and unusual shapes and sizes for preprinted inserts. An ad for Sara Lee cheesecake used a single heavy-stock page with what appeared to be a bite taken out of a life-size cheesecake slice. A half-page insert for Gleem toothpaste featured a metallic graphic of a mirror with the slogan "Check your mirror."

Researchers are probing the possibilities of holograms and ads that talk. Already ads can sing—liquor companies included microchips that played Christmas carols in their December magazine ads, and ads for a cigarette brand played "Happy Birthday" on the brand's 75th anniversary.

Recently, Global Commerce Group invented the Web Decoder™, a transparent device made of clear polyester Mylar. The recipient is invited to interact with an image on a Web site. When the piece is positioned over the designated image, a hidden word, icon, or phrase is revealed. Advertisers can tailor the Web Decoder to their specific promotional needs, from cents-off coupons to instant-winner prizes.

Such innovative approaches not only attract readers' attention but also involve them in the experience by appealing to more than just the visual sense.

Applying the Breaks

What are some other products that could benefit from the use of these technological innovations?



Commercial Breaks

Active participation enhances learning, so the Commercial Break plays a significant role in many chapters. These unique sidebars to the world of advertising introduce students to topics of current interest or controversy and then involve them in the subject by posing questions (Applying the Breaks) that stimulate critical thinking.

Ethical Issues

Brand Niching May Cause Brand Switching

Advertisers recognize that offensive advertisements don't pay. They know that alienating or stereotyping minorities and other demographic groups causes serious controversy and bad PR for their clients. And, in addition to avoiding the negative effects, there are benefits to being politically correct in advertising: Hispanics, African Americans, Asian Americans, gays, and other minority groups are all sizable target markets with considerable buying power—so much buying power, in fact, that many marketing campaigns are designed specifically to appeal to these market sectors.

Unfortunately, even advertisements that are designed to be sensitive can sometimes backfire. During the 2000 Olympics, John Hancock Financial Services made a sudden revision to a commercial set to air during the events. In the spot, two women were shown together in an airport holding an Asian infant whom they presumably had just adopted. Although the ad never specifically identified the child's nationality, international adoption agencies pressured Hancock to amend the ad to avoid offending the Chinese government, which would be opposed to the evident homosexuality of the American parents. But Hancock was lucky—the ad was caught before it aired. This isn't always the case, and the results can be disastrous when a controversial ad is aired.

To counter recent accusations that they favored white clientele over their African American patrons, Denny's created some ads that attempted to resolve the issue—badly. The three-spot television campaign featured black customers being “welcomed back” to Denny's and having the time of their lives. However, 100 percent of the people Denny's “welcomed back” were black, affluent, well-dressed, and apparently aristocratic and successful. One

would think that if they were going to solely feature African American customers in the ad, they would do so with a fair representation of the group. Instead of creating an ad that proved Denny's was racially unbiased, as intended, the company had displayed the same behavior it was trying to resolve. Although the company later worked to improve its image, the damage was done.

Not only businesses and retailers have these problems; not-for-profit and government organizations also have to watch their step. During the 2002 Super Bowl, the White House introduced a new series of antidrug public service announcements. The campaign tried to link the money spent on drugs to the funding of terrorist activities. Print and television ads in muted black-and-white traced teens' use of drugs for recreation through the supply chain back to tragic, violent episodes in drug-producing regions. To say that the guilt-trip method did not go over well with teenagers would be putting it mildly. Teens felt that the ads were deliberately manipulative and misrepresented the facts in an attempt to support President George W. Bush's war on terrorism. As a result, studies showed that, over time, teens exposed to the ads shifted to a significantly more “prodrug” attitude than those of kids who did not view the ads. In short, the ads fostered enough resentment among their target audience that teens deliberately defied the message being sent.

Advertising sensitivity is a difficult issue. What is politically correct enough? When is something too politically correct? And what should be done when a conflict cannot be avoided? Some groups simply cannot be targeted without excluding, and thereby offending, other groups. When this happens, a choice must be made, and it must be made carefully, with serious consideration of all potential consequences.

Ethical Issues in Advertising

Ethics play a vital role in the practice of advertising. The Ethical Issues features focus attention on the most critical social questions facing advertisers today. These include debates over puffery, advertising to children, comparative advertising, targeting ethnic minorities, consumer profiling, manipulating research results, creative plagiarism, sexually explicit content, and others.

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Review Questions

1. How does the concept of shared characteristics relate to the market segmentation process?
2. How could you use VALS to develop the marketing strategy for a product of your choice?
3. How does the segmentation of business markets differ from that of consumer markets?
4. What is the most important factor to consider when determining the elements of the marketing mix?
5. What is the difference between a product and a product concept?
6. What are some examples of product positioning not discussed in this chapter?
7. What effect does the product life cycle have on the advertising a company uses?
8. What factors influence the price of a product?
9. How do the basic methods of distribution affect advertising?
10. What product characteristics encourage heavy advertising? Little advertising? Why?

Exploring Advertising

1. Find a print ad and identify the *utility* that is communicated in the ad. Does it address a functional need or a symbolic want? Describe that need or want.
2. Bring in or describe an advertisement that seems to be directed toward a specific target market. Describe what you perceive to be the targeted market segment. Define it using behavioristic, demographic, psychographic, and geographic variables.
3. Select a consumer product and describe what stage of the Product Life Cycle you believe it to be in. How would being in that stage affect the target market selected and the marketing mix used for this product or service?
4. Think of a product or service (not mentioned in this chapter) that is strongly positioned. Describe its positioning. Does its advertising differentiate it from other products with perceptible, hidden, or induced differences?
5. Go to the VALS Web site (www.ssrc-bi.com) and take the VALS Survey. Do you agree with the results? Do they correctly describe your segment? How would this information be useful to a marketer who was trying to target its product or service to you?

Exploring Advertising

Every chapter concludes with active learning exercises that provide students opportunities to apply what they just read to real-world situations. Instructors will find these activities extremely useful as homework assignments or in-class activities.

Checklist

The Pros and Cons of Outdoor Advertising

The Pros

- **Accessibility.** Outdoor carries the message 24 hours per day and cannot be fast-forwarded, put aside, zapped, or turned off.
- **Reach.** For the same dollars, outdoor reaches over 86 percent compared with spot TV (76 percent), radio (72 percent), and newspaper (72 percent) of the same target audience in the same city. The audience is mostly young, educated, affluent, and mobile—an attractive target to many national advertisers.
- **Frequency.** Most people reached with outdoor advertising see it daily.
- **Geographic flexibility.** Outdoor advertisers can place their advertising where they want it nationally, regionally, or locally in more than 9,000 markets across North America.
- **Demographic flexibility.** Messages can be concentrated in areas frequented or traversed by young people, upper-income people, or people of specific ethnic backgrounds. With computerization, it's possible to characterize outdoor audiences by age, sex, income, and lifestyle down to the block level.
- **Cost.** Outdoor offers the lowest cost per exposure of any major advertising medium. Rates vary depending on market size and concentration, but the GRP system makes cost comparisons possible from market to market.
- **Impact.** Because advertisers can build up GRPs very fast, outdoor is the ideal medium for those with a short, simple, and authoritative message.
- **Creative flexibility.** Outdoor offers a large display and the spectacular features of lights, animation, and brilliant color. New fiber optics, giant video screens, and backlit display technologies offer even more creative options.

liant color. New fiber optics, giant video screens, and backlit display technologies offer even more creative options.

The Cons

- **Fleeting message.** Customers pass quickly, so outdoor advertising must be intrusive to be effective. The design and copy must tell a story briefly and crisply, and the words must sell.
- **Environmental influence.** Outdoor messages are influenced by their environment. Placement in a run-down area can detract from a product's image.
- **Audience measurement.** Audience demographics are difficult to measure. Not every passerby sees or reads the ad, so some media buyers distrust audience estimates.
- **Control.** Unlike print and broadcast ads, it's difficult to physically inspect each outdoor poster panel.
- **Planning and costs.** Outdoor messages usually require six to eight weeks of lead time for printing and posting. High initial preparation cost may discourage local use. And for national advertisers, buying outdoor is complex. As many as 30 companies may sell ad space in a single market.
- **Availability of locations.** Outdoor is so popular that demand for good locations now exceeds the supply.
- **Visual pollution.** Some people object to outdoor advertising as visual pollution. They may have a negative reaction to advertisers who use it.

Practical Checklists

Handy Checklists appear regularly throughout the text—they teach students how to handle a large volume of information and creatively convert this information into effective marketing communications. The Checklists can stimulate memory, organize thinking, and reinforce important concepts.

Built-in Learning Aids

Learning objectives, concept checks, bold key terms, chapter summaries, and review questions facilitate learning and allow students to check their understanding of the material. The concept checks and review questions may be assigned as homework to confirm comprehension.

part 4 The Creative Process



"Power to Move Forward" TV commercial
Following the shoot, the footage goes to the editing studios where music, voice-overs, special effects, and supers are all incorporated into the finished commercial. For the "Power to Move Forward" spot, treadmills, which had been placed under the talent and the vehicles to create a natural pacing, were removed during the postproduction stage.

With computer and videotape technology, editors can add effects such as wipes and dissolves and a director will spend many hours editing a commercial to be considerably less than what would be needed for film.

Many professionals still prefer film. The visual picture appears on one piece of celluloid (film) without the need for **rough cut** or **interlock**.

External sound is recorded next. The sound engineer and singers, as well as the announcer's voice-over narration, may be bought and integrated into the commercial to include any sound effects, sound effects, or doors slamming.

Describe the important tasks that take place during each stage of the television commercial production process?

Once sound editing is completed, the finished sound is completed visual celluloid, **lock**. The addition of optical **lock**. The addition of optical **lock**. This is the approved, **dupe** (duplicate) delivery to the networks or TV.

chapter three The Advertising Industry

87

Chapter Summary

The advertising business comprises four main groups: advertisers (clients), agencies, suppliers, and media. It employs a wide range of artists and businesspeople, sales reps and engineers, top executives, and clerical personnel.

There are four main categories of advertisers based on their geographic activities: local, regional, national, and transnational. Local advertising is placed by businesses in a particular city or county and aimed at customers in the same geographic area. It is important because most sales are made or lost in the local arena.

Regional advertisers operate in one or several states and market exclusively within that region. National advertisers operate in several regions or throughout the country and comprise the largest advertisers.

A large company's advertising department may be centralized or decentralized. Each structure has advantages and disadvantages. The centralized organization is the most typical and may be structured by product, subfunction of advertising, end user, or geography. Decentralized departments are typical of large, far-flung organizations with numerous divisions, subsidiaries, products, countries, regions, and/or brands.

Transnational advertisers face unique challenges. Their markets have different value systems, environments, and languages with customers of different purchasing abilities, habits, and motivations. Media that are customary in the United States may be unavailable or ineffective. Companies therefore often need different advertising strategies. To manage their advertising, transnational advertisers use an international, multinational, or global marketing structure.

Ad agencies are independent organizations of creative people and businesspeople who specialize in developing and preparing advertising plans, ads, and other promotional tools on behalf of their clients.

Key Terms

account executive (AE), 74
account planning, 75
account supervisor, 74
advertiser, 60
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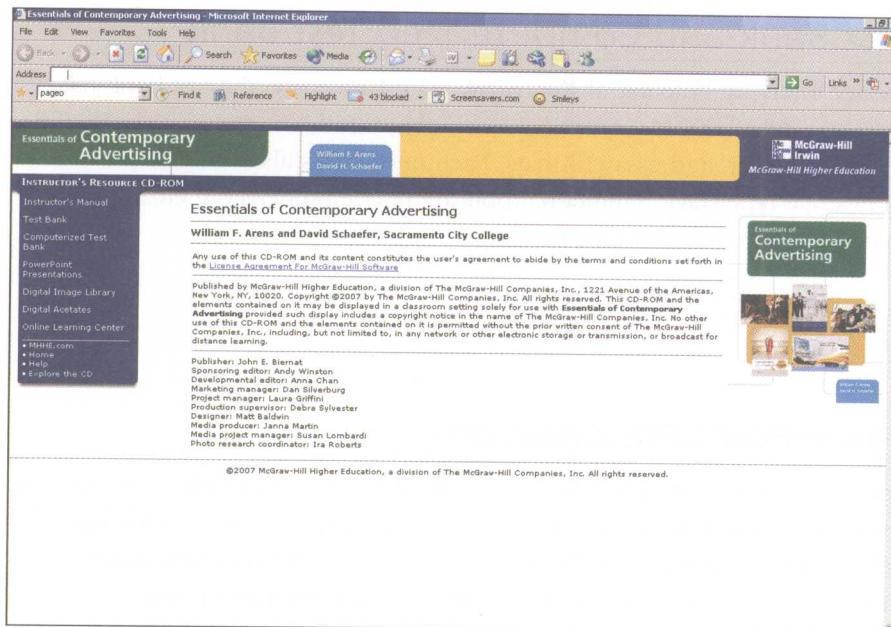
Review Questions

1. Almost half of advertising dollars are spent on local advertising. Why is local advertising so important?
2. What are the three types of local advertising and what purposes do they serve?
3. Why do wholesalers and manufacturers provide co-op advertising funds and materials to local advertisers?
4. What services might a modern full-service advertising agency offer a large business-to-business advertiser?
5. What additional challenges are faced by companies that advertise internationally?
6. How do the media in other countries tend to differ from that which we are accustomed to in the United States?
7. Why do so many advertisers hire ad agencies?
8. In what ways does the role of an Account Planner differ from that of an Account Executive?
9. What are the most important things an advertiser should consider when selecting an agency?
10. What is the best way to compensate an agency? Explain your answer.

Exploring Advertising

1. Select the advertising agency position that is most appealing to you. Describe what educational background, work experience, skills, and personality might be most appropriate for that position. Search the Internet for recruitment ads for that position to confirm your answers.
2. Your agency is paid on a traditional 15 percent media commission. You purchase \$300,000 in network TV time to run an ad for your client. How much will the network receive? How much will the agency be paid?
The ad you ran cost \$30,000 to produce. Your agency charges a 17.65 percent markup for production costs. How much will your client pay for the production? How much will your agency receive?
3. Select an advertising agency that interests you. You may admire its campaigns or you might be interested in it as a possible employer. Write a review of the agency organization and philosophy including as much of the following information possible. Consider using the Standard Directory of Advertising Agencies, Web sites, annual reports, Advertising Age, and Adweek as sources.
 - Agency size: billings and number of employees
 - Corporate affiliation (part of a holding company?)
 - Locations of major offices
 - Top officers of the company
 - Key clients
 - Most notable campaigns
 - Brief agency history
 - Agency philosophy
 - What makes this agency unique?If you were an advertiser seeking an agency, why might this agency appeal to you? What if you were a job seeker?

Supplemental Teaching Aids



Instructor's Resource CD-ROM

This presentation CD-ROM allows instructors to easily create their own custom presentations using resources on the CD like the instructor's manual, PowerPoint slides, and digital art from the text.

Instructor's Manual

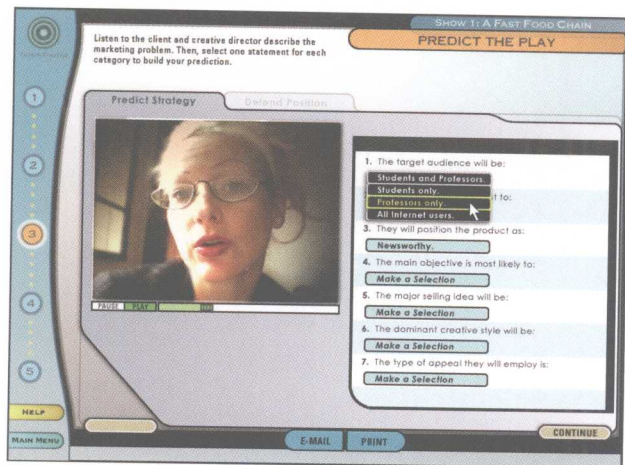
Prepared by Michael Weigold of the University of Florida, the Instructor's Manual contains learning objectives, teaching tips, lecture outlines, discussions of Commercial Breaks, Ethical Issues, and Exploring Advertising material, additional in-class exercises and homework assignments for students, Internet activities, and answers to end-of-chapter questions.

Test Bank and Computerized Test Bank

Created by Betty Pritchett of Kennesaw State University, the test bank has approximately 1,600 test questions, including true/false, multiple-choice, fill-in, short answer, and essay formats. Each question is also designated by knowledge type (fact, definition, application, comprehension, etc.) and includes a page reference to the text.

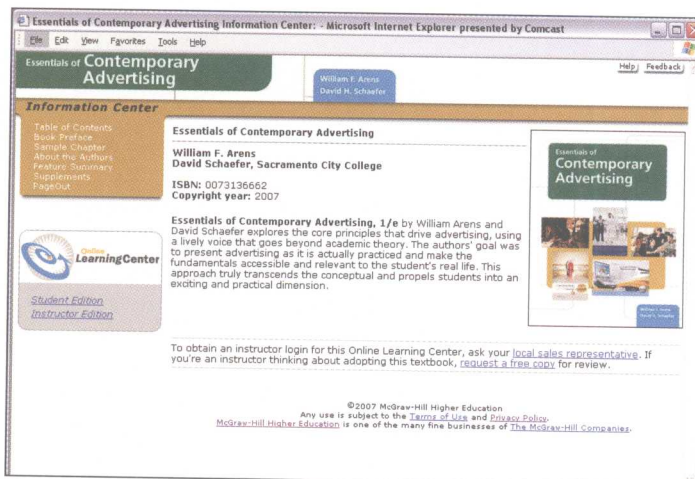
PowerPoint Presentations

Containing approximately 400 slides, full-color ads and exhibits from the text are featured throughout these PowerPoint presentations, created by Tracy Tuten Ryan of Virginia Commonwealth University. The comprehensive chapter presentations can easily be edited to meet the instructor's requirements.



NEW! Interactive Advertising Simulation

Advertising Target Practice: Creating Solutions to Marketing Problems, a new Web-based tool, combines video and interactive material to allow students to explore the concepts and theories presented in the text as they relate to real-world practice. Each segment takes an in-depth look at a real advertising agency and their work on a real-world based campaign. Students will watch interviews, examine objectives of the campaign process, choose a strategy, and then create their own versions of the campaigns. This exciting new tool allows students to view video and then apply their own critical thinking to build a campaign.



Online Learning Center

Students and instructors will find a multitude of helpful resources online at www.mhhe.com/arensessentials1e. Student study tools include practice quizzes, video clips, a glossary of key terms, sample marketing and advertising plans, portfolios of outstanding creative work, and industry resources. The instructor's side includes downloadable versions of the Instructor's Manual, PowerPoint presentations, video clips, the Video Instructor's Manual, and a link to PageOut for access to test materials.

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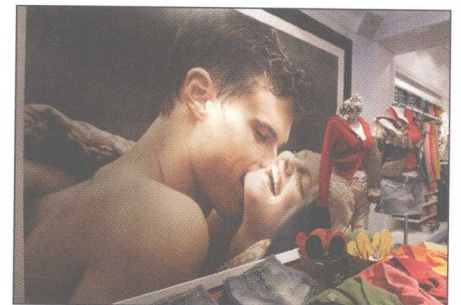
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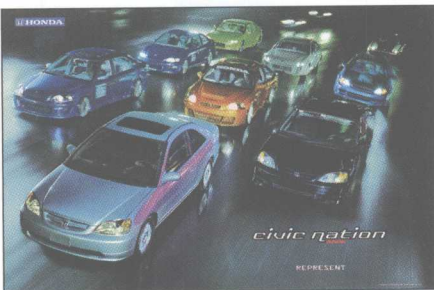


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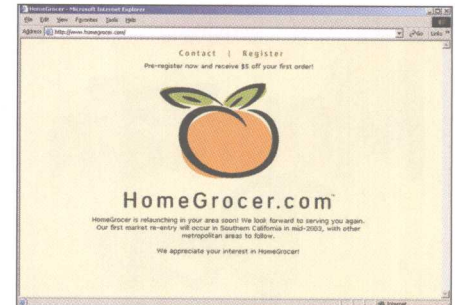
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