MACMILLAN DICTIONARY OF MARKETING & ADVERTISING

Edited by
MICHAEL J. BAKER

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NICHOLS PUBLISHING COMPANY : NEW YORK

First published in the United States of America in 1984 by Nichols Publishing Company
Post Office Box 96, New York, N.Y. 10024

Library of Congress Cataloguing in Publication Data

Baker, Michael John
Dictionary of marketing & advertising
1. Marketing – Dictionaries. 2. Advertising – Dictionaries.
I. Title.
HF5415.B273 1985 380.1'03'21 84-20675

ISBN 0-89397-206-1

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Printed in Great Britain

Introduction

In recent years there has been an upsurge of interest in the subject of marketing, which has been paralleled by increasing reference to terms and phrases which were formerly the preserve of the marketing specialist. At the same time, emphasis upon marketing, both as an approach to business in general, and as a complex business function in its own right, has resulted in a rapid expansion of the vocabulary of the subject. This is particularly true of some of the more specialized sub-areas such as advertising, consumer behaviour, market research etc. Taken together these two trends suggest that there is a need for a suitable reference work in which practitioners, managers in other fields, students, and interested lay persons can find concise but informative definitions of marketing terms.

To meet such a need it is necessary first to try and define marketing itself. There is no single, universally agreed definition of marketing — the entry on MARKETING in this Dictionary indicates the diverse perspectives of authors who have sought to define the term — and so determining just what should be included or excluded was by no means a simple task. As Editor, I accept responsibility for both errors of commission and omission, and welcome suggestions for revisions. In doing so, however, I feel it is important to stress that this book is a general work of reference, and that I have deliberately excluded some of the more technical jargon — particularly that associated with the media and statistical techniques used in marketing research — on the grounds that it is of interest to a comparatively small audience, and such terms can be found in specialized glossaries. Cross-references to related entries are shown in SMALL CAPITALS.

Individual contributions to the Dictionary are identified by the authors' initials, and reflect the extensive involvement of my colleagues in the Department of Marketing at Strathclyde University, which is gratefully acknowleged. Of these colleagues, pride of place must be given to my Research Assistant, Margaret Dickie, for not only has she coordinated the work, but she has been personally responsible for transferring our scribblings onto floppy disk, so that type can be set directly from the 'manuscript'. In this she was nobly assisted by our secretaries, Mrs Ann Clark and Mrs Diana Lewin.

We all trust you find the Dictionary a useful addition to your working library, and hope that with your advice and comments the second edition will be even better.

M.J. Baker
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Department of Marketing
June 1984

A

AA. *See* ADVERTISING ASSOCIATION.

AB. *See* SOCIO-ECONOMIC CLASSIFICATION.

ABC *See* AUDIT BUREAU OF CIRCULATIONS.

above-the-line. The 'line' is an imaginary boundary between those advertising media which pay COMMISSION to advertising agencies and those which do not, the latter being 'below-the-line' media. The above-the-line media are: newspapers, magazines, television, radio, posters and cinema. Directories, yearbooks, matchbooks and point of sale materials (for example) are below the line. (KC)

absolute income hypothesis. One of three theories which have evolved in an attempt to explain variations in aggregate consumption functions. This theory holds that expenditure/savings are a function of income. *See also* PERMANENT INCOME HYPOTHESIS and RELATIVE INCOME HYPOTHESIS. (MJB)

absorption costing. *See* FULL COST APPROACH. (MJB)

accelerator. *See* ACCELERATOR PRINCIPLE.

accelerator principle. A principle in business cycle theory which holds that changes in demand for consumer goods will give rise to increased changes in the demand for those capital goods, i.e. investment, which are required to make the consumer goods. (MJB)

account. An individual piece of business given to an advertising agency by an advertiser. One client may thus represent several accounts, from the agency point of view. There is no direct connection with 'account' in its financial sense. (KC)

accessibility. One of the four basic properties a market segment must possess if it is to deserve specific marketing attention. The other three conditions are that it should be measureable, substantial and unique in its response. A fifth condition proposed by Michael Thomas is that segments should be stable in the sense that their behaviour may be predicted in the future. (MJB)

account executive. The person in the advertising agency whose job is to act as the point of contact for a single account or group of accounts. The more self-explanatory, but relatively rare, term is client-service executive. Account executives (often called 'AEs') need considerable skills of coordination, negotiation and diplomacy to discharge their task to best effect. The large London agencies annually recruit university graduates for account-executive training; they are generally then termed 'graduate trainees'. (KC)

accounting. The concept, conventions and procedures used to record and analyse transactions between parties to the exchange of goods and services. (MJB)

accumulation process. The collection of products from many small producers, a process common in agriculture and horticulture. After collection, the products can be more efficiently graded, packed, or processed, ready for distribution to the channels of distribution, or can be marketed as a standard unchanging product with a guarantee of quality. (AJB)

ACORN. A type of socio-economic classification by allocating to a locality in which a respondent lives, one of a number of types derived from POPULATION CENSUS DATA about the locality. *See* CONSUMER LOCATION SYSTEM, SOCIO-ECONOMIC CLASSIFICATION. (JAB)

acronym. A word formed from the initial letters of other words, e.g. CATI = Computer Assisted Telephone Interviewing. (MJB)

Admap. The British advertising trade magazine; mainly for media planners and researchers it takes the form of an academic journal rather than a news magazine. (KC)

Admarketing Inc. Los Angeles-based advertising agency, estimated by *Advertising Age* to have had gross income of $23 million in 1983 on billings of $146 million. The agency has 244 employees in one office.

administered channel system. A set of relationships in ordering, supply and payment between a producer and his channel intermediaries which preserves the autonomy of each channel member while permitting informal and enduring organizational arrangements to improve efficiency and encourage loyalty. The organizational arrangement may be initiated by the retailer (e.g. Marks and Spencer plc) or the wholesaler (pharmaceutical trade ordering systems) or the manufacturer (brewing companies). (AJB)

administered prices. Those prices which can be controlled or set by the seller due to the existence of imperfect competition by contrast with market prices, which are the outcome of the free interplay of the forces of supply and demand under conditions of pure or perfect competition.

While the administration of price is widely accepted as a desirable objective by the entrepreneur who wishes to exercise some control over the market, the existence of administered prices has been the subject of adverse criticism since the 1930s, when research by Gardner Means into more than 700 items in the wholesale price index showed that such prices are inflexible and do not reflect market pressures. Thus it was argued that an unwillingness to lower prices to stimulate demand resulted in an unnecessary prolongation of the Depression. Similarly, it has been argued that administered prices encourage inflation on the grounds that the type of companies which can administer prices (usually those with a dominant market share) do not have any incentive to resist wage inflation as they can pass the additional costs directly to the consumer, thus propagating an inflationary spiral. However, there is significant evidence from several industries in which administered prices exist that the opposite is the case i.e., employers have resisted wage inflation and kept prices down. (MJB)

ADNET. A computer network, recently established by a limited company with the aim of linking the separate computers of the individual ITV CONTRACTING COMPANIES. Subscribers will gain access to a large data bank of past television advertising campaigns, especially cost, and audience information. *See* ITV REGION. (KC)

adopter categories. A classification of users or buyers of an innovation according to time of adoption. Everett Rogers identified five categories within the ADOPTION CURVE which he described as conceptualizations based on his own observations of the diffusion process. Roger's categories are defined in terms of percentage groupings within the normal distribution of the adoption curve as follows:

- innovators — first 2.5% of all adopters
- early adopters — next 13.5% of all adopters
- early majority — next 34% of all adopters
- late majority — next 34% of all adopters
- laggards — last 16% of all adopters

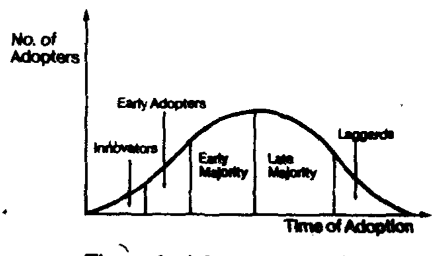

Figure 1: **Adopter categories**

Research has shown that these groups of adopters have different characteristics regarding SOCIAL CLASS, age, education, ATTITUDES, and other variables. Most attention has been focused on the first group of adopters. The characteristics and behaviour of innovators are studied in order to identify the most likely early purchasers of new products. The desired aim is to target marketing launch efforts more accurately and efficiently towards the most receptive buyers of a new product. (MS)

adoption curve. A graphic representation of the diffusion of an innovation. The curve illustrates the number of adopters who have purchased a new product or service in each time period from the launch date.

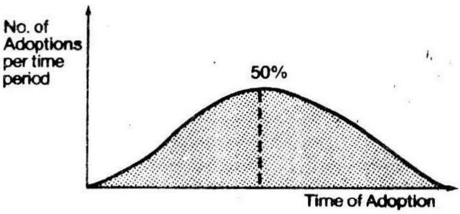

Figure 2: **Adoption curve**

The curve takes the shape of a normal statistical distribution. A small number of people adopt the innovation shortly after it becomes available and this rate of adoption increases until 50 per cent of the potential buyers (or users) have tried it. After this point the number adopting within each time period falls until there are no potential adopters who have not tried the innovation. An alternative method of illustrating the same process is by plotting the cumulative number of adopters against time:

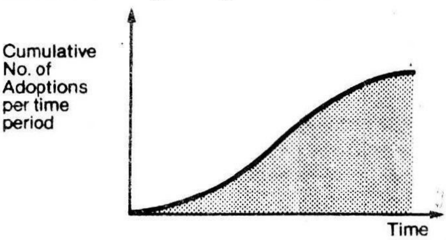

Figure 3: **Adoption curve (cumulative)**

This produces an S-shaped curve, also known as the diffusion curve. (MS)

adoption process. *See* DIFFUSION.

Adshel. Descriptive term for a standardized poster site incorporated into the structure of a bus shelter. There are 2,500 throughout the UK, all sold by one contractor, Adshel Limited. A small amount of bus-shelter advertising is available from individual suppliers other than Adshel. (KC)

advert. *See* ADVERTISEMENT.

advertisement, ad. Alternative terms for the same thing, which scarcely requires precise definition since advertisements are a very familiar feature of contemporary life in western countries. 'Ad' is generally the trade jargon, particularly in America, but enters the public vocabulary in the term 'small ads'. 'Advert' is the layperson's word, not much used within the business and not at all by American writers on advertising. 'Advertisement' is safest. (KC)

advertisement manager. Alternatively, 'advertisement sales manager'. The person in a press media organization responsible for selling advertising space to prospective advertisers. Do not confuse with advertising manager. In television and radio companies, the term 'sales manager' is more common. (KC)

advertisement sales representative. A member of the advertisement manager's sales team. The older term is 'space salesmen'. (KC)

advertiser. A person, firm or other organization in the role of originator or sponsor of an advertisement or advertising campaign. Thus, 'Cadbury-Schweppes is a major British advertiser'. *See also* CLIENT. (KC)

advertising. Can mean several things: the craft or science of creating and disseminating advertisements; the business or profession servicing the craft; a social institution affecting the daily lives of everyone; a force shaping popular culture; a factor in the economic theory of the firm; an element in the MARKETING MIX; a source of information for CONSUMERS. A narrow definition of the process rather than the concept might be: the placing of recognizable ADVERTISEMENTS in definable ADVERTISING MEDIA at a published rate for the purchase of ADVERTISING SPACE or ADVERTISING TIME.

The concept of advertising is too old for a meaningful origin to be pinpointed, but an institutionalized advertising business has existed in Britain since about 1700, when newspapers began to feature advertising of a kind that present-day readers would recognize as such. Today, the business is characterized by five main organizational elements:

(a) advertisers; (b) advertising agencies; (c) media owners; (d) various providers of services, such as market research agencies, design studios, typesetters, printers, direct mail houses and so on; (e) trade bodies and professional associations. *See* PUBLICITY (KC)

advertising agency. A service firm which exists to solve two basic problems for advertisers: the complexity of the MEDIA SELECTION decision and the intangibility of the skills required to formulate CREATIVE STRATEGY. Advertisers who choose to avail themselves of agency services thus buy a share in the media and creative expertise of the agency's staff, instead of having to recruit and retain the necessary experts themselves. The alternative, to set up an 'in-house advertising service', is today very uncommon except among small advertisers and (one exception to the rule) retailers. Only 22 per cent of total UK ADVERTISING EXPENDITURE comes to the media direct from advertisers; the rest is channelled through advertising agencies.

A typical full-service advertising agency has seven principal functional divisions. Client Service (or 'ACCOUNT handling') is concerned with day-to-day liaison with the agency's clients; ACCOUNT EXECUTIVES, account managers/supervisors and account directors work here. The department is the logical equivalent of after-sales service in a conventional firm. As is generally true of service organizations, this function assumes much greater importance than in the (fast-moving consumer goods) manufacturers we tend to think of as the normal marketing

Figure 4: **World's top 50 ad agencies in 1983**
Figures, shown here in millions ($), are based on total equity interest in foreign shops.

AGENCY	GROSS INCOME	BILLINGS
1. Dentsu	$437.7	$3.21 bill
2. Young & Rubicam	414.0	2.76 bill
3. Ted Bates Worldwide	388.0	2.59 bill
4. J. Walter Thompson Co.	378.4	2.52 bill
5. Ogilvy & Mather	345.8	2.36 bill
6. McCann-Erickson Worldwide	298.8	1.99 bill
7. BBDO Intl.	289.0	1.95 bill
8. Saatchi & Saatchi Compton Worldwide	253.3	1.71 bill
9. Leo Burnett Co.	216.5	1.49 bill
10. Foote, Cone & Belding	208.4	1.41 bill
11. Doyle Dane Bernbach	199.0	1.32 bill
12. SSC&B:Lintas	197.1	1.32 bill
13. Grey Advertising	183.5	1.22 bill
14. D'Arcy MacManus Masius	181.1	1.21 bill
15. Hakuhodo Intl.	180.2	1.35 bill
16. Benton & Bowles	144.3	1.00 bill
17. Marschalk Campbell-Ewald	133.0	886.8
18. EUROCOM/Univas	125.2	852.3
19. Dancer Fitzgerald Sample	113.1	726.1
20. Marsteller Inc.	99.6	664.1
21. N W Ayer Inc.	97.4	650.0
22. Needham, Harper & Steers	94.2	631.9
23. Wells, Rich, Greene	92.7	608.5
24. William Esty Co.	84.8	565.0
25. Publicis Intermarco-Farner	82.1	553.8
26. Bozell & Jacobs	74.4	557.0
27. Kenyon & Eckhardt	60.5	392.2
28. Daiko Advertising	59.8	472.4
29. Ketchum Communications	55.2	368.3
30. Cunningham & Walsh	52.7	366.0
31. Compton Advertising	50.8	360.3
32. Tokyu Advertising	50.5	391.6
33. Dai-Ichi Kikaku	49.2	349.7
34. Backer & Spielvogel	45.0	300.0
35. HBM/Creamer Inc.	43.5	290.9
36. Campbell-Mithun	42.8	285.3
37. Yomiko Advertising	39.1	239.7
38. MPM Propaganda	37.6	150.4
39. Geers Gross	37.0	250.0
40. Alcantara Machado, Periscinoto Comunicacoes	36.4	145.6
41. Roux Seguela Cayzac & Goudard	35.6	237.3
42. Scali, McCabe, Sloves	35.1	230.8
43. TBWA	35.0	237.2
44. Ross Roy Inc.	34.1	227.0
45. Della Femina, Travisano & Partners	30.8	205.0
46. Belier Group	30.1	201.0
47. Asahi Kokoku-sha Co.	30.0	194.0
48. Laurence, Charles & Free	29.3	195.0
49. Leber Katz Partners	29.2	251.0
50. Tatham-Laird & Kudner	27.0	224.0

Reprinted from *Advertising Age* 23/4/84 firm. The creative department is concerned with the conception and execution of copy and graphics, which is done by COPYWRITERS, visualizers, paste-up artists, finished artists, ART DIRECTORS and TV directors. Despite the glamorous aspects of such jobs, the creative department is actually the shop-floor of the agency, where the 'product' (as distinct from its service) is put together; the function is conceptually equivalent to production in a conventional manufacturing firm. Advertising agencies do have production departments, which buy in such essential 'raw materials' as typography, photography, audio-visual production services and so forth. This is actually a purchasing function. The media buying department is also involved in purchasing, but in this instance buying not the raw materials but rather the means by which the product will be delivered; mainly advertising space and advertising time. The people who place the orders with the MEDIA OWNERS, and negotiate the rates for the space and time, are 'media buyers'; they are the target market for ADVERTISEMENT SALES REPRESENTATIVES.

The process of executing an advertising campaign involves a very large number of separate operations running in parallel, each generating outputs which in turn become inputs to the end product. Furthermore, records must be kept of every meeting between account executive and client, if acrimonious argument about the end product is to be avoided. This proliferation of materials and documentation must be scrupulously controlled and coordinated throughout the planning and production of the campaign, so that each operation can be completed in sequence and on time. This crucial task is the responsibility of the Traffic Manager, whose department is therefore the equivalent of a conventional firm's production planning and control staff.

In addition to these five executive functions, there may also be two planning departments in more sophisticated FULL-SERVICE ADVERTISING AGENCIES. Media planners need familiarity in depth with a large and often esoteric body of media research, and the ability to convert bald statistics into plans and schedules capable of delivering the right target audiences at the right times with as little wastage and as cost-effectively as possible. This function is the logical equivalent of research and development in a conventional firm. Account Planners are also much concerned with research and theory. They try to understand consumers, markets and society in general, as the underpinning for development of advertising strategies which will work. Account planning may also be concerned with plotting the agency's own business policies and strategies. The nearest equivalent in a conventional firm would be corporate planning.

Some advertisers, while not choosing the in-house advertising option, do not employ FULL-SERVICE ADVERTISING AGENCIES. Instead, they may use one or both of two differentiated, specialist services which have become available over the last two decades, MEDIA INDEPENDENTS and creative shops; or they may buy-in service À LA CARTE.

Paradoxically, conventional full-service agencies are not paid for their work by their own clients, but by the media. *See* COMMISSION SYSTEM.

The largest, and probably best known, British advertising agency is SAATCHI & SAATCHI, which had total billings (in effect, turnover) of $134 million in 1983 and employed 555 people. It is also the biggest in Europe and has recently opened offices in the USA. Number two in Britain, Europe and the world (where Dentsu of Japan ranks first) is the almost equally well-known J. Walter THOMPSON agency, an American-based multinational. There are about 600 advertising agencies, recognizable as such, in Britain. At the smaller end of the scale, the 300th entry in *Campaign's* league table for 1983 had total billings of $1.4 million and employed 14 people. (KC)

Advertiser's Annual. Often called 'the Blue Book', because of the colour of its cover, this is an indispensable desk reference book for advertising people on all sides of the business. Its 1400-odd pages list the details of: general advertising agencies; specialist advertising agencies; public relations companies; national advertisers; newspapers and magazines; television and radio CONTRACTING COMPANIES; poster advertising contractors; UK accredited representatives for overseas media; a sampling of overseas media and overseas advertising services, by country; suppliers of services and supplies to the advertising business. (KC)

advertising allocation. *See* ADVERTISING APPROPRIATION.

advertising appropriation (advertising budget). The amount of money an advertiser decides to spend on advertising in a fixed period, generally a year. 'Appropriation' is preferable to the alternative term 'budget', since the amount is in practice appropriated from the total marketing budget, as are the appropriations for other marketing mix activities, such as direct selling, distribution or market research. The advertising appropriation will be further subdivided into allocations — amounts set aside to cover, for example, media charges or production costs. Textbooks typically describe a dozen or so procedures for deciding the size of the advertising appropriation, including computer programs based on econometric modelling of the market response to various levels of advertising effort. However, six field surveys conducted between 1960 and 1978 in Britain and America lead to the inescapable conclusion that only one is in genuinely common and widespread use: the ADVERTISING-TO-SALES RATIO. The second most popular is also the least sophisticated, consisting in essence of picking a number which seems intuitively right; it is variously known as 'notional sum', the 'arbitrary method', the 'affordable method' and 'AYCA' (for 'all you can afford'). It is well to remember that advertising is likely in practice to compete with other marketing mix activities for a share of a finite marketing budget, whereas the suggested methods for determining the appropriation are all open-ended calculations. (KC)

advertising appropriation, setting. Deciding how much to spend on advertising and other promotional activities is one of the more difficult budgeting problems that management is called upon to make. In the absence of a directly measureable relationship between the volume of advertising and the overall profitability of the firm, the majority of managements have adopted one, or a combination, of the following 'rule-of-thumb' approaches.

(a) Fixed percentage of sales. Under this method management allocates a percentage of either past or anticipated sales to advertising. Adoption of this policy may be justified on the grounds that it is rational to allocate a fixed proportion of sales revenue to advertising in the absence of a model which permits a prediction of variation in sales volume in response to variations in the volume of advertising. On the other hand, it ignores the fact that a decline in sales volume will result in a contraction of the advertising appropriation at the very time when increased advertising may be the stimulus necessary to halt the decline or reverse the trend. In the case of companies operating in markets with an inelastic demand, the policy helps stabilize the competitive situation, always providing that it is a commonly accepted practice. Certain OLIGOPOLISTIC industries appear to exhibit this characteristic — the knowledge that increased advertising will not result in an increase in primary demand dissuades individual firms from attempting to improve their market share through increased advertising owing to the strong competitive response which it is bound to provoke. (This tendency was also noted with regard to the use of price reductions as a competitive weapon, unless the instigator had a clear cost advantage over his competitors.)

(b) The 'me-too' approach. The adoption of this 'policy' was implied above, and constitutes the adoption of a level of advertising which corresponds to that of one's competitors. This is a purely defensive and negative reaction. Clearly, the firm is interested in what its competitors are doing as a guide to the policies it should adopt, but it also follows that if the firm is to improve its competitive position it must pursue policies that will enable the consumer to distinguish it from the competition and perceive it as superior.

(c) What we can afford. This method tends to relegate expenditures on advertising to the bottom rung of the corporate budget ladder. It implies that whatever remains after meeting operating costs, dividend payments etc, will be spent on advertising. As with the fixed percentage of sales method, the most likely outcome is that as sales fall the unit contribution will decline to the point where no advertising can be afforded at all. Conversely, as sales rise an increasing amount will become available and wasteful expenditure may ensue.

(d) The 'task' approach. In the absence of a normative model of the relationship between various levels of advertising and profitability, this method is to be preferred to any of the above practices. The first step in this method is to define a clear objective. Given the objective, one can prepare a campaign plan that would achieve this goal. An examination of the costs of mounting such a campaign may indicate that it is beyond the company's available resources. Within this constraint, the plan may be modified by closely evaluating each of its component parts and dispensing with the least essential. Obviously the end result will be a lesser objective than originally laid down, but it will be a realistic statement of what the firm can hope to accomplish related to current resources. (MJB)

advertising allowances. *See* ADVERTISING APPROPRIATION.

Advertising Association (AA). The umbrella professional association representing all three main parties in the advertising business; ADVERTISERS, ADVERTISING AGENCIES and MEDIA OWNERS. Founded in 1926, its origins were in a National Vigilance Committee to monitor compliance with the general spirit of 'truth in advertising' and draw up a tentative code of ethics, following the 1924 annual conference of the Associated Advertising Clubs of the World at Wembley. Today, the Association's much wider aims are concerned with (a) promoting public confidence in advertising; (b) safeguarding the common interest of the business; (c) encouraging the development of education for advertising and theoretical research into its effect; (d) maintaining professional standards and (e) fostering good relations with interested parties in business, the professions, the media and public service. (KC)

advertising budget. *See* ADVERTISING APPROPRIATION.

advertising campaign. The combination of advertisements, run in the various advertising media chosen, according to a predetermined schedule, which logically constitutes one finite element in the advertiser's continuing advertising strategy. Campaigns vary considerably in duration. Some last only a matter of weeks or months; others, such as the famous surrealist series for Benson & Hedges Special Filter, run for several years. Practitioners also distinguish sub-campaigns within a larger plan. The Benson & Hedges advertising, for instance, comprises: a 'poster campaign' of more than thirty poster designs over seven years; a 'press campaign' of virtually identical graphic execution in a variety of magazines, in series over the same period; and a 'cinema campaign' which has so far involved two cinema commercials in non-overlapping continuous schedules. (KC)

advertising, case against. The case against advertising may be stated as: (a) advertising leads to higher prices by conditioning demand and so leads to distortion of the productive machine, e.g. maize may cost only £0.01 per pound, but when converted into branded cornflakes it retails at about £0.40 per pound. (b) Advertising leads to non-price competition, e.g. the use of promotions. This creates diseconomies due to difficulties associated with the accurate measurement of demand, and results in a high proportion of product failures. (c) It is an unreliable guide as to value and satisfaction. (d) It leads to oligopoly and monopoly. (e) It is a waste of national resources. *See also* ADVERTISING, CASE FOR. (MJB)

advertising, case for. Proponents of advertising argue firstly, that advertised goods are cheaper because (a) advertising brings about economies in 'true' selling costs, e.g. by reducing the need for direct selling, encouraging the development of self-service etc; (b) it raises the scale of production, helps to stabilize output and promotes standardization; (c) competition ensures that the benefits of these economies will be passed on to the consumer. Secondly that advertised goods are better goods because (a) the identification of the product with the manufacturer through branding constitutes a guarantee of quality which must be maintained if the manufacturer is to secure repeat purchases from users; (b) to maintain market share manufacturers must constantly strive to improve their product to meet, or exceed, the claims of competing products. Thirdly, that branded and advertised goods create a freedom of consumer choice that was unknown when the same articles were sold from bulk. Fourthly, that advertising improves the standard of living by making *new developments quickly available to the* public and, by stimulating demand, creates investment, production and employment opportunities. *See also* ADVERTISING, CASE AGAINST. (MJB)

advertising control. The British system of advertising control is tripartite, consisting of direct legislation, statutory regulation and self-regulation. As far as direct legislation is concerned, rather less than a hundred laws and regulations affect advertising in some respect. Most significant of these are the TRADE DESCRIPTIONS ACTS OF 1968 AND 1972 and the 1973 FAIR TRADING ACT. The first empowered the government to decide what claims and descriptions made in advertisements or sales promotions can reasonably be assumed to mean, and to require the product or service to perform accordingly. The second set up the Consumer Protection Advisory Committee, with the statutory duty to investigate 'consumer trade practices', specifically including advertising and sales promotion, to see if they might 'adversely effect the economic interests of consumers'. It also established the OFFICE OF FAIR TRADING. The only valid defence an advertiser or advertising agency can offer to prosecution under either Act is 'innocent mistake' or the claim to have been relying on information supplied which could not reasonably have been verified. (*See also* CONSUMER PROTECTION.) Legislative control of advertising in Britain is thus a by-product of the control of marketing: in the USA and several continental countries, there are laws which specifically regulate advertising.

'Statutory regulation' describes the control over broadcast advertising exercised by the INDEPENDENT BROADCASTING AUTHORITY, according to criteria set out in the IBA Code of Advertising Standards and Practice, and 'self-regulation' the mechanism by which the ADVERTISING STANDARDS AUTHORITY controls non-broadcast advertising, according to the BRITISH CODE OF ADVERTISING PRACTICE. Both Codes enshrine the general principle that advertisements should be 'legal, decent, honest and truthful'.

The tripartite British system of advertising control is more often praised by commentators than criticized, and is generally believed to work acceptably well. It is worth re-*membering that the advertising of past* times, especially the 1890s and 1920s, often far surpassed any present-day British advertisements in its lack of honesty and restraint. Ample evidence can be found in T.R. Nevett, *Advertising in Britain: A History*, (Heinemann 1982). (KC)

advertising effectiveness. Since advertising almost always tries to persuade people to change their attitudes or behaviour, the measurement of effectiveness is clearly an important task for advertisers and advertising agencies. *See* ADVERTISING TESTING. (KC)

advertising expenditure. This term can describe the amount spent on advertising by an individual firm or organization (*See* ADVERTISING APPROPRIATION), but is more usually taken to refer to the collective total of all advertising budgets within an industry group or a single country. Thus, total United Kingdom advertising expenditure in 1983 was £3.58 billion. This represents about £50 per capita per annum, about £100 for every member of the total workforce and about £150 per household; it is approximately 1.4 per cent of the UK gross national product and just under 2 per cent of our total consumers' expenditure. As a country, we spend nine times more than this on social security, more than four times as much on both education and defence but a little less on roads, for some very arbitrarily chosen comparisons. At constant values, total UK advertising expenditure has over the last decade fluctuated within quite narrow limits, despite marked recessionary troughs in general economic activity. As a percentage of gross national product, it has been increasing steadily over the decade, but only to return to the level of 1973. The three largest expenditures by product category are alcoholic drinks (£46.5 million) confectionery (£45 million) and magazines and newspapers (£28.5 million). In world terms, Britain's total advertising expenditure is high. Per capita, we rank fifth in a table of eleven nations, but our expenditure as a percentage of GNP is fifth in a table of eighteen, behind the USA, Sweden, South Africa and Australia. World expenditure is dominated by the United States, which accounts for 54 per cent of the total, according to its own premier advertising trade journal. Europe spends exactly half the American figure, leaving the whole of the rest as only 19 per cent share of the pie. The 80/20 rule (*see* PARETO ANALYSIS) could hardly be more closely confirmed.

Total UK expenditure on sales promotion is actually somewhat higher than the advertising figure. The Institute of Sales Promotion's estimate for 1982 was 'more than £4 billion'. (KC)

advertising exposure. The presentation of an advertisement to an audience. Stimulus-response theory and HIERARCHY-OF-EFFECTS models regard exposure of an advertisement (a cue) as a necessary precondition of any subsequent action. It follows that a critical question for the advertiser must be 'how many exposures do I require to achieve the desired response?' *See also* OPPORTUNITIES TO SEE, RESPONSE FUNCTIONS. (MJB)

advertising frequency. *See* ADVERTISING IMPACT.

advertising goals. *See* ADVERTISING OBJECTIVES.

advertising impact. One of three dimensions used in assessing ADVERTISING EXPOSURE and ADVERTISING RESPONSE, the other two being reach and frequency. Impact is a qualitative concept and difficult to measure precisely whereas reach and frequency are objective and easier to quantify. Thus impact will vary according to the context in which the advertisement appears (which the advertiser may anticipate and seek to control) and the receiver's selective perception of both the advertisement and its context. Reach defines the number of receivers of an advertisement during a given time period, while frequency measures the number of times each receiver is exposed during the time period. (MJB)

Advertising Investigation Department (AID). An antecedent of the ADVERTISING STANDARDS AUTHORITY (ASA). In 1948, the ADVERTISING ASSOCIATION published a 'British Code of Standards in Relation to the Advertising of Medicines and Treatments', seeking to control a product as characterized by flagrantly dishonest and misleading advertising, even twenty-four years after the self-regulation initiatives following the international convention at Wembley which provided the initial impetus for the formation of the Association. It simultaneously set up its own Advertising Investigation Department, to monitor advertisements for products other than patent medicines. Neither the Code nor the Department was backed by any kind of sanction against transgressors, however. Thirteen years later, a motion at the Advertising Association annual conference called for the establishment of an independent body to exercise self-regulatory control over advertising in non-broadcast media, the Independent Television Authority having meanwhile devised a system for the control of television commercials. This was in effect a vote to formalize and extend the powers of the Advertising Investigation Department and resulted, in 1962, in the setting up of the ASA and the consequent demise of the AID. (KC)

advertising manager. Title of the person in the advertiser's organization with executive responsibility for advertising. The post does not exist in certain types of marketing company, particularly the FAST-MOVING CONSUMER GOODS manufacturers who tend to dominate the textbooks and everyday discussions about advertising. Here, BRAND MANAGERS (or their equivalents) normally assume responsibility for the advertising of their brand or brands. The distinction is that an advertising manager manages the advertising function for a whole company or division, typically including corporate and recruitment advertising as well as product advertising, but has no responsibility for other elements of the MARKETING MIX, whereas brand managers are responsible for the deployment of the whole marketing mix including advertising, but have no influence over advertising decisions relating to brands other than their own. The responsibility of one cuts vertically through the organization, that of the other spreads horizontally through it. It follows that the brand manager system requires some company-wide coordination of advertising at a more senior level. This responsibility is normally vested in managers or directors of 'marketing services', or perhaps just 'marketing'.

In practice, advertising managers usually deal with the whole MARKETING COMMUNICATIONS MIX: publicity, sales promotion, exhibitions and so on as well as advertising. But the traditional title tends to hang on, however inaccurate. To complicate the matter further, industrial advertisers very often use the terms 'publicity department' and 'publicity manager' to describe what are in fact the advertising or marketing communications department and manager (*see* PUBLICITY). Advertising managers and publicity managers are the advertising agency ACCOUNT EXECUTIVE's contact on the client side of the agency-client relationship. (KC)

advertising media. The means by which advertisements are brought to the attention of a target audience. In Britain, the five major advertising media are the press, television, poster, radio and cinema. Television and radio refer of course only to the independent services (*see* ILR and ITV), since the BBC does not provide advertising opportunities. Technically speaking, posters should be subdivided into 'outdoor' and 'transportation'. The latter comprises that wide variety of types and sizes of poster and sign to be found in and on transport vehicles (such as underground trains, buses or taxis) and in and around stations, airports and terminals; the former consists of the various POSTER SITES which are an everyday feature of the average townscape. Purists make the distinction on the basis that the relationship of the audience to the medium is markedly different in the two cases, but it must surely become blurred if one considers an outdoor poster site facing a city-centre car park regularly used by commuting motorists. 'Minor media' is a large category including such opportunities for advertising messages as matchbooks, sports programmes, clothing or tethered balloons. Total United Kingdom ADVERTISING EXPENDITURE is shared among the major media as follows, in round figures: press 60 per cent; television 33 per cent; posters 4 per cent; radio 2.5 per cent; cinema 0.7 per cent. It is a point to remember when reading American marketing texts that cinema is not an advertising medium in the USA.

Four of the five media are 'dual': they provide one product to the public (news, entertainment, and so on) and another to advertisers (the space or time in which to convey messages to a slice of that public). The press derives income from both sets of customers, via the COVER PRICE and the ADVERTISING RATES. Television and radio, on the other hand, charge for only one of the two products, their revenue coming only from their ADVERTISING RATES and the sale of programme material to other broadcasters. ITV and ILR are thus 'free' to their listeners, subsidised by the advertisers, whereas newspapers and magazines are not — with the single exception of FREESHEETS — and nor is cinema. The poster medium is unique in being a non-dual medium, though one could argue intellectually that it provides the free public service of enlivening otherwise drab urban landscapes, if it is developed with restraint and a good design sense. Some commentators who visit Eastern European countries remark on the negative effect of an absence of posters, but they are presumably not advocating a transformation to the visual clutter characteristic of late Victorian Britain or present-day South America.

Advertising media are correctly subcategorized into MEDIA CLASSES, MEDIA VEHICLES and MEDIA OPTIONS, but the term 'media' is often used to describe members of both of the first two categories. (KC)

advertising medium. The singular of ADVERTISING MEDIA; the plural is not 'advertising mediums'. (KC)

advertising message. A self-explanatory term. A large amount of technical literature, often obscure to the non-specialist, analyses the nature of advertising messages and debates the relative impact of different message strategies upon the target audience. *See*, for example, DELOZIER. (KC)

advertising objectives. Called advertising 'goals' by some authors, but not the majority. In an ideal world, all ADVERTISING CAMPAIGNS should be underpinned by a set of sound and complete objectives. These should be (a) explicit; (b) commonly agreed; (c) unequivocal; (d) true advertising objectives; (e) calibrated; (f) testable. The fact is, as surveys repeatedly show, that typical advertisers experience substantial difficulty in articulating objectives which meet these criteria. A real example will illustrate the problem. In a case history intended to demonstrate its skills and efficiency, an advertising agency explicitly listed five objectives. The list read: increase consumer awareness; rebuild trade confidence in the brand; motivate and support the trade; increase brand sales; increase market share. Criterion (a) was satisfied, at least. Whether they had been commonly agreed before the campaign, thereby satisfying criterion (b), or whether the decision was a post-hoc rationalization for the purposes of the case history must remain an open question. Four of the five are not true advertising objectives — criterion (d) — because they require the interaction of other elements of the MARKETING MIX. Those remaining are not calibrated/criterion (e). 'Increase awareness' is perhaps the most commonly articulated of all advertising objectives, but it fails to specify: of what, among which target audience, by how much, compared with when, and within what time period. It is furthermore untestable — criterion (f) — because it does not specify how the increase in awareness will be measured. Whether or not this list of objectives satisfies the last remaining criterion, being unequivocal, is more a subjective judgement than objective, but the point is in any case already made. Academic texts are no less blameworthy than practitioners. A respectable American textbook, best kept anonymous, lists 16 specimen advertising objectives of which only five are capable of being achieved by advertising alone; none of those is calibrated and no test procedure is even implied.

It is disturbing that this carelessness with objectives persists more than 20 years after Russell H. COLLEY's celebrated treatise was reprinted in the *Harvard Business Review* in 1962. People remember the 'Dagmar' model of advertising effect but forget what the acronym stood for, which was the title of the treatise: 'Defining Advertising Goals for Measured Advertising Results'. The point is, of course, that meaningful measurement of effectiveness (*see* ADVERTISING TESTING) is impossible unless satisfactory objectives have first been specified. Colley himself listed 52 advertising 'goals' which might be relevant in practice, and they are an object lesson to practitioners in satisfying the criteria of usefulness offered above. (KC)

advertising rates. The MEDIA OWNERS' unit charges for ADVERTISING SPACE or ADVERTISIG TIME. They are published in BRITISH RATE & DATA (Brad) and the media owners' own RATE CARDS. Standard rates are modified by both surcharges and discounts. The former are levied for the privilege of 'fixing' the time of COMMERCIALS or securing SPECIAL POSITIONS in newspapers and magazines, and for special print processes such as BLEED. The latter are for volume, series bookings or accepting a package deal. Details can become complicated, but the main surcharges and discounts are published in Brad. In addition, sophisticated or powerful advertising agency MEDIA BUYERS may be able to haggle successfully for further discounts in favourable circumstances. Whether or not discounts and surcharges apply, any RECOGNIZED ADVERTISING AGENCY has the right to COMMISSION calculated on the rate card cost, from all ABOVE-THE-LINE media. (KC)

advertising research. Often taken to be synonymous with ADVERTISING TESTING. In fact, the term embraces a wider variety of activities which might be summarized as (a) formative research; (b) developmental research; (c) concept testing; (d) pre-testing and (e) post-testing. Formative research is that carried out before 'concept generation' even begins, to establish the necessary background knowledge about — for instance — the beliefs of potential target audiences about the whole system of behaviour into which consumption of an advertised product fits. Developmental research, as the name clearly enough implies, relates to the progressive development of the advertising concept after it has been born out of the formative investigations. At the end of the 'concept development' stage, there will typically be a number of contenders for eventual translation into the main campaign concept; 'concept testing' procedures sort out the winners from the losers. Pre-testing and post-testing are defined under ADVERTISING TESTING. 'Advertising research' is not generally taken to include MEDIA RESEARCH. (KC)

advertising reach. *See* ADVERTISING IMPACT.

advertising sites. *See* POSTER SITES.

advertising space. That part of the total page-space in newspapers and magazines allocated by the MEDIA OWNERS to advertising rather than editorial matter. Observation will confirm that the ratio of one to the other varies greatly among the many thousand separate MEDIA VEHICLES concerned. The proportion devoted to advertisements is highest of all in the FREESHEETS, generally comparatively high (up to two-thirds) in magazines and the up-market Sunday papers, and lowest (as little as one-third) in the popular press. Curiously, the cinema advertising contractors also use the term 'space' rather than the more logical ADVERTISING TIME. (KC)

Advertising Standards Authority (ASA). A limited company, independent of media owners, advertising agencies or advertisers but established in 1962 by the UK advertising business to 'ensure that its system of self-regulation works effectively in the public interest'. An independent chairman appoints twelve council members, two-thirds of whom must be 'independent of any advertising interest' and all of whom must 'serve as individuals, not as representatives of any other body or section of the public'. The ASA is financed by a surcharge on display advertising *see* ADVERTISING STANDARDS BOARD OF FINANCE. It publishes The British Code of Sales Promotion Practice which sets out criteria of acceptability. Its function is to investigate complaints about non-broadcast advertisements originating outside the advertising business. Seven and a half thousand were received in 1982. Every one is carefully scrutinized against the British Code of Advertising Practice by the ASA. One in six are upheld by the CAP Committee. Details are then published to the media and other interested parties, in the form of Case Reports, and the ASA appeals to the advertiser to withdraw or modify the advertisement. If this produces no response, the media owners are asked to deny space to the advertiser in future and refuse COMMISSION to the advertising agency. In the comparatively rare event that the advertising nevertheless continues to run, perhaps in very minor media, the ASA was the final option of referring the whole case to the Office of Fair Trading, with the eventual possibility of prosecution under the terms of the FAIR TRADING ACT.

How effective is this system of control? In 1978, the Office of Fair Trading, the Consumer's Association and the Advertising Association jointly commissioned an independent panel of assessors to scrutinize a sample of 3000 press advertisements. Their conclusion was that 93 per cent conformed to the spirit and letter of the Code, and the Director General of Fair Trading commented that there seemed 'no evidence to suggest that the public is being misled or confused on a wide scale'. KC)

Advertising Standards Board of Finance (ASBOF). Set up in 1974 by the ADVERTISING STANDARDS AUTHORITY (ASA), to finance its own operations. The media owners collected on behalf of the ASA a 0.1 per cent levy on the cost of every display advertisement placed in the British non-broadcast media, except those advertising vehicles so minor as to operate outside the general system. There is no levy on classified ads, nor on broadcast advertising, which is controlled by the INDEPENDENT BROADCASTING AUTHORITY. ASBOF revenue has been applied in particular to the task of informing the public that the ASA control mechanism exists, via advertising and publicity. As a result, the number of complaints processed jumped sharply from 300 in 1974 to more than 1300 in 1976. The figure is showing signs of stabilizing at about 7000 per year in 1984. (KC)

advertising testing. Measuring the effectiveness of an advertisement or an advertising campaign. Measurements can be carried out before the advertising finally runs, on a sample of the eventual target audience, or after the campaign has started. The former procedure is called a PRE-TEST or, more correctly, pre-evaluation of effectiveness; the latter is a POST-TEST or post-evaluation of effectiveness. Many of the established testing techniques are applicable to both situations; some are specific to one or the other.

Ideally, measurement of effectiveness should be a straightforward matter of comparing actual performance with specific criteria derived from predetermined objectives. Practice is seldom ideal, however, because practitioners — both ADVERTISING AGENCIES and ADVERTISERS — fail to articulate objectives which are usable for the purpose (*see* ADVERTISING OBJECTIVES). The vacuum left is filled by ready-made, general-purpose test methods. There is no doubt about the range and sophistication of advertising testing procedures available, but it should be understood that they are not as a rule 'bespoke' tests, specific to the peculiar circumstances of a given advertising campaign. Furthermore, it is not always easy to know what surrogate criterion they are actually measuring.

It can be argued that the standard procedures are in fact implicitly based on a HIERARCHY-OF-EFFECTS model of how advertising works, which is widely used as the conceptual framework for the literature of advertising in general. The six 'levels' or steps of this hierarchy provide the substitute objectives and hence the criteria of effectiveness. The result is a selection of tests measuring these performance characteristics of an advertisement, moving the bottom of the hierarchy to the top: impact, involvement, communication, empathy, persuasion, motivation. To say the same thing a slightly different way, they test the following target responses by the audience: attention, interest, comprehension, sympathy, conviction, action. The advertisement is thus required to 'pass a test', rather than to demonstrate its effectiveness by satisfying specific criteria derived from specific objectives. The relationship of the test to effectiveness may be no stronger than that of the standard driving test to driving ability: it measures only what it measures. Space does not permit one-by-one description of the substantial number of advertising tests available today. Instead, the commonest of them are separately described in their alphabetical turn, each time explicitly related to the relevant level in the hierarchy-of-effects. *See* especially ATTITUDE MEASUREMENTS, FOLDER TEST, LABORATORY TESTS, READING-AND-NOTING, RECALL TESTING.

Authors have remarked on a surprising tendency among practitioners not to test advertising campaigns at all, which is not what the interested but non-expert outsider would expect. Possible reasons are: the cost of making any modifications which a pre-test might indicate; reluctance on the part of advertising agencies to risk an unflattering pre-evaluation; the over-and-done-with syndrome, where post-testing is concerned; reluctance on the part of clients to discover an unwelcome truth; and vested interest in general.

Before leaving this topic, it would be improper not to reiterate that no one doubts the skill and sophistication of British advertising researchers, whose reputation is high in the world, nor the breadth of their techniques. It is the conceptual underpinning of the tests which is questionable. (KC)

advertising time. That part of total UK broadcasting time on ITV and ILR allocated by the MEDIA OWNERS to advertising rather than programme material. The Independent Broadcasing Authority (IBA) is bound by statutory duty to restrict the proportion of advertising to 10 per cent of total broadcasting time in the case of television and 15 per cent in the case of radio. The precise requirement is that advertising time may not exceed seven minutes in any clock hour of television broadcasting, or six minutes per hour averaged over the day; the figure for radio is nine minutes. More complicated regulations further govern the length and frequency of COMMERCIAL BREAKS within each clock hour. (KC)

advertising-to-editorial ratio. The proportion of advertising space or time relative to editorial matter or broadcast material in newspapers, magazines, television and radio. The figures are given and explained under ADVERTISING SPACE and ADVERTISING TIME. It is interesting to notice that the ratios are universally much higher in all subcategories of the press medium than for television or radio. Yet critics of advertising are prone to comment on the interruption of television programmes by commercials rather than of newspapers or magazine stories by advertisements. (KC)

advertising-to-sales ratio. The commonest method of determining the size of the ADVERTISING APPROPRIATION. Seven field surveys conducted in Britain and America between 1960 and 1977 have shown that this is the favoured method of the great majority of practitioners. In four of these surveys, the method leads the list of possibilities with 91 per cent, 78 per cent, 76 per cent and 57 per cent of all responses. In two of the remaining three, it scores only 20 per cent and 17 per cent of all responses, but still ranks third, while there is some doubt about the authenticity of the most popular answer, in the last survey, it ranks second at 28 per cent. The only other procedure to run advertising-to-sales ratio at all close in these surveys, taken