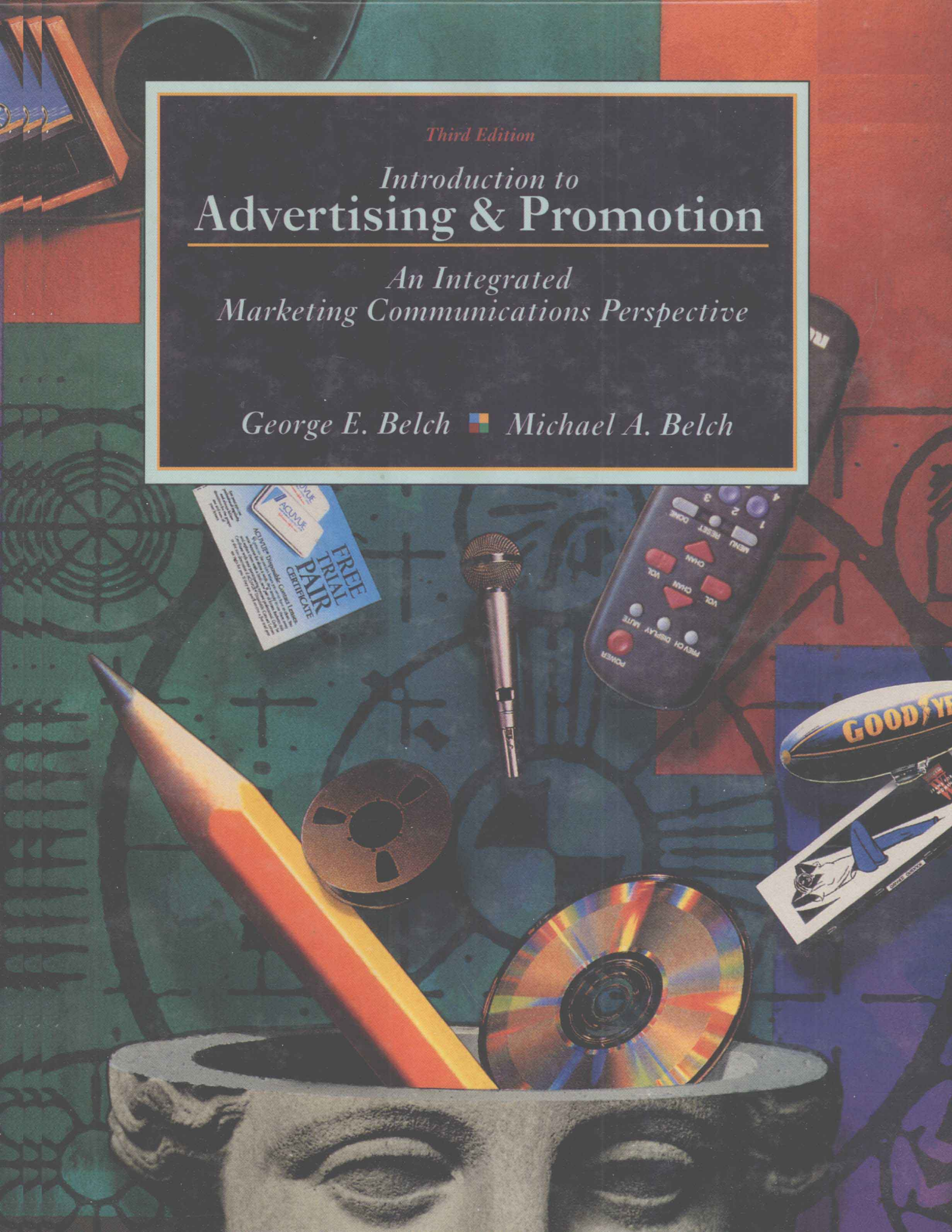


*Third Edition*

# *Introduction to* **Advertising & Promotion**

*An Integrated  
Marketing Communications Perspective*

*George E. Belch* ■ *Michael A. Belch*



# *Introduction to Advertising and Promotion*

## *An Integrated Marketing Communications Perspective*



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*San Diego State University*



Boston, Massachusetts   Burr Ridge, Illinois   Dubuque, Iowa  
Madison, Wisconsin   New York, New York   San Francisco, California   St. Louis, Missouri

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*To Mom and Dad  
and  
To Jessica, Gayle, Derek, and Danny—  
A special dedication for putting up with us*





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# Preface

## THE CHANGING WORLD OF ADVERTISING AND PROMOTION

Nearly everyone in the modern world is influenced to some degree by advertising and other forms of promotion. Organizations in both the private and public sector have learned that the ability to communicate effectively and efficiently with their target audiences is critical to their success. Advertising and other types of promotional messages are used to sell products and services as well as to promote causes, market political candidates, and deal with societal problems such as the AIDS crisis and drug abuse. Consumers are finding it increasingly difficult to avoid the efforts of marketers, who are constantly searching for new ways to communicate with them.

Most of the people involved in advertising and promotion will tell you that there is no more dynamic and fascinating a field to either practice or study. However, they will also tell you that the field is undergoing dramatic changes that threaten to change advertising and promotion forever. For decades the advertising business was dominated by large, full-service Madison Avenue-type agencies. But now these agencies must change if they hope to survive into the 21st century.

The threats come from all sides—clients demanding better results from their advertising and promotional dollars; lean but highly creative smaller ad agencies; sales promotion and direct marketing firms who want a larger share of the billions of dollars companies spend each year promoting their products and services; consumers who no longer respond to traditional forms of advertising; and new technologies that may reinvent the very process of advertising.

At the 1994 annual meeting of the American Association of Advertising Agencies, Allen Rosenshine, chairman and CEO of BBDO Worldwide, said, “Companies basically and fundamentally no longer accept on faith the value of conventional advertising placed in conventional media.” Keith Reinhard, chairman and CEO of DDB Needham Worldwide, noted that the large agencies “have finally begun to acknowledge that this isn’t a recession we’re in, and that we’re not going back to the good old days.”

There are numerous examples of the dramatic changes sweeping the advertising industry. Coca-Cola has recently

taken most of the responsibility of creating commercials for what may be the world’s best known brand away from McCann-Erickson, its agency and marketing partner for the past 40 years, and given it to a high-powered Hollywood talent firm with no previous advertising experience, Creative Artists Agency. In the past several years the advertising culture has been shaped more by small agencies such as Wieden & Kennedy in Portland, Oregon, urging consumers to “just do it” than by any of the New York-based mega-agencies.

In addition to redefining the role and nature of their advertising agencies, marketers are changing the way they spend their promotional dollars. Spending on sales promotion activities targeted at both consumers and the trade has surpassed advertising media expenditures for years and continues to rise. In a recent article titled “Agencies: Change or Die,” Joe Cappel, *Advertising Age* senior vice president, wrote, “What is happening in the advertising industry right now is a massive revolution that is changing the rules of marketing. This revolution is taking place not only in the United States, but in all affluent countries where advertising and media are well developed.”

A number of factors are fueling this revolution. The audiences that marketers seek, along with the media and methods for reaching them, have become increasingly fragmented. Advertising and promotional efforts have become more regionalized and targeted to specific audiences. Retailers have become larger and more powerful, forcing marketers to shift money from advertising budgets to sales promotion. Marketers expect their promotional dollars to generate immediate sales and are demanding more accountability from their agencies. Many companies are coordinating all their communications efforts so they can send cohesive messages to their customers. Many advertising agencies have acquired, started, or become affiliated with sales promotion, direct marketing, and public relations companies to better serve their clients’ marketing communications needs.

This text will introduce students to this fast-changing field of advertising and promotion. While advertising is its primary focus, it is more than just an introductory advertising text because there is more to most organizations’ promotional programs than just advertising. The

changes discussed above are leading marketers and their agencies to approach advertising and promotion from an integrated marketing communications (IMC) perspective, which calls for a “big picture” approach to planning marketing and promotion programs and coordinating the various communication functions. To understand the role of advertising and promotion in today’s business world, one must recognize how a firm can use all of the promotional tools to communicate with its customers.

### **TO THE STUDENT: PREPARING YOU FOR THE NEW WORLD OF ADVERTISING AND PROMOTION**

Some of you are taking this course to learn more about this fascinating field; many of you hope to work in advertising or some other promotional area. The changes in the industry have profound implications for the way today’s student is trained and educated. You will not be working for the same kind of communication agencies that existed 5 or 10 years ago. If you work on the client side of the business, you will find that the way they approach advertising and promotion is changing dramatically.

Today’s student is expected to understand all of the major marketing communication functions: advertising, direct marketing, sales promotion, public relations, and personal selling. You will also be expected to know how to research and evaluate a company’s marketing and promotional situation and how to use these various functions in developing effective communication strategies and programs. This book will help prepare you for these challenges.

As professors we were, of course, once students ourselves. In many ways we are perpetual students in that we are constantly striving to learn about and explain how advertising and promotion work. We share many of your interests and concerns and are often excited (and bored) by the same things. Having taught in the advertising and promotion area for a combined 30-plus years, we have developed an understanding of what makes a book in this field interesting to students. In writing this book, we have tried to remember how we felt about the various texts we have used throughout the years and to incorporate the good things and minimize those we felt were of little use. We have tried not to overburden you with definitions, although we do call out those that are especially important to your understanding of the material.

We also remember that as students we were not really excited about theory. But to fully understand how advertising and promotion work, it is necessary to establish some theoretical basis. The more you understand about how things are supposed to work, the easier it will be for you to understand why they do or do not turn out as planned.

Perhaps the question students ask most often is, “How do I use this in the real world?” In response, we pro-

vide numerous examples of how the various theories and concepts in the text can be used in practice. A particular strength of this text is the integration of theory with practical application. Nearly every day an example of advertising and promotion in practice is reported in the media. We have used many sources, such as *The Wall Street Journal*, *Business Week*, *Fortune*, *Marketing & Media Decisions*, *Advertising Age*, *AdWeek*, *Business Marketing*, and *Promo*, to find practical examples that are integrated throughout the text. We have spoken with hundreds of people about the strategies and rationale behind the ads and other types of promotions we use as examples.

Each chapter begins with a vignette that presents a practical example of advertising and promotion or other interesting insights. Every chapter also contains a number of boxed **IMC Perspectives** that present in-depth discussions of particular issues related to the chapter material and show how companies are using integrated marketing communications. **Global Perspectives** are presented throughout the text in recognition of the increasing importance of international marketing. **Ethical Perspectives** focus attention on important social issues and show how advertisers must take ethical considerations into account when planning and implementing advertising and promotional programs.

We have included more than 350 advertisements and examples of numerous other types of promotion, all of which were carefully chosen to illustrate a particular idea, theory, or practical application. Please take time to read the chapter openings and IMC, Global, and Ethical Perspectives, and study the diverse ads and illustrations. We think they will stimulate your interest and relate to your daily life as a consumer and a target of advertising and promotion.

### **TO THE INSTRUCTOR: A TEXT THAT REFLECTS THE CHANGES IN ADVERTISING AND PROMOTION**

Our goal in writing the third edition of this text was to focus on the many changes that are occurring in the advertising industry and how they influence promotional strategies and tactics. We have done this by continuing with the *integrated marketing communications perspective* we introduced in the second edition. More and more companies are approaching advertising and promotion from an IMC perspective, coordinating the various promotional mix elements with other marketing activities that communicate with a firm’s customers. A recent study found that an overwhelming majority of marketing managers believe IMC can enhance the effectiveness and impact of their marketing communications efforts. Many advertising agencies are also developing expertise in direct marketing, sales promotion, event sponsorship, and other areas so they can meet all of their clients’ integrated marketing communication needs—and, of course, survive.

The text is built around an integrated marketing communications planning model and recognizes the importance of coordinating all of the promotional mix elements to develop an effective communications program. Although media advertising is often the most visible part of a firm's promotional program, attention must also be given to direct marketing, sales promotion, public relations, and personal selling.

This text integrates theory with planning, management, and strategy. To effectively plan, implement, and evaluate IMC programs, one must understand the overall marketing process, consumer behavior, and communications theory. We draw from the extensive research in advertising, consumer behavior, communications, marketing, sales promotion, and other fields to give students a basis for understanding the marketing communications process, how it influences consumer decision making, and how to develop promotional strategies.

While this is an introductory text, we do treat each topic in some depth. We believe the marketing and advertising student of today needs a text that provides more than just an introduction to terms and topics. The book is positioned primarily for the introductory advertising, marketing communications, or promotions course as taught in the business/marketing curriculum. It can also be used in journalism/communications courses that take an integrated marketing communications perspective. In addition to its thorough coverage of advertising, this text has chapters on sales promotion, direct marketing, personal selling, and publicity/public relations. These chapters stress the integration of advertising with other promotional mix elements and the need to understand their role in the overall marketing program.

## ORGANIZATION OF THIS TEXT

This book is divided into seven major parts. In Part I we examine the role of advertising and promotion in marketing and introduce the concept of integrated marketing communications. Chapter 1 provides an overview of advertising and promotion and its role in modern marketing. The concept of IMC and the factors that have led to its growth are discussed. Each of the promotional mix elements is defined and an IMC planning model shows the various steps in the promotional planning process. This model provides a framework for developing the integrated marketing communications program and is followed throughout the text. Chapter 2 examines the role of advertising and promotion in the overall marketing program, with attention to the various elements of the marketing mix and how they interact with advertising and promotional strategy.

In Part II of the text we cover the promotion program situation analysis. Chapter 3 describes how firms

organize for advertising and promotion and examines the role of ad agencies and other firms that provide marketing and promotional services. We discuss how ad agencies are selected, evaluated, and compensated as well as the changes occurring in the agency business. We also consider whether responsibility for integrating the various communication functions lies with the client or the agency. Chapter 4 covers the stages of the consumer decision-making process and both the internal psychological factors and the external factors that influence consumer behavior. The focus of this chapter is on how advertisers can use an understanding of buyer behavior to develop effective advertising and other forms of promotion. In Chapter 5 we discuss the concepts of market segmentation and positioning and their role in the development of an advertising and promotional program.

Part III of the text analyzes the communications process. Chapter 6 examines various communication theories and models of how consumers respond to advertising messages, while Chapter 7 considers source, message, and channel factors. These first three sections of the text provide students with a solid background in areas of marketing, consumer behavior, and communications that are important to promotional planners and against which specific advertising and promotional planning decisions can be made and evaluated.

In Part IV we consider how firms develop goals for their integrated marketing communications programs and determine how much money to spend trying to achieve them. Chapter 8 stresses the importance of knowing what to expect from advertising, the differences between advertising and communication objectives, characteristics of good objectives, and problems in setting objectives. Chapter 9 discusses methods for determining and allocating the promotional budget.

Part V of the text examines the various promotional mix elements that form the basis of the integrated marketing communications program. Chapter 10 discusses the planning and development of the creative strategy and advertising campaign and examines the creative process of advertising. In Chapter 11 we turn our attention to ways to execute the creative strategy and some criteria for evaluating creative work. Chapters 12 through 15 cover media strategy and planning and the various advertising media. Chapter 12 introduces the key principles of media planning and strategy and examines how a media plan is developed. Chapter 13 discusses the advantages and disadvantages of the broadcast media (TV and radio) as well as issues regarding the purchase of radio and TV time and audience measurement. Chapter 14 considers the same issues for the print media (magazines and newspapers). Chapter 15 examines the role of support media such as outdoor and transit advertising and some of the new media alternatives.



In Chapters 16 through 19 we continue the IMC emphasis by examining other areas of the promotional mix. Chapter 16 looks at the rapidly growing area of direct marketing, in which companies communicate directly with target customers to generate a response or transaction. Chapter 17 examines both consumer-oriented sales promotion and programs targeted to the trade. Chapter 18 covers the role of publicity and public relations in IMC as well as corporate advertising. Basic issues regarding personal selling and its role in promotional strategy are presented in Chapter 19.

Part VI of the text consists of Chapter 20, where we discuss ways to measure the effectiveness of advertising and promotion, including methods for pretesting and posttesting advertising messages and entire campaigns. In Part VII we turn our attention to special markets, topics, and perspectives that are becoming increasingly important in contemporary marketing. Chapter 21, on business-to-business marketing, examines how advertising and other forms of promotion are used to help one company sell its products and/or services to another firm. In Chapter 22 we examine the global marketplace and the role of advertising and other promotional mix variables in international marketing.

The text concludes with a discussion of the regulatory, social, and economic environments in which advertising and promotion operate. Chapter 23 looks at industry self-regulation and regulation by governmental agencies such as the Federal Trade Commission, as well as the regulation of sales promotion and direct marketing. Advertising's role in society is constantly changing, and our discussion would not be complete without a look at the criticisms that are often made against it, so in Chapter 24 we consider the social, ethical, and economic aspects of advertising and promotion.

## CHAPTER FEATURES

The following features in each chapter enhance students' understanding of the material as well as their reading enjoyment.

### Chapter Objectives

Objectives are provided at the beginning of each chapter to identify the major points that should be learned from it.

### Opening Vignettes

The vignettes provide a practical example or application or discuss an interesting issue that is relevant to the chapter. These opening vignettes are designed to create interest in the material covered in the chapter.

### IMC Perspectives

These boxed items feature in-depth discussions of interesting issues related to the chapter material and the practical application of IMC. Each chapter contains several of these insights into the world of integrated marketing communications.

### Global Perspectives

These boxed sidebars provide information similar to that in the IMC Perspectives, with a focus on international aspects of advertising and promotion.

### Ethical Perspectives

These boxed items discuss the moral and/or ethical issues regarding practices engaged in by marketers and are also tied to the material presented in the particular chapter.

### Key Terms

Important terms are highlighted in boldface throughout the text and listed at the end of each chapter. These terms help call students' attention to important ideas, concepts, and definitions.

### Chapter Summaries

These synopses serve as a quick review of important topics covered.

### Discussion Questions

Questions at the end of each chapter give students an opportunity to test their understanding of the material and to apply it. These questions can also serve as a basis for class discussion or assignments.

### Four-Color Visuals

Print ads, photoboards, and other examples appear throughout the book. More than 450 ads, charts, graphs, and other types of illustrations are included.

## CHANGES IN THE THIRD EDITION

We have made a number of changes in the third edition to make it as relevant and current as possible as well as more interesting to students.

- **A Stronger Emphasis on Integrated Marketing Communications** The third edition puts an even stronger emphasis on approaching the field of advertising and promotion from an integrated marketing

communications perspective. We continue to focus on how the various elements of an organization's promotional mix are combined to develop a total marketing communications program that sends a consistent message to customers. The first chapter examines the factors that have contributed to the increased attention to IMC on both the client and agency side. Chapter 3 focuses on other communication agencies, such as sales promotion and direct response firms. More attention is also given to setting objectives for IMC programs (Chapter 8) and measuring their effectiveness (Chapter 20).

- **IMC Perspectives** New boxed items focus on specific examples of how companies like Eveready, Apple Computer, and Southwest Airlines, as well as advertising agencies such as Leo Burnett, are using integrated marketing communications. The IMC Perspectives also address interesting issues related to advertising, sales promotion, direct marketing, and personal selling.
- **New Chapter Opening Vignettes** All of the chapter opening vignettes in the third edition are new and were chosen for their currency and relevance to students. They include insights into how companies like Kellogg, Coca-Cola, Compaq, Acura, Hewlett-Packard, and Nestlé as well as organizations such as Major League Baseball use advertising and other IMC tools.
- **New and Updated Global and Ethical Perspectives** Most of the boxed items focusing on global and ethical issues of advertising and promotion are new; those retained from the second edition have been updated. The Global Perspectives examine the role of advertising and other promotional areas in international markets. The Ethical Perspectives discuss specific issues, developments, and problems that call into question the ethics of marketers and their decisions as they develop and implement their advertising and promotional programs.
- **Contemporary Examples** The field of advertising and promotion changes very rapidly, and we have tried to keep pace with it. Wherever possible we have updated the statistical information presented in tables, charts, and exhibits throughout the text. We have reviewed the most current academic and trade literature to ensure that this text reflects the most current perspectives and theories on advertising, promotion, and the rapidly evolving area of integrated marketing communications. We have also updated most of the examples and ads throughout the book. *An Introduction to Advertising and Promotion* continues to be the most contemporary text on the market, offering students as timely a perspective as possible.

- **Concise Writing** In response to requests from instructors and students, we have reduced the length of the text by nearly 100 pages. The third edition has been carefully edited to make the writing style tighter and more concise. In making these changes, we were careful not to reduce relevant content or the many examples that are such a popular feature of this text. However, students will find the writing in the new edition more active, direct, and succinct and thus easier to read.

## SUPPORT MATERIAL

A high-quality package of instructional supplements supports the third edition. All of the supplements have been developed by the authors to ensure their coordination with the text. We offer instructors a support package that facilitates the use of our text and enhances the learning experience of the student.

### Instructor's Manual

The instructor's manual is a valuable teaching resource that includes learning objectives, chapter and lecture outlines, answers to all of the end-of-chapter discussion questions, transparency masters, and further insights and teaching suggestions. Additional discussion questions are also presented for each chapter. These questions can be used for class discussion or as short-answer essay questions for exams.

### Manual of Tests

A test bank of more than 1,500 multiple-choice questions has been developed to accompany the text. The questions provide thorough coverage of the chapter material, including opening vignettes and IMC, Global, and Ethical Perspectives, and are categorized by level of learning (definitional, conceptual, or application).

### Computerized Test Bank

A computerized version of the test bank is available to adopters of the text.

### Four-Color Transparencies

Each adopter may request a set of 100 four-color acetate transparencies that present print ads, photoboards, sales promotion offers, and other materials that do not appear in the text. A number of important models or charts appearing in the text are also provided as color transparencies. Slipsheets are included with each transparency to give the instructor useful background information about the illustration and how it can be integrated into the lecture.

## Video Supplements

A video supplement package has been developed specifically for classroom use with this text. The first video contains nearly 100 commercials that are examples of creative advertising. It can be used to help the instructor explain a particular concept or principle or give more insight into how a company executes its advertising strategy. Many of the commercials are tied to the chapter openings, IMC and Global Perspectives, or specific examples cited in the text. The video includes commercials for Infiniti and Porsche automobiles, Compaq computers, Taster's Choice coffee, Chips Ahoy! cookies, and Continental Airlines. A number of international commercials are included, as well as those used in public service campaigns for such organizations as the American Indian College Fund and the Partnership for a Drug-Free America. Insights and/or background information about each commercial are provided in the instructor's manual written specifically for the videos.

The second video contains longer segments on the advertising and promotional strategies of various companies and industries. Among the segments are an examination of the cola wars, which focuses on the ongoing marketing and advertising battle between Coke and Pepsi, highlights of several promotions that won the 1994 Reggie Awards (given each year to the best sales promotion campaigns), and case studies of the integrated marketing communications programs used by Southwest Airlines, and Sprint to introduce its new voice-activated FONCARD.

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While this third edition represents a tremendous amount of work on our part, it would not have become a reality without the assistance and support of many other people. Authors tend to think they have the best ideas, approach, examples, and organization for writing a great book. But we quickly learned that there is always room for our ideas to be improved on by others. A number of colleagues provided detailed, thoughtful reviews that were immensely helpful in making this a better book. We are very grateful to the following individuals who worked with us on the first two editions. They include Lauranne Buchanan, *University of Illinois*; Roy Busby, *University of North Texas*; Lindell Chew, *University of Missouri, St. Louis*; Catherine Cole, *University of Iowa*; John Faier, *Miami University*; Raymond Fisk, *Oklahoma State University*; Geoff Gordon, *University of Kentucky*; Donald Grambois, *Indiana University*; Stephen Grove, *Clemson University*; Ron Hill, *American University*; Paul Jackson, *Ferris State College*; Don Kirchner, *California State University, Northridge*; Clark Leavitt, *Ohio State University*; Charles Overstreet, *Oklahoma State University*; Paul Prabhaker,

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*George E. Belch*  
*Michael A. Belch*



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