# Intro to Advertising

## November 5, 2012

* **Cable TV**
  + **Pros**
    - Selectivity
    - Audience Demographics
      * Younger, educated, and affluent
      * More likely to try new products
      * More likely to buy high priced products
    - Low cost compared to broadcast TV
    - Flexibility: Commercials can run up to 2 minutes. E.g. Infomercials like Oxiclean
    - Testability: Good place to test new products
  + **Cons**
    - Limited reach: Not all people have cable
    - *Fragmentation*: More channels but people don’t watch all of them -> ads must run on many stations
    - Low production quality
    - Zipping and zapping
  + **When to use it?**
    - Large and well-defined audience
    - Create awareness
      * Good leverage tool
    - Image advertising
    - Brand reinforcement messages
    - Impart brand meaning or brand personality
      * Mercedes: “Assertive” and “in control”, while BMW is more “sexy” and “desirable”
      * Mercedes confidently plays on its heritage with the fitting tagline, “The Best or Nothing.” In contract, “The Ultimate Driving Machine” accurately captures the BMW personality.
  + **Types of TV Advertising**
    - Network
      * Sponsorship
        + Public readily identifies with the product due to the prestige of sponsoring popular shows. Sponsor controls placement and content of the ads. E.g. Second season, Ford sponsored first episode of 24 commercial free.
      * Participation basis
        + Several advertisers buy 30 to 60-sec spots within a program [Small advertisers can participate and long-term commitments are avoided]
      * Spot Announcements
        + Individual stations run ads in clusters during or between network programs (10, 15, 30, or 60-sec). E.g. PSA
        + Less expensive than participation basis
        + Flexibility: Ads can be concentrated in specific regions of the country

Introduce a new product in ONE area at a time

Ad message can be changed to suit different markets

* + - * + Problem: Advertisers have to contact EACH TV station. E.g. A city like Dallas may be served by 10 cable companies or more.
      * Syndication
        + Sale of right to broadcast TV shows by multiple TV stations without going through a network.
        + Became popular due to audience fragmentation
        + Networks are removed from the picture [Producer (Disney) -> Local TV station (KHPK LP)]

Local TV stations get more control and greater profits

* + - * + Types

Off-network: Re-runs (E.g. Seinfeld and King of Queens)

First-run: Original shows (E.g. Inside Edition and Oprah)

Barter: Advertiser-supported (E.g. Wheel of Fortune and Jeopardy)

Station **receives** the use of a program in return for **giving** a certain amount of commercial airtime within the show where a sponsor’s ad air at **no airtime cost**.

* + - * Direct Response TV
        + Infomercials or Program-Length Advertising (PLA)

Consumers pay attention and respond immediately

Detailed product demo vs. 30 second ads

Combo of advertising, direct response, and sales promotion

* + - * + Shorter ads ask consumers to order products
        + Cable networks (Home Shopping Network) with round-the-clock sales
      * Defining TV Markets
        + Designated Market Areas (DMA): Based on geographic TV markets
        + Dayparts

When to air commercials on which programs