# Survey of Advertising

## August 22, 2012

* What is marketing?
  + The process of planning and executing the conception, pricing, distribution, and promotion of ideas, goods, and services to create exchanging that satisfy the perceived needs of individuals
* Four P’s
  + Product
    - Design, development, packaging and branding
  + Place
    - Distribution of the finished product from manufacturer to consumer
  + Price
    - Cost of the product, establishes profitability
  + Promotion
    - Advertising, direct marketing, personal selling, viral marketing, and social marketing.
* What is advertising?
  + Advertising is the….
    - Structured and composed
    - Non-personal communication of information
    - Usually paid for and persuasive in nature
    - About products by identified sponsors through various means
* What is the connection?
  + Target Audience: Consumer of Business
* 4 P’s (Marketing Strategy)
  + Product
    - Consumer packaged goods, advertising, political, and high tech
  + Price
    - Price Advertising (Price/Quality) => Value
    - Price
      * Equal to quality of the high priced brand
    - Quality
      * Emphasis is not on price
  + Place
    - Local, regional, or national
  + Promotion
    - Standardization vs. specialization
    - Advertising, PR, Sales promotion, word of mouth, and personal selling

## August 24, 2012

* Linear Model of Communication
  + Sender ->channel/message->receiver
* Non-Linear Model of Communication adds feedback
* Stern Model
  + Sender or source, sponsor, author, or copywriter person (celebrity, spokesperson, ceo)
  + Message
    - Autobiography
      * Speaking to you, 1st person, e.g. insurance companies
    - Narrative
      * Go Arkansas example

3rd Person

* + - Drama
      * Emotion or feelings
  + Receiver
    - Implied consumer [copywriter], sponsor, or actual consumer
* Integrated Marketing Communications
  + Birth of IMC
    - Limitations of traditional media
    - Cost of competition
    - Gaps between consumer promise and reality
    - Consumer sophistication (cynical and distrust)
    - Importance given to customer relationship
  + What is IMC?
    - Integrating all the communication messages of a company to achieve and maintain consistency (a uniformed one)
  + 4 P’s now became 4C’s
    - Product -> Consumer
    - Price -> Cost
    - Place -> Convenience
    - Promotion -> Communication (2 way, listen to consumer)

## August 27, 2012

* Economic Impact of Advertising
  + Prior to 1830s
    - Not many products and goods were on the market
    - No brands
    - This led to few buyers
    - Americans lived in isolated areas and most of them made their own clothes, tools, and foot
  + After the 1830s
    - Growing middle class population
    - Rising literacy rates
    - Industrial revolution (automobiles, telegraph, telephones, etc)
    - Printing press & mass production ads in newspapers
    - Changes to transportation, inventions, communication, factories, and urban cities
    - Market: Production -> Distribution -> Consumption
  + Advertising in the 1800s
    - Trademarks and packaging
      * The idea of a “brand” was not prevalent
      * In the mid 1800s, manufactures served retail store owners
      * Control was the retailers, not in the manufactured because of consumers, control changed to the manufacturer so advertising stepped into to create and establish and maintain a unique identity for manufactures and their products
    - Patent Medicines
      * At the end of the 1800s, agencies got half of their revenues from patent medicines and drug stores
      * Made from water and ethyl alcohol leading to addiction problems
      * Coca-Cola was a medicinal tonic that contained cocaine until 1903 but was later replaced with caffeine
      * Patent medicine made outrageous claims that led to public cynicism
        + Kellog’s Cereal can cure stomach ache and improve digestion
    - Food and Drug Act
      * Articles on unregulated medicine lead to the passing of the **Food & Drug Act in 1906**
      * To monitor misleading patent medicine claims in newspapers and magazine ads
      * Advertisers started to form guidelines and instry codes to restore consumer confidence
        + Federal Trade Commission (FTC)
        + American Association for Advertising Agencies (AAAA)
        + Better Business Bureau (BBB)
    - World Wars
      * World War I (1914-1918)
        + Manufactures started to divert production to the war
      * Post WWI
        + Americans experience a decade of prosperity
        + Americans had the money to buy luxurious products and home appliances
        + Food and Drink categories were preplaced with personal products
        + Radio was born
        + ‘Hard Sell’ or ‘Reason Why’ approach, more information nature w/ emphasis given to product attributes
      * The Great Depression of 1929
        + Stock market crashed
        + Kinds of ads and themes went from luxury -> cheap/sales/gasoline
        + No color, all B&W
        + Color meant rich or wealthy, that’s why they kept it B&W
        + Emphasis on research was paramount.
        + Product of differentiation

## August 29, 2012

* World Wars
  + WW II (1939 – 1946)
    - US government used ads to promote involvement and recruitment of the war
    - Advertising started to “dictate” values to the people and run the economy
    - Criticism -> War Advertising Council (WAC) was formed
      * War Bond Sales, Blood donor drives, and rationing of scarce foods
  + Post WW II
    - * Golden Age of Advertising
      * Creative revolution
        + Ads exhibited luxury, style, image, and success
      * Birth of TV
        + Soft Sell Approach

More transformational in nature with emphasis given to emotions

* + - * + Unique Selling Proposition (USP)

Market Segmentation -> Addressing the unique groups of people -> positioning

Focus on one key feature (Exotic leather)

One key attribute of the product that makes it the best

Positioning

Consumer prospective of your product compares to the competition (7up example)

* Ad Council
  + After the war the WAC was converted to the ad counsil
  + It created campaigns for worthy causes like literacy, homelessness, drugs, AIDS, etc

## August 13, 2012

* Hard sell and soft sell approach were based on strength of economy
* Post Industrial Age
  + 1980s Onwards
  + Energy consumption and environmental issues
    - Demarketing: Lower the demand for a certain type of products
    - Animal cruelty, tobacco, alcohol, and competition
  + How did the economy impact of advertising?
    - Increase in consumer sophistication and affluence (baby boomers)
    - Decrease in interest for traditional products
  + Increase in competition?
    - How did this benefit consumers?
      * Better quality, lower cost, more options
  + Mild recession-to-com bust, terrorist attacks

## September 5, 2012

* Free Market Economy
  + What characterizes a free market economy?
    - Deregulation
    - Government plays a neutral role
    - Product price is decided by supply and demand
  + Advantages
    - Empowers people
    - Increases product availability and product quality
* Principles of Free-Market Economics
  + Self-interest
    - People [Buyers] and firms [Sellers] pursue their own goals
    - What is the self-interest of sellers?
      * Consumer dollars
    - What is the self-interest of buyers?
      * More products and competitive pricing
  + Complete Information
    - Info that would help you buy
    - Coca-Cola and their fb page with mission statement, website, etc
    - Sellers
      * Providing more information helps sellers to identify their consumers
    - Buyers
      * More information tends to better buying decisions
        + E.g. buying a car
    - Many buyers and sellers
      * Many sellers
        + Lead to a better, market responsive product
      * Many buyers
        + Range of products with fair prices
    - Absence of Externalities
      * Social Costs
        + Certain products may harm or benefit people who are not involves in the transaction
* Abundance Principle
  + In an economy where production surpasses consumption then advertising serves two purposes
    - Self-Interest
      * Compete for consumer dollars
    - Complete Information
      * Keep consumers informed
* Economic Impact
  + Product Value
    - Advertising -> Brand Image -> Value
      * E.g. ipod, nike, ford
  + Prices
    - Mass Production -> Power unit cost of prices -> lower prices
    - Upscale Brands -> Higher prices when advertised
  + Competition
    - Leads to better products [ Good for Consumers]
    - High ad expenditure prevents competition
    - How about non-advertised brands?
      * Such as “Great Value” by Walmart?
  + Consumer Demand
    - Primary
      * Demand for a product class
    - Selective Demand for a specific brand
      * E.g. Rolls Royce, Starbucks Coffee, etc

## September 10, 2012

* Social Impact
  + Ad Clutter
    - Intrusiveness -> Privacy Issues
    - Exposed to 500-1000 ads a week
    - Reduces the power of advertising
  + Stereotypes
    - Widely accepted beliefs that describe the personal characteristics of a group of people
    - Minorities, women, disabled, elderly, and immigrants
    - Helps to process commercials faster
  + Offensiveness
    - In bad taste
    - Pornographic, immoral, adult-material, etc

## September 12, 2012

* Comparative Advertising
  + Claiming superi