

Introduction

- Modern industrial world (19th century) → urbanisation, mass production, improved transportation, mass media
- Mass production needs mass consumption → advertising to mass market through mass media
- Post 1960's: Boom
 - Demand exceeded supply
 - Free competition
 - Globalisation.

Ad = part of marketing

- Marketing = essential interface between a business & its customers or consumers.
- Advertising = most visible & immediate point of communication between most businesses & their customers
- Yet just part of marketing activity & part of range of communications to support a brand.

Def - Marketing

- “The management process responsible for identifying, anticipating and satisfying customer requirements profitably.”

British Chartered Institute of Marketing

- “The analysis, planning, implementation and control of programs designed to create, build and maintain beneficial exchanges with target buyers for the purpose of achieving organisational objectives”

(Kotler et al, 1994).

Tools used in Marketing

The 4 P's

- Product (or service)
- Price (monetary or non-monetary)
- Place (accessibility)
- Promotion (promotion mix)

The Promotion Mix

5 major tools

- Advertising
- Sales Promotion
- Direct Marketing
- PR and Publicity
- Personal selling

Integrated comms

- Synergy needed between various communications designed to help present & sell the brand to build coherent, compelling picture of brand.
- Ad = simply part of a total continuum of comms though it tends to have leading role and greater part of budget.
- However, as media and markets are fragmented, other forms of communications are gaining importance.

Contemporary Advertising

(William F. Arens)

- *There are many ways to look at advertising—as a business, a creative communication process, a social phenomenon, and a fundamental ingredient of the free-enterprise system.*
- *Advertising is the structured and composed nonpersonal communication of information, usually paid for and usually persuasive in nature, about products (goods, services, and ideas) by identified sponsors through various media.*

Advertising

- *"Advertising presents the most persuasive possible selling message to the right prospects for the product or service at the lowest possible cost."* Institute of Practitioners in Advertising
- → combination of creativity, marketing research & economic media buying (relative to size of market & volume of sales required to maintain constant output of factory's production capacity)
- Role of ad= shift demand curve upwards

How Advertising works

It is assumed that ads can do one of the following:

- create awareness of the brand
- inform people about it
- encourage - or even persuade - them to try it
- create some sort of emotional or attitudinal bond between consumers and the brand that will lead to regular purchase (brand loyalty)

Contextual relationship

- In third-world countries, advertising is minimal
 - economies are poor
 - large proportion = young non-earners
- In times of recession, businesses tend to cut down on advertising costs first.
- Often used as indicator of economic health in country.

Ad Spend

Worldwide spend (GroupM)

- 2006: \$423b
- 2007f: \$449b
- 2008f: \$479b

Top US spenders (TNS)

- Procter & Gamble
- AT&T
- GM

US Media share (TNS)

- TV (44%)
- Mags (21%)
- Newspapers (18%)
- Internet (7%)
- Radio (7%)

US Growth rates (TNS)

- Internet (14%)
- Spot TV (10%)