

# Introduction

- Modern industrial world (19<sup>th</sup> 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%)