

Principles of Advertising

Week 2

Classification, Development and Key players

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Learning Outcomes



At the end of this week, you should be able to:

- Explain the other classifications of advertising
- Distinguish it from other forms of marketing communications
- Trace the evolution of advertising
- Analyze the roles of the key players in this industry.

Introduction

The lesson will address classifications of advertising, development or evolution of advertising and the five main key players in the advertising industry. Marketing's primary role is to attract revenues, so advertising is important. The targets of a firm's marketing will determine the targets of its advertising. Marketers address two major types of audiences with their advertising: consumers and businesses. Within each of these categories, though, are special forms of advertising, such as retail, trade, professional, and agricultural (Arens, William, and Arens, 2011).

Classifications of advertising

According to Arens, William, and Arens (2011), "An effective advertising specialist must have a broad understanding of the whole marketing process in order to know what type of advertising to use in a given situation. Companies and organizations use many different types of advertising, depending on their particular marketing strategy. The marketing strategy will determine who the targets of advertising should be, where ads should appear, what media should be used, and what advertising should accomplish." Advertising can aim at a particular segment of a population, or the target audience. There are two types of target audience, the consumer and business.

a) Consumer advertising

Using the common media advertisements, which are sponsored by the manufacturer of the product or the dealer who sell the product, are directed at the consumer market, for example, a TV commercial for denture cream isn't meant to appeal to youngsters. They're not part of either the target market or the target audience. There are two main types of target markets, consumers and businesses. (Arens, William, and Arens, 2011).

b) Business advertising

This form of advertising tends to be concentrated in specialized business publications or professional journals, direct mail sent to businesses or in trade shows. There are four types of business advertising, industrial, trade, professional and agricultural. This form of advertising tends to be concentrated in specialized business publications or professional journals, in directional pieces sent to businesses, or in trade shows. There are four types of Business Advertising: Industrial, Trade, Professional & Agricultural. (Arens, William, and Arens, 2011).

i) Industrial

Industrial advertising is aimed at individuals in Business who buy or influence the purchase of industrial products, including goods and services used in the manufacture of other goods (Plant, machinery, equipment) or that become part of other products (raw materials, semi manufactured goods, components). Industrial products also include goods or services used to conduct business that is capital goods (office machines, computers, desks, operating supplies) or businesses services (insurance, book keeping, and maintenance). (Arens, William, and Arens, 2011).

ii) Trade

Companies used trade advertising to obtain greater distribution of their products by developing more sales outlets or selling more products to existing outlets. Generally it is aimed at wholesalers and retailers of products and services who buy for resale to their customers.

Other classifications of advertising

Advertising by Geographical Area

According to Arens, William and Arens (2011), "Global marketers such as Coca-Cola, Toyota, and Kodak may use global advertising, in which messages are consistent in ads placed around

the world. Other firms may promote their products in foreign markets with international advertising, which may contain different messages and even be created locally in each geographic market.”

They further stated that “companies that market in several regions of the United States and use the major mass media are called national advertisers, and their promotion is called national advertising. Some companies sell only in one part of the country or in two or three states. They use regional advertising, placing their ads in local media or regional editions of national media. Finally, businesses and retailers that sell within one small trading area typically use local advertising placed in local media or direct mail.”

In the recent years, the world has experienced dramatic political realignment, and many traditional barriers have disappeared. A neighborhood store will usually use local advertising in its immediate trading area because that’s where the majority of its customers come from. Bigger business chains might be advertising based on geography – local, regional, national or even international. In Scandinavia you can see an ad for crest tooth paste written in Norwegian. Visitors to Spain see print and TV ads for products advertised everyday in the United States and Canada, such as Levi’s or Coca Cola. Note: The CNN Television Advertisements which are viewed worldwide. As a result the fields of international advertising (aimed and foreign markets) has grown so rapidly and become so important. (Arens, 1994).

Advertising by Medium

An advertising medium is any paid means used to present an advertisement to its target audience, examples of media are:

- Print advertising: Newspapers, magazines.
- Broadcast (electronic) advertising: Radio, TV
- .Out-of-home advertising: Outdoor, transit.
- Direct-mail advertising: Advertising sent through the Postal Service and by e-mail.
- Interactive advertising: Internet, kiosks, etc
- . Word-of-mouth therefore is not a medium.

Advertising by purpose

Advertising can be defined on the basis of the sponsor’s objectives: some ads promote a good or service; others promote ideas. Some advertising is meant to generate profits for the advertisers; some is sponsored by nonprofit groups. Some ads try to spur the target audience into action, others to create awareness or understanding of the advertiser’s goods or services.

- a) **Product advertising** promotes goods and services
- b) **Non Product advertising** promotes and sells ideas.

The ads that promotes the company' mission or philosophy (how the company protects the environment and so on) is considered **corporate, non product** or **institutional advertising** corporate advertising can have various objectives: to counter public criticism or promote non controversial causes, such as support for the arts or charities.

- c) **Commercial advertising** seeks profits, is a form of advertising, as in a television commercial. Commercials are also broadcast on radio.
- d) **Non Commercial Advertising** is used around the world by governments and non-profit organizations to seek donations, volunteer support, or a change in consumer behaviour. (Arens, 1994).
- e) **Awareness advertising**, the objective is for example to create interest in, and image for, a product and to influence readers or viewers to select a specific brand.
- f) **Action Advertising**, A direct-mail ad, exemplifies action advertising because it seeks an immediate, direct response from the reader.

Most ads on TV and radio are awareness ads, but some are a mixture of awareness and action. For example a 60-second TV commercial may devote the first 50 seconds to image building and the last 10 to a local phone number for immediate information.

Integrating Marketing Communications

As new media have proliferated and the cost of competition has intensified, sophisticated marketers have searched for new ways to get more impact (and accountability) from their marketing communications investment returns. The result has been a growing understanding on the part of corporate management that:

- (1) The efficiencies of mass media advertising are not what they used to be;
- (2) Consumers are more sophisticated, cynical, and distrusting than ever before;
- (3) Tremendous gaps exist between what companies say in their advertising and what they actually do; and
- (4) In the long run, nourishing good customer relationships is far more important than making simple exchanges.

As a result, there is now a growing movement toward integrating all the messages created by an

advertiser's various communication agencies and sent out by various departments within the company to achieve consistency. This process, called integrated marketing communications (IMC), is not only an important marketing trend, it is the business imperative for the 21st century. (Arens, William, and Arens, 2011; Yeshin, 1998).

The development of advertising

How the principles and practices of advertising developed, and where the industry is moving and what trends are currently affecting how it is practiced. This evolution in some cases has *reflected* social trends; in other instances it has *influenced* social trends. It is a perspective on how the principle and practice of a multi-billion industry have evolved.

• Age of print – Ads were primarily classified in format

Ads looked like what today we call classified ads. Their objective was to deliver information. The primary medium of this age was newspaper, although handbills and posters were also important. Because of the printing press, literacy levels increased, and that encouraged more businesses to advertise.

• Industrial revolution and emergence of consumer society– Social and technological developments led to growth in importance and size of advertising

By the end of 19th century advertisers began to give their goods brand names, such as Baker's Chocolate and Ivory soap, and the purpose of advertising was to create demand for these new brands. This period was the beginning of what we now recognize as the advertising industry. The powerhouse agency was Lord & Thomas, which came from the historic partnership of John E. Kennedy and Albert Lasker.

Their mantra- advertising is "Salesmanship in Print"- became the guiding principle of the industry.

· Modern Advertising era

In the early 20th century, modern professional advertising adopted scientific research techniques. Advertising experts believed they could improve advertising by blending science and art.

· Age of agencies

The agency world and management of advertising developed rapidly after World war I. consumers were desperate for goods and services, and new products were loaded up the marketplace.

- The creative Era
The creative power of agencies culminated in the 1960s and 1970s in a period marked by the resurgence of art, inspiration, and intuition. Largely in response to the emphasis on research and science, this revolution was inspired by three creative geniuses: Leo Burnett, David Ogilvy, and William Bernbach.
- The accountability era
Starting in the 1970s, this period began an industry- wide focus on effectiveness. Clients wanted ads that produced sales, so the emphasis was on research and measurement. To compete, advertising agencies recognized that advertising had to pay its own and prove its value. After the internet economy downturn at the start of the 21st century, accountability became even more important and advertisers demanded proof that their advertising was truly effective.
- The age of Social responsibility
By the late 1990s, corporations were challenged by shareholders and others in the community not only for reasons of financial accountability, but also on questions of social responsibility and insensitivity to diverse view points.

Key Advertising players

Who is involved in the practice of advertising?

The five key players in the advertising industry are advertisers, advertising agencies, media, suppliers, and target audiences

Advertiser – Organization that needs to advertise

Advertising begins with the advertiser (referred to by the agency as the client), the company or organization that uses advertising to send out a message about its business. The advertiser initiates the advertising efforts by identifying marketing problem advertising can solve. The advertiser also makes the final decisions about the target audience and the size of the advertising budget. The advertiser approves the advertising plan, which contains details outlining the message and media strategy.

The advertiser hires the advertising agency and as the client of the agency, the advertiser monitors the work and pays the bills for the agency's work on its *account*. The word account is also used to refer to the advertiser, and the agency person in charge of the advertiser's business is referred to as the *account manager*. Big companies may have hundreds of agencies working for

them, although they normally have an agency-of- record (AOR) that does most of their business and may even manage the other agencies. Tasks performed by the company's in- house advertising department include: a) selecting the agencies, b) coordinating activities with vendors, such as the media, production and photography, c) make sure the work gets done as scheduled, and d) determine whether the work has achieved prescribed objective.

•Advertising agency – Firms that plan and implement advertising efforts

The second player in the advertising world is the advertising agency that creates, produces, and distributes the advertising. Advertisers hire independent agencies to plan and implement part or all of their advertising efforts. This working arrangement is known as the agency-client partnership. An advertiser uses outside agency because it believes that the agency will be more efficient in creating an advertisement or a complete campaign than the advertiser would do on its own. Successful agencies have strategies and a creative expertise, media knowledge, workforce talent and the ability to negotiate good deals for client. Large advertisers manage the advertising process either by setting up an advertising department which is sometimes called *marketing services* that oversees the work of agencies or by setting up their own in- house agency. An in- house agency functions similar to a regular agency by producing ads and placing them in the media, and performs most or sometimes all the functions of an outside advertising agency.

•Media – Channels that carry the message from advertiser to audience

The media is composed of the channels of communication that carry the message from the advertiser to the audience. Media are referred to as the vehicles because they deliver messages, but they are also companies, such as local newspaper or radio station and big companies such as Nation Media Group, the Standard Group, Citizen, Time Warner and so on. Advertising using media has advantages such as the cost of time in broadcast media, space in print media, time and space in interactive media, and these media reach a tremendous number of people. For example a 2 million USD ad for Super Bowl may sound like a lot of money, but when one considers that the advertisers are reaching more than 100 million people, the cost is not extreme.

Vendors – Service people/organizations that assist advertisers, agencies, and media

The fourth player in the world of advertising is the group of service organization that assist advertisers, advertising agencies, and the media in creating and placing ads-the suppliers or vendors, who provide specialized services. These groups assist the advertising agencies and media in creating and placing the ads. The members of these groups include artists, writers, photographers, directors, producers, printers, as well as self- employed freelancers and consultants.

Why would the other advertising player hire a supplier/ vendor? The advertiser may not have expertise in that area, they may be overloaded with work, or they may want a fresh perspective.

•Target audience

The target audience is a more specific group of people to whom an advertisement is directed and whose responses determine if the advertising is effective. All advertising strategy starts with identifying the people who are the desired audience for the advertising message. The character of target audience has a direct bearing on the overall advertising strategy, especially the creative strategy and the media strategy. Interactive technology has created a new world of targeting and ads can now be customized to individual consumers to some extent. The advertiser and the agency need to know the target audience and create ads that speak to individual needs because this customization is growing rapidly.

CONCLUSION

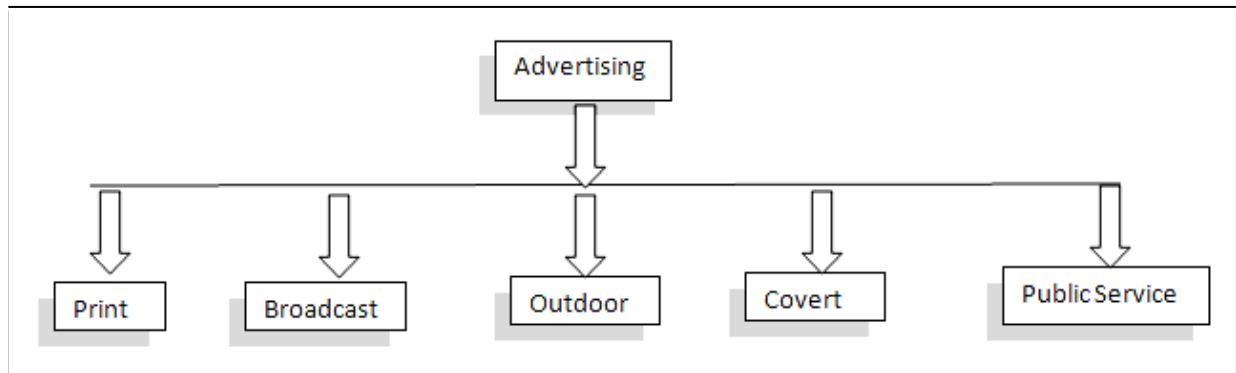
This lesson addressed classifications of advertising, development or evolution of advertising and the five main key players in the advertising industry.

FURTHER READING:

Classification of Advertising I

Advertising is the promotion of a company's products and services through different mediums to increase the sales of the product and services. It works by making the customer aware of the product and by focusing on customer's need to buy the product. Globally, advertising has become an essential part of the corporate world. Therefore, companies allot a huge part of their revenues to the advertising budget. Advertising also serves to build a brand of the product which goes a long way to make effective sales.

There are several branches or types of advertising which can be used by the companies. Let us discuss them in detail.



Source: Classification of Advertising (managementstudyguide.com)

Classification of Advertising

1. **Print Advertising** - The print media has been used for advertising since long. The newspapers and magazines are quite popular modes of advertising for different companies all over the world. Using the print media, the companies can also promote their products through brochures and fliers. The newspaper and magazines sell the advertising space and the cost depends on several factors. The quantity of space, the page of the publication, and the type of paper decide the cost of the advertisement. So an ad on the front page would be costlier than on inside pages. Similarly an ad in the glossy supplement of the paper would be more expensive than in a mediocre quality paper.
2. **Broadcast Advertising** - This type of advertising is very popular all around the world. It consists of television, radio, or Internet advertising. The ads on the television have a large audience and are very popular. The cost of the advertisement depends on the length of the ad and the time at which the ad would be appearing. For example, the prime time ads would be more costly than the regular ones. Radio advertising is not what it used to be after the advent of television and Internet, but still there is specific audience for the radio ads too. The radio jingles are quite popular in sections of society and help to sell the products.
3. **Outdoor Advertising** - Outdoor advertising makes use of different tools to gain customer's attention. The billboards, kiosks, and events and tradeshows are an effective

way to convey the message of the company. The billboards are present all around the city but the content should be such that it attracts the attention of the customer. The kiosks are an easy outlet of the products and serve as information outlets for the people too. Organizing events such as trade fairs and exhibitions for promotion of the product or service also in a way advertises the product. Therefore, outdoor advertising is an effective advertising tool.

4. **Covert Advertising** - This is a unique way of advertising in which the product or the message is subtly included in a movie or TV serial. There is no actual ad, just the mention of the product in the movie. For example, Tom Cruise used the Nokia phone in the movie Minority Report.
5. **Public Service Advertising** - As evident from the title itself, such advertising is for the public causes. There are a host of important matters such as AIDS, political integrity, energy conservation, illiteracy, poverty and so on all of which need more awareness as far as general public is concerned. This type of advertising has gained much importance in recent times and is an effective tool to convey the message.

Source: [Classification of Advertising \(managementstudyguide.com\)](http://managementstudyguide.com)

Classification of Advertising II

ADVERTISEMENT

INTRODUCTION

Information is considered to be the most valuable resource in the present day's society and in its economy. The availability of information is more or less a right of the society as it stimulates all economic activity and growth. In the case of marketing as well passing of information is of vital importance. It includes the name of a product or service and how that product or service can benefit the consumer. It persuades a target market to purchase or consume that particular brand through mass media. Mass media can be defined as any media meant to reach the general mass. There are several types and they are television, internet, radio, news programs, published pictures and articles to name a few. Advertising can also serve as a media to communicate an idea to the mass in an attempt to convince them to take certain actions such as encouraging 'environmentally friendly' behaviours and eschew unhealthy behaviors like smoking. Information can be imparted to the children through television programmes as well as through video games.

Source: [Definition, Types and Classification Of Advertising \(brainkart.com\)](http://brainkart.com)

DEFINITION

'Advertising is a non-personal communication of information usually paid for and usually persuasive in nature about products, services or ideas by identified sponsors through the various media.'

OBJECTIVES:

1. To promote a single product or service.
2. To make an immediate sale.
3. To create the branding of the product.
4. To introduce a price deal.
5. To inform about new products availability or features.
6. To build an overall company image.
7. To effect immediate buying action.
8. To increase market share.

CLASSIFICATION OF ADVERTISING

It is classified under nine heads.

1. Product advertising

A normal characteristic of advertising is to create primary demand for a product category rather than for a specific brand. It is wrongly believed that product advertising must stress on brand name. This is based on the feeling that a good image often enhances the effectiveness of product advertising. However, in practice, most companies are successful in building the product image by using the brand names (e.g., Dettol, Horlicks). In short, when the company tries to sell its product or services through advertising it is referred to as product advertising.

2 Institutional advertising

These advertisements are not always directed to consumers. Instead, it is aimed at many of the various types of public (shareholders, creditors, etc.). It is not product oriented but is rather designed to enhance the image of the company.

3 Primary demand advertising

It is intended to stimulate primary demand for a new product or product category. It is heavily utilized during the introduction stages of the life cycle of the product.

4 Selective or competitive advertising

When a product enters the growth stage of its life cycle, and when competition begins, advertising emerges and becomes selective. Here, the goal of advertising is to increase the demand for a specific product or service. Advertising may begin to stress subtle difference in brands, with heavy emphasis on 'brand name recall'. Pricing also will be used as a key promotional weapon as products become very similar.

5 Comparative advertising

This is a highly controversial trend in today's competitive market. Such types of advertising play a decisive role on comparative features of two or more specific brands in terms of product / service attributes. This method is adopted in the maturity stage when similar products fast appear in the market causing stiff competition.

6 Co-operative advertising

When manufacturers, wholesalers and retailers jointly sponsor and share the expenditure on advertising, it takes the form of co-operative advertising. Such advertising carry the names of all the parties involved. From the customers' point of view this is beneficial, as they can get the articles directly from the authorized outlets.

7 Commercial advertising

It is also termed as business advertising. As the name suggests such advertising is solely meant for effective increase in sales.

8 Non-commercial advertising

These are usually published by charitable institutions preferably to solicit general and financial help (such as collection of donation or sale of tickets).

9 Direct action advertising

Advertising that stresses and persuades immediate buying of the product is known as direct action advertising. Direct mail advertising is capable of achieving immediate action to a large extent.

[Definition, Types and Classification Of Advertising \(brainkart.com\)](http://brainkart.com)

TYPES OF ADVERTISING

1. Television Advertising

TV advertising is a popular way to mass-market messages to large audiences. Although this medium has the ability to reach a high number of potential buyers, it is also one of the most costly forms of advertising

2 Radio Advertising

Radio advertising is an effective way for businesses to target a group of people based on location or similar tastes.

3 Print Advertising

Magazine and newspaper advertisements are another way to spread the word about a product or service. Print advertising also offers the ability to target specific audience based on geography or common interests. Print advertising usually includes larger display ads, as well as classified advertising. The classifieds are typically very affordable, whereas display ads are a bit pricey.

4 Online Advertising

Advertising online is an increasingly popular method for promoting a business. There are many forms of online advertising. Banners are image advertising displayed on web pages. Google advertisement is another popular form of online advertising that matches an ad to an internet user's search inquiry.

5 Billboard Advertising

Billboard advertisements are large advertisements displayed on structures in public places. Most commonly, billboards are located along the highways to target the passing motorists.

6 In-store Advertising

In-store advertising, takes place within a retail store. For example, a company that produces a new cleaning product might include an end cap display when they ship the product to stores. This gives the store an attractive display that draws attention to the new product. Other types of in-store advertising include banners and display cases.

7 Word of Mouth Advertising

While some may argue that word of mouth is not advertising because it is free, this form of promotion is one of the best and the most credible and priceless asset of any business. Even if business owners cannot buy word of mouth advertising, they can encourage their customers to tell their friends and family about the great product or service they purchased.

8 Endorsements

Endorsement is similar to word of mouth promotion but typically does involve money. Having a product or service endorsed by a celebrity can increase sales and product awareness. Not every company can afford to have major A-list celebrities promoting a product. Smaller companies consider using local celebrities or well-known individuals within the product's niche market.

[Definition, Types and Classification Of Advertising \(brainkart.com\)](http://brainkart.com)

ADVANTAGES OF ADVERTISING

- I. Broadens the knowledge of the consumers.
- II. Helps easy introduction of products into the market.
- III. Increases sale volume.
- IV. Helps to create image of the product and the company.
- V. Enables them to have product information.
- VI. Creates awareness on product and service.
- VII. Maintains retail price.
- VIII. Increases the rate of the turnover of stock.
- IX. Provides an opportunity to the customers to compare the merits and demerits of various substitute products.
- X. Helps to establish direct contact between manufacturers and consumers.
- XI. Leads to large-scale supply for demand, creating more employment opportunities.

CONCLUSION

The advertising is a highly cost incurring method, its efficiency and effectiveness should be ensured. It is for this, purpose that concept of scientific advertising should be carefully planned and efficiently implemented and promptly monitored and controlled.

Source: Definition, Types and Classification Of Advertising (brainkart.com) date of retrieval March 26, 2022.

SUMMARY

We have seen how integrated marketing provides many important business benefits, including creative integrity, consistency of messages, unbiased marketing recommendations, better use of communications media, greater marketing precision, improved operational efficiency and cost savings.

- However, we have seen that introducing integrated marketing represents a considerable risk, and it is important to review its potential and implications through a pilot project or test campaign before committing to a single source solution.
- Looking closely at internal structures and selecting the right agency are important stages in a successful transition to integrated marketing.

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