PART 1

Advertising and Integrated Brand Promotion in Business and Society

The book is divided into 5 parts. At the beginning of each distinct part of the text, it is worth alerting the students to the focus of the chapters within the part. Part 1 sets the tone for the study of advertising. The chapters in this part emphasize that advertising is much more than the old-style mass media messages of the past. But advertising is now much more diverse and dynamic and is part of a process called integrated brand promotion (IBP).

IBP is the process of using all sorts of different promotional techniques and tools—from television ads to iPad broadcasts—that send messages about brands to consumers. The rapid ascent of digital media—particularly social networking sites like Facebook, MySpace and Twitter, have radically changed the landscape for advertising and IBP. Advertising and IBP communications are not just marketing messages. They are also part of a social communication process that has evolved over time with changes in culture, technology, and business strategies.

The “brand” plays a leading role in communications. Consumers know brands because they hear about them and use them every day—Apple, Nike, Pantene, Starbucks, and literally hundreds of others. Consumers also know (and learn) by using them and by seeing them being used in society. This first part of the book lays out the broad landscape of the advertising and IBP processes that expose us to brands and what they have to offer.

CHAPTER 1

The World of Advertising and Integrated Brand Promotion

IBP in Action: Panera Bread

**LEARNING OBJECTIVES**

1. **Know what advertising and integrated brand promotion (IBP) are and what they can do.**

Since advertising has become so pervasive, it would be reasonable to expect that you might have your own working definition for this critical term. But an informed perspective on advertising goes beyond what is obvious and can be seen on a daily basis. Advertising is distinctive and recognizable as a form of communication by its three essential elements: its paid sponsorship, its use of mass media, and its intent to persuade. An advertisement is a specific message that a company has placed to persuade an audience. An advertising campaign is a series of ads and other promotional efforts with a common theme also placed to persuade an audience over a specified period of time. Integrated brand promotion (IBP) is the use of many promotional tools, including advertising, in a coordinated manner to build and maintain brand awareness, identity, and preference.

1. **Discuss a basic model of communication.**

Advertising cannot be effective unless some form of communication takes place between the company and the audience. But advertising is about mass communication. The model introduced in this chapter features basic considerations such as the message-production process versus the message-reception process, and this model says that consumers create their own meanings when they interpret advertisements. A message has a source, and the audience (consumer) accommodates and negotiates the message and its intent. The model includes encoding and decoding of the message, with meanings formed during the interplay with the individual person’s comprehension of the content. Reception takes place in the context of potential interference such as clutter that might disturb the process.

1. **Describe the different ways of classifying audiences for advertising and IBP.**

Although it is possible to provide a simple and clear definition of what advertising is, it is also true that advertising takes many forms and serves different purposes from one application to another. One way to appreciate the complexity and diversity of advertising is to classify it by audience category or by geographic focus. For example, advertising might be directed at households or government officials. Using another perspective, it can be global or local in its focus.

1. **Understand advertising as a business process.**

Many different types of organizations use advertising to achieve their business purposes. For major multinational corporations, such as Procter & Gamble, and for smaller, more localized businesses, such as the San Diego Zoo, advertising is one part of a critical business process known as marketing. Advertising is one element of the marketing mix; the other key elements are the firm’s products, their prices, and the distribution network. Advertising must work in conjunction with these other marketing mix elements if the organization’s marketing objectives are to be achieved. It is important to recognize that of all the roles played by advertising in the marketing process, none is more important than contributing to building brand awareness and brand equity. Similarly, firms have turned to more diverse methods of communication beyond advertising that we have referred to as integrated brand promotion. That is, firms are using communication tools such as public relations, sponsorship, direct marketing, and sales promotion along with advertising to achieve communication goals. Organizations also use advertising and IBP as part of their plans for purpose-driven marketing.

1. **Understand the various types of advertising.**

There are six fundamental types of advertising described in contrasting pairs:

* 1. Primary versus selective demand stimulation. Primary demand stimulation is the attempt to stimulate demand for an entire product category. Selective demand stimulation is the attempt to stimulate demand for a particular brand within a product category. Advertising is not powerful enough to stimulate demand for a product category—only broad influences like demographics, cultural values, or technology can stimulate primary demand. Selective demand is what advertising does and can be very effective for building brand awareness and preference.
	2. Direct versus delayed response advertising. Direct response advertising asks consumers to act immediately upon receipt of the advertising message. Delayed response advertising develops awareness, preference, and an image for a brand that takes much longer to affect consumer choice.
	3. Corporate versus brand advertising. Corporate advertising features an entire corporation rather than focusing on any one brand marketed by that corporation.

Key Terms

mobile marketing

advertising

client, or sponsor

integrated brand promotion (IBP)

advertisement

advertising campaign

source

audience

target audience

household consumers

members of business organizations

members of a trade channel

professionals

trade journals

government officials and employees

global advertising

international advertising

national advertising

regional advertising

local advertising

cooperative advertising, or co-op advertising

marketing

marketing mix

brand

brand extension (variant)

brand loyalty

brand equity

market segmentation

differentiation

positioning

external position

internal position

repositioning

economies of scale

inelasticity of demand

purpose-driven marketing

primary demand stimulation

selective demand stimulation

direct response advertising

delayed response advertising

corporate advertising

brand advertising

institutional advertising

gross domestic product (GDP)

value

symbolic value

social meaning

integrated marketing communications (IMC)

**Chapter 1 Outline**

**PPT 1-1–1-5**

**Introduction:**

**Framework**

**Learning Objectives**

**IBP in Action: Panera Bread**

**I. The New World of Advertising and Integrated Brand Promotion**

**PPT 1-6**

Consumer preferences and new technologies are reshaping the communication environment. The lines between information, entertainment networking, and commercial messages are blurring. The mass media are not dead, but they are being supplemented and supported by all sorts of new ways to reach consumers. Analysts speculate that advertising, IBP, and marketing overall will be more digital, more interactive, and more social. Their reasoning is not hard to understand. Firms have not fully exploited all the opportunities presented by mobile marketing. **Mobile marketing** is communicating with target markets through mobile devices like smartphones or iPad or Surface tablet devices.

**A. Old Media/New Digital Media—It’s All about the Brand**

No matter how much technology changes or how many new media options and opportunities are available for delivering messages—it’s still all about the brand! The use of Facebook or Twitter does not change the fundamental challenge and opportunity—communicating effectively about the brand and the brand’s values.

**II. What Are Advertising and Integrated Brand Promotion?**

 **PPT 1-7–1-15**

Despite the importance of advertising and IBP to firms, it is not a process that the average person understands or values. Many people believe advertising deceives others but rarely themselves. Most think it’s a semi-glamorous profession but one in which people are either morally bankrupt con artists or pathological liars. At worst, advertising is seen as hype, unfair capitalistic manipulation, banal commercial noise, mind control, postmodern voodoo, or outright deception. At best, the average person sees advertising as amusing, informative, somewhat annoying, sort of helpful, and occasionally hip.

The truth about advertising lays somewhere between the extremes. Sometimes advertising is hard-hitting and powerful; at other times, it’s boring and ineffective. Advertising is anything but unimportant. It plays a pivotal role in world commerce and in the way people experience and live their lives. It is part of the language and culture. It is a complex communication process, a dynamic business process, and now a part of the social interaction process.

**A. Advertising Defined**

Advertising is a paid, mass-mediated attempt to persuade. *Paid* means that a **client** or **sponsor** is involved. For this reason, public service announcements (PSAs) are not ads technically. *Mass mediated* means that the advertising is delivered through a communication medium designed to reach more than one person, typically a large number—or mass—of people. Advertising is widely disseminated through familiar means—television, radio, newspapers, and magazines—and other media such as direct mail, billboards, video games, the Internet, tablets, and smartphones. *Attempt to persuade* means that ads are designed to get someone to do something.

**B. Integrated Brand Promotion Defined**

Integrated Brand Promotion (IBP) is the process of using a wide range of promotional tools that work together to create widespread brand exposure.

The definition of IBP is also loaded with meaning. IBP is a process. It uses a wide range of tools including:

* Advertising in mass media
* Sales promotions (coupons, premiums, contests, etc.)
* Point-of-Purchase (in-store) advertising
* Direct marketing (catalogs, infomercials, email)
* Personal selling
* Internet advertising (display, banner, pop-up/pop-under)
* Social networks
* Blogs
* Podcasting/smartphone messaging
* Event sponsorship
* Brand entertainment (product placement on TV shows, in movies)
* Outdoor signage/billboards
* Public relations
* Influencer marketing
* Corporate advertising

**C. Advertisements, Advertising Campaigns, and Integrated Brand Promotion**

An **advertisement** refers to a specific message that an organization has created to persuade an audience. An **advertising campaign** is a series of coordinated advertisements that communicate a reasonably cohesive and integrated theme about a brand.

**D. A Focus on Advertising**

Integrated brand promotion is a key concept associated with advertising. It is of great importance to the contemporary marketing effort.

**III. Advertising as a Communications Process**

 **PPT 1-16–1-17**

Communication is a fundamental aspect of human existence, and advertising is one of these communications.

**A. A Model of Mass-Mediated Communication**

A contemporary model of mass-mediated communication is presented. This model shows mass communication as a process where people, institutions, and messages interact. It has two major components: production (by the sender of the message) and reception (by the receiver of the message). Between production and reception are the mediating (interpretation) processes of accommodation and negotiation.

The process of production creates the content of a mass communication. An advertisement, like other forms of mass communication, is the product of institutions (such as corporations, organizations, advertising agencies, and governments) interacting to produce content (what is created for a print ad, television ad, radio ad, podcast, or on a computer screen at a company’s website).

It is important to recognize that the content that the advertiser puts into a message is not necessarily the same as the meaning an audience takes from a message. Accommodation and negotiation are the ways in which consumers interpret ads. Each individual receives and interprets communication according to unique values and experiences.

**IV. The Audiences for Advertising**

 **PPT 1-18–1-21**

An **audience** is a group of individuals who receive and interpret messages sent from companies or organizations. A **target audience** is a particular group of consumers singled out by an organization for an advertising or IBP campaign.

**A. Audience Categories**

Household consumers are the most conspicuous audience in that most mass media advertising is directed at them. **Members of business organizations** are the focus of advertising for firms that produce business and industrial goods and services, such as office equipment, production machinery, supplies, and software. **Members of a trade channel** include retailers, wholesalers, and distributors. These members of the trade channel are a target audience for producers of both household and business goods and services.

**Professionals** form a special target audience and are defined as doctors, lawyers, accountants, teachers, electricians, or any other professional group that has special training or certification. Professionals merit special communications. **Trade journals**, like *Electrical Contractor*, are magazines published specifically for members of a trade and carry highly technical articles.

**Government officials and employees** constitute an audience in themselves due to the large dollar volume of buying that federal, state, and local governments do.

**B. Audience Geography**

**Global advertising** is advertising that is used worldwide with only minor changes in the visual and message content. It is rare for a brand to have universal cultural appeal, but when it does, global advertising can be used.

**International advertising** occurs when firms prepare and place different in different national markets for the same brand outside their home market.

**National advertising** reaches all geographic areas of a single nation.

**Regional advertising** is carried out by producers, wholesalers, distributors, and retailers that concentrate their efforts in a relatively large, but not national, geographic region.

**Local advertising** is directed at an audience in a single trading area, either a city or state. A particular form of local advertising is known as **cooperative advertising** or **co-op advertising** in which national companies will share advertising expenses with local dealers.

**VI. Advertising as a Business Process PPT 1-22–1-42**

**A. The Role of Advertising in the Marketing Mix**

Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives. The marketing mix refers to the four primary areas of responsibility and decision making in marketing.

**The Role of Advertising in Brand Management**

**PPT 1-25–1-30**

A **brand** is a name, term, sign, symbol, or any other feature that identifies one seller’s good or service as distinct from those of other sellers. Advertising plays a critical role in brand development and management. In many ways, a brand is a firm’s most precious asset. Advertising affects brand development and management in five important ways:

**Information and persuasion**: Advertising informs and persuades target audiences about the values a brand has to offer.

**Introduction of a new brand or brand extensions (variants)**: A **brand extension** (also referred to as a **brand variant**) is an adaptation of an existing brand to a new product area. Advertising is essential to inform consumers about the extension.

**Building and maintaining brand loyalty among consumers**: **Brand loyalty** occurs when a consumer repeatedly purchases the same brand to the exclusion of competitor’s brands. **Brand equity** is a set of brand assets linked to a brand, its name, and symbol.

**Creating an image and meaning for the brand**: Advertising can communicate how a brand fulfills needs and desires and therefore plays an important role in attracting consumers to brands they find useful and satisfying.

**Building and maintaining brand loyalty within the trade**: Advertising and integrated promotions can influence brand preferences in wholesalers and retailers. Marketers can provide training, point-of-purchase advertising displays, and traffic-building events as well as discount pricing and premiums.

**The Role of Advertising in Market Segmentation, Differentiation, and Positioning**

**PPT 1-31–1-33**

Advertising is critical to segmentation, differentiation, and positioning strategies:

**Market segmentation** is the process of breaking down a large, widely varied (heterogeneous) market into submarkets, or segments, that are more similar in terms of consumer characteristics.

**Differentiation** is the process of creating a perceived difference, in the mind of the consumer, between a brand and its competition.

**Positioning** is the process of designing a brand so that it can occupy a distinct and valued place in the target consumer’s mind relative to other brands. There are three positioning strategic decisions to be made. A firm must decide on the **external position** for a brand—that is, the niche the brand will pursue relative to all the competitive brands on the market. Additionally, an **internal position** must be achieved with regard to the other, similar brands the firm itself markets. Finally, **repositioning** occurs when a firm believes that a brand needs to be revived or updated to address changing market or competitive conditions.

**The Role of Advertising in Contributing to Revenue and Profit Generation**

Advertising communicates persuasive information to audiences based on the values created in the marketing mix related to the product, its price, or its distribution. Advertising contributes to the process of creating sales and revenue.

When an organization creates large-scale demand for its brand, the quantity of product produced is increased, and **economies of scale** lead to lower unit production costs. Advertising contributes to demand stimulation by communicating to the market about the features and availability of a brand. By contributing to demand stimulation, advertising then contributes to the process of creating these economies of scale, which ultimately translates into higher profits per unit for the organization.

When consumers are brand loyal, they are generally less sensitive to price increases for the brand. In economic terms, this is known as **inelasticity of demand**. Advertising contributes directly to brand loyalty, and thus to inelasticity of demand, by persuading and reminding consumers of the satisfactions and values related to a brand and why they want to choose that brand over competitors’ brands.

**B. Types of Advertising**

**PPT 1-36**

**Primary versus Selective Demand Stimulation**

In **primary demand simulation**, a company would be trying to create a demand for an entire product category. The purpose of **selective demand stimulation** is to point out a brand’s unique benefits compared to competition. The true power of advertising lies here.

**Direct versus Delayed Response Advertising**

**Direct response advertising** asks consumers to act immediately.

**• Delayed response advertising** relies on imagery and message themes that emphasize the benefits and satisfying characteristics of a brand.

**Corporate versus Brand Advertising**

**Corporate advertising** is not designed to promote a specific brand but is meant to create a favorable attitude toward a company as a whole. **Brand advertising** communicates the specific features, values, and benefits of a particular brand offered for sale by a particular organization. Another form of corporate advertising is carried out by members of a trade channel, mostly retailers. When corporate advertising takes place in a trade channel, it is referred to as **institutional advertising**.

**C. The Economic Effects of Advertising**

**PPT 1-39**

**Advertising’s Effect on Gross Domestic Product**

**Gross domestic product (GDP)** is the measure of the total value of goods and services produced within an economic system. Advertising is related to GDP in that it can contribute to levels of overall consumer demand when it helps introduce new products, such as DVRs, smartphones, or alternative energy sources.

**Advertising’s Effect on Competition**

Advertising is alleged to stimulate competition and therefore motivate firms to strive for better products, better production methods, and other competitive advantages that ultimately benefit the economy as a whole. Large advertising expenditures, though, can act as barriers to entry in a market.

**Advertising’s Effect on Prices**

There is no consistent and predictable relationship among advertising, spending, and sales—it all depends on the product category, competition, size of market, and complexity of the message.

**Advertising’s Effect on Value**

**Value** refers to a perception by consumers that a brand provides satisfaction beyond the cost incurred to obtain that brand. **Symbolic value** refers to what a product or service means to consumers in a nonliteral way. **Social meaning** refers to what a product or service means in a social context.

**VI. From Advertising to Integrated Marketing Communications to Integrated Brand Promotion**

**PPT 1-43**

Advertising is only one of many promotional tools a marketer can use to communicate about a brand. Beginning in about 1990, the concept of mixing various promotional tools was referred to as **integrated marketing communications (IMC)**. IBP involves the use of various promotional tools, including advertising, in a coordinated manner to build and maintain brand awareness, identity, and preference. IBP emphasizes that coordinated messages must have brand-building effects, not just communications effects.

**Review Questions**

1. As consumers exercise greater individual control over when and how they receive information, how are advertisers adapting their messages? What is the role, if any, for traditional media outlets in this new environment? Will mobile marketing efforts including directing advertising to smartphones, be accepted by consumers?

After decades of focusing on traditional media sources such as television, radio, and newspapers to reach consumers, the rapid growth of the Internet and other evolving technologies have forced advertisers to find new ways to reach consumers. Some examples include the use of blogs and social media, podcasting and smartphone messaging, and event sponsorship. The traditional media outlets still play a role, but it is one that is expected to decrease as those industries struggle against circulation and viewership declines. The issue of whether consumers accept advertising to smartphones remains to be seen.

2. What does it mean that advertising is intended to persuade? How do different ads persuade in different ways?

An attempt at persuasion is one of the defining characteristics of all advertising. Advertising is a form of persuasive communication designed with the goal of getting customers to seek out and/or buy a specific brand. In the absence of a persuasive intent, a communication might be news, but it would not be advertising. Given this general goal, ads can be persuasive in many different ways. For example, ads are persuasive when they provide relevant information that convinces the consumer of a brand’s unique benefits. Ads are also persuasive when they generate brand interest that leads the consumer to search for more information about a particular product or service.

3. Explain the differences among regional advertising, local advertising, and cooperative advertising. What would you look for in an ad to identify it as a cooperative ad?

Regional advertising refers to a concentrated ad campaign in a relatively large, but not national, geographic region. Local advertising is more focused and directed at an audience in a single trading area, either a city or state. Cooperative advertising involves sharing of advertising expenses between national companies and local merchants to achieve specific advertising objectives. This form of advertising is easily identified by the joint presence of a manufacturer’s brand and a retailer’s store location in the ad.

4. How do the goals of direct response versus delayed response advertising differ?

Direct response advertising always features an immediate call for action from the consumer. Delayed response advertising is designed to shape brand preferences in such a way that at some future time the consumer’s brand choices will be affected. It relies on imagery and message themes that emphasize the benefits and satisfying characteristics of a brand.

5. Differentiate between global advertising and international advertising.

Global advertising uses a similar visual and message content in all markets around the world. A brand must have universal cultural appeal to use global advertising. In international advertising, an advertiser prepares and places different advertising in different national market for the same brand outside the home market.

6. How does advertising effect brand management and development? If building brand loyalty is one goal, can you identify several examples of businesses that have successfully used advertising campaigns to create strong brand equity?

Advertising can effect brand development and management across these five critical areas: providing information to and persuading consumers, introducing new brands or brand extensions, building and maintaining consumer brand loyalty, building and maintaining trade brand loyalty, and create a brand’s image and meaning. Businesses are considered to have established strong brand equity when they are able to create and sustain positive brand association in the minds of consumers over time.

7. How does the process of market segmentation lead an organization to spend its advertising dollars more efficiently and more effectively?

Advertising’s role in the market segmentation process is to develop messages that appeal to the needs and desires of different segments and then to transmit those messages via appropriate media. Market segmentation has important implications for advertising efficiencies and effectiveness. Careful selection of a target market will help in choosing media vehicles that are more likely to reach just the target. This promotes advertising efficiencies. In addition, with a specific target in mind, it is much easier to create messages that will engage the message receiver. This contributes substantially to advertising effectiveness.

8. What is the concept of integrated brand promotion (IBP)? How are IBP and advertising related? And how is IBP distinct from the advertising industry’s prior emphasis on Integrated Marketing Communications, or IMC?

IBP is the process of using a wide range of promotional tools that work together to create widespread brand exposure. Coordination is the key to maintain a clear brand image in the minds of consumers. Advertising is a component of the coordinated promotion effort to develop strong brands. IBP tools include various types of advertising but goes well beyond traditional advertising forms.

**Experiential Exercises**

1. Box-office sensations like Avatar, Harry Potter and the Deathly Hallows, and Spider-Man 3 don’t happen by accident. To achieve big screen success, movie advertisers develop integrated brand promotion (IBP) campaigns that communicate unified messages to target audiences using diverse media. Select a film now showing in theaters and identify the various ways the movie is being promoted. What types of advertising and promotion are employed in the campaign? Do the different advertisements have a consistent look, feel, and message? Do the different media vehicles target different demographic groups? Suggest one additional media option that marketers might use to reach the film’s target audience.

Answers will differ based on students’ movie selections, but the film industry creates memorable IBP campaigns that convey a unified image, meaning, and identity for a new release. For the recent sci-fi epic Avatar, Twentieth Century Fox used the following advertising and promotion: TV ads, the AVTR.com website, movie-themed Coca-Cola Zero cans, a four-minute trailer shown during a Dallas Cowboys football game, exclusive pre-screenings offered to print media, product placement in the Fox Network series Bones, action figures by Mattel Toys, a reusable Avatar scrapbook for kids, and a Ubisoft video game for Xbox 360 and other game consoles.

2. After perfecting the pizza delivery model in the 1980s, Domino’s lost touch with its customers to the point that the brand was ridiculed as little more than cardboard and ketchup. To fix the brand, executives commissioned a reinvention of the Domino’s pizza and launched a “Pizza Turnaround” campaign to renew customer loyalties. Using the Internet for research, write a brief report on the Domino’s “Pizza Turnaround.” Describe the campaign’s role in managing the Domino’s brand. What was the message strategy of the campaign? Do you think the ads were effective at restoring the brand’s image? How might company leaders use the tools of advertising and promotion to keep consumers buying the new and improved Domino’s pizza?

The Domino’s “Pizza Turnaround” campaign was unique in its admission that the product was bland and in need of replacement. Ads borrowed words from the pizza’s harshest critics to make the point. The campaign also used consumer recommendations to direct the overhaul of the core product and its ingredients. The campaign was largely successful, at least in the short term: Domino’s doubled its revenues in 2010 following the release of the new pizza pie. Answers will vary on how Domino’s could use advertising and promotion to foster brand loyalty for its new pizza; however advertising has the ability to associate brands with hot trends, and promotion can offer incentives that stimulate repeat purchases.

3. Cellular telephones and wireless computing products are nearly ubiquitous now in American life. In some ways, any one phone or service provider is seen not so much as a brand but as an unmarked commodity. But there are important exceptions. Consider the intense media attention and consumer interest that surrounded the release of Apple’s iPhone and AT&T’s exclusive contract to provide cellular service to the new phone. Providing examples from current campaigns, describe how advertising has affected value related to cellular services or products. Contrast that with the iPhone release. How did advertising and integrated brand promotion influence symbolic value and social meaning related to the new product?

Advertising influences the symbolic value that consumers attach to a given brand or product, conveying distinct messages about social-class connections or status. In the case of cellular telephone purchases, one provider might promote the value notion that a consumer is getting a good deal by providing a basic phone at little or no cost in exchange for a year- or two-year service contract. Then what explains the instant popularity of the $500 iPhone? Students should recognize here the lesson that every object takes on meaning from society and popular culture. When consumers perceive greater social value in a brand, they are more likely to pay a premium for that brand or product.

4. Working in small groups, imagine that you have been hired to create an advertising strategy for the release of a new line of basketball shoes produced by the athletic apparel maker Under Armour. The Maryland-based business has seen rapid growth in recent years, but it is not considered to be the same kind of globally-recognized brand as Nike or Adidas. Beyond the central advertising campaign for the new shoe line, what tools would your team recommend employing to achieve integrated brand promotion? Explain how you would coordinate those efforts to ensure maximum effectiveness.

Students should demonstrate a full understanding of the various tools available for integrated brand promotion, from event sponsorship to direct marketing to billboards and blogs. The team reports also should reflect an understanding of the role advertising plays within IBP and the importance of ensuring that whatever techniques are employed, they work smoothly together to create a consistent and compelling message.