Chapter One

Advertising AND IMC TODAY

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This chapter introduces students to several important themes and concepts, including advertising, integrated marketing communications (IMC), marketing, and relationship marketing. It also describes how advertising functions as a special kind of communication, one that is of great value in a company’s marketing strategy.

**Learning Objectives**

After studying this chapter, your students will be able to:

LO1-1 Define integrated marketing communications.

LO1-2 Clarify what advertising is and how it differs from other forms of marketing communications.

LO1-3 Describe the human communication process and compare it with how advertising communicates.

LO1-4 Offer reasons why companies want relationships with their customers and show how IMC helps them to develop such relationships.

LO1-5 Define marketing and identify the four elements of marketing strategy.

LO1-6 Illustrate advertising’s role in marketing strategy.

LO1-7 Identify important categories under promotion: the communication element of strategy

**What’s New?**

The opening vignette suggests that much of contemporary advertising is more concerned with collecting data on consumers than on simply communicating about brands. It also suggests that, given concerns about privacy, the industry is at a turning point in terms of government regulation. The vignette offers instructors a chance to explain to students how much data is shared online, why such data is valuable to companies, and what Congress and the E.U. are doing to give more power to consumers.

This chapter also includes an important “My IMC Campaign” feature. Students can use the feature to work on a real IMC campaign throughout the semester. The box in this chapter provides students an overview of the campaign process and gives a list of all of the topics covered in the feature.

**Teaching Tips and Strategies**

**Using the Chapter Opening Vignette in the Classroom**

The vignette provides many examples of information that companies and the government can gain access to. Ask students to supplement this list with their own research. Challenge students to discover how they can tweak Facebook, Google, and Snapchat settings to restrict what they share. Give students a chance to debate the tension between privacy and the data-driven business model of “free” platforms like Facebook and Google.

**Other Tips and Strategies**

A simple yet effective way I’ve found to help students develop a more sophisticated perspective on ads is to ask them to identify and then describe their favorite ads. This activity helps to accomplish several important things. First, because it is an enjoyable and easy activity, it is a great icebreaker! Students quickly jump in with mentions of their favorite ads, usually with lots of laughing and merriment. As they observe their own reactions and those of others, students begin to recognize how much they enjoy advertising when it is done well. The activity also allows for follow–up questions, such as “Why do you like that one?” and “What makes that ad effective for you?”– questions that encourage students to reflect a bit more deeply about how effective advertising works. At subsequent points in the semester you might refer back to this activity as you explore more deeply the issues surrounding advertising effectiveness.

I then ask if advertising influences everything we buy. Students will tend to debate both sides. Some will maintain that advertising does not influence them in any way. I then write the following brands on the board (please adapt these to fit your style):

* Rolex Timex
* Baer Aspirin Rite Aid Aspirin
* Samsung TCL

I ask the students to tell me which are high-end or low-end brands. I then go down the list, writing beside each brand “high-end” or “low-end.” This facilitates a discussion of how we know this information and who put the idea in our minds that Rolex is better than Timex (does that mean surgeons only use Rolexes in complex procedures?). This is a great way to transition into discussing the communication process between the company and the customer. You will also want to discuss different methods of advertising, such as social media, TV, radio, etc. It is also a good opportunity to discuss the consumer and the different media they use to learn about the company, product, or service.

**Web Resources for Enhancing Your Lectures**

|  |  |
| --- | --- |
| Advertising Lab | [http://adverlab.blogspot.com](http://adverlab.blogspot.com/) |
| Advertising Age | [http://adage.com](http://adage.com/) |
| AdWeek | <https://www.adweek.com> |

**Pedagogical Features**

 **My IMC Campaign 1:** Overview

palm_pilot **Ad Lab 1–A:** Advertising as a Literary Form

dart_board **Ethics, Diversity & Inclusion:** Ethics in Advertising: An Overview

compass **Portfolio Review:** Building Brand Value

 **People behind the Ads:** Albert Lasker and Claude Hopkins: Advertising Legends

**Lecture Outline**

I. Vignette: Privacy

Privacy concerns and significant changes in privacy laws. Ask students to identify who is gathering information about them. More advanced: ask students to scrutinize the privacy and data sharing policies of their email provider or online bank.

II. LO1-1

One way to demonstrate how marketing communications work, and at the same time introduce some important concepts, is to tell a story about an ordinary person, perhaps someone similar to yourself. How did Sharon’s story help introduce the modern practice of marketing communications?

III. What Is Advertising?

Many people simply refer to all commercial messages as “advertising,” but in fact, the correct term for these tools is **marketing communications**. Advertising is just one of these tools.

**Advertising** is a paid, mediated form of communication from an identifiable source, designed to persuade the receiver to take some action, now or in the future.

A. Advertising is a type of communication, which is commonly defined as the process through which meaning or information is exchanged between individuals using some system of symbols, signs, or behavior. Advertising is a very structured form of applied communication, employing verbal and nonverbal elements that are composed to fill specific space and time formats determined by the sponsor.

B. Advertising is directed to groups of people, usually audiences, rather than individuals. These people could be **consumers**, who buy products for their personal use, or customers who buy products for consumption by others, such as loved ones or friends.

C. Most advertising is paid for by sponsors; but some sponsors don’t have to pay for their ads. Many organizations’ **public service messages** are carried at no charge because of their nonprofit status.

D. Most advertising is intended to be persuasive—to make audiences more favorably disposed toward a product, service, or idea. Advertising promotes tangible **goods** (e.g., oranges, oatmeal, and olive oil),publicize intangible **services** (e.g., bankers, beauticians, bike repair shops)andadvocate a wide variety of **ideas** (concepts based on economics, politics, etc.). In this book the term **product** encompasses goods, services, and ideas.

E. Advertising identifies its sponsor (whereas public-relations activities often refrain from open sponsorship).

F. Advertising reaches us through a channel of communication referred to as a **medium**. An advertising medium is any nonpersonal means used to present an ad to a large audience. Advertising media include radio, television, newspapers, websites, social media, search engines, video games, billboards, and so on. When you tell somebody how much you like a product, that’s sometimes called *word-of-mouth (WOM)* advertising. Although WOM is a communication medium, it has not generally been considered an advertising medium. However, the popularity of social media, such as Facebook and Twitter, is forcing advertisers to reconsider this belief. In fact, social media is an ideal platform for advertisers to encourage digital WOM, such as when people share their favorite brands and ads or provide ratings of their experiences at restaurants and hotels.

G. Historically, advertisers used **mass media** (the plural of medium) to deliver their messages. Other types of media include:

1. Addressable media (direct mail).

2. Interactive media (Internet and kiosks).

3. Nontraditional media (shopping carts, blimps, and DVDs).

IV. Communication: What Makes Advertising Unique

First and foremost, advertising is communication—a special kind of communication. McCann Worldgroup, the ad agency for MasterCard, claims that advertising is “truth well told.” This means that ethical advertisers and the agencies they employ work together to discover the best methods possible to tell their story truthfully and creatively. To succeed, they must understand the advertising communication process, which derives from the basic human communication process.

1. The Human Communication Process

The first scholars to study human communication formulated a model like the one in Exhibit 1-1.

1. The human communication process begins with:

a. **Source**—party who formulates an idea, then

b. **Encodes**—idea as a **message**

c. **Message**—sends it via some **channel** to another party

d. **Receiver**—the party who receives the message

e. **Decode**—the message to understand it

f. **Feedback**—a message that acknowledges or responds to the original message; affects the encoding of a new message.

g. **Noise**—the distracting cacophony of many other messages being sent at the same time by other sources.

2. Exhibit 1-2 presents an interactive model of communication. The realization that much contemporary communication, especially in marketing, is better characterized as dialogue has led many scholars to revise the communication model to reflect interactivity. In this model, no single entity operates as a source or receiver. Instead, two entities serve both roles in an ongoing process. This model better represents marketers’ understanding of their relationships with consumers today. Marketers no longer dominate the exchange of messages. Rather, they are engaged in a conversation with consumers who send their own messages, both to the marketer and to other consumers.

B. Applying the Communication Process to Advertising

The Stern model, a sophisticated communication model specific to advertising, views advertising as composed commercial text rather than informal speech. The Stern model reminds us that advertising, sources, messages, and receivers have multiple dimensions in advertising:

1. Source Dimensions: Sponsor, Author, Persona

Who is the source of the communication? The **sponsors** (who are legally responsible for the communication); the **authors** (people outside the text of the message, such as a creative team or ad agency); and the **persona** (the source of the within-text message). Exhibit 1-3 shows that the path from sponsor to consumer can be long and circuitous.

2. Message Dimensions: Autobiography, Narrative, and Drama

Advertising messages use one or a blend of three literary forms:

1. **Autobiographical** **messages** (author tells own story).
2. **Narrative messages** (third-person persona tells story about others to imagined audience).
3. **Dramatic messages** (characters act out events as though in a play).
4. The creators of ads must make important decisions about what kind of persona and which literary form to use to express the message.
5. Key considerations are the emotions, attitudes, and motives that drive particular customers in their target audience.

3. Receiver Dimensions: Implied, Sponsorial, and Actual Consumers

a. **Implied consumers** (who are addressed by the ad’s persona) are not real.

b.The **sponsorial consumers** are the gatekeepers who decide if the ad will run or not.

c. The **actual consumers** (equivalent to the receiver in oral communication) are people in the real world who make up the ad’s target audience.

d. The sponsor’s messages must compete with hundreds of competing commercial and noncommercial messages every day, referred to as **noise**. So the sender doesn’t know how the message is received, or even if it’s received, until a consumer acknowledges it.

4. Feedback and Interactivity

Feedback verifies that the message was received. Feedback employs the same sender-message-receiver pattern, except that it is directed from the receiver back to the original source. Feedback can take many forms (e.g., redeemed coupons, website visits, phone inquiries, visits to the store, tweets, Facebook posts, increased sales, responses to a survey or e-mail inquiries). Low responses to an ad indicate a break in the communication process. Feedback offers companies the chance to nourish relationships with their customers.

V. IMC and Relationship Marketing

Customers, not products, are the lifeblood of the business. This realization has created a trend away from simple transactional marketing to **relationship marketing**—creating, maintaining, and enhancing long-term relationships with customers and other stakeholders that result in exchanges of information and other things of mutual value. As Exhibit 1-4 shows, the shift from a transactional to a relationship focus has broad implications for the goals of marketing and the focus of advertising and IMC.

Companies that commit to relationship marketing are generally trying to accomplish three things: (1) identify, satisfy, retain, and maximize the value of profitable customers; (2) manage the contacts between the customer and the company to ensure their effectiveness; and (3) develop a full view of the customer by compiling and acquiring useful data. Loyalty programs, such as Starbucks’ Rewards Loyalty Program, offer a good example of relationship marketing initiatives that attempt to achieve these three objectives.

A. The Importance of Relationships

1. To succeed, companies must focus on managing loyalty among carefully chosen customers and stakeholders (employees, centers of influence, stockholders, the financial community, and the press).

2. This is important for a number of reasons:

a. The cost of lost customers. The real profit lost is the **lifetime customer value (LTCV)** to a firm.

b. The cost of acquiring new customers.

c. The value of loyal customers.

3. A company’s first market should always be its current customers. They have discovered the primary benefit of focusing on relationships: increased retention and optimized lifetime customer value.

B. Levels of Relationships

1. Kotler and Keller distinguish five levels of relationships that can be formed between a company and its various stakeholders, depending on their mutual needs.

a.  *Basic transactional relationship*. The company sells the product but does not follow up in any way (Target).

b. *Reactive relationship*. The company (or salesperson) sells the product and encourages customers to call if they encounter any problems (Men’s Wearhouse).

c. *Accountable relationship*. The salesperson phones customers shortly after the sale to check whether the product meets expectations and asks for product improvement suggestions and any specific disappointments. This information helps the company continuously improve its offering (Acura dealers).

d. *Proactive relationship*. The salesperson or company contacts customers from time to time with suggestions about improved product use or helpful new products (Verizon).

e. *Partnership*. The company works continuously with customers (and other stakeholders) to discover ways to deliver better value (Nordstrom’s Personal Shopper).

2. The more stakeholders there are, the more difficult it is to develop an extensive personal relationship with each.

3. Interactive customer relationships make it easy for companies and customers to communicate in digital media. In such relationships, companies like Mtn Dew, encourage consumers to “feel like they’re a part of your brand in a unique way.”

4. Guerrilla marketing tactics, like Domino’s “Paving for Pizza” campaign, involve unconventional marketing tactics.

5. Exhibit 1-5 compares relationship levels as a function of profit margin and number of customers.

6. The concept of integration is wholeness. Achieving this wholeness in communications creates synergy—the principal benefit of IMC—because each element of the communications mix reinforces the others for greater effect.

C. The Evolution of the IMC Concept

1. The IMC approach focuses on four related tactics:

1. less emphasis on advertising relative to other promotional tools
2. heavier reliance on targeted messages and on reaching smaller segments
3. increased use of consumer data

d. changed expectations for marketing communications suppliers

2. Nowak and Phelps noted that IMC is used by some to mean “one voice” (i.e., ensuring all elements of the marketing mix converge on a single idea), by others to mean integrated communications (that advertising can and should achieve both action and awareness objectives simultaneously), and by still others to mean coordinated marketing communications (ensuring the various marketing mix elements such as advertising direct-response, sales promotions, and the like, work together).

3. IMC is best defined as “the concept and process of strategically managing audience- focused, channel-centered, and results-driven brand communication programs over time.”

4. How the Customer Sees Marketing Communications

a. Various communications or brand contacts, sponsored or not, create an integrated product in the consumer’s mind.

b. IMC gives companies a better opportunity to manage or influence those perceptions and create a superior relationship with those stakeholders.

5. The Four Sources of Brand Messages

To influence customers’ perceptions, marketers must understand one of the basic premises of IMC: that everything we do (and don’t do) sends a message. There are 4 types of company/brand-related messages stakeholders receive:

1. *Planned messages*: traditional promotional messages (advertising, sales promotion, personal selling, merchandising materials, publicity releases, event sponsorships); have the least impact because they are seen as self-serving.
2. *Product (inferred) messages*: messages from the product, price, or distribution elements; includes packaging; have great impact.
3. *Service messages*: employee interactions send messages to customers; have greater marketing impact than the planned messages.
4. *Unplanned messages*: emanate from employee gossip, unsought news stories, comments by the trade or competitors, word-of-mouth rumors, or major disasters; company has no control over.

6. The Integration Triangle

a. The integration triangle developed by Duncan and Moriarty is a simple illustration of how perceptions are created from the various brand message sources (see Exhibit 1-6).

b. Planned messages are say messages—what companies say about themselves.

c. Product and service messages are do messages because they represent what a company does.

d. Unplanned messages are *confirm* messages because that’s what others say and confirm (or not) about what the company says and does.

e. Constructive integration occurs when a brand does what its maker says it will do and then others confirm that it delivers on its promises.

D. The Dimensions of IMC

1. To maximize the synergy benefits of IMC an organization should first ensure consistent positioning, then facilitate purposeful interactivity between the company and its customers or other stakeholders, and finally, actively incorporate a socially responsible mission in its relationships with stakeholders.

2. IMC offers accountability by maximizing resources and linking communications activities directly to organizational goals and the resulting bottom line.

VI. Marketing: Determining the Type of IMC Message to Use

Every business performs a number of diverse activities, typically classified into three broad functional divisions:

1. Operations (production/manufacturing)
2. Finance/administration
3. Marketing

A. What Is Marketing?

1. **Marketing** is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

2. Marketing is a **process**—a sequence of actions or methods—aimed at satisfying customer needs profitably.

3. This process includes developing products, pricing them strategically, making them available to customers through a distribution network, and promoting them through sales and advertising activities.

B. Advertising and the Marketing Process

1. Advertising is an important IMC tool that can help the organization achieve its marketing goals.

2. 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.

3. Exhibit 1-7 shows some of the ways advertising can be classified, based on these strategic marketing elements.

C. Identifying Target Markets and Target Audiences

A firm’s marketing activities are aimed at a particular segment of the population, its **target market**. Advertising is aimed at a particular group called the **target audience**. There are two main types of target markets: consumers and businesses.

1. Consumer Markets

a. **Consumer advertising**, usually sponsored by the producer (or manufacturer) of the product or service, are typically directed at **consumers** (people who buy the product for their own or someone else’s personal use).

b. **Retail advertising** is advertising sponsored by retail stores and businesses.

c. Consumer advertising can include public service announcements (PSAs) from organizations such as the American Cancer Society.

d. Consumer behavior is the province of another specialty in marketing.

2. Industrial/Business Markets

a. Companies use **business advertising** to reach people who buy or specify goods and services for business use. Also called **business-to-business advertising (B2B)**. There are three types of business advertising:

b. **Trade advertising** targets resellers (wholesalers, dealers, and retailers) to obtain a greater distribution of their products.

c. **Professional advertising** is aimed at teachers, doctors, dentists, architects, engineers, lawyers and the like. Three objectives in professional advertising; to convince professional people to recommend or prescribe a specific product or service to their clients, to buy particular brands of equipment and supplies for use in their work, or to use the product personally.

d. **Agricultural** (or **farm**) **advertising** promotes products and services used in agriculture to farmers and others employed in agribusiness.

D. Implementing Marketing Strategy

After selecting a target market for its products, an advertiser designs a strategy to serve that market profitably. Marketing strategy is a mix of the 4Ps of marketing: product, price, place, and promotion.

1. Product: Features and Benefits

a. Products have multiple features and solve a variety of problems. Advertising typically focuses on those features (product or brand components) or benefits (problems the brand can solve or ways the brand can provide desired rewards) of greatest relevance to the target audience.

b. Advertising messages remind us why each brand is special. Compare a Prius with its hybrid engine to a BMW Z4 to a Ford F150.

2. Price: Strategies for Emphasizing Value

a. Consumers view value as the ratio of a brand’s quality to its price.

b. Some products (Suave personal care brands, No-Ad lotions) are publicized using **price advertising**, in which an ad claims the product is equal in quality to higher priced brands.

c. **Image advertising**, which creates a perception of a company or a personality for a brand, is rarely explicit about price.

d. **Sale advertising** is used most often by retailers, dealers, and shops to call attention to a recent drop in the price of a brand or service.

3. Place: The Distribution Element

a. Global marketers such as Coca-Cola, Toyota, and IBM may use **global advertising** in which messages are consistent in ads placed around the world.

b. 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.

c. Companies that market in several regions of the U.S. and use the major mass media are called national advertisers, and their promotion is called **national advertising**.

d. Some companies sell in only one part of the country or in two or three states; they use **regional advertising**.

e. Businesses and retailers that sell within one small trading area typically use **local advertising** placed in local media or direct mail.

4. Promotion: The Communication Element

a. **Marketing communications** (marcom) refers to all the planned messages created to support marketing objectives and strategies. In addition to advertising, major marketing communication tools include personal selling, sales promotion, public relations activities, and collateral materials.

b. In **personal selling**, salespeople deal directly with customers either face-to-face or via telemarketing, offering the flexibility possible only through human interaction.

c. To promote their goods and services, companies use **product advertising**.

d. To sell ideas, organizations use **nonproduct advertising**.

e. **Noncommercial advertising** is used around the world by governments and nonprofit organizations to seek donations, volunteer support, or changes in consumer behavior.

f. The objectives of **awareness advertising**, for example, are to create an image for the brand the next time they shop.

g. A direct-mail ad, on the other hand, exemplifies **action** (or **direct-response**) **advertising** because it seeks an immediate, direct response from the reader.

h. **Sales promotion** is a communication tool that offers special incentives to motivate people to act right away.

i. **Public relations (PR)** is an umbrella process—much like marketing—responsible for managing the firm’s relationships with its various publics. These publics may include customers but are not limited to them. Public relations is also concerned with employees, stockholders, vendors and suppliers, government regulators, interest groups, and the press. So PR is much larger than just a tool of marketing communications.

j. Marketers use a number of **public relations activities** because they are so good at creating awareness and credibility for the firm at a relatively low cost.

k. **Marketing public relations (MPR)** include publicity, press agentry, sponsorships, special events, and a special kind of advertising called **public relations advertising**, which uses the structured, sponsored format of media advertising to accomplish public relations goals.

l. Companies use a wide variety of promotional tools other than media advertising to communicate information about themselves and their brands. These **collateral materials** include fliers, brochures, catalogs, posters, sales kits, product specification sheets, instruction booklets, and so on.

E. Additional Benefits of Integrating Marketing Communications

In recent years, as new media have proliferated and the cost of competition has intensified, sophisticated marketers have searched for new ways to get more bang (and accountability) from their marketing communications buck.

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.

VII. Chapter Summary

A. Advertising, one type of marketing communications, is a paid, mediated form of communication from an identifiable source, designed to persuade the receiver to take some action, now or in the future.

B. Advertising is, first and foremost, communication. The basic human communication process begins when a source formulates an idea, encodes it as a message, and sends it via some channel or medium to a receiver.

C. Advertising is an important tool for companies that practice IMC (integrated marketing communication) and involves strategically managing and coordinating the sources of information consumers have about brands. Practiced well, IMC creates synergies among various channels of communications and is fundamentally important for guiding companies in building and establishing credible relationships. Marketing’s primary role is to attract revenue, so advertising is important. Marketers address two major types of audiences with advertising: consumers and businesses.

D. A firm’s marketing mix—or strategy—establishes the type of advertising needed and the skills required to implement it. The marketing mix includes those elements over which the marketer has control: product, price, distribution, and communication.

E. The distribution strategy dictates the firm’s use of local, regional, national,

or international advertising and can use a mix of communication tools such as advertising, personal selling, sales promotion, public relations activities, and collateral materials.

F. To achieve consistency in all the organization’s messages, sophisticated companies seek to integrate their marketing communications with all other corporate activities through a process called integrated marketing communications.

**Answers to Pedagogical Features**

 **My IMC Campaign 1:** Overview

Welcome to My IMC Campaign, an important feature of this text. My IMC Campaign, should be useful in any of the following situations:

* Your instructor has asked you and others in your class to work on part or all of an ad campaign, either individually or in groups.
* You are doing an internship and want practical advice on how to help your company advertise.
* You would like to apply the concepts and ideas that you are reading about in this book in the real world.

1. Let’s begin with a definition. An IMC campaign involves the creation and placement of a series of strategic communications that are unified by an underlying theme or core message.

2. The My IMC Campaign topics are listed below. You may find it useful or necessary to jump around as you develop your own campaign.

1. Overview

2. Tools for Teamwork

3. Your Assignment

4. Understanding Your Client; Creating Local Advertising; Agency Review; Ways to Be a Better Client

5. Understanding What Consumers Look for in a Product

6. Segmenting the Audience

7. Research; Methods for Pretesting; Methods for Posttesting; Developing an Effective Questionnaire

8. Developing the Situation Analysis; The SWOT Analysis; Developing Advertising Objectives

9. Developing Media Objectives and Strategies

10. The Creative Brief

11. Product Facts for Creatives; Creating Great Headlines and Copy; Design Principles; Writing Effective Copy; Creating Effective Radio Commercials; Creating Effective TV Commercials

12. Producing Ads

13. The Pros and Cons of Magazine Advertising; The Pros and Cons of Newspaper Advertising; Planning and Evaluating Print Media

14. Planning and Buying TV and Radio; The Pros and Cons of Broadcast TV Advertising; The Pros and Cons of Cable TV Advertising; The Pros and Cons of Radio Advertising

15. Using Interactive Media

16. Using Social Media

17. Using Out-of-Home, Exhibitive, and Supplementary Media

18. Creating a Plans Book

19. Corporate Blogging; The Client Presentation

Description: palm_pilot **Ad Lab 1–A:** Advertising as a Literary Form

1. Can you identify which two literary forms appear in example 4? Does it have a persona and/or an implied consumer? If so, describe their use.

Example 4 combines autobiography and drama, because it is a fictionalized representation of Eminem, an actual person. The Eminem character in the ad is a persona, who represents the advertiser.

Description: dart_board **Ethics, Diversity, and Inclusion:** Ethics in Advertising: An Overview

Sample outline for discussing ethics:

I. What is “ethics?”

A. Dictionary definition: moral philosophy

B. Related words: conscience, principles, high standards, integrity, system, moral belief system, honesty, propriety, decency, various religious beliefs, the golden rule

II. Ethics needed in societies where litigation is frequent.

III. Differentiating an ethical dilemma from an ethical lapse.

A. Definitions:

1. Ethical dilemma—a crisis due to unresolved interpretation of an ethical issue.

2. Ethical lapse—the behavior that overlooks or fails to apply an applicable ethic (and thereby may well be unlawful because laws are based on ethical judgments).

B. Guidelines:

1. In advertising, “truthfulness” is typically the major issue.

2. Distinction must be made between “having a right” and “the right thing to do”—e.g., should advertisers persuade someone from a low-income community to buy a $170 pair of sneakers?

3. Ethics takes over where laws end.

4. Advertising professionals largely find ethics synonymous with legality.

5. “You can be ethical only when you have the option of being unethical,” according to Ivan L. Preston, University of Wisconsin professor.

Note: Because ethical issues are not always clear-cut, in-class discussions are encouraged to help students refine their understanding of ethics. The questions below are designed to serve as starting points.

This methodology allows the free flow of ideas, so students typically bring up other ethical dilemmas not described in the assigned ethical issue box. One way to overcome this variation is to review each chapter’s Ethics, Diversity, and Inclusion box in advance.

A more subtle challenge is to understand when and how to use an ethical principle. A good way to begin is to first determine who’s responsible for applying or defining the ethical issue. As we mention in the chapter, there are three levels of responsibility: the society (the group), the individual, and the accepted philosophy that describes the ethical concept and suggests its proper use. You may wish to review this section before initiating any discussion about ethics.

It is also important that each student be expected to defend his/her position with a well-thought-out answer.

ETHICAL ISSUES

1. Would you mind bending your moral rules a little to sell a product with a misleading comparison or a visual distortion? What could justify such a decision? Where would you draw the line?

**Answer Guidelines:**

a. If an ad is misleading, it has broken the law. (Chapter 2)

b. Visual distortions are typically used to create attention and emphasis and may be illegal. (See Chapters 2 and 10 for more details.)

• Does the distortion actually apply to the content or meaning of the ad or is it merely creative license or puffery?

• If distortion does affect the content, is it truthful?

• Does the distorted photo, illustration, or graphic chart mislead people?

• Is an image distorted to hide the fact that it was stolen from a copyrighted source?

c. Justifications for “bending” moral rules

There is no justification for misleading people or for being untruthful.

Because puffery—claims that are empirically hard to prove (the brightest whites or the cleanest dishes)—is legal, advertisers may justify the use of visual and verbal distortions.

d. Although puffed claims are legal, consumers may not feel that they are honest—the negative effects of a misinterpretation and a subsequent backlash should be considered in advance.

e. Because the company’s credibility is at stake, puffery could enhance—or tarnish—an *entire* line of products.

2. The next time you watch TV commercials, think ethics. Look for both good and bad examples of ethical presentations of the advertised products. What ethical issues might have been discussed before the ads were approved?

**Answer Guidelines:**

When producing ads, two approaches generally take place that help eliminate ethics problems:

a. The ethical issues are discussed—in an order much like the answers to question one above—by the managers and creatives involved in producing ads.

b. Procedural steps employed to evaluate ethical issues may include:

• Sending all materials for review by the advertiser’s legal department or the agency’s legal consultants.

• Market testing (one-on-one interviews, focus groups, etc.) to reveal potential ethical problems.

• Showing the proposed ads to organizations that are sworn to uphold ethical standards such as a professional group (Better Business Bureau, American Association of Advertising Agencies), a governmental agency (FDA, FCC, etc.), or other groups (a national or local church board, PTA, school board, etc.).

compass **Portfolio Review:** Building Brand Value

Great ads speak to consumers in a way that helps them see value in a brand. Study the array of ads in this portfolio and consider how well each one illustrates the contemporary definition of advertising presented in this text. Next, select one ad from the portfolio and analyze the multiple dimensions of the communication process as they apply to that ad. Finally, select a different ad from the portfolio and determine which of the six functions of advertising are applicable to the ad.

 **People behind the Ads:** Albert Lasker and Claude Hopkins: Advertising Legends

* Lasker’s persuasive talents were rooted in his gifts as both a leader and a visionary. Impressing everyone he worked with, Lasker was quickly promoted through the agency ranks. He was still in his early twenties when he bought Lord & Thomas and began creating the first true “modern” ad agency.
* Hopkins believed advertising had one function: selling. Hopkins advocated finding a “preemptive claim” for each brand, an attribute that could be used to distinguish the brand from its competitors.

**Review Questions**

1. What is IMC and how is it different from advertising?

IMC is both a concept and a process that draws on management skill at strategic planning. IMC places greater emphasis on audiences, channels, and results as compared with traditional promotional approaches. Finally, IMC represents a broadened view of brand promotion.

2. In the marketing communication process, what are the various dimensions of the source, the message, and the receiver?

The communication process begins when one party, called the source (the sponsor), formulates an idea, encodes it as a message (the ad), and sends it via some channel (medium) to another party, called the receiver (the consumer or prospect). The Stern model proposes a more sophisticated communications model; it is derived from the traditional model, but it acknowledges that the source, the message, and the receiver all have multiple dimensions. The source dimensions are the sponsor, author, and persona. The message dimensions are autobiography, narrative, and drama. The receiver dimensions are implied, sponsorial, and actual consumers.

3. Why do many companies practice IMC and what benefits does it afford companies that practice it well?

Because IMC helps companies adopt a consumer-centric, rather than marketer-centric, perspective when they create brand messages. And in today’s marketing environment, nothing is more important than understanding and effectively communicating with consumers. Another reason companies use an IMC perspective is that consumers learn about brands from far more sources than just advertising.

4. What kinds of relationships do brands have with consumers?

a. Basic transactional relationship. The company sells the product but does not follow up in any way.

b. Reactive relationship. The company (or salesperson) sells the product and encourages customers to call if they encounter any problems.

c. Accountable relationship. The salesperson phones customers shortly after the sale to check whether the product meets expectations and asks for product improvement suggestions and any specific disappointments. This information helps the company continuously improve its offering.

d. Proactive relationship. The salesperson or company contacts customers from time to time with suggestions about improved product use or helpful new products.

e. Partnership. The company works continuously with customers (and other

stakeholders) to discover ways to deliver better value.

5. What are the advantages of the interactive communications model over the traditional   
one? How has the growth of interactive communications improved the practice of IMC?

The interactive model allows companies and consumers to build relationships. Consumers feel like they are part of the brand in a unique way. No single entity operates as a source or receiver. The model better represents marketers’ understanding of their relationships with consumers today.

6. With whom else besides consumers do brands sometimes seek to develop relationships?

Companies must build loyalty with stakeholders including employees, centers of influence, stockholders, financial community, and the press.

7. What are the two broad categories of target markets?

The two broad categories of target markets are consumer markets and industrial/business markets.

8. In addition to consumer advertising, what specific form of business advertising would a pharmaceutical company likely employ?

Professional advertising is used to convince physicians to prescribe the pharmaceutical company’s products to the physician’s patients.

9. What are the four elements that compose a company’s marketing strategy (or marketing mix) and how do they affect the type of advertising a company uses?

Product concept, pricing, place, and promotion are the four elements that compose a company’s marketing strategy. The type of advertising used depends on the company’s marketing strategy.

10. What is the purpose of awareness advertising?

The purpose of awareness advertising is to create an image for a product and to position it competitively with the goal of getting readers or viewers to select the brand the next time they shop.

11. What important activities does a company engage in under the heading of “promotions”?

Promotional activities include personal selling, advertising, sales promotion, public relations, and collateral materials.

**The Advertising Experience**

**1.** **Brand Relationships**

This chapter has emphasized building relationships as an important objective for IMC. Think about your favorite brands. Do you feel as though you have a “relationship” with any? What do the companies that support these brands do to ensure you are happy in the relationship? And are you an advocate for any brand? How and when do you communicate to others your positive feelings or excitement about the brand?

**2. Role of Advertising**

In Chapter 1, you learned about the standard definition of advertising and the various roles and forms that advertising can take. Browse through the following websites and discuss what type of advertising each uses and what the purpose of the advertising is:

a. American Cancer Society: [www.cancer.org](http://www.cancer.org/)

b. Amazon: [www.amazon.com](http://www.amazon.com)

c. Nike: [www.nike.com](http://www.nike.com)

d. Ford: [www.ford.com](http://www.ford.com)

e. McDonald’s: [www.mcdonalds.com](http://www.mcdonalds.com)

f. MINI: [www.MINIUSA.com](http://www.MINIUSA.com)

g. United Parcel Service: [www.ups.com](http://www.ups.com)

**3. Literary Forms in Television Ads**

Watch three television ads and examine them for literary form. Do they take the form of autobiography, narrative, or drama? For each ad, discuss why you think its creator chose this particular form over another.

**4. Dealing with Unwanted Brand Messages**

Reread the brief account of Sharon and her discovery of a new clothing store. How do you think Green Threads used IMC in its communications with consumers like Sharon? What kind of message would threaten the brand image of Green Threads? How might the retailer deal with such a message?

**Answer Guidelines:**

Answers could refer to Green Threads’ integrated approach through the use of pamphlets, employee-customer relations, higher pricing strategy, environmental emphasis, physical environment of the store (i.e. bike rack), public relations and charity efforts (donations), e-mails, and social media posts, which all worked to create a synergistic identity for Green Threads. Answers could also refer to the original advertisement creating awareness and comprehension of the stores’ offerings and unique selling point and elements of her visit to the store contributing to her conviction that Green Threads was a brand she would be happy to support, all of which enhanced her desire to take action and purchase the clothing. Unplanned messages pertaining to environmentally unfriendly practices, inhumane treatment of animals in the creation of the clothing, workplace maltreatment of employees, or sourcing of materials from foreign distributors could all threaten the image Green Threads has cultivated. Consultations with environmental public relations specialists, signing of a public commitment to improved business practices, and a public acknowledgment and apology with reassurances and a plan for more principled actions in the future could be effective methods through which Green Threads could manage such messages.

**5. The Double-Edged Sword of Communication Feedback**

The feedback that many companies seek from customers has a flip side, consumer privacy concerns. This is explored in the chapter opening. How much privacy should consumers expect? When does a company go too far in obtaining information about its prospects and customers? What will it mean for digital marketers if legislation restricts their access to consumer information?

**Answer Guidelines:**

Answers could discuss how some research has shown that social media users, particularly Facebook users, do not carry much of an expectation of privacy on these platforms—could this be true in all online spaces? Perhaps internet users expect privacy in certain online spaces including in banking, dating, or on sites relating to health-related information, but not as much on social media sites where users can carefully craft and present exactly what they wish to present to other users. A major discussion in online data privacy relates to whether users should have the opportunity to opt-in to data tracking on certain internet browsers, rather than the current default of consumers automatically being opted-in and being expected to know that they have the option to opt-out. Answers could discuss the ethics of tracking online footprints when discussing when a company has gone too far. For example, answers could discuss the ethics of the automatic opt-in option on web-browsers or the ethics of the ad-tech industry and other large organizations having the capability to track a person throughout their day, completely unbeknownst to the consumer. More stringent regulation on access to consumer information could lead to less targeted or pertinent advertisements in online spaces, a return to more primary consumer research in advertising, or a greater reliance on the use of already collected data to make predictions regarding future consumption habits.

**Connect Activities**

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| **Title** | **Assignment Type** | **Topic** | **Learning Objective** | **AACSB Accreditation Tagging** | **Bloom's Taxonomy** |
| What is Advertising and IMC? Progressive Insurance | Video Case | Key Concepts of Integrated Marketing Communications; Define Advertising; Basic Elements of the Communication Process | 01-01; 01-03 | Knowledge Application | Apply |
| Amazon and Consumer Information Privacy | Video Case | Ethical Considerations in Advertising, Promotion, and IMC Campaigns; The Role of Government Agencies in the Regulation of Advertising; Relationship Marketing | 01-01; 01-04 | Ethics; Knowledge Application | Understand; Remember; Apply |

**What is Advertising and IMC? Progressive Insurance**

**Activity Summary:** In this activity, students view a humorous commercial featuring the famous Progressive Insurance spokesperson, Flo. It then asks them to differentiate advertising from marketing and integrated marketing communication and aids them in understanding advertising as a communication function.

**Follow-Up Class Discussion:** Walk through the definition of advertising as provided in Chapter 1 with your class as you watch the Progressive commercial. Engage students by having them identify who has *paid* for the commercial, have them describe what it means when we describe this as a *mediated* form of communication, ask them to identify how the commercial works to *persuade* consumers to take action, and whether it persuades them to take action *now* or *in the future*. Additionally, provide students with the figure for the Stern model of the advertising communication process (Exhibit 1-3) and have them work in teams to identify another message from Progressive, working through the commercial to identify the sponsor, author, and persona; the literary form used; and who the receivers of the message are.

**Amazon and Consumer Information Privacy**

**Activity Summary:** This activity asks students to view a commercial for Amazon’s virtual assistant, Alexa, and asks them to consider the benefits of data to advertisers, as well as the ethical implications of such data collection. Additionally, students are asked to consider governmental legislation that seeks to protect consumers from invasive data mining.

**Follow-Up Class Discussion:** Have your students use their laptops or phones to access one of their social media platforms. Ask them to play around with the privacy settings and to look at, and consider, the information provided in their profiles. Ask students who are exploring the same social media (all students using Facebook in one group, all students using Instagram in one group, etc.) to compile a list of all of the information the social media platform has on them (address, phone number, political affiliation, purchase habits, etc.) on the board or on paper. Discuss as a class which platforms collect the most information. Allow them to debate whether platforms should be able to collect this information on consumers. Have students discuss how advertisers could use this information. Do the benefits afforded to advertisers by this data outweigh the ethical concerns surrounding consumer data privacy?