TYPES OF ADVERTISEMENTS

advertising
Any paid form of nonpersonal communication about an organization, product, service, or idea by an identified sponsor.

Chapter 14 described **advertising** as any paid form of nonpersonal communication about an organization, a product, a service, or an idea by an identified sponsor. As you look through any magazine, watch television, listen to the radio, or browse the Internet, the variety of advertisements you see or hear may give you the impression that they have few similarities. Advertisements are prepared for different purposes, but they basically consist of two types: product advertisements and institutional advertisements.

Product Advertisements

LO1

product advertisements
Advertisements that focus on selling a product or service; forms include pioneering (informational), competitive (persuasive), and reminder.

Focused on selling a good or service, **product advertisements** take three forms: (1) pioneering (or informational), (2) competitive (or persuasive), and (3) reminder. Look at the ads for Campbell's, 1&1, and Red Bull to determine the type and objective of each ad.

Used in the introductory stage of the product life cycle, *pioneering* advertisements tell people what a product is, what it can do, and where it can be found. The key objective of a pioneering advertisement (such as the ad for Campbell's new Slow Kettle® Style soups) is to inform the target market. Informational ads, particularly those with specific information, have been found to be interesting, convincing, and effective.[2]

Advertising that promotes a specific brand's features and benefits is *competitive*. The objective of these messages is to persuade the target market to select the firm's brand rather than that of a competitor. An increasingly common form of competitive advertising is *comparative* advertising, which shows one brand's strengths relative to those of competitors.[3] The 1&1 ad, for example, highlights the competitive advantages of 1&1's domain registration service compared to GoDaddy and Network Solutions. Studies indicate that comparative ads attract more attention and increase the perceived quality of the advertiser's brand although their impact may vary by product type, message content, and audience gender.[4] Firms that use comparative advertising need market research to provide legal support for their claims.[5]

Reminder advertising is used to reinforce previous knowledge of a product. The Red Bull ad shown reminds consumers about a special event, in this case, Valentine's Day. Reminder advertising is good for products that have achieved a well-recognized

Product advertisements serve varying purposes. Which ad would be considered a (1) pioneering, (2) competitive, and (3) reminder ad?

position and are in the mature phase of their product life cycle. Another type of reminder ad, *reinforcement*, is used to assure current users they made the right choice. One example is used in Dial soap advertisements: "Aren't you glad you use Dial. Don't you wish everybody did?"

institutional advertisements
Advertisements designed to build goodwill or an image for an organization, rather than promote a specific product or service.

Institutional Advertisements

The objective of **institutional advertisements** is to build goodwill or an image for an organization rather than promote a specific good or service. Institutional advertising has been used by companies such as Texaco, Pfizer, and IBM to build confidence in the company name.[6] Often this form of advertising is used to support the public relations plan or counter adverse publicity. Four alternative forms of institutional advertisements are often used:

QR 15–1
Chevron Video

1. *Advocacy* advertisements state the position of a company on an issue. Chevron's "We Agree" campaign places ads stating its position on issues such as renewable energy, growth and jobs, and community development. Another form of advocacy advertisement is used when organizations make a request related to a particular action or behavior, such as a request by the American Red Cross for blood donations.
2. *Pioneering institutional* advertisements, like the pioneering ads for products discussed earlier, are used for announcements about what a company is, what it can do, or where it is located. Recent Bayer ads stating, "We cure more headaches than you think," are intended to inform consumers that the company produces many products in addition to aspirin. Bridgestone uses pioneering institutional ads in its "One Team. One Planet" campaign to inform people about its rubber tree farms, tire recycling, and environmentally friendly factories.
3. *Competitive institutional* advertisements promote the advantages of one product class over another and are used in markets where different product classes compete for the same buyers. America's milk processors and dairy farmers use their "Got Milk?" campaign to increase demand for milk as it competes against other beverages.
4. *Reminder institutional* advertisements, like the product form, simply bring the company's name to the attention of the target market again. The Army branch of the U.S. military sponsors a campaign to remind potential recruits of the opportunities in the Army.

A reminder institutional ad by the U.S. Army tries to keep the attention of the target market.

learning review

1. What is the difference between pioneering and competitive ads?
2. What is the purpose of an institutional advertisement?

Different Media Alternatives

LO3

Figure 15–2 summarizes the advantages and disadvantages of the major advertising media, which are described in more detail below. Direct mail was discussed in Chapter 14.

Television Television is a valuable medium because it communicates with sight, sound, and motion. Print advertisements alone could never give you the sense of a sports car accelerating from a stop or cornering at a high speed. In addition, network television reaches 96.7 percent of all households—114.7 million—more than any other advertising option. There are also many opportunities for out-of-home TV viewing as televisions can be seen in many bars, hotels, offices, airports, and on college campuses.

Television's major disadvantage is cost: The price of a prime-time, 30-second ad can range from $502,900 to run on *American Idol,* to $203,078 to run on *Grey's Anatomy,* to $55,358 to run on *Grimm.* Because of these high charges, many advertisers choose less expensive "spot" ads, which run between programs, or 15-second ads, rather than the traditional 30- or 60-second lengths. Approximately 25 percent of all TV ads are now 15 seconds long. In addition, there is some indication that advertisers are shifting their interest to live events rather than programs that might be watched on a DVR days later.[19]

FIGURE 15–2
Advertisers must consider the advantages and disadvantages of the many media alternatives.

MEDIUM	ADVANTAGES	DISADVANTAGES
Television	Reaches extremely large audience; uses picture, print, sound, and motion for effect; can target specific audiences	High cost to prepare and run ads; short exposure time and perishable message; difficult to convey complex information
Radio	Low cost; can target specific local audiences; ads can be placed quickly; can use sound, humor, and intimacy effectively	No visual element; short exposure time and perishable message; difficult to convey complex information
Magazines	Can target specific audiences; high-quality color; long life of ad; ads can be clipped and saved; can convey complex information	Long time needed to place ad; relatively high cost; competes for attention with other magazine features
Newspapers	Excellent coverage of local markets; ads can be placed and changed quickly; ads can be saved; quick consumer response; low cost	Ads compete for attention with other newspaper features; short life span; poor color
Yellow Pages	Excellent coverage of geographic segments; long use period; available 24 hours/365 days	Proliferation of competitive directories in many markets; difficult to keep up-to-date
Internet	Video and audio capabilities; animation can capture attention; ads can be interactive and link to advertiser	Animation and interactivity require large files and more time to load; effectiveness is still uncertain
Outdoor	Low cost; local market focus; high visibility; opportunity for repeat exposures	Message must be short and simple; low selectivity of audience; criticized as a traffic hazard
Direct mail	High selectivity of audience; can contain complex information and personalized messages; high-quality graphics	High cost per contact; poor image (junk mail)

Oxygen is one of many specialized channels available to advertisers on cable networks.

Another problem with television advertising is the likelihood of *wasted coverage*—having people outside the market for the product see the advertisement. The cost and wasted coverage problems of TV advertising can be reduced through the specialized cable and satellite channels. Advertising time is often less expensive on cable and satellite channels than on the broadcast networks. According to the National Cable and Telecommunications Association, there are 565 cable networks, such as ESPN, MTV, Lifetime, Oxygen, the Speed Channel, the History Channel, the Science Channel, and the Food Network, that reach very narrowly defined audiences. Cable networks are also "tagging" their programs to allow advertisers to place ads in scenes with particular themes. Advertisements for golf equipment, for example, might be placed after a program scene that shows characters playing golf.[20]

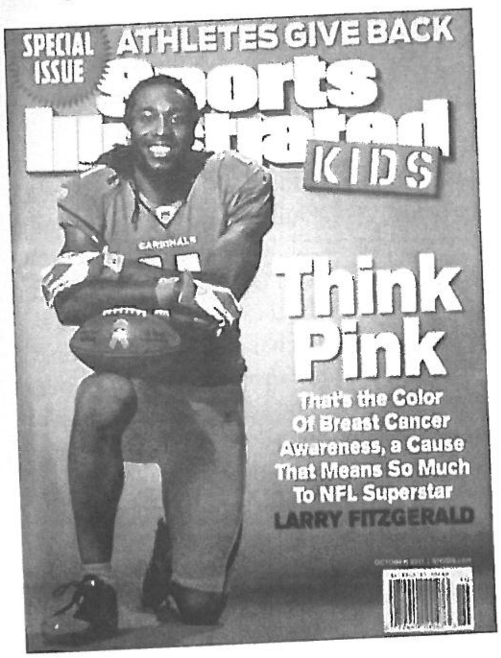
Another popular form of television advertising is the infomercial. **Infomercials** are program-length (30-minute) advertisements that take an educational approach to communication with potential customers. You may remember seeing products such as the Magic Bullet, ThighMaster, and OxiClean on infomercials with Ron Popeil, Suzanne Somers, and Billy Mays as their respective spokespersons. Infomercials are increasingly popular because the slow economy has reduced the average cost of a 30-minute block of television time to an average of $425.

infomercials
Program-length (30-minute) advertisements that take an educational approach to communication with potential customers.

Radio The United States has more than 24,700 radio stations. These stations consist of approximately 4,800 AM, 9,800 FM, and 10,100 HD and Internet stations. The major advantage of radio is that it is a segmented medium. For example, the Farm Radio Network, the Family Life Network, Business Talk Radio, and the Performance Racing Network are all listened to by different market segments. The large number of media options today has reduced the amount of time spent listening to radio, also. The average 18- to 24-year-old, however, still listens to radio an average of 12.5 hours each week, making radio an important medium for businesses with college students as a target market.[21]

A disadvantage of radio is that it has limited use for products that must be seen. Another problem is the ease with which consumers can tune out a commercial by switching stations. Satellite radio service SiriusXM offers more than 135 commercial-free, digital, coast-to-coast channels to consumers for a monthly fee. Radio is also a medium that competes for people's attention as they do other activities such as driving, working, or relaxing. Radio listening time reaches its peak during the morning drive time (7 to 8 A.M.), remains high during the day, and then begins to decline in the afternoon (after 4 P.M.) as people return home and start evening activities.[22]

Magazines such as *Sports Illustrated for Kids* appeal to narrowly defined segments such as children and teenagers.



Magazines Magazines have become a very specialized medium, primarily because there are currently more than 16,500 magazines. Some 180 new magazines were introduced last year, including *Athlon Sports,* a monthly magazine distributed through newspapers; *Bound by Ink,* a quarterly about tattoos and tattoo artists; *Chop Chop,* a food magazine for families whose kids want to be in the kitchen; and *Emerge,* a business magazine that focuses on the people involved in the stories. Many publishers are also adding new digital versions of existing magazines. The *New Yorker,* for example, can now be read in its entirety on an iPad. Some magazines, such as *Accountancy Age* and *Computer Weekly,* are dropping their print format to offer only an online version.[23]

The marketing advantage of this medium is the great number of special-interest publications that appeal to narrowly defined segments. Runners read *Runner's World*, sailors buy *Yachting*, gardeners subscribe to *Garden Design*, and children peruse *Sports Illustrated for Kids*. More than 829 publications focus on travel, 128 are dedicated to interior design and decoration, and 140 are related to golf. Each magazine's

USA TODAY
A GANNETT COMPANY

Print advertising can help attract readers to newspapers such as *USA Today*.

USA Today
www.usatoday.com

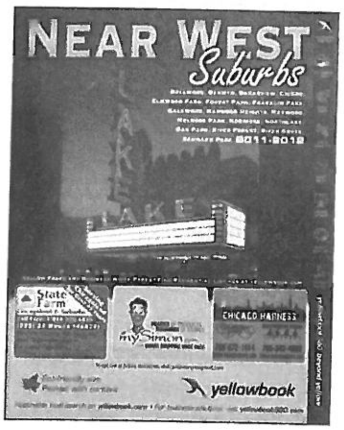
readers often represent a unique profile. Take the *Rolling Stone* reader, who tends to listen to music more than most people; Sirius XM satellite radio knows an ad in *Rolling Stone* is reaching the desired target audience. In addition, recent studies comparing advertising in different media suggest that magazine advertising is perceived to be more "trustworthy," "inspirational," and engaging than other media.[24]

The cost of advertising in national magazines is a disadvantage, but many national publications publish regional and even metro editions, which reduces the absolute cost and wasted coverage. *Time* publishes many editions, including Latin American, Canadian, Asian, South Pacific, European, and U.S. editions.

Newspapers Newspapers are an important local medium with excellent reach potential. Daily publication allows advertisements to focus on specific current events, such as a 24-hour sale. Local retailers often use newspapers as their sole advertising medium. Newspapers are rarely saved by the purchaser, however, so companies are generally limited to ads that call for an immediate customer response (although customers can clip and save ads they select). Companies also cannot depend on newspapers for color reproduction as good as that in most magazines.

National advertising campaigns rarely include this medium except in conjunction with local distributors of their products. In these instances, both parties often share the advertising costs using a cooperative advertising program, which is described later in this chapter. Another exception is the use of newspapers such as *The Wall Street Journal* and *USA Today*, which have national distribution of more than 1.5 and 2.0 million readers, respectively. One newspaper, *Metro*, offers a global audience of 20 million daily readers in Boston, New York, Philadelphia, and 100 cities in Europe, North and South America, and Asia.[25]

Yellow Pages Yellow pages represent an advertising media alternative comparable to radio and magazines in terms of expenditures—about $10 billion in the United States and $23 billion globally. According to the Local Search Association, consumers turn to print yellow pages more than 11 billion times annually and online yellow pages an additional 5.6 billion times per year. One reason for this high level of use is that the 6,500 yellow pages directories reach almost all households with telephones. Yellow pages are a directional medium because they help consumers know where purchases can be made after other media have created awareness and demand. A disadvantage faced by yellow pages today is the proliferation of directories. AT&T (Real Yellow Pages), SuperMedia (Verizon Superpages), and R.H. Donnelley (DEX) now produce competing directories for many cities, neighborhoods, and ethnic groups.[26]



Yellow pages are used more than 11 billion times each year. See the text for advantages and disadvantages of this media alternative.

Internet The Internet represents a relatively new medium for many advertisers although it has already attracted a wide variety of industries. Online advertising is similar to print advertising in that it offers a visual message. It has additional advantages, however, because it can also use the audio and video capabilities of the Internet. Sound and movement may simply attract more attention from viewers, or they may provide an element of entertainment to the message. Online advertising also has the unique feature of being interactive. Called *rich media*, these interactive ads have drop-down menus, built-in games, or search engines to engage viewers. Although online advertising is relatively small compared to other traditional media, it offers an opportunity to reach younger consumers who have developed a preference for online communication.

A disadvantage of online advertising is the difficulty of measuring impact. Several companies are testing methods of tracking where viewers go on their computer in the days and weeks after seeing an ad. Nielsen's online rating service, for example, measures actual Internet use through meters installed on the computers of 500,000 individuals in 20 countries. Measuring the relationship between online and offline behavior is ethics

Making Responsible Decisions

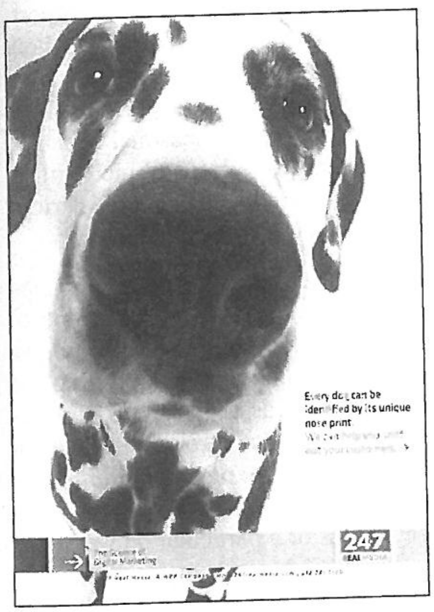
Who Is Responsible for Click Fraud?

Spending on Internet advertising is expected to exceed $20 billion in 2014 as many advertisers shift their budgets from print and TV to the Internet. For most advertisers one advantage of online advertising is that they pay only when someone clicks on their ad. Unfortunately, the growth of the medium has led to "click fraud," which is the deceptive clicking of ads solely to increase the amount advertisers must pay. There are several forms of click fraud. One method is the result of Paid-to-Read (PTR) websites that recruit and pay members to simply click on ads. Another method is the result of "clickbots," which are software programs that produce automatic clicks on ads, sometimes through mobile devices. While the activity is difficult to detect and stop, experts estimate that up to 19 percent of clicks may be the result of fraud and may be costing advertisers as much as $800 million each year!

Two of the largest portals for Internet advertising are Google and Yahoo! Both firms try to filter out illegitimate clicks, although some advertisers claim that they are still being charged for PTR and clickbot traffic. Although the laws that govern click fraud are not very clear, Google and Yahoo! have each settled class action lawsuits and agreed to provide rebates or credits to advertisers who were charged for fraudulent clicks.

Investigations of the online advertising industry have discovered a related form of click fraud that occurs when legitimate website visitors click on ads without any intention of looking at the site. As one consumer explains, "I always try and remember to click on the ad banners once in a while to try and keep the sites free." Stephen Dubner calls this "webtipping"!

As the Internet advertising industry grows it will become increasingly important to resolve the issue of click fraud. Consumers, advertisers, websites that carry paid advertising, and the large web portals are all involved in a complicated technical, legal, and social situation. Who do you think is responsible for click fraud? Who should lead the way in the effort to find a solution?



24/7 Real Media's service can provide an assessment of the effectiveness of a website by monitoring "click-through" rates.

also important. Recent research by comScore, which studied 139 online ad campaigns, revealed that online ads didn't always result in a "click," but they increased the likelihood of a purchase by 17 percent and they increased visits to the advertiser's website by 40 percent.[27] The Making Responsible Decisions box describes how click fraud is increasing the necessity of assessing online advertising effectiveness.[28]

Outdoor A very effective medium for reminding consumers about your product is outdoor advertising, such as the scoreboard at San Diego's Qualcomm Stadium. The most common form of outdoor advertising, called *billboards*, often results in good reach and frequency and has been shown to increase purchase rates.[29] The visibility of this medium is good supplemental reinforcement for well-known products, and it is a relatively low-cost, flexible alternative. A company can buy space just in the desired geographical market. A disadvantage to billboards, however, is that no opportunity exists for lengthy advertising copy. Also, a good billboard site depends on traffic patterns and sight lines.

If you have ever lived in a metropolitan area, chances are you might have seen another form of outdoor advertising, *transit advertising*. This medium includes messages on the interior and exterior of buses, subway and light-rail cars, and taxis. As the use of mass transit grows, transit advertising may become increasingly important. Selectivity is available to advertisers, who can buy space by neighborhood or bus route. One disadvantage to this medium is that the heavy travel times, when the audiences are the largest, are not conducive to reading advertising copy. People are standing shoulder to shoulder on the subway, hoping not to miss their stop, and little attention is paid to the advertising.

Other Media As traditional media have become more expensive and cluttered, advertisers have been attracted to a variety of nontraditional advertising