



# ADVERTISING

PRINCIPLES AND PRACTICE

3rd edition

BUY  
me

Moriarty  
Mitchell  
Wells  
Crawford  
Brennan  
Spence-Stone



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# CONTENTS IN BRIEF

Preface	xii
About the authors	xiv
Visual preface	xvi
Acknowledgments	xviii
<b>PART 1 FOUNDATIONS</b>	<b>1</b>
1 Introduction to advertising	2
2 Advertising's role in marketing	43
3 Regulation and ethics of advertising	81
<b>PART 2 PLANNING AND STRATEGY</b>	<b>117</b>
4 Brands and the advertising contribution	118
5 Defining audiences for advertising	154
6 Strategic research in advertising	190
7 Advertising strategy and planning	225
<b>PART 3 EFFECTIVE ADVERTISING MEDIA</b>	<b>263</b>
8 Print and out-of-home media	265
9 Broadcast media	302
10 Interactive and digital media	338
11 Media strategy, planning and buying	376
<b>PART 4 CREATIVE ADVERTISING AND EFFECTIVE INTEGRATION</b>	<b>417</b>
12 The creative side of advertising strategy	418
13 Copywriting	452
14 Art direction and production	486
Glossary of essential terms	524
Index	546

# CONTENTS

Preface	xii		
About the authors	xiv		
Visual preface	xvi		
Acknowledgments	xviii		
<b>PART 1 FOUNDATIONS</b>			
<b>CHAPTER 1 INTRODUCTION TO ADVERTISING</b>			
<i>Good as gone</i>	1		
What is advertising?	2		
Roles and functions of advertising	3		
Types of advertising	4		
A MATTER OF PRACTICE	5		
The best job in the world	9		
Advertising's key players	10		
What makes an ad effective?	12		
INSIDE STORY Looking at effective advertising	20		
Evaluating effectiveness	22		
The evolution of advertising	25		
Advertising and IMC: Past, present and future	28		
The age of immediacy	32		
Advertising for a sustainable future	33		
A MATTER OF SUSTAINABLE PRINCIPLE	35		
Advertising wind energy	36		
<i>It's a wrap: Better than good</i>	38		
Summary	38		
Key terms	39		
Review questions	39		
Discussion questions	40		
Notes	40		
		<b>CHAPTER 2 ADVERTISING'S ROLE IN MARKETING</b>	<b>43</b>
		<i>Break up</i>	44
		What is marketing?	45
		Types of markets	51
		A MATTER OF SUSTAINABLE PRINCIPLE	
		Advertising the hybrid car	52
		2 The marketing process	54
		A MATTER OF PRACTICE When it's on your mind	57
		The marketing mix: The four Ps (or Cs) of marketing	59
		Marketing for a sustainable future	66
		Client–agency relationships	67
		How agency work is organised	71
		INSIDE STORY Advertising agencies and their clients	72
		<i>It's a wrap: 'Breaking up is hard to do'</i>	76
		Summary	77
		Key terms	78
		Review questions	78
		Discussion questions	79
		Notes	79
		<b>CHAPTER 3 REGULATION AND ETHICS OF ADVERTISING</b>	<b>81</b>
		<i>Want longer lasting sex?</i>	82
		Advertising's social role	83
		Advertising regulation in Australia	86
		Advertising's self-regulation	86
		Advertising's legal environment	90

A MATTER OF PRACTICE ACCC makes Skins pay over its award-winning advertising	92	A MATTER OF PRACTICE The fresh food brand	146
Ethics in advertising	97	Brands for a sustainable future	149
INSIDE STORY Self-governance in action	98	It's a wrap: Introducing Bupa and you	149
Ethical determinations	106	Summary	150
A MATTER OF SUSTAINABLE PRINCIPLE The ethics of greenwashing in advertising	109	Key terms	151
Evaluating advertising's effectiveness	110	Review questions	151
It's a wrap: Longer lasting problems	111	Discussion questions	151
Summary	112	Notes	152
Key terms	113	<b>CHAPTER 5 DEFINING AUDIENCES FOR ADVERTISING</b>	<b>154</b>
Review questions	113	<i>Jack's packs</i>	155
Discussion questions	113	How does consumer behaviour work?	156
Notes	114	Roles in purchase decisions	156
<b>PART 2 PLANNING AND STRATEGY</b>	<b>117</b>	The purchase decision-making process	156
<b>CHAPTER 4 BRANDS AND THE ADVERTISING CONTRIBUTION</b>	<b>118</b>	Social and cultural influences on consumer decisions	161
<i>Bupa. Find a healthier you</i>	119	A MATTER OF PRACTICE SBS audiences: Ethnics, eggheads, or all Australians?	165
What is a brand?	120	Psychological influences on consumer motivation	170
Types of brands	124	A MATTER OF SUSTAINABLE PRINCIPLE Trend spotting for a sustainable future: 'Eco-Bounty'	177
INSIDE STORY Evangelising the brand	125	Behavioural influences on consumer decisions	178
Forms of communication	126	Segmenting and targeting	179
Advertising as communication	128	INSIDE STORY Getting close to the consumer	181
The range of advertising effects	130	Consumers for a sustainable future	185
A MATTER OF SUSTAINABLE PRINCIPLE Absolut merges waste with art	138	It's a wrap: Eerily engaged	186
The range of brand effects	145	Summary	186



Key terms	187	A MATTER OF PRACTICE Going global for more than 60 seconds	229
Review questions	187	The brand communication plan	240
Discussion questions	188	What is account planning?	245
Notes	188	INSIDE STORY The role of the strategic planner in an agency	247
<b>CHAPTER 6 STRATEGIC RESEARCH IN ADVERTISING</b>	<b>190</b>	The creative brief	249
<i>Nocturnal migration</i>	191	Personal characteristics of a planner	255
Strategic research: The quest for insight	192	<b>A MATTER OF SUSTAINABLE PRINCIPLE</b>	
INSIDE STORY Insights on insight	196	The principle of strategic thinking:	
Stages and evaluation research in advertising	199	Focusing your strategic thinking	256
Types of research	207	Planning for a sustainable future	257
<b>A MATTER OF SUSTAINABLE PRINCIPLE</b>		It's a wrap: A win and a place	258
The organic consumer: A niche segment no more?	210	Summary	258
Choosing a research method	213	Key terms	259
<b>A MATTER OF PRACTICE Creative research puts power in the pinkie finger</b>	<b>216</b>	Review questions	259
It's a wrap: Identifying the little things that speak to us	221	Discussion questions	260
Summary	221	Notes	260
Key terms	222	<b>PART 3 EFFECTIVE ADVERTISING MEDIA</b>	<b>263</b>
Review questions	223	<b>CHAPTER 8 PRINT AND OUT-OF-HOME MEDIA</b>	<b>265</b>
Discussion questions	223	<i>What to bring when you're told not to bring a thing</i>	266
Notes	223	Multimedia advertising	267
<b>CHAPTER 7 ADVERTISING STRATEGY AND PLANNING</b>	<b>225</b>	Print media and digital developments	268
<i>For people who like to bet on the net</i>	226	Newspapers	270
What is strategic planning?	227	Magazines	278
The planning process	228	<b>A MATTER OF SUSTAINABLE PRINCIPLE</b>	
		A renewable resource	282

INSIDE STORY Old media and the digital age	286	Discussion questions	335
Packaging	288	Notes	336
Out-of-home advertising	289	<b>CHAPTER 10 INTERACTIVE AND DIGITAL MEDIA</b>	<b>338</b>
A MATTER OF PRACTICE An uplifting result	294	<i>Share a Coke</i>	339
Directory advertising	295	Interactive media	340
Print and outdoor media for a sustainable future	297	The internet	341
<i>It's a wrap: Bringing the right thing</i>	298	INSIDE STORY Digital marketer insights	342
Summary	298	A MATTER OF SUSTAINABLE PRINCIPLE	
Key terms	299	Google AdWords makes search advertising easy	346
Review questions	299	Mobile communication	360
Discussion questions	299	Email advertising	363
Notes	300	A MATTER OF PRACTICE Principles of effective viral advertising	365
<b>CHAPTER 9 BROADCAST MEDIA</b>	<b>302</b>	Advantages and disadvantages of internet advertising	367
<i>The 12 days of Christmas</i>	303	Multimedia and offline advertising	369
Broadcast media	304	The web in international advertising	370
Television	305	<i>It's a wrap: Sharing more than just a Coke</i>	371
INSIDE STORY TV remains an outlet for creativity	318	Summary	371
Cinema and film entertainment	321	Key terms	372
Radio	323	Review questions	372
A MATTER OF PRACTICE <i>MasterChef</i> —More than a cooking show	325	Discussion questions	372
A MATTER OF SUSTAINABLE PRINCIPLE		Notes	373
The art of writing effective ads for radio	328	<b>CHAPTER 11 MEDIA STRATEGY, PLANNING AND BUYING</b>	<b>376</b>
<i>It's a wrap: Bonding over Christmas</i>	333	<i>The first pillow with a 'best before' date</i>	377
Summary	334	Advertising media: Big business	378
Key terms	334	Media planning and buying	380
Review questions	335		

A MATTER OF PRACTICE The future of communications planning	384	The go/no-go decision	444
Media terms and calculations	390	A MATTER OF SUSTAINABLE PRINCIPLE Using creativity to go back to the start	447
A MATTER OF PRACTICE Tooheys puts one over on the competition	392	It's a wrap: Vinnies 'Signed finds': More treasure than trash	448
The media plan	395	Summary	449
Media buying	405	Key terms	449
INSIDE STORY Media planner insight	407	Review questions	450
Effectiveness and media return on investment	410	Discussion questions	450
Media for a sustainable future	411	Notes	450
It's a wrap: Putting your mind at rest	412	<b>CHAPTER 13 COPYWRITING</b>	<b>452</b>
Summary	412	Car creation	453
Key terms	413	Copywriting: The language of advertising	454
Review questions	413	INSIDE STORY Media may change but the art of writing remains the same	456
Discussion questions	413	Copywriting for print	460
Notes	414	A MATTER OF PRINCIPLE The lost art of copywriting: Can we expect a comeback?	467
<b>PART 4 CREATIVE ADVERTISING AND EFFECTIVE INTEGRATION</b>	<b>417</b>	Copywriting for radio	468
<b>CHAPTER 12 THE CREATIVE SIDE OF ADVERTISING STRATEGY</b>	<b>418</b>	How to write copy for television and video ads	471
<i>Signed finds</i>	419	Copywriting for the web	477
The art and science of creative advertising	420	A MATTER OF PRACTICE The single most important thing you'll need as a copywriter: A voice	480
A MATTER OF PRACTICE Selling on the ABC	424	It's a wrap: Driven by words, powered by people	482
The creative process: Generating ideas	428	Summary	483
Creative strategy	430	Key terms	483
Understanding creative strategy	432	Review questions	484
The creative brief	440	Discussion questions	484
INSIDE STORY Sometimes it seems everyone's an expert on advertising	441	Notes	484

<b>CHAPTER 14 ART DIRECTION AND PRODUCTION</b>	<b>486</b>	Art and design for a sustainable future	517
<i>The Germans have a word for it</i>	487	<b>A MATTER OF SUSTAINABLE PRINCIPLE</b>	
Visual communication	488	Throwing a bone to a worthy cause	518
Print art direction	490	It's a wrap: More than words can say	520
<b>A MATTER OF PRINCIPLE</b> Principles of layout and design	498	Summary	520
Print process and production	499	Key terms	521
Television and video art direction	506	Review questions	522
<b>INSIDE STORY</b> Producing magic	507	Discussion questions	522
Screen production	509	Notes	522
Effective web design for advertising	514	Glossary of essential terms	524
		Index	546

## PREFACE

The first Australasian edition of *Advertising* was born back in 2008 when Ruth Spence-Stone discovered that there were no textbooks for advertising students that provided a local perspective on the way that advertising worked and, indeed, the way that local advertising looked. The success of this pioneering account meant that a second edition soon followed. In addition to updating the materials, the second edition highlighted advertising's social role and drew particular attention to the issue of sustainability and the contribution that can make to realising a more sustainable society. Building on these foundations, this third Australasian edition of *Advertising* engages with the ever changing media landscape and encourages readers to think about the ways in which advertising operates as part of a broader communication strategy. To this end, we highlight advertising's role within the notion of integrated marketing communications (IMC). As audiences spread across different platforms, advertising professionals need to be mindful of the broader media landscape and their place in it. Of course, this doesn't mean being restricted to it—far from it. But by seeing the broader picture, advertising professionals are not only able to work collaboratively with colleagues in other communications fields, but they are also able to identify the opportunities that others may not see.

The changes to the media landscape have also affected the way that we understand the process of advertising. In a 2013 interview with *Marketing* magazine, Dan Gregory, founder of The Impossible Institute and regular panelist on *The Gruen Transfer*, explained that advertising had undergone a radical change: 'we're all in the entertainment industry now, and it's not a matter of interrupting people the way that we used to. It's actually how do we get them to come to us willingly and voluntarily? What can we create that has people invest in our brand, invest in whatever news we've got to tell?' Creating entertaining and engaging advertising has never been more important.

While the face and form of advertising change with every campaign, we still need to be mindful of the principles that underpin good advertising. This textbook therefore seeks to develop an understanding of these principles as well as an abiding appreciation of them. The definition, role and functions of advertising are covered in Part 1 along with its evolution and the expanding array of advertising options now available to advertisers in the 21st century. Part 1 concludes with current regulation and the ethics that not only guide but raise questions about practice. Part 2 covers the all-important area of planning and strategy—without which effective advertising would never see the light of day—and the role of research in finding insights about the consumer's behaviour. In Part 3, Chapters 8 to 11 have been extended to capture the diversity of advertising raised in earlier chapters, while Chapter 10 is entirely devoted to the exciting

field of interactive and digital media. Having examined the strategic side of advertising, Part 4 explores the creative side. Understanding both the creative and strategic sides—particularly at the planning stage—is important, as it enables advertising professionals to solve an advertiser’s problem without bias or favour. The chapters in this section conclude with the craftsmanship of copywriting and art direction, and how these combine to produce effective advertising ideas across the broadest spectrum of media in ways that are measurable. For this purpose, each chapter opens and closes with an example that shows how strategic planning informed an idea, its execution or its measurement. Most particularly, the examples showcase advertising that resonates with the consumer.

Like the previous editions, this textbook remains premised on the notion that advertising should set out to make consumers feel better about themselves and the decisions they make rather than otherwise. As the clutter grows, there’s a driving need to produce something that gets attention. But when is it the right kind of attention, and when is it not? What about the equity of the brands involved? What about the status of the profession? What about the longer term implications for young, impressionable minds? What happens to an industry that is largely self-regulated when the public moves beyond irritation to genuine anger? Advertising does have a responsibility and advertising professionals—both current and future—cannot shirk them. Consequently, questions are posed throughout this text to prompt students and practitioners to consider their position on a range of ethical and sustainable issues and to connect them with the challenges faced by practitioners in a rapidly changing media landscape.

## ABOUT THE AUTHORS

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# VISUAL PREFACE

## CHAPTER OBJECTIVES

# 2

### ADVERTISING'S ROLE IN MARKETING

#### Chapter objectives

- After reading this chapter, you should be able to:
  - explain how the four functions of marketing give direction to advertising
  - describe the different markets in which marketers may compete
  - identify and explain the seven steps of the marketing process
  - discuss the marketing mix and the principles of a sustainable marketing
  - give an account of types of agencies, their organisation, and client-agency relationships

When the NAB tweeted that it was 'soon' stressed out. How to make a tough decision and I know I'll probably feel someone's feelings! Aargghh!, many thought it had made a mistake. Having misread some months earlier, Wespac sympathetically responded. They #nah know the feeling. Wespac didn't. A couple of days later, a much-misread of Wespac's executives was interrupted by NAB announcing that they were breaking up with them and with the other big banks. The bank up was done in public, it was filed for an ad, and it was Valentine's Day.

The idea for breaking up with the other banks stemmed from research, which revealed that Australians felt that the 'Big Four' banks were all the same and NAB differed from the others in name only. To this end, it was the banking market that mattered, not the brand. Of course, this meant that the brand needed to work harder. NAB had made some significant strategic changes to its products and its services for the benefit of consumers but research suggested that the message wasn't getting through—consumers just didn't know. Simply claiming to be different was not enough—NAB needed to prove it.

To demonstrate that it was truly breaking up with the other banks, NAB needed to think big and create disruption as consumers would begin to listen to the messages it was trying to convey. NAB's agency, Challenger BBDO, therefore worked closely with NAB's marketing team, social media team and PR team in order to make its announcement as loud as possible.

NAB's 'breakup' and Wespac's response got before Valentine's Day had been reworked over a hundred times. The following day, the meaning of NAB's tweet became clearer when it announced that it would be paying the vast fees for consumers moving to NAB from its competitors. Wespac, ANZ and the

## OPENING VIGNETTE

ITSA WINNER

CLIENT  
Sportsbet  
AGENCY  
Leo Burnett  
CAMPAIGN  
For people who like to bet on the net  
AWARD  
Gold Effie—Travel, Leisure & Media, 2011



The Sportsbet case has been selected to open this chapter because it illustrates how strategic planning in advertising can be used to bring a new perspective to a client's problem. It also demonstrates the skill in use of traditional to digital media campaigns.

This chapter explains strategic planning from the perspective of advertising and communication practitioners and shows how it can add value to a marketer's perspective on the consumer's relationship with their brand. The complexity of doing so has become more challenging as a result of the growing number and importance of public and groups interested in an organisation's activities and the range and speed of communication channels, such as Facebook and YouTube, which seem to be the most popular networking sites for marketers. This chapter also introduces the concept of account planning and explains its role in determining the consumer insight that leads, first, to a creative brief and, second, to the development of creative ideas in terms of what is said and by what means.

higher incomes were also observed to be more likely to use their disposable income to take a flutter.

Now that they had a clearer idea of who Sportsbet would be speaking to, Leo Burnett wanted to understand how these men saw betting. Winning was found to be only one part. Interviews provided revealing insights. One respondent stated that 'I normally bet with a group. It's more fun, while another noted that 'I go into it prepared to lose'. These men enjoyed the social experience as much as the thrill of betting.

Using these parameters and insights, Leo Burnett's planners could now develop a more targeted approach. As betting was a social experience for these blokes, the campaign looked to incorporate humour that resonated with its target market and, indeed, its approach to betting. Rather than focusing on the brand's odds or online services, the point of differentiation was to be its personality. Its seemingly unrecognisable site was to be addressed by focusing on the Sportsbet URL. By placing the focus on sportsbet.com.au, the agency hoped not only to differentiate the bookmaker from its similar-sounding competitors, but also to cement the web address in the punter's mind.

The last part of this strategy concerned TAB and its outright dominance. Rather than ignore the elephant in the room, sportsbet.com.au would take it on. In line with strategy, TAB would be portrayed as the antithesis of sportsbet.com.au—where sportsbet.com.au was for blokes who enjoyed a site and a flutter with mates, TAB was to be depicted as unappealing and old-fashioned. Sportsbet's strategy of taking on a giant competitor while taking out a new space in the market appeared to be a big gamble. Would it pay off? Turn to p. 5 to find out.

SOURCE  
© Leo Burnett, the results from the campaign. Australian Effie Awards, 2011.

## A MATTER OF PRINCIPLE

282

part 3 effective advertising media

### A MATTER OF SUSTAINABLE PRINCIPLE

#### A RENEWABLE RESOURCE

The Orange Power brand is made in Australia by Ausorch Products Pty Ltd, an Australian family business that, until the late 1990s, was in the business of making traditional household cleaning products. That all began to change when one of the brothers noticed mountains of waste peel dumped in open paddocks while on holiday in Mildura. A few inquiries to the local juice factory revealed that as oranges are squeezed for their juice, oil bursts free from the skin, increasing consumer demand for bottled juice had led to

the initial crush ruptures the oil sacks in the outer peel and a spray of water collects it and directs it away from the juice collection. Despite its simplicity, the cold-pressing process is not without problems. The oil becomes bound up with wax particles and sticky pectin, so processors such as filtration and separation, via centrifuge are required to obtain clean oil. As this oil retains most of its fresh fruity fragrance, it is used in Orange Power Air Fresheners.

Further processing of the peel by distillation

'A matter of sustainable principle' boxes feature some of the enduring principles that guide the advertising industry as well as the issues that complicate it.

## A MATTER OF PRACTICE

392

part 3 effective advertising media

### A MATTER OF PRACTICE

#### TOOHEY'S PUTS ONE OVER ON THE COMPETITION

When Tooheys launched its latest product, website received 2000 entries. During the Tooheys Extra Dry (TED) in a 600 ml bottle campaign, a new design was submitted every (otherwise known as TED 696), few in the 84 minutes. Visitors to the site were no less intrigued. They spent an average of 9.5 minutes browsing the site—an extraordinarily long time in the world of cyberspace. Significantly, entrants came from 104 countries, the vast majority of a campaign for a leading national advertiser.

'A matter of practice' boxes discuss effective professional practice by looking at effectiveness tactics in a variety of contexts.

## INSIDE STORY

456

part 4 creative advertising and effective integration

### INSIDE STORY

#### MEDIA MAY CHANGE BUT THE ART OF WRITING REMAINS THE SAME

JUSTIN DRAPE (Chief Creative Officer and Co-Founder of The Monkeys)



JUSTIN DRAPE  
Justin is Chief Creative Officer and Co-Founder of The Monkeys, Sydney.

#### HOW WOULD YOU CATEGORISE THE ROLE OF THE COPYWRITER?

Copywriters have the responsibility of finding a unique point of view on behalf of a product and giving that brand a tone of voice and point of view. They need to have the ability to convey that point of view in a way that is interesting and/or highlights the product or service benefits. Copywriting doesn't always involve a product or brand but, regardless, the key is finding a point of interest and then explaining that in a way that is entertaining, informative and ultimately interesting.

#### TO WHAT DEGREE DOES A COPYWRITER CHOOSE THE APPROACH?

The creative brief is an important document that should set the copywriter in the right direction. Once the strategic direction and product insights are understood, it is then up to the copywriter as to how they approach a particular project.

As The Monkeys we try to write in a way that provokes thought, change or

'Inside story' features spotlight the thoughts and experiences of advertising professionals. Contributors have been sourced from a variety of agencies to provide the greatest possible insight into an advertising career.

## ADS TO APPS

370

part 3 effective advertising media

### ADS TO APPS

#### Multimedia advertising practice

Review the chapter opening case on 'Share a Cola'.

- What advertising formats did Coca-Cola use to create interaction with its audience?
- How would you use Twitter to extend or enhance this campaign?
- What other types of digital media could be

not to do so. This is why each chapter of this book contains a question to help you identify the various formats already in use. As we've shown in these media chapters, each medium has its own particular strengths and weaknesses, and must be used accordingly. Print is useful because it offers the opportunity to present a compelling sales story and present the domain name in a format that makes it possible for the reader to note it—and an app makes this easier still. Conversely, it's harder to do this in broadcast or outdoor advertising, where the message is gone in a flash and the consumer is often not in a position to take note of it—although, of course, those formats have their own strengths as well.

'Ads to Apps' boxes focus on the relevant multimedia practice in the topic under discussion by asking the reader to analyse the multimedia element of a campaign.

### PRACTICAL TIPS

blame their children publicly. The combination of guilt, fun and a helpful prepaid ticket spoke directly to the market and facilitated their involvement in the campaign and, of course, V Line.

**GUIDELINES FOR EFFECTIVE DIRECT COPY**

1. Gain attention with a compelling benefit that appeals to human nature. ('Guilt Trip for Everyday Living: Parents/Grandparents with City-dwelling Children.')
2. Show how the product will deliver the benefit. (It reconnects families and friends with those who have flown the coop.)
3. Inspire confidence in making a purchase through the use of testimonials from satisfied customers, experts, or celebrities. (In this booklet we'll cover standard and advanced Guilt Trip procedures. Once mastered, you can expect to have your child visiting for birthdays, public holidays and with practice, selected family reunions—Louise, Mother, Guilt Trip Advisor.)

'Practical tips' throughout the book provide a wide variety of hints that can be applied on the job, in an internship or within coursework.

### IMC PERSPECTIVE & PRINCIPLE

**Facilitating exchange**

The first function of marketing is to create **exchange**—that is, the act of trading a desired product or service to receive something of value in return. A person or organisation makes a product and offers it for sale at a certain price; the customer gives money to buy that product. Money is exchanged for goods.

The world of exchange has existed since time immemorial: consider the bazaars of Persia and today's suburban garage sales, 'trab & treasure', and farmers' markets. Exchange exists because it is part of the human condition—a seller offers a product and makes money and a buyer acquires something of value. The world's largest online marketplace, eBay, has acted on this in-built desire to exchange, using the internet to create a worldwide bazaar of buyers and sellers. If eBay's 233 million members were a country they would constitute the world's fifth-largest population.<sup>1</sup> The internet is expanding the world of exchange, where many digital services are free or an exchange for something other than money. The online encyclopedia Wikipedia costs users nothing but does ask for their help in improving its listings, so the exchange (for those that give it) is for their time and expertise.

What do we exchange? Marketers use the word **product** in the broadest sense to refer to tangible goods such as soap, sausages, photocopying paper, refrigerators, and computers; to services such as those provided by a restaurant, a resort, an insurer, or a real estate agent; and to ideas generated in politics, universities, and not-for-profit associations. In using the word **product** we are referring to this larger world of things. Equally, **exchange** can refer to tangible things or intangible sensations, such as the experience of attending a concert for the price of a ticket, or the sense of affiliation felt by belonging to a particular political party in exchange for a donation or membership fee.

**PRINCIPLE**

The concept of exchange is core to the meaning of marketing.

**IMC PERSPECTIVE**

Advertising is a subset of an overall IMC strategy. It forms a part of the Promotion or Communications elements of marketing.

'Principle' margin notes give a brief summary of the key principle involved in the topic being discussed.

'IMC perspective' margin notes look at the material discussed from an integrated marketing and communications viewpoint.

### IT'S A WRAP

other countries across the globe replicated this simple yet engaging campaign to reignite interest in the brand and to encourage consumers to share a Coke with their friends and family.

**SUMMARY**

Consider how interactive and digital media add value to advertising. Unlike traditional media, such as print and broadcast, interactive and digital media permit interaction with the source of the message, as well as with the message itself, and can both provide and collect information. Interactive media involve websites, discussion forums, social networks, blogs and search engines. Digital media enable cross-platform advertising and open up personal and individual brand experiences and new advertising formats, including apps, video games, instant messaging (IM) and Bluetooth.

In 'It's a wrap' we loop back to the opening case and explore why or why not the particular advertising campaign was effective.

### CONSIDER THIS...

metrics. For example, if the aim of an ad is to direct traffic to your webpage, then metrics can be established around such measures as visits, view and page views, unique visitors, duration of visit, bounces (instant exits from the site), on-site search results, and so on. If you are using social media, you can look at shares and likes and other elements of engagement with the message. Mobile media can use metrics such as opt-in and opt-out and forwarding or in-game/app responses. There are big data analytics as well such as that provided by Experian Hitwise, which can analyse the entire blogosphere that surrounds your brand and the brands of your competitors.

1. What are the stages of advertising evaluation?
2. How is pretesting research used in advertising evaluation?

#### TYPES OF RESEARCH

New advertising assignments always begin with some kind of informal or formal background research into the marketing situation. This is secondary research.

The 'Consider this' boxes provide an opportunity for readers to stop and reflect on the concept being discussed and to consider the implications or ramifications of the discussion.

### SUMMARY

of relevance that VW ads had generated placed the brand ahead of its rivals Subaru and Honda and in fifth spot overall. These figures also translated into sales, with an estimated 13.2% increase on sales across the entire VW portfolio. Australians have a few words for that—'You bloody ripper!'

**SUMMARY**

Understand the role of an art director. Art directors are responsible for creating visual impact and the 'look' of an advertisement, and how it communicates mood, product qualities and psychological appeals. Many art directors emphasise the craftsmanship in explaining their role. For print, they have to decide what to leave out as much as what to put in, trading off components such as the headline, body copy, slogan, brand name, logo and phone number, and decide whether the main focus will be on words or an image. In TV they partner with a producer to bring the idea to the screen. This may involve designing the on-screen graphic elements as well as the presentation of the action through visual storytelling. Computer

The end-of-chapter 'Summary' provides a concise review of all the material that has been covered in the chapter. It directly addresses the specific learning goals which were established in the chapter opening to ensure that the reader has understood the main concepts within the material.

### END OF CHAPTER

**Describe advertising's effects in relation to building brands.** A brand takes on meaning when it is transformed from a product into something that is differentiated in the minds of at least some consumers. This transformation is part of the process of building brands. Advertising can help by communicating favourable, strong and unique associations for a brand in six key areas: (1) identity, (2) promise, (3) position, (4) personality, (5) image and values, and (6) loyalty.

<p><b>KEY TERMS</b></p> <ul style="list-style-type: none"> <li>affective response</li> <li>engagement</li> <li>interlocation</li> <li>attitudes</li> <li>attitude</li> <li>awareness</li> <li>brand identity</li> <li>brand image</li> <li>brand loyalty</li> <li>brand name</li> <li>brand personality</li> <li>brand position</li> <li>brand promise</li> <li>brand transformation</li> <li>brand value</li> <li>central processing</li> <li>cluster</li> <li>cognition</li> <li>experiential learning</li> </ul>	<ul style="list-style-type: none"> <li>communication channel</li> <li>conditional learning</li> <li>condition</li> <li>childhood effects</li> <li>differentiation</li> <li>emotional (affective) appeal</li> <li>response</li> <li>feedback</li> <li>high involvement</li> <li>interactive communication</li> <li>consumer</li> <li>liking</li> <li>low involvement</li> <li>message</li> <li>motivation (positive)</li> <li>needs</li> <li>network of associations</li> <li>noise</li> <li>operant</li> </ul>	<ul style="list-style-type: none"> <li>peripheral processing</li> <li>personae</li> <li>preference</li> <li>recall</li> <li>recognition</li> <li>relevance</li> <li>relevance</li> <li>selective attention</li> <li>selective distortion</li> <li>selective exposure</li> <li>selective perception</li> <li>selective retention</li> <li>source</li> <li>source credibility</li> <li>symbolic meaning</li> <li>visual advertising</li> <li>words</li> </ul>
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**REVIEW QUESTIONS**

1. Describe the attributes associated with Brand Australia.
2. How might interactive advertising help brand evangelism?
3. In what ways can advertising fail to achieve its objectives?
4. Outline the range of advertising effects and the consumer's response to them.
5. How might the CECA symbol contribute to brand transformation?

**DISCUSSION QUESTIONS**

1. This chapter identifies six effects on consumer responses. Review the advertising for Woolworths and ABSOLUT and analyse how each cultivates responses in the six categories. Looking at your findings, how different are the two brands' approaches, and how effective are they?
2. Imagine that you are a planner in an agency that handles a liquid-detergent brand. Your brand has the slogan 'Ring around the collar'. It is one of the longest-running themes on television, and its sales and market share indicate that it has been successful. What confidence is that the brand's history includes numerous consumer surveys that show consumers

#### DISCUSSION QUESTIONS

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PART

1

## FOUNDATIONS

### The mandate for effectiveness

The basic premise of this book is that advertising must be effective. To that end, we aim to teach you the complexities and intricacies of advertising strategies that produce effective results: ads that work; ads that touch people's emotions, stay in their minds and, most importantly, move them to act. Because we are so concerned about effectiveness, we introduce most chapters with an ad that has been shown to be accountable in one or more of these ways.

Today, advertising is being challenged by fragmented consumer markets and media proliferation because of new technologies and the consumer's appetite for them. These changes require new approaches to the way advertising operates, and there is a focus on its accountability. Advertisers expect results. They want to know that their advertising works and that it is effective. This means that the objectives they state for their advertising are being met. Clients expect proof and, for the most part, that proof must lead to, or actually produce, sales.

Advertising is part art and part science and there are no easy answers to the questions of its accountability and effectiveness. Despite laudable intentions, the quest for accountability can sometimes lead to too strong a focus on the past instead of the future and, for some advertisers, the cost of determining benchmarks and conducting continuous tracking surveys is prohibitive. The industry is therefore still searching for answers. As we journey through this story of advertising principles and practices, you will join in that search.

In the first section of the book, Chapters 1 and 2, we introduce the two professional areas of advertising and marketing. We define them, identify their principles and describe their practices. In Chapter 3, the final chapter of Part I, we look at these two professional areas in terms of their place in society—the contributions they make and the criticisms they elicit.

Part I supplies the 'big picture' of advertising. The remainder of the book provides the depth and detail you will need to be an informed planner, or maybe even a creator, of the advertising you see all around you. It's a fascinating business and we hope you will learn from the stories we have to tell about how great ads can bring products and services to life.

#### SOURCE

Based on R. Crain, 'Change in air at ANA, MPA: Problem is how to get there', *Advertising Age*, 3 November 2003, p. 23.

# 1

## INTRODUCTION TO ADVERTISING

### chapter objectives

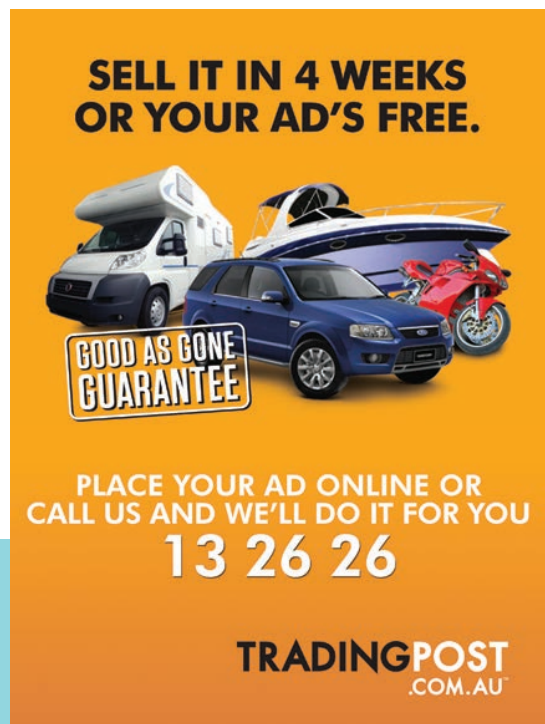
After reading this chapter, you should be able to:

- define advertising and identify its key components
- describe the roles, functions, and types of advertising
- identify the key players and their roles in creating advertising
- understand the importance of effective advertising and methods of evaluation
- consider how advertising adapts and responds to change.

By the 2010s, the *Trading Post* was looking like yesterday's news. Telstra bought the classified advertising newspaper for \$636 million in 2008. As income from classified ads had long been the 'rivers of gold' for newspapers, their migration to online meant that communications companies needed to follow. In an attempt to reflect the changing marketplace, Telstra dispensed with *Trading Post's* newspaper format and converted it into an online site. Facing stiff competition from eBay, Gumtree, and Cars.com, the change appeared to have done little. The *Trading Post* was still better known as where the Kerrigan family bought jousting sticks in the hit 1990s Australian film *The Castle* than for its core business of selling cars and, in 2011, things were looking grim. Total advertisements were down by 19%, direct traffic had fallen by 17%, and total consumer revenue had plummeted by 43%. It would take more than a couple of jousting sticks to save this multi-million-dollar investment.

Not surprisingly, Telstra looked to advertising to save its classified advertising site. The Monkeys' research on the *Trading Post* brand provided some revealing insights. People still liked the *Trading Post* and were nostalgic about the brand's straightforward profile. However, these positives did not necessarily offset the brand's issues in today's market. The *Trading Post* was also found to be 'old-fashioned', 'slow', and 'out of touch with modern commerce'. In terms of the *Trading Post's* core business, cars accounted for 50% of revenue but car listings were down by 35%. Cars were therefore identified as the key focus of the campaign.

When The Monkeys looked at the way that people sold used vehicles, they noted that people simply wanted their cars sold quickly and efficiently. This was not a complicated matter. From this insight stemmed a clear strategy: convince



people that the *Trading Post* could facilitate the selling process. The ensuing idea was that advertising in the *Trading Post* meant that the car was 'as good as sold'. However, without a compelling reason to purchase, this claim would sound empty and as uninspiring as any other ad. By adding the promise to sell the car in four weeks or run the advertisement free, the campaign offered something real. There was no risk to the seller, only to the *Trading Post*. The 'Good as Gone Guarantee' would become the cornerstone of the new campaign. It not only made a real offer to the consumer, it also reflected the strengths of the *Trading Post* brand personality: simple, knockabout, no-nonsense.

In order to reach the largest possible audience, the campaign centred on television advertising. Its 30-second spots showed a car being sold in a quick, straightforward, no-mucking-around way. Actors spoke rapidly but in monotone voices. Even the most contentious parts of a car deal—the test-drive and haggling over the price—were shown to be direct and uncomplicated. Other media outlets reinforced the campaign's straightforward offer. Outdoor advertising featured the 'Good as Gone Guarantee' next to a black outline of a car that had just been sold. Radio advertising similarly worked on the campaign's tone and featured a strong call to action.

With a clear promise that sought to capitalise on the *Trading Post's* brand strengths, the simple question remained: would people move to capitalise on the 'Good as Gone Guarantee'? If they didn't, it was clear that the *Trading Post* itself would be as good as gone.

#### SOURCE

M. Matt & F. Buresti, 'Saving an iconic brand that was as "Good as Gone"', Australian Effie Awards 2012.



#### CLIENT

*Trading Post*

#### AGENCY

The Monkeys

#### CAMPAIGN

Good as gone

#### AWARDS

Effie Awards Silver, Retail/Etail  
 Effie Awards Finalist, Small Budget  
 Campaign, Best State Campaign, Most  
 Original Thinking, Other Services  
 ADMA Awards Finalist, Effectiveness  
 Retail & Direct Sales

Today, advertisers and their practitioners expect advertising to generate results. As a consequence, 2009 saw the introduction of the Effie Awards in Australia, under the auspices of the Australian Association of National Advertisers (AANA) and The Communications Council.<sup>1</sup> The brainchild of the New York chapter of the American Marketing Association (AMA), the Effie Awards were designed to recognise advertising that achieves its objectives. In 2013, there were 228 applications submitted by 69 agencies across 19 categories.<sup>2</sup> This book opens with one of the winners—the 'Good as gone' campaign for the *Trading Post*—as it exemplifies the dynamics of advertising and the necessity of adapting its form and function to changes in audiences, communication channels and the media.

This chapter begins with a definition of advertising and an explanation of the roles, functions and most common types of advertising you'll come across, as well as the key players in advertising and



media. Advertising's basic components are then described, along with methods of evaluation, to enable you to see why the 'Good as gone' campaign was deemed effective by the judges of the inaugural Australian Effie Awards. More importantly, we find that there are seismic changes currently taking place in our environment that will affect all of us in different ways. Consequently, this chapter brings in the concept of sustainability and examines the role advertising can play in helping to build a sustainable future for generations to come.

## WHAT IS ADVERTISING?

You have been reading, watching, listening to and looking at advertising since you were a child. So it may seem a little silly to ask, 'What is advertising?' An educated observer, however, looks at advertising as something more than a sales message that occupies the space in and around news stories on the web, magazine features and TV programs. In fact, it's a complex form of communication that operates with objectives and strategies, leading to various types of impact on consumer thoughts, feelings and actions. In this book, we're interested in great advertising and in the principles and practices that make it successful and effective. Effectiveness is a theme of this book and we focus our attention on those ads that create the consumer responses desired by the advertiser.

In a way, advertising is simple. It's about creating a message and sending it to someone, hoping they will react in a certain

way. You've seen it all your life in the many thousands of ads you've seen on television, posters, magazines and the internet. No doubt you've also been exposed to its inner machinations by watching films and programs about advertising, such as *Mad Men* and *The Gruen Transfer*.

Advertising becomes controversial when questions arise about how it influences people and whether or not those influences are positive. Some say that they hate it and that it makes us do things we don't really want to do. Others see it as a fashion guide or as entertainment, with good jokes, great music and fascinating images. We'll examine some of these issues later in the book, beginning in Chapter 3. But there is no doubt that advertising can influence people, just as society affects advertising.

### Defining advertising

Put simply, advertising is any paid message by a sponsor that is designed to promote ideas, goods, or services for exchange. In practice, it is difficult to define because it encompasses a broad range of philosophies and viewpoints. The Code of Ethics adopted and enforced by the AANA states that:

*Advertising or Marketing Communications means any material which is published or broadcast using any Medium or any activity which is undertaken by, or on behalf of an advertiser or marketer, and over which the advertiser or marketer has a reasonable degree of control, and that draws the attention of the public in a manner calculated to promote or oppose directly or indirectly a product, service, person, organisation or line of conduct.*<sup>3</sup>

The definition also includes 'any activity which is undertaken by or on behalf of an advertiser or marketer for payment or other valuable consideration',<sup>4</sup> and embraces direct-to-consumer new and emerging technologies, reflecting the fact that the 'consumer does not recognise the subtle differences between advertising, sponsorship, direct mail, sales promotions, events or trade fairs'.<sup>5</sup> This was further expanded in 2012 when the Advertising Standards Board determined that posts made on an advertiser's Facebook page were deemed to be an advertising tool and that brand owners would need to monitor Facebook posts regularly.<sup>6</sup> In fact, Jean-Marie Dru states that 'media is any space between an idea and an audience'.<sup>7</sup>

Thus, we might conclude that ‘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’,<sup>8</sup> with six basic components:

1. Advertising is a paid form of communication, whether direct or indirect. Indirect payment includes donated space and time (pro bono) advertising.
2. The sponsor (meaning the marketer or advertiser) is identified, although it may not always be obvious to the viewer or reader.
3. Advertising tries to persuade or influence the consumer to do something. Mostly, it involves positioning a product, service, idea or organisation so that it builds a brand relationship but, at a minimum, it creates awareness of an idea, product or company. In other words, it is strategic communication driven by objectives, and these objectives can be measured to determine how far they were realised.
4. Advertising aims to reach the largest audience as cost-efficiently as possible and at the time or place most likely to induce a positive result.
5. The message can be conveyed through many kinds of communication channels—including the mass media—which are largely non-personal, and through more direct approaches, the internet and interactive media.
6. The message can be conveyed in an ever-expanding range of ways, as will become evident from the cases in this textbook.

In summary, **advertising** is any form of predetermined communication that uses media or a form of activity to reach audiences in the most cost-efficient way, to achieve the marketer’s objectives. In other words, ‘it is not neutral, it is not unbiased; it says “I am going to sell you a product or an idea”’.<sup>9</sup>

## ROLES AND FUNCTIONS OF ADVERTISING

For obvious reasons, advertising started out as a way to identify the makers of goods, and this continues today. When the advent of the printing press made it possible for advertisers to reach a wider audience, advertising focused more on providing commercial information as well as identifying the product’s maker. As industrialisation made it possible to produce more goods than the local market could absorb, advertising took on the role of creating demand.

In the early years of the 21st century, as markets continue to fragment and the array of media choices makes it more costly for a marketer to reach a large audience simultaneously, marketers have become concerned about **accountability** and return on the money they invest in advertising. As a result, advertising professionals find themselves needing to prove that creative ideas are necessary for effectiveness, and that they deliver the results the marketer has specified for the advertising. Effectiveness is a key theme in this book because of this intense emphasis on accountability. Each chapter opens with a case study example of effective work and ends with It’s a Wrap, a discussion of the results of the work, showing how the advertising professionals determined or proved that the work was, in fact, effective.

To gain a better understanding of how advertising works, let’s consider the four roles that advertising plays in business and society:

- › marketing
- › economic
- › communication
- › sociocultural.

### \* PRINCIPLE

A product can be a service or an idea, as well as tangible goods.

## The marketing role

The process a business uses to satisfy consumer needs and wants by providing goods and services is called **marketing**. The marketing department or manager is responsible for selling a company's product, which may be goods (computers, refrigerators, soft drinks), a service (restaurant, insurance, real estate) or an idea (support for an organisation, or the beliefs of a political party and its candidate). Products are also identified in terms of their **product category**. By category, we

mean the classification to which the product is assigned—for example, Toyota HiLux competes in the ute category and AAMI is in the insurance category. The particular group of consumers thought to be potential customers for the goods and services constitutes the **target market**.

The tools available to marketing include the *product* (the way it is designed and packaged, and how it performs), its *price*, and the means used to distribute or deliver the product to a *place* where the customer can buy it. Marketing also includes a method of communicating this information to the consumer, called *promotion*, *brand* or *marketing communication*, or *advertising*. These four tools—product, price, place (distribution), and promotion—are collectively referred to as the **marketing mix**, or the 'four Ps', which we discuss in more detail in Chapter 2. While advertising is one of the most important tools of marketing promotion, it represents only a fraction of the responsibilities and activities required of a marketer.

Marketers are also involved with the development of a **brand**—the distinctive identity of a particular product, which distinguishes it from its competitors. A brand can be a physical product—Colgate and Oral B, for example, are brands of toothpaste—but brands can also be a service (Qantas, Bendigo Bank, Hilton hotels), a retailer (David Jones, JB Hi-Fi, Woolworths), a person (Tony Abbott, Hugh Jackman, Mia Freedman), a place (Chinatown, Hobart, Queensland), an organisation (CWA, Mission Australia, NRMA), or an idea (anti-drink-driving, anti-smoking, carbon tax). Companies create their own brands to compete against a competitor's offering; for example, Paspaley Pearls and Autore compete against one another in luxury designer jewellery that features South Sea pearls.



This hard-sell approach uses the 'grim reaper' to raise awareness of protection against AIDS and caused a furore when it appeared in 1987.

## The communication role

Advertising's communication does more than transmit market information to connect buyers and sellers. It informs consumers and transforms a product by creating an image that goes beyond straightforward facts. It does this by using two techniques: **hard-sell approaches** that use reason to persuade consumers, and **soft-sell approaches** that build an image for a brand and touch consumers' emotions. An ad that exhorts the consumer to take care of their health and weight, or one trumpeting reduced prices on Qantas flights to Brisbane, are examples of a hard-sell approach, while the 2012 'You're the reason we fly' campaign for Qantas is an example of a soft-sell approach, promoting the airline's reliability without actually saying so. While this appeal was consistent with the airline's long-running 'I still call Australia home' campaign, it was also a response to the company's recent industrial issues. On its website, Qantas explained the rationale behind the 'You're the reason we fly' campaign.

### \* PRINCIPLE

The strategy represents the science of advertising: the research and insights that lead to a creative idea.

*You believe anything is possible.  
You're the new spirit of Australia.  
While you might fly for many different reasons, we fly for one.  
You're the reason we fly.*

Reliability and customer service are at the centre of this appeal. The image also touches our emotions and need for security.

The broad terms *promotion* and *communication* include advertising, and they also include a number of related techniques and tools used in marketing: sales promotions, public relations, direct response, events and sponsorships, packaging and personal selling.

## The economic role

Advertising tends to flourish in societies that enjoy some level of economic abundance, in which supply exceeds demand. In these societies, the role of advertising moves from being primarily informational and a facilitator of exchange to one that creates demand for a particular brand.

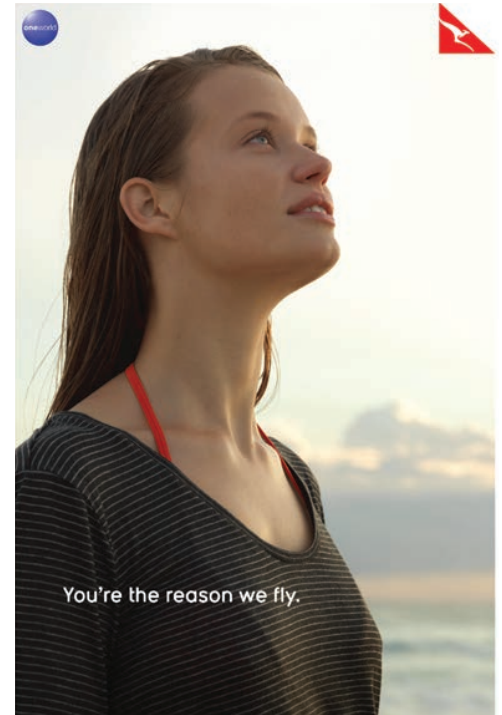
There are two points of view about how advertising creates economic impact. The first sees advertising as a vehicle for helping consumers to assess value through price and other information such as quality, location and reputation. Rather than diminishing the importance of price as a basis for comparison, advocates of this school view the role of advertising as a means to provide objective price–value information, so creating a more rational economy.

The second viewpoint sees advertising as so persuasive that it decreases the likelihood that a consumer will switch to an alternative product, regardless of the price charged. In other words, the ad's focus on other positive attributes, such as the way it makes the consumer feel about him- or herself, allows the consumer to make a decision on benefits other than price. Hence, images and emotions can be used to influence consumer decisions.<sup>10</sup>

## The sociocultural role

Advertising plays a number of useful sociocultural roles, so much so that Marshall McLuhan commented that 'historians and archaeologists will one day discover that the ads of our time are the richest and most faithful reflections that any society ever made of its entire range of activities'.<sup>11</sup> Advertising adds value to our perceptions and experiences of products and services. For example, it informs us about new and improved products, helps us to compare products and features, and generally keeps us informed about innovations and issues. It mirrors fashion and design trends and enhances our aesthetic sense. It has an educational role, teaching us about new products and how to use them. It also helps us shape an image of ourselves by setting up role models with whom we can identify, and gives us a way to express ourselves in terms of our personalities and sense of style through the things we choose to eat, wear and use.

'A good idea doesn't care where it comes from' is a commonly used phrase in advertising circles. Thus, in the pursuit of ideas and new ways to differentiate products and services, nothing is sacred to practitioners. Advertising absorbs ideas from art, literature, history and mythology, and from our own and others' cultures. It rearranges or reshapes elements to connect them in our minds, in a form that benefits a brand in some way. The slogan 'Think local, act global' embodies



This ad for Qantas touches our emotions and spirit of adventure.



this taking of ideas, symbols, values or beliefs from one culture and rearranging them to create meaning for a product and exposing it elsewhere. It's a strategy that works particularly well for challenger brands; Mecca-Cola is one such example (see <<http://mecca-cola.info>>). (The negative and positive dimensions of these sociocultural roles are discussed further in Chapter 3.)

## The functions of advertising

Looking at advertising's roles from these four perspectives gives us the big picture, but we now need to focus more closely on what an advertiser might expect to get from advertising—why, in other words, they choose to use advertising. From the advertiser's perspective, advertising performs four basic functions for the marketer's benefit: it (1) facilitates exchange between sellers and buyers, (2) adds value, (3) cultivates customer relationships and (4) builds brands. We will briefly introduce these concepts here, before discussing them further in Chapters 2 and 4.

### It facilitates exchange

**Exchange** is the act of trading a desired product or service to receive something of value in return. A person or organisation makes a product or service and offers it for sale at a certain price; money is exchanged for it. The world of exchange has its own unique form of advertising—**classified advertising**—that 'waits passively to be consulted',<sup>12</sup> although this passivity has changed with Google AdWords. The characteristic is that all the ads for a category are clustered together for easy access. Websites such as Gumtree and Craigslist, as well as hard-copy directories and information sources such as *Yellow Pages* and newspapers, carry thousands of ads to facilitate the exchange of real estate, jobs, cars, auctions and travel.

### It adds value

**Added value** means that a marketing or advertising activity makes the product appear more valuable, useful, or appealing, so that some consumers may even pay extra for it.

Advertising plays its part by showcasing the product's value and also by making the product appear more desirable or more of a status symbol. Display or theme advertising is developed for this purpose, to create that meaning. **Display advertising** (as its name implies) displays itself; it forces itself—maybe brashly, maybe not—upon the consumer's attention, because it assumes that consumers are couch potatoes waiting for advertisements to find them.<sup>13</sup>



The Commonwealth Bank's yellow-and-black logo is a distinctive part of its brand identity and is used in its advertising and store design.

### It cultivates customer relationships

As innovating became harder, more costly and less certain of success, marketers began to shift from finding new customers to learning how to hold onto the customers they already had. A marketer's relationship with his or her customers, employees and investors intensifies overall customer loyalty if that relationship is positively managed. This is particularly important for highly priced goods for a limited number of buyers. Consider the Airbus A380 aircraft. Its customer base may be only six of the world's largest airlines. Thus, it increases the importance of the relationship and a

requirement for **direct marketing (DM)** or **advertising** and even **personal selling** to forge an ongoing dialogue with customers. The concept of **prosumption**—a word that draws on ‘production’ and ‘consumption’—is particularly relevant to these markets because it refers to the creation of products and services by the same people who will ultimately use them.<sup>14</sup> The higher the price and risk, the more valuable the input of the potential buyer or user, and the more likely they are to be willing participants. We refer to this again in Chapters 4 and 5 because theories of involvement and motivation underpin this concept.

### It builds brands

The art of marketing is in building a brand—the process of creating a special meaning for a product, one that makes it distinctive in the marketplace, so that it has an identity that is more than its physical attributes. **Brand advertising** creates this meaning and familiarity—we’re more comfortable buying brands we know—and the basic premise is that everything communicates something about the brand. The price delivers a message, as does the place where you buy the product and how it performs. And so, of course, do any and all of the brand communications, particularly advertising.

#### IMC PERSPECTIVE

Integrated marketing communication is the well-formed and well-thought-out strategic alignment of all of the media and channels used throughout a campaign, which are combined to create an holistic and coherent brand message.

1. Do the four roles—marketing, communication, economic and sociocultural—describe advertising as you see it?
2. What other functions does advertising have?



## TYPES OF ADVERTISING

Advertising is complex because so many different advertisers try to reach so many different types of audience. Considering all these different advertising situations, we can identify seven major types of advertising.

### Brand advertising

The most visible type of advertising is national consumer advertising, or brand advertising. Examples include retailers (*‘Was. Is. Always David Jones’*), state tourism bodies (*‘You’ll love every piece of Victoria’*), beauty and cosmetics (*‘L’Oréal, because you’re worth it’*) and airlines (*‘Singapore Girl, you’re a great way to fly’*). The focus in these examples is on the creation and sustenance of a long-term brand identity and image.

### Retail or local advertising

A great deal of advertising focuses on retailers or manufacturers that sell their merchandise in a certain geographical area. In **retail advertising**, the message announces facts about products that are available in nearby stores. They tend to focus on stimulating store traffic and creating a distinctive image for the retailer. **Local advertising** can refer to a retailer, such as Officeworks, Dymocks or Lowes; a shopping centre, such as Westfield; or a manufacturer or distributor who offers products in a restricted geographic area or for a particular use, such as surfwear, surfboards and wetsuits.



Ikea’s campaign sought to reward consumers who did not throw out their Ikea catalogues, ensuring that the brand would have a constant presence in these homes.