



ADVERTISING

WHAT EVERYONE NEEDS TO KNOW®

MARA EINSTEIN

ADVERTISING

WHAT EVERYONE NEEDS TO KNOW®

ADVERTISING

WHAT EVERYONE NEEDS TO KNOW®

MARA EINSTEIN

OXFORD
UNIVERSITY PRESS

OXFORD

UNIVERSITY PRESS

Oxford University Press is a department of the University of Oxford. It furthers the University's objective of excellence in research, scholarship, and education by publishing worldwide. Oxford is a registered trade mark of Oxford University Press in the UK and certain other countries.

"What Everyone Needs to Know" is a registered trademark of Oxford University Press.

Published in the United States of America by Oxford University Press
198 Madison Avenue, New York, NY 10016, United States of America.

© Mara Einstein 2017

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, without the prior permission in writing of Oxford University Press, or as expressly permitted by law, by license, or under terms agreed with the appropriate reproduction rights organization. Inquiries concerning reproduction outside the scope of the above should be sent to the Rights Department, Oxford University Press, at the address above.

You must not circulate this work in any other form
and you must impose this same condition on any acquirer.

Library of Congress Cataloging-in-Publication Data

Names: Einstein, Mara, author.

Title: Advertising : what everyone needs to know / Mara Einstein.

Description: New York, NY : Oxford University Press, [2017] |

Includes bibliographical references and index.

Identifiers: LCCN 2016038612 (print) | LCCN 2016051488 (ebook) |
ISBN 9780190625894 (pbk. : alk. paper) | ISBN 9780190625887 (cloth : alk. paper) |
ISBN 9780190625900 (pdf) | ISBN 9780190625917 (ebook)

Subjects: LCSH: Advertising--Social aspects. | Advertising.

Classification: LCC HF5821 .E395 2017 (print) |

LCC HF5821 (ebook) | DDC 659.1—dc23

LC record available at <https://lcn.loc.gov/2016038612>

1 3 5 7 9 8 6 4 2

Paperback printed by LSC Communications, United States of America
Hardback printed by Bridgeport National Bindery, Inc., United States of America

*To my daughter, Cayla, who has enriched my world
beyond measure and for whom anything is possible.*

CONTENTS

Introduction	1
Chapter 1. From Advertising to Marketing	5
<i>What is advertising?</i>	5
<i>Do all companies or organizations use advertising?</i>	6
<i>How do they come up with the ideas for advertising?</i>	7
<i>Is there more than one type of advertising?</i>	10
<i>Is there a difference between advertising and marketing?</i>	11
<i>What is the difference between public relations and advertising?</i>	13
<i>Why has public relations become so central to marketing?</i>	15
<i>What is branding?</i>	16
<i>Why is branding so pervasive?</i>	17
<i>Why is branding so important to consumers?</i>	19
<i>What is the goal of advertising?</i>	21
<i>How do advertisers get us to buy their products?</i>	21
<i>Can advertisers get us to buy a product that we don't want?</i>	22
Chapter 2. The Business of Advertising	25
<i>What is the economic impact of advertising?</i>	25
<i>How much money is spent on advertising in the United States?</i>	26

<i>What about worldwide spending?</i>	26
<i>Who is the biggest advertiser?</i>	27
<i>Who are other predominant advertisers?</i>	30
<i>What are the most advertised brands in the United States?</i>	32
<i>What is the relationship between advertising and the media?</i>	32
<i>How is advertising spending distributed across different media formats, such as television, print, and digital?</i>	37
<i>What is the impact of digital media on advertising spending?</i>	38
<i>How much does advertising cost?</i>	38
<i>Why is advertising so expensive?</i>	40
<i>How do advertising agencies make money?</i>	41
<i>Who pays the advertising agency?</i>	43
<i>Who are the major media companies that depend on advertising revenue?</i>	43
<i>Are media still heavily dependent on advertising?</i>	46
<i>How are television networks making up the advertising revenue lost to digital media?</i>	47
<i>How is the advertising business structured?</i>	49
<i>How much time do we spend with media and why does that matter?</i>	51

Chapter 3. Consumer Behavior **55**

<i>What is consumer behavior?</i>	55
<i>When did advertising become based in psychology?</i>	56
<i>How do advertisers discover these consumer insights?</i>	59
<i>How do we decide what to buy?</i>	64
<i>What influences our purchase choices?</i>	66
<i>What are demographics?</i>	66
<i>What are some of the key demographic cohorts?</i>	67
<i>Are women more important to advertisers than men?</i>	75
<i>What are psychographics?</i>	76
<i>Why do advertisers break up the population into groups?</i>	79

<i>Is that why media are designed for different audiences?</i>	81
<i>What are target audiences?</i>	81
<i>Do marketers only want to reach buyers?</i>	82
<i>What is the ultimate goal of prying into our personal lives?</i>	84

Chapter 4. Creative 87

<i>What constitutes good advertising?</i>	87
<i>What are some examples of good advertising?</i>	87
<i>Is there a best commercial of all time?</i>	88
<i>What is the process for deconstructing an ad so I can analyze it myself?</i>	89
<i>What are the three elements of advertising?</i>	92
<i>How does a company decide on a competitive strategy?</i>	92
<i>How does targeting get translated into creative executions?</i>	94
<i>What is positioning?</i>	96
<i>Who is responsible for creating advertising?</i>	99
<i>How do marketers decide what to put in an ad?</i>	99
<i>What exactly is contained in a creative brief?</i>	99
<i>Can you give some creative case studies demonstrating the path from problem to execution?</i>	100
<i>Are there standard formats for print advertising?</i>	105
<i>What about commercials?</i>	105
<i>How is creative execution changing because of digital marketing?</i>	107
<i>What other new strategies have gained popularity because of digital?</i>	109
<i>What is lifestyle branding and how does that affect execution?</i>	109
<i>What is experiential marketing?</i>	110
<i>What do you mean by influencers?</i>	113
<i>Is creating controversy a good creative strategy?</i>	113
<i>What is the most important thing an ad has to do?</i>	114
<i>I've heard that using animals and babies is the best way to get attention. Is that still true?</i>	114
<i>Does sex sell?</i>	115

Chapter 5. Advertising and Society 117

<i>What is the leading criticism against advertising?</i>	117
<i>How does advertising impact television programming?</i>	118
<i>Do we really see thousands of ads every day?</i>	118
<i>So how much advertising do we see?</i>	119
<i>Can companies lie in advertising?</i>	120
<i>What if an advertiser gets caught in a lie?</i>	121
<i>What if the ad isn't lying, but it's not really honest either?</i>	122
<i>What are some of the underlying assumptions of advertising and what are its consequences?</i>	124
<i>Is there any way for companies to work outside of the quarterly reporting system?</i>	125
<i>Why should we be particularly concerned about the impact of advertising on children?</i>	125
<i>Why has marketing to children proliferated?</i>	126
<i>How are children marketed to?</i>	127
<i>What is the interconnection among women, body image, and advertising?</i>	129
<i>Does marketing affect social institutions in addition to individuals?</i>	133
<i>How does marketing change the way we think about universities and what is the impact on higher education?</i>	134
<i>What is the impact of marketing on religion?</i>	137
<i>Why do marketers use philanthropy to get us to buy?</i>	140
<i>How does promoted philanthropy play out in the marketplace?</i>	141
<i>Is this cause-related marketing?</i>	142
<i>How is advertising used in politics?</i>	144
<i>Can emotions, specifically happiness, be marketed?</i>	146
<i>Why do we have a fascination with hoarders?</i>	146

Chapter 6. Media: Advertising's Everywhere 149

<i>How do marketers decide where to advertise?</i>	149
<i>What is media planning?</i>	149

<i>What is the difference between media planners and media buyers?</i>	152
<i>What are the different types of media that advertisers use?</i>	152
<i>Which medium is the most important for advertisers?</i>	153
<i>How do media planners know who watches a TV show?</i>	154
<i>How do media planners know who reads a particular magazine?</i>	155
<i>Are there other considerations beyond where to place the advertising?</i>	156
<i>What determines the cost of a TV ad?</i>	157
<i>Is cost determined differently with other media?</i>	158
<i>Why is there a difference between broadcast and cable television advertising?</i>	158
<i>How does the difference between broadcasting and cable affect how commercials are purchased?</i>	160
<i>What are dayparts?</i>	162
<i>How has advertising changed with the introduction of digital technologies?</i>	162
<i>What is paid, owned, and earned media?</i>	163
<i>What is big data?</i>	163
<i>How does big data relate to ad sales?</i>	164
<i>How do cookies work?</i>	165
<i>What is programmatic media buying?</i>	165
<i>How did the transition to programmatic occur?</i>	166
<i>What is the interrelationship among data brokers, ad exchanges, and programmatic buying?</i>	169
<i>Doesn't this mean that the content no longer matters?</i>	173
<i>Are there other media that advertisers use in addition to television, print, and digital?</i>	174
<i>What is product placement exactly and why is it so important to understand?</i>	174
<i>Do we perceive product placement the same way we look at commercials?</i>	176
<i>How does product placement work online?</i>	177
<i>So if digital advertising, and particularly product seeding, is so effective, why do advertisers still use other media?</i>	178
<i>Can we expect advertising to continue to be wherever the eye can see?</i>	179

Chapter 7. Advertising in the Digital Age 181

<i>How come ads seem to follow me around the Internet?</i>	181
<i>And how can ads follow me from one device to another?</i>	181
<i>When I am being tracked, do marketers really know that it is me by name?</i>	183
<i>Can advertisers connect my online activity with what I do in the real world?</i>	185
<i>What are the other issues associated with big data?</i>	186
<i>Is there a way to stop marketers from tracking me?</i>	189
<i>What are ad blockers?</i>	189
<i>What is stealth marketing and why has it proliferated?</i>	190
<i>What is native advertising?</i>	190
<i>Can you give some examples of in-feed ads?</i>	191
<i>Who uses custom native advertising and what does it look like?</i>	193
<i>But aren't native ads obvious?</i>	195
<i>So how can we know that an article or video is advertising?</i>	196
<i>How pervasive is native advertising?</i>	197
<i>Are there any regulations for native advertising?</i>	197
<i>What is the difference between native ads and content marketing?</i>	198
<i>Is there a way to spot content marketing?</i>	201
<i>Are there other forms of stealth marketing we might not be aware of?</i>	203
<i>Is social media connected to the success of this format?</i>	203
<i>Why does some content go viral?</i>	206
<i>What is real-time marketing?</i>	208
<i>But why do we share?</i>	208
<i>Can we share too much?</i>	209
<i>What is the connection between social media and customer relationship marketing?</i>	210
<i>How is this affecting advertising on legacy media?</i>	211
<i>What are the consequences of digital advertising on content?</i>	212

<i>Is this the end of the free Internet?</i>	213
<i>What is the future of advertising apt to look like?</i>	214

APPENDIX	217
INDEX	223

ADVERTISING

WHAT EVERYONE NEEDS TO KNOW®

INTRODUCTION

Three thousand. Some have even said five thousand.

That's the number of marketing messages the average American confronts on a daily basis. True, we are not aware of all of those communications, which come from everything from packaging to television commercials to native advertising within our Facebook newsfeeds, but that does not mean we are not affected by them. They influence the clothes we buy, the cars we drive, the coffee we drink. Think about it. Are you Starbucks or Dunkin' Donuts? Subaru or Lexus? Budweiser or Heineken? It is very likely you have a preference and not simply because of what the products are but because of the brand images and mythologies embedded in them—ideas that have become associated with these products through advertising and other forms of promotion. And as we use these products, they become building blocks for our personalities. Some people are Apple, some are PC, for example, and this idea is translated into advertising with phrases starting with "I am": I am Mac. I am FedEx. I am Vera Bradley. This is, of course, not simply an American phenomenon. Multinational corporations and digital technologies have expanded consumerism and its concomitant commercial messages around the world.

Advertising is not new. Criers—merchants calling out their wares—were the earliest form of advertising. Gutenberg's printing press was instrumental in expanding advertising

during the fifteenth century. With the advent of mass production during the Industrial Revolution of the eighteenth and nineteenth centuries, advertising moved from selling locally crafted works to selling vast quantities of products. By the late nineteenth and early twentieth centuries, manufacturers began to brand their products with the hope that consumers would ask for a specific type of cookie (say an Oreo) over a generic sandwich cookie. At the same time, the century ushered in what historian T.J. Jackson calls the “therapeutic ethos,” which suggested that product purchases could provide not only gratification through having bought a product but also fulfillment and peace of mind for having done so. This is key: advertising shifted from a focus on attributes (physical features) to benefits (what the customer receives). So, for example, in the 1950s Marlboro cigarette commercials were not simply about a good smoke but about a cowboy and the rugged individualism he represented. This continues today with millennials (young adults born from the early 1980s to 2000) being treated to fun and adventures associated with the brand, a new twist on advertising called experiential marketing whereby we no longer passively interact with a brand communication but rather are fully immersed in a brand experience. It is rare nowadays to find a product that is sold via a straightforward explication of the product benefits. Rather, most advertisers sell products and services by appealing to our emotions, particularly within the online environment. That is because it is intense emotions—particularly awe and anger—that are most likely to lead us to share marketing messages with others. We have seen this in campaigns from the Ice Bucket Challenge, to marketing camouflaged as extreme sporting events brought to you by Red Bull, to heart-wrenching videos like “Sketch Artist” from Dove, and female empowerment videos such as “Like a Girl” from Always.

Every day—and now because of digital technologies, twenty-four hours a day—people are assaulted with advertising. These marketing messages come in a variety of formats: TV

commercials, magazine and newspaper print ads, radio commercials, pop-up ads on gaming apps, pre-roll on YouTube videos, native advertising on mobile news apps—the list goes on and on. While you have likely become adept at avoiding advertising, particularly on television through DVRs or online with ad blockers, the truth is that advertisers have become decidedly adept at finding new ways to put advertising in front of you—so much so that it is often difficult to discern the difference between an ad and a news article, a legitimate recommendation or a paid Influencer tweet.

Advertising is pervasive. We are exposed to marketing messages practically from the time we are born. Maternity wards are target-rich environments for selling Pampers and baby formula. But it doesn't stop there. Schools sell class rings, sure, but they also sell soda and junk food and sneakers. McDonald's even has "McTeacher" nights. Corporate brands provide schools with classroom kits meant to facilitate learning, but the vast majority of them contain biased material, thus hindering clear critical thinking.¹ Increasingly, companies use a cradle-to-grave strategy that hooks us into their products at a young age and keeps us ensnared throughout our lives. Think here of Disney. Disney promotes its Disney Baby division to moms with newborns in maternity wards. Kids are targeted from the time they can interact with an iPad. School-aged kids are the target for Club Penguin and the Disney Channel. Brides are invited to have a magic Cinderella wedding, and parents and grandparents are targets for Disney theme parks and all they have to offer to their offspring. Note, too, that advertising is no longer limited to toothpaste or laundry soap. It is used to sell any number of social and cultural institutions, from religion to philanthropy to higher education. Really, it is hard to think of an area where marketing has not had some effect.

1. *Campaign for a Commercial Free Childhood* (n.d.). Marketing in Schools Fact Sheet. Retrieved May 10, 2016 from <http://www.commercialfreechildhood.org/sites/default/files/schools.pdf>.

This book will help you to understand how the advertising and marketing industries work. More important, it will help you to understand its subtle and not-so-subtle impact on your life. This is particularly important today because it has become almost impossible to separate ourselves from the misuses of the marketplace. In addition, since media (and with it marketing) change so quickly and many of the concepts attached to it are made purposefully vague and opaque by the industry, this book will be an especially helpful guide for those trying to understand advertising in the digital age. It is a book that is in conversation with the many others on the market about big data. The use and manipulation of vast quantities of data is only a small part of the issue. More relevant here is understanding what information is being communicated and to what end. The truth is we tend to forget that the Internet is—first and foremost—an advertising platform. It is not about you posting your vacation pictures for your friends and family to see on Facebook, for example. It is about how marketers can sell you your next vacation. Finally, as more and more advertising (and more and more advertising dollars) moves out of so-called legacy media like TV and newspapers and moves into digital, the likelihood increases that we will have to pay more and more money for our media content—because we didn't live up to the implicit agreement of advertising: we will sit through biased commercial messages in order to get the content for free.

1

FROM ADVERTISING TO MARKETING

What is advertising?

Advertising is a paid communication used to persuade someone to buy a product or service of an identified sponsor. The advertisement is disseminated through media and can be in the form of a print ad (magazine, newspaper, or outdoor), a radio or television commercial, or a digital ad, which can be either static or video-based. Each type of advertising is best suited for a different marketing purpose. Thirty-second television commercials are useful in evoking emotion because of their use of sight and sound. Print advertising is effective if the product needs considerable explanation, in the case of life insurance for example, or if an advertiser wants people to have a chance to look at a product in more detail, say clothing or a diamond ring. Outdoor advertising reminds consumers about a product in order to keep it “top of mind”—that is, in your awareness so you will remember to buy it when you are in the store. And, after all, it would be difficult to convey scads of information when someone is driving down the highway at sixty miles per hour. In all of these cases, the message is created to appeal to a specific, defined group of people known as the target audience. In sum, the job of the advertising is to get the right message to the right person at the right time and place.

When most people think about being sold to by a company, they think of advertising. They consider what car to buy because of a commercial they saw on television or they try Mr. Clean Magic Erasers because of an ad they saw in a magazine. In the best of all corporate worlds, that is how advertising is supposed to work. In truth, it is far more complex than that. Advertising is part of a much larger business function—that is, marketing. While we may not be conscious of all the ways that marketers work to tempt us with their goods, we are aware of advertising.

Do all companies or organizations use advertising?

In a word, yes. Given all the communications clutter, organizations of all types—for profit or nonprofit, private or public—need to advertise in order to be part of the cultural conversation. And because digital media have driven down the price of advertising, there is no reason for a company not to advertise.

This is not to say that all advertisers are equal or equally visible to us in the marketplace. We are most aware of categories that spend heavily across media platforms. Consumer package goods (CPG) companies, like Procter & Gamble and Unilever, use advertising to sell everything from Tide to Crest to Axe. Telecommunications (AT&T, Verizon, Sprint) and car manufacturers (notably General Motors, Ford, and Fiat Chrysler) are also big spenders. Other categories include cosmetics (L’Oreal, Maybelline, CoverGirl), entertainment (Disney, Fox, Marvel), retail stores (Walmart, Target, Macy’s), as well as electronics, beer, soda, pharmaceuticals, and so on and so on. Beyond tangible items, advertising promotes services such as banking, restaurants, and local bicycle repair stores. More broadly, advertising is used to promote social and cultural ideas like politics (and political candidates), religion, education, and the arts. We will look at the implications of commercialization and consumerism on these institutions throughout the book.

How do they come up with the ideas for advertising?

In a traditional advertising agency, there are four major departments that work together to create advertising that is informative and entertaining and will appeal to the target audience: account management, research or account planning, creative, and media.

The account management group oversees everything that has to do with the brand. They are in daily contact with the advertiser (the client), and they are charged with knowing the business of their client almost as well as the client does. It is their job to know how much product is sold, whether sales are going up or down, who the competitors are, and what major issues are affecting or may in the future affect product sales or the product category overall. All of this is necessary because advertising exists to solve a business problem, which could be simply to increase sales or introduce a product or, more difficult, to change people's perception about a brand. Let's take an example: in the athletic apparel category Nike has historically dominated the segment. Lately, however, they have been experiencing serious competition from upstart Under Armour. Under Armour has made a number of smart strategic business and marketing decisions that have led to them now being number two in the category. First, the company had been known primarily for men's athletic apparel. To increase sales, they broadened their product line to include clothing for women, focused on producing footwear as well as apparel, and produced a series of ads that targeted women, notably an online one with supermodel Gisele Bündchen and another traditional commercial with Misty Copeland, principal dancer for the American Ballet Theatre, that appeared during the Super Bowl. The commercials used the tagline, "I will what I want," a concept that is in line with women's empowerment messages that are so popular of late. Second, Under Armour purchased a number of fitness apps, including MyFitnessPal and Endomondo, giving the company access to diet and workout

data about millions of active, health-conscious people. In doing this, Under Armour moved from a little-known athletic company to a ubiquitous fitness and technology company and a considerable threat to Nike in the marketplace. Because of these actions on the part of Under Armour, the Nike account team became tasked with developing a strategy to retain their number one position. Should Nike get current users to use their product more? Should they try to steal consumers back from Under Armour? Can they get people who've never gotten off the couch to believe they can be athletes and need to buy workout apparel, particularly in an Olympic year?

This is where research, or account planning, comes in. Knowing what is going on from a business perspective is market research, what we have been discussing thus far. *Marketing* research is information that enables advertisers to understand what consumers think about their product (or their competitor's product) and how they engage with it. If Under Armour users are diehard fans, for example, trying to get them to switch is an uphill battle and probably not a strategy Nike should pursue. In order to determine this, the research department will need to develop an understanding of their consumer through a combination of research methodologies (these will be discussed at length in Chapter 3 on consumer behavior). Historically, the research department relied on surveys to understand what consumers want. One of the earliest researchers in this area was George Gallup, famously of the Gallup Polls. Today this department is often called Account Planning, a concept that came out of the United Kingdom. Rather than being a number cruncher, the account planner is someone who becomes the voice of the consumer in the advertising process, letting the creative team know whether the work they are developing would resonate with the target consumer. This information is derived through interacting with consumers, which can be done through focus groups (groups of ten to twelve people led by a moderator to answer questions about their use of a product category and brands), one-on-one

interviews, or ethnographies, where researchers immerse themselves with consumers in their home or other environment where they might use a product, such as researching vodka usage by attending bars or in-home parties. While these methodologies will continue to be used, big data is changing the way that much research is being done, with more and more information being derived from analyzing online purchase behavior.

Based on the work of the account team and the account planner, the creative department will come up with a series of advertising concepts. The ideas are developed by dyads made up of an art director and a copywriter. They report to a creative director who oversees the work of the account overall. This is important because on larger accounts there may be multiple campaigns, and all ad campaigns must work in a unified way. After a few ideas are sketched out, they will be shown to the creative director, who will comment on them and ask for changes as necessary. Then the work will be shown to the account team (who will also make comments) and if all are in agreement, the work will be presented to the client. Once the client approves, the advertising will be produced.

Simultaneously, the media group will be planning the best place to put the advertising message. A number of elements must be taken into consideration. When is the best time to advertise in terms of time of year, time of day, and day of the week? Nike might want to advertise in January when people are making New Year's resolutions; Taco Bell will advertise in the morning as people are running out the door to go to work to remind them of their breakfast offerings; and movie companies advertise on Thursday night because people are making their weekend plans. What types of media should be used? Most companies use a combination of media types, called the *media mix*. This will include television (broadcast and cable), radio, magazines, newspapers, outdoor ads, and online. Who is the target audience? Through research, the target audience will have been defined in terms of age and gender as well as