



Advertising

Commercial Culture



Advertising in the Digital Age

In 2014, Internet ads comprised almost 25% of worldwide ad revenue – and their share is still growing. By 2016, Internet ad revenue will equal or surpass TV ad revenue. Meanwhile, ad-free online streaming services (e.g. Netflix) are on the rise, putting traditional TV advertisers in a difficult position.



The First Advertising Agencies

- Earliest ad agencies were newspaper **space brokers**.
 - Bought newspaper space, sold it to merchants
- Volney Palmer
 - Prototype of the first ad agency in 1841
 - Sold space to advertisers for a 25 percent commission.



Advertising in the 1800s

- N.W. Ayer & Son
 - First full-service modern ad agency
 - Worked primarily for advertisers and product companies
- Trademarks and packaging
 - Manufacturers realized consumers would ask for their products specifically if they were distinctive and associated with quality.



Advertising in the 1800s (cont.)

- Advertising let manufacturers establish special identity for their products.
- Nineteenth-century ads created the impression of significant differences among products.
- Early and enduring brands
 - Smith Brothers (1850s)
 - Campbell Soup (1869)
 - Quaker Oats (1877)



Advertising in the 1800s (cont.)

- Patent medicines

- By the end of the 1800s, one-sixth of all print ads came from patent medicine and drug companies.
- Patent medicine ads were often fraudulent.
 - Advertisers developed industry codes.
 - Federal Food and Drug Act was passed in part due to patent medicine claims.



Advertising in the 1800s (cont.)

- Department stores
 - Comprised more than 20 percent of ad space by the early 1890s
 - Frequently criticized for undermining small businesses
- Impact on newspapers
 - Advertising significantly changed the ratio of copy at most papers.
 - Recent recession hit papers hard.



Early Ad Regulation

- Advertising regulation entities
 - The Better Business Bureau (BBB)
 - Audit Bureau of Circulation (ABC)
 - Federal Trade Commission (FTC)
 - American Association of Advertising Agencies (AAAA)
- Subliminal advertising
 - Hidden or disguised messages
 - No more effective than regular ads



Types of Advertising Agencies

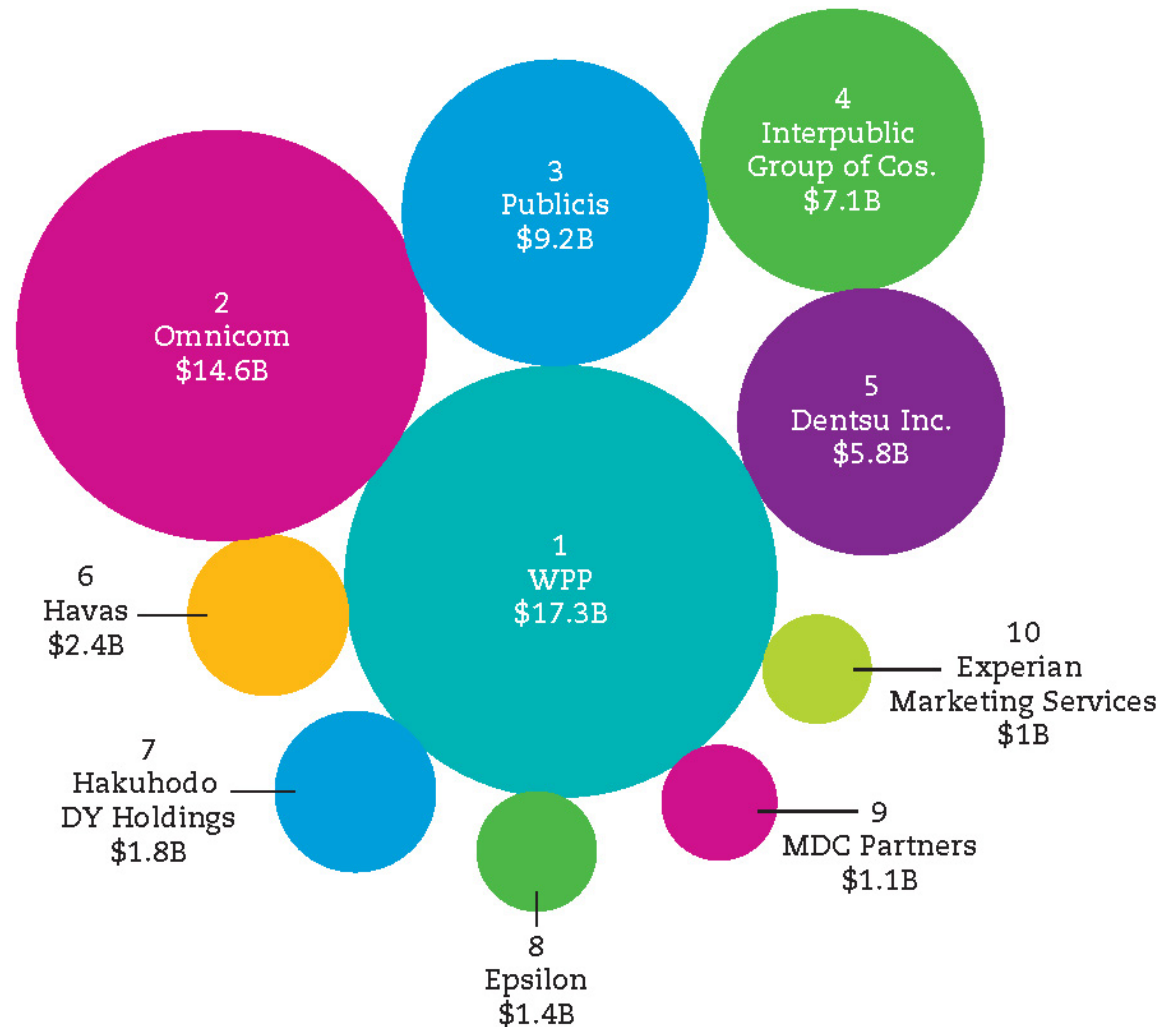
○ Mega-agencies

- Provide a full range of services
- WPP Group, Omnicom, Publicis Groupe, and the Interpublic Group

○ Boutique agencies

- Devote talents to select clients
- Peterson Milla Hooks

Figure 11.1: Global Revenue for the World's Largest Agencies





Trends in Online Advertising

- Types of online ads
 - Video ads, sponsorships, and “rich media” (pop-ups, [interstitials](#), etc.)
 - Classified ads and e-mail ads
 - [Spam](#)
 - Paid search advertising
- Leading advertisers are moving more of their ad campaigns and budget dollars to digital media.

Trends in Online Advertising (cont.)

- Targeting individuals
 - Collect information through cookies and online surveys
 - Track ad impressions and click-throughs
 - Build profiles for consumers based on this information
 - Use smartphone technology to tailor ads by geographic location or user demographic

Trends in Online Advertising (cont.)

○ Social media

- Social networking sites provide advertisers with a wealth of data.
- Some sites ask whether users liked each ad.
- Companies buy traditional paid ads on social networking sites.
- Controversy over whether people must disclose if they are paid to promote a product



Product Placement

- Placing ads in movies, TV shows, comic books, video games, etc.
 - Starbucks on *Morning Joe* (MSNBC)
 - 100+ placements in *Man of Steel*, worth \$160 Million
- FTC and FCC
 - Petitioned to mandate warnings
 - Mandates rejected by the FTC
 - FCC proposed placement rules



Critical Issues in Advertising

- Advertising toys and sugary cereals to children
- Advertising in schools
- Impact on health
 - Eating disorders
 - Tobacco
 - Alcohol
 - Prescription drugs



Alternative Voices

- “Truth” campaign
 - National youth smoking prevention campaign works to deconstruct the images that have long been associated with cigarette ads.
 - Recognized by 80% of teens
 - By 2007, ranked in the Top 10 “most memorable teen brands”