

## **CHAPTER TWO THE BIG PICTURE: THE FUNCTIONS OF ADVERTISING AND ITS EVOLUTION**

Advertising and IMC play important roles in the national and global economies, yet they evolved relatively recently in human history. Why did advertising develop, and why is it so important in modern life? To help answer these questions, this chapter introduces the principles of free-market economics, the functions and effects of advertising in a free economy, the evolution of advertising as an economic tool, and advertising's overall impact on society. Students will gain an understanding of why the practice of advertising began, how it changed, why it will continue to evolve, and why it is an important part of a market economy.

### **Learning Objectives**

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

LO2-1 Discuss the functions advertising performs in free markets.

LO2-2 Identify milestones in the history of advertising.

LO2-3 Discuss how the role of advertising has changed over time.

LO2-4 Offer evidence for the importance of branding, including descriptions of the benefits that strong brands offer companies.

LO2-5 Delineate the impact of advertising on society yesterday, today, and tomorrow.

### **What's New?**

The chapter's title has changed to better represent the learning objectives. This chapter has long featured Coke as a way to illustrate the history of advertising. The opening vignette has been updated to the present. We have continued to emphasize the importance of branding early in the text and expanded on our earlier discussion. Students now learn how a brand vision is created, understand how companies develop and maintain a brand personality, and read vision statements from some of the world's most famous brands. The Ethics, Diversity & Inclusion box features Mary Wells Lawrence, an advertising legend and one of the earliest women to lead a major advertising agency. The My IMC Campaign box has been updated to ensure students learn about the latest tools for staying connected and working together.

### **Teaching Tips and Strategies**

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

I like to emphasize the youth of advertising as a profession, and ask students why that is so. The earliest ads for Coca Cola date back to the nineteenth century, which is likely to seem very ancient to students. Yet even the oldest Coke ads are just a bit over a century old. The professions of medicine, law, and finance date back thousands of years. Prompting students in

this fashion will likely lead them to consider the importance of several nineteenth and twentieth century developments for the creation of the modern ad industry. These include industrialization, literacy, urbanization, increases in the standard of living and wealth (especially in the U.S. and Europe), and the development of new mass media such as radio, television, and the internet. Shaping the discussion in this way will lead students to a deeper appreciation of the role that advertising plays in modern life.

Today's students, believe it or not, were not even born when "New Coke" was introduced. I always give a brief account of the New Coke fiasco as a way of differentiating the product (which consumers preferred in blind taste tests) from the brand (which consumers rejected hands down to the classic formula). For background on the discussion, see this site: [www.cbsnews.com/news/30-years-ago-today-coca-cola-new-coke-failure](http://www.cbsnews.com/news/30-years-ago-today-coca-cola-new-coke-failure). I find it also can be quite humbling to know that one of today's most effective and powerful marketers can still make a terrible mistake. If nothing else, the New Coke story helps students understand the difference between product attributes (such as blind taste or containers) and a brand.

### **Other Tips and Strategies**

This chapter will explain to students the evolution of advertising. It is important for students to understand that although advertising started in the 1700s, it did not really become an everyday occurrence until the 1800s in America. Many people that I have discussed this with believe it is because Americans were not as focused on consumption then as they are now.

A great way to start the class is to go to Ad Age Advertising Century: Timeline, available at <https://adage.com/article/special-report-the-advertising-century/ad-age-advertising-century-timeline/143661>.

This site has an excellent pictorial timeline of how advertising started in America. I recommend going over the timeline with students. Students seem to really get interested in this information. The timeline begins with the first ad created in America and brings the students up to date on modern ads. There is also a timeline in the student text.

I like to delve into the last century of advertising with students. As you know, in the 1900s ads were very wordy. Back then, people read a lot more than they do today. This is because radios and television sets had not yet become standard possessions. Newspapers and magazines were consumers' ways of catching up on the latest news. Advertisers used to make ads look like newspaper articles to help sell products or services.

One neat fact to share with students is that Coca-Cola helped to standardize the American Santa Claus in the 1930s through advertising. Before the standardization, I have been told that Santa was usually called St. Nicholas, and was plump in certain countries and skinny in others. Coke was trying to increase the market share of its product. They helped create the Santa we have

today (think Christmas Coke). The red and white colors were used to mirror the red and white Coke logo. That is the power of a well-known brand. One website to show students is [www.coca-colacompany.com/stories/coke-lore-santa-claus](http://www.coca-colacompany.com/stories/coke-lore-santa-claus), which explains the story of Santa in more detail.

This website has a wealth of information about how the famous “Hillside singers” ad was developed: [www.coca-colacompany.com/stories/coke-lore-hilltop-story](http://www.coca-colacompany.com/stories/coke-lore-hilltop-story).

I share with students how radio and television changed advertising forever. With the advent of radio came the live radio commercial. Now, instead of just reading about a product or service, people could hear celebrity spokespeople on the radio. Radio ads continue to this day. I recommend going over the advent of television and how consumers could, for the first time, actually hear and see a product or service on television. This really helped to change advertising, and the resulting television commercials have helped to sell billions of dollars of products through the years. Television advertising has had its ups and downs in the last couple of decades.

Remind students that the advent of television allowed many consumers, for the first time, to actually hear and see a product or service. This really helped to change advertising, and the resulting television commercials have helped to sell billions of dollars of products through the years. I also try to encourage students to see the challenge faced by people working in agencies as they struggled to discover effective ways to write and produce for new media. This point can be amplified by showing early commercials from the 1950s and contrasting them with more current examples (I contrast old Coca Cola ads with their newer versions).

### **Web Resources for Enhancing Your Lectures**


Coke Ads	<a href="https://www.coca-colacompany.com/history/advertising">https://www.coca-colacompany.com/history/advertising</a>
Ads of the World	<a href="http://adsoftheworld.com">http://adsoftheworld.com</a>
AdRants	<a href="http://www.adrants.com">http://www.adrants.com</a>
William Bernbach bio	<a href="https://adage.com/article/special-report-the-advertising-century/william-bernbach/140180">https://adage.com/article/special-report-the-advertising-century/william-bernbach/140180</a>
Ad*Access: John W. Hartman Collection	<a href="https://repository.duke.edu/dc/adaccess">https://repository.duke.edu/dc/adaccess</a>
AdFlip: Historical print ad archive	<a href="http://www.adflip.com">http://www.adflip.com</a>

## Pedagogical Features

 **Portfolio Review:** The Modern History of Advertising

 **Ethics, Diversity & Inclusion:** Mary Wells

 **My IMC Campaign 2:** Tools for Teamwork

 **Ad Lab 2–A:** What Kills Bugs Dead?

 **People behind the Ads:** William Bernbach: Advertising Legend

## Lecture Outline

### I. Vignette: The Coca-Cola Story

The Coca-Cola Company has approached advertising in many different ways since its beginning in the late nineteenth century. Both Coke's image and recipe have changed with the times, nearly breaking the company in the 1980s, and yet it remains the world's favorite carbonated beverage today.

### II. The Functions of Advertising

Exhibit 2-1 shows a chronology of the evolution of the Coca-Cola brand and company. The functions and effects of branding as well as advertising discussed are listed in Exhibit 2-2.

- A. Identifying products and differentiating them from others is one of the most basic functions of branding.
- B. Communicate information about the product, its features, and its place of sale.
- C. Induce customers to try new products and to suggest reuse. Example: Sending soda fountains free syrup.
- D. Increase product use.
- E. Stimulate the distribution of a product.
- F. Build value, brand preference, and loyalty.
- G. To lower the overall cost of sales.

### III. The Evolution of Advertising

#### A. Early Advertising

1. During the **preindustrial age**, several important events contributed to the eventual development of modern advertising.
2. The Chinese invented paper around 150 B.C. Europe had its first paper mill by 1275.
3. Around 1439, Johannes Gutenberg invented the movable-type printing press in Germany. The printing press is the most important development in the history of advertising because it changed the way people communicated, lived, and worked.

4. In 1472, the first ad in English appeared: a handbill tacked on church doors in London announcing a prayer book for sale.
  5. 1700s: The world's population stood at about 600 million people, and some cities were big enough to support larger volumes of advertising.
  6. Samuel Johnson, a famous English literary figure, observed in 1758 that advertisements were now so numerous that they were “negligently perused,” and it had become necessary to gain attention “by magnificence of promise.” This was the beginning of *puffery* in advertising.
  7. In the colonies, the *Boston Newsletter* started carrying ads in 1704.
  8. About 25 years later, Benjamin Franklin, the father of advertising art, made ads more readable by using large headlines and considerable white space. In fact, Franklin was the first American to use illustrations in ads.
- B. The Industrial Age and the Birth of Ad Agencies
1. The **industrial age** began around the middle of the nineteenth century and lasted well into the twentieth.
  2. Fresh mass markets then developed new, inexpensive brands.
  3. Luxury and convenience goods called **consumer packaged goods**.
  4. Ads appeared in publications called *price currents* that informed retailers about the sources of supply and shipping schedules for commodities.
  5. The American *profession* of advertising began when Volney B. Palmer set up business in Philadelphia in 1841.
  6. The manufacturers changed their focus from a *production* orientation to a *marketing* orientation.
  7. In the 1920s, the era of salesmanship had arrived and its bible was *Scientific Advertising*, written by the legendary copywriter Claude Hopkins at Albert Lasker's agency, Lord & Thomas. Radio was born at about the same time and rapidly became a powerful new advertising medium.
  8. Manufacturers followed this strategy of *product differentiation* vigorously, seeking to portray their brands as different from and better than the competition by offering consumers quality, variety, and convenience.
- C. The Golden Age of Advertising
1. The postwar period from 1946 through the 1970s is sometimes referred to as advertising's “Golden Age.” This is because the introduction of television helped make the advertising industry a focus of great attention, which led to both acclaim and criticism.
  2. The prosperous late 1940s and early 1950s seemed to many to create a culture in which consumers tried to climb the social ladder by buying more and more modern products.
  3. Development of USP (unique selling proposition)—features that differentiate it from competitive products.

4. Companies turned to a new mantra: **market segmentation**, a process by which marketers searched for unique groups of people whose needs could be addressed through more specialized products.
  5. The image era of the 1960s was thus the natural culmination of the creative revolution. Advertising's emphasis shifted from product features to brand image or personality as advertisers sought to align their brands with particularly profitable market segments.
  6. **Positioning strategy** proved to be an effective way to separate a particular brand from its competitors by associating that brand with a particular set of customer needs that ranked high on the consumer's priority list.
- D. The Postindustrial Age
1. Beginning around 1980, the **postindustrial age** has been a period of cataclysmic change.
  2. Acute energy shortages of the 1970s and 1980s introduced a new marketing term, **demarketing**.
  3. To expand globally, big multinational companies and their advertising agencies went on a binge, buying other big companies and creating a new word in the financial lexicon: *megamerger*.
  4. Two related economic factors characterized the marketing world of this period: (1) the aging of traditional products, with a corresponding growth in competition, and (2) the growing affluence and sophistication of the consuming public, led by the huge baby boomer generation.
  5. Two developments from the early 2000s were little noticed then, but in time would shake up the marketing world. Larry Page and Sergey Brin, two Stanford grad students, developed AdWords, an advertising program for their search engine, Google, that eventually generated billions in profits. And Mark Zuckerberg dropped out of Harvard, headed west, and named his new social media company Facebook. By tapping into a strong consumer desire to connect with others, Zuckerberg created what may well be the greatest word-of-mouth marketing platform in history. The internet had created an electronic frontier—what Tom Cuniff, VP/creative director at Lord, Dentsu & Partners, calls “the second creative revolution.”
- E. The Global Interactive Age: Looking at the 21st Century
1. As Exhibit 2-3 shows, the top 5 global marketers are based in many different countries.
  2. In an effort to do a better job of *relationship marketing*, companies understand that they must be consistent in both what they say and what they do.
  3. Companies must integrate all their marketing communications with everything else they do, too. That's what *integrated marketing communications* really means.

#### IV. How Advertising Turns Products into Brands

Scott M. Davis and Michael Dunn define the concept “**brand**” as follows: Promises made to customers...based on multiple experiences over time...delivered with a consistently high level of quality and value...that are perceived to be unparalleled relative to the competition,...ultimately resulting in deep, trust-based relationships..., which in turn, garners great amounts of loyalty and profits over time.

1. A brand is a promise about a product. It allows consumers to have an expectation that a product will do something valuable or desirable, and that this will happen each time they buy or use the product. Because of this perception, consumers build trust-based relationships with a brand.
2. Brands aspire to create more than just a set of expectations. Great brands inspire loyalty, emotion, and admiration.
3. Brands are unique and consistently deliver desired benefits, allowing companies to charge more.

##### A. Why Do Companies Brand Their Products?

David Aaker argues that brands are company assets. As a result, smart companies allocate money in support of their brands. The financial worth of most modern consumer-focused companies is directly related to the strength of their brands.

1. Among the more specific benefits provided to a company by strong brands are these:
  - a. They allow for premium pricing versus competitors.
  - b. They afford protection against price wars.
  - c. They make it more likely a new product will succeed.
  - d. They afford leverage in negotiating with channel partners.
  - e. They make companies more attractive to co-branding partners.
  - f. They help companies more effectively deal with a brand crisis.
  - g. They help companies recruit top talent.
  - h. They garner consumer loyalty.

##### B. Creating a Brand Vision

1. A brand’s vision, Aaker says is “an articulated description of the aspirational image for the brand; what you want the brand to stand for in the eyes of customers and other relevant groups.”
2. The brand vision is created from consideration of the environment in which the brand competes: its customers, competitors, capabilities, challenges, and opportunities.
3. Aaker recommends identifying all aspirational associations for the brand and grouping them into lists. The lists should include things like product attributes, consumer benefits, brand personality, etc. Done properly, such analysis can yield visions as powerful as those listed below:

- a. Amazon: *To be Earth's most customer-centric company where people can find and discover anything they want to buy online.*
- b. Casper: *Great sleep, made simple.*
- c. Coca-Cola: *To refresh the world in mind, body and spirit. To inspire moments of optimism and happiness through our brands and actions. To create value and make a difference.*
- d. Google: *Google's mission is to organize the world's information and make it universally accessible and useful.*
- e. Ikea: *Ikea's vision is to create a better everyday life for the many people.*
- f. Patagonia: *Build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis.*
- g. Starbuck's: *To inspire and nurture the human spirit—one person, one cup and one neighborhood at a time.*
- h. Twitter: *To give everyone the power to create and share ideas and information instantly, without barriers.*

C. The Brand Personality

1. Many companies adopt a brand personality. Progressive Insurance uses the following vision: “to reduce the human trauma and economic costs associated with car accidents.”
2. The brand personality is reflected in the Progressive spokesperson Flo. Why is Flo so effective? According to one observer, “She’s a tangible person and personality in an increasingly virtual world—as real as the shopkeeper you never have to deal with anymore, because you buy everything on Amazon.”
3. Not every brand personality is reflected as an actual person such as Flo. Google’s personality is exemplified by the simplicity and elegance of its website and products. Shoppers think of Walmart for large selection and cheap prices. Target might have a smaller selection and be a bit more expensive, but it is also fun and has a sense of style.

V. The Broader Impact of Advertising on Society and Ethics

- A. Advertising has been a major factor in improving the standard of living in the United States and around the world.
- B. Facebook, Google, magazines, radio and television networks and stations, and many websites all receive their primary income from advertising. This facilitates freedom of the press and promotes the availability of more complete information.
- C. The Red Cross, United Way, and other noncommercial organizations receive continuous financial support and volunteer assistance due in large part to the power of advertising.
- D. Advertising practitioners formed groups to improve advertising effectiveness and promote professionalism and started vigilance committees to safeguard the integrity of the industry.



E. Advertising has had a pronounced effect on society as well as the economy. It has also fostered a host of social attitudes and laws that have dramatically affected advertising itself.

VI. Chapter Summary

A. Advertising has a number of functions and effects in a free economy. It identifies and differentiates products; communicates information about them; induces nonusers to try products and users to repurchase them; stimulates products' distribution; increases product use; builds value, brand preference, and loyalty; and lowers the overall cost of sales.

B. Advertising is a relatively recent development in human history.

C. The industrial age brought changing economies and increased competition and thus marked the emergence of advertising as an industry.

D. Among the most important marketing developments of the past 100 years has been the recognition of the power of brands.

E. As a social force, advertising has helped improve the standard of living in the United States and around the world.

F. Advertising has also been severely criticized over the years for its lack of honesty and ethics.

Answers to Pedagogical Features

 **Portfolio Review:** The Modern History of Advertising

If we look back at the ad campaigns of 30, 50, 70, and even 100 years ago, we get a fascinating indication of how life was lived back then, and we can also see how the development of modern advertising parallels the development of our own standard of living. Study the array of historical ads in this Portfolio Review and consider how well each relates to the seven functions and effects of advertising discussed in this chapter.

 **Ethics, Diversity & Inclusion:** Mary Wells

In 1969, the highest-paid person working in advertising was said to be Mary Wells. She continued in her role until 1990, when, at age 62, she stepped away from agency life. Mary Wells Lawrence is an advertising legend and was one of the earliest women to lead a major advertising agency.

 **My IMC Campaign 2:** Tools for Teamwork

1. Advertising agencies look for at least three qualities in the people they hire: talent, knowledge, and the ability to work well with others.
2. First, you will need to coordinate everything that you do.
3. Second, you will be sharing work.

4. Finally, everyone is accountable. Talk to your professor about whether he or she expects peer evaluations or some other means to assess differences in group member effort and performance.

### **Staying Connected**

E-mail, of course, remains an essential tool. You may have a university e-mail account, but these can be problematic because (1) your inbox space is limited, (2) spam filters in these accounts are often very aggressive (too much useful mail is moved to the spam folder), and (3) they lack many useful tools for organizing and labeling your mail.

### **Creating Documents**

Google docs (<http://docs.google.com>) is a free suite of simple yet powerful document creation tools that includes a word processor, a spreadsheet program, and a presentation creator.

### **Staying Organized**

Many people find that calendars and to-do lists are essential. Google has an excellent calendar program ([www.google.com/calendar](http://www.google.com/calendar)) that everyone in the team can edit.

### **Conducting Research**

For secondary research purposes it is great to have a program that allows you to copy and store documents, web pages, photos, charts, and other kinds of information. Services such as GoogleDrive or Dropbox afford such opportunities.

### **Working Well and Staying Accountable**

Learning to adapt to group projects is not easy for everyone. Knowing what to expect and developing the skills to work well with others is essential. For guidance, consider these thoughts from experts:

MIT: <http://hrweb.mit.edu/learning-development/learningtopics/teams/articles/basics>

*Psychology Today*: [www.psychologytoday.com/us/blog/cutting-edge-leadership/201301/characteristics-good-workteam-members](http://www.psychologytoday.com/us/blog/cutting-edge-leadership/201301/characteristics-good-workteam-members)

If you volunteer to be a team leader (or are appointed one), some helpful tips can be found here:

Qualities of a great team leader: <http://smallbusiness.chron.com/10-effective-qualities-team-leader-23281.html>

Roselind Torres on new leadership styles:

[www.ted.com/talks/roselinde\\_torres\\_what\\_it\\_takes\\_to\\_be\\_a\\_great\\_leader/discussion](http://www.ted.com/talks/roselinde_torres_what_it_takes_to_be_a_great_leader/discussion)

If you are doing peer evaluations in your class, your professor will likely have a form that you should use. These types of forms can be found throughout the web. Some examples include these:

[www.lapresenter.com/coopevalpacket.pdf](http://www.lapresenter.com/coopevalpacket.pdf)

[www.northwestern.edu/searle/docs/History%20and%20Philosophy%20Self%20and%20Peer%20Evaluation.pdf](http://www.northwestern.edu/searle/docs/History%20and%20Philosophy%20Self%20and%20Peer%20Evaluation.pdf)

### **AD LAB 2–A: What Kills Bugs Dead?**

1. Now that you know a little about slogans, create one for yourself personally or for your real or imagined company. Which qualities and characteristics do you want your slogan to highlight? Share your slogan with your classmates and gauge their reactions.

Answer Guidelines:

The key is to make sure the students' slogans sound compelling. This exercise will also help students realize that these slogans are not as easy to create as they might have thought.

2. Business cards serve a higher purpose than simply providing information for a Rolodex. They are mini-advertisements. Create a business card for yourself using your slogan.

**Answer Guidelines:**

This is a fun exercise to have students turn in. It always amazes me what students come up with.

### **People behind the Ads: William Bernbach: Advertising Legend**

- For most of the 1950s creativity carried little currency.
- But by 1959 a creative revolution was brewing, led by the founder and creative leader of an upstart New York agency, Doyle Dane Bernbach.
- Contradicting Hopkins's claim that advertising was a science, Bernbach wrote: "I don't want academicians. I don't want scientists. I don't want people who do the right things. I want people who do inspiring things...Let us blaze new trails."
- Bernbach developed copy that encouraged consumers to reject groupthink, the mass society, and the idea that everyone should be like everyone else.
- Bernbach passed away in 1982 after a fabled career, but his legacy is intact. *Harper's Magazine*, noting his passing, wrote that Bernbach had made "a greater impact on American culture than any of the distinguished writers and artists" appearing in the magazine during its 133 years.

### **Review Questions**

1. What are the four fundamental assumptions of free market economics?  
(1) Self-interest; (2) complete information; (3) many sellers, many buyers; (4) absence of externalities (social costs).
2. What are the primary functions of advertising in a free economy?  
The primary functions of advertising in a free economy are: (1) to identify products and their sources and to differentiate them from others; (2) to communicate information about the product, its features, and its location of sale; (3) to induce customers to try new products and

to suggest reuse, (4) to stimulate the distribution of a product; (5) to increase product use; (6) to build value, brand preference, and loyalty; and (7) to lower the overall cost of sales.

3. What has had the greatest impact on the way advertising has evolved?

The printing press, invented by Johannes Gutenberg in the 1440s, was the most important invention of the Preindustrial Age. The printing press revolutionized not only the system of communication, but also the way people lived and worked. In the Industrializing Age, the advent of industry was the most important invention, as it facilitated the mass production of products. This trend continued in the Industrial Age, which also saw the invention of broadcast media and greater sophistication in marketing techniques, including market segmentation. The most important things that happened in the Postindustrial Age is the realization of the limits of natural resources and the emergence of demarketing. The internet is the greatest innovation of the Global Interactive Age.

4. How does advertising lower the cost of sales?

Advertising can lower the cost of sales by increasing the volume of sales, which in turn lowers the costs of manufacturing and distribution.

5. How would you differentiate the advertising used in the industrializing age from the industrial age?

During the industrializing age, manufacturers were more concerned about getting products out to the general public. Wholesalers used to advertise to the public to let them know they had a product or service. In the industrial age, society started changing to more of a consumer-centered process. The increased availability of competing brands led to a greater focus on differentiation, letting consumers know how and why a product was different from its competitors.

6. What has been the most important influence on advertising in the postindustrial age?

The fact that consumers started realizing that our resources were not infinite.

7. What are three examples of companies or organizations that use a demarketing strategy?

Three examples of companies/organizations that use the demarketing strategy are states trying to curtail smoking, utilities trying to get consumers to use less energy, and cities trying to get consumers to limit the waste they bring to the curb each week for pickup.

8. What companies can you think of that are engaged in marketing warfare?

A classic example is Coke and Pepsi. They have been at each other's throats and as of this writing, it seems Pepsi is starting to edge ahead, especially with the purchase of Quaker Oats (which owns Gatorade). Today the biggest competitive advertising campaigns are those of wireless phone companies.

9. As a consumer, are you likely to save money buying at a store that does not advertise?

Explain.

This answer will vary. Sometimes a decision not to advertise is an indication of exclusivity. In such cases, shoppers will not likely save money but may still get value in the form of excellent service (think Nordstrom's). But in other cases, a store that does not advertise might still save consumers money (think Dollar Stores). Often, stores that advertise the prices of the

items they sell are generally trying to call attention to low prices. Consumers will likely save money shopping at such outlets.

10. What effects do you believe advertising has had on society in general? Explain.

Advertising can help create trends and desires. For example: BMW introduced the Z3 convertible in a James Bond movie, which helped make that car a desired status symbol for many wealthy middle-aged men.

## The Advertising Experience

### 1. Ad Action: Demarketing

Identify a social problem at your school that has had an effect on you or your community. Then create a print demarketing advertisement that addresses this problem. The ad should have a visual element as well as a slogan. What incentive have you created for your audience to change? Why do you think the incentive will resonate with people who see your ad?

### 2. Economic Perspectives of Advertising

Visit the website that follows for readings on the economics of advertising. After studying them, do you believe advertising primarily promotes monopolies or does it foster many buyers and sellers? Support your argument with points from the article.

- a. “Advertising,” The Library of Economics and Liberty: The Concise Encyclopedia of Economics—an interesting primer by Prof. George Bittlingmayer, University of Kansas: [www.econlib.org/library/Enc/Advertising.html](http://www.econlib.org/library/Enc/Advertising.html)

### 3. Advertising History

Visit the following websites to see what else you can learn about the early advertising efforts of companies here and abroad. Can you find some early ads for Kodak? Coca-Cola? Sunkist? Who are some of the other major advertisers listed? What specific characteristics in art and copy styles do you notice that make these ads different from advertising today?

- a. The Emergence of Advertising in America section of the John W. Hartman Center for Sales, Advertising, and Marketing History at Duke University: <http://scriptorium.lib.duke.edu/eaa>
- b. Archives of the History of Advertising Trust: <http://www.hatads.org.uk/>
- c. History Matters: <http://historymatters.gmu.edu/mse/ads/amadv.html>
- d. The Museum of Broadcast Communications (Chicago): <http://www.museum.tv/>
- e. Nineteenth-century advertising in *Harper's Weekly* magazine: <http://advertising.harpweek.com>
- f. USATVADS (a large—more than 1 million examples—pay-site collection of American television commercials): [www.usatvads.net](http://www.usatvads.net)
- g. Advertising, marketing, and commercial imagery collections of the National Museum of American History at the Smithsonian: <http://americanhistory.si.edu/collections/subjects/advertising>

4. Volkswagen's advertising from the early 1960s was clearly quite different from that of its competitors—perhaps because of its decision to pair copywriters with art directors, a partnership that is now all but standard in the advertising industry. But did other automakers sit up and take notice? Find some examples of American auto advertising in the years since that could potentially have been influenced by DDB's VW work.
5. Some Coca-Cola investors want the company to spend more on advertising products in growing categories, such as sports drinks, and less on trying to revive consumer interest in full-calorie soft drinks. How would you respond to these shareholders?

**Answer Guidelines:**

Coca-Cola is an entity that understands its brand and its target audience extremely well. While consumer preferences may be dictating a slight trend toward partiality for lower calorie beverages, Coca-Cola still remains a giant in the soft drink market and works to maintain its “classic” brand identity. With this longstanding, classic brand identity, Coca-Cola has fostered an extreme sense of brand loyalty among its consumers. Rather than attempting to obtain new customers for a new sports drink offering, Coca-Cola instead chooses to invest more funding and time toward its current users while also working to promote re-adoption of consumption habits by former consumers.

6. After stirring up consumers' emotions and shaking their faith in the company by introducing New Coke, company executives have been treading somewhat lightly for the last 20 years. Do you think their efforts to conserve and protect the brand have stifled the creativity of Coca-Cola advertising? Why or why not?

**Answer Guidelines:**

- a. Yes: Coca-Cola, until 2018 with its launch of Orange Vanilla Coke, had not launched a new product in over a decade. This lack of product innovation could be attributed to a fear of another product failure. Additionally, several sources have commented on the lack of creativity and inaccurate understanding of millennial and Gen-Z audiences in the brand's most recent advertisements, including their, “Because I Can,” campaign that features a diverse cast of spokespersons (primarily women) telling consumers to have a Diet Coke “because they can.” Many women felt that it was an attempt to pander to a trend in female empowerment by telling women to do what they want, regardless of what others might say or think, simply because they can. These messages did not perform well with the intended target audience and, in fact, garnered more dislikes than likes on the brand's YouTube channel. Overall, attempts to stick to the “classic” brand imagery of Coca-Cola may be leading the brand toward more misunderstandings of who their consumers are today.
- b. No: Coca-Cola has continued to highlight the classic elements of its brand identity while also striving to stay relevant to consumers today. Advertisements for Coca-Cola's newest

product (their first new product in over a decade), Orange Vanilla Coke, utilize a 1970s-era vibe. These ads serve as a prime example of Coca-Cola staying true to its classic brand identity while also showing an understanding of current trends, as the product was first promoted during the airing of a popular show with younger audiences, “The Four: Battle for Stardom.” Advertisements for this new product garnered 985 million impressions for the brand, showing that even with nearly a decade since a new product launch, Coca-Cola was able to very successfully reach a younger audience. Additionally, Coca-Cola has made huge creative strides with efforts such as their “Share A Coke” campaign, inclusive messages during the SuperBowl such as “The Wonder of Us,” and the promotion of products during some of the biggest events in the world (i.e., the 2018 FIFA World Cup), all highlighting Coke’s creative capabilities to continue to innovate and reach younger audiences.

**Connect Activities**

Title	Assignment Type	Topic	Learning Objective	AACSB Accreditation Tagging	Bloom’s Taxonomy
Functions of Advertising in a Free Economy	Matching	Functions of Advertising	02-01	Analytical Thinking	Understand
Burger King and Branding	Video Case	Marketing Communication’s Role in Developing a Brand	02-04	Reflective Thinking; Analytical Thinking	Remember; Evaluate
Evolution of Advertising	Timeline	History of Advertising	02-02	Analytical Thinking	Understand

**Functions of Advertising in a Free Economy**

**Activity Summary:** This activity provides students with a case describing the promotional practices of a fictitious fast, but healthy, boxed lunch restaurant, Nutra Box. The activity asks students to match the activities performed by Nutra Box with the principles of a free market economy that those activities represent.

**Follow-Up Class Discussion:** Ask student groups to explore the advertising efforts of one of their favorite brands and match their advertising activities to the functions of advertising in a free market economy as described in the text.

## **Burger King and Branding**

**Activity Summary:** This activity has students view a video from the Burger King brand, which reiterates their identity as flame-grilled burger specialists. The questions that follow the video have students consider the functions and benefits of a strong brand.

**Follow-Up Class Discussion:** Ask groups of students to identify a brand that they feel has a strong brand identity. Challenge students to identify how they have branded themselves and what functions of branding are served by the brand's advertising efforts. Additionally, ask students to identify the advantages they feel strong branding has afforded to their chosen brand.

## **Evolution of Advertising**

**Activity Summary:** This activity asks students to identify the correct era of the various developments in the history of advertising.

**Follow-Up Class Discussion:** Group students into teams and ask them to identify a brand that was established more than 50 years ago. Ask them to outline the brand's history of advertising. What media did they use in the beginning? What do they use now? Ask them to find advertisements that show the evolution of the brand over the years. What elements of a particular decade, as discussed in the text, can be seen in the brand's advertising?