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Non-commercial advertisers who spend money to advertise items other than a consumer product or service include political parties, interest groups, religious organizations and governmental agencies. Nonprofit organizations may rely on free modes of persuasion, such as a public service announcement Advertising is praised but also criticized by critics in their own ways. Advertising has many positive impacts along with its negative pictures. Advertising is something else. It is not related to studies, but it educates. It is not a journalist but gives all information.

And it is not an entertaining device but entertains everyone. John O’ Tool , President of American Association of Advertising Agencies The Asia economic principles that guided the evolution of advertising also have social and legal effects. When they are violated, social issues arise and the government may take corrective measures. Society determines what is offensive, excessive, and irresponsible; government bodies determine what is deceptive and unfair. To be law-abiding, ethical, and socially responsible, as well as economically effective, advertisers must understand these issues.

Social role of Advertising: There are some positive and some negative aspects of advertising on the social ground. They are as follows. Deception in Advertising: The relation between the buyers and sellers is maintained if the buyers are satisfied with what they saw in advertise and what they got after buying that product. If seller shows a false or deceptive image and an exaggerated image of the product in the advertisement, then the relation between the seller and buyers can’t be healthy.

These problems can be overcome if the seller keep their ads clean and displays right image of the product. The Subliminal Advertising: Capturing the Minds of the consumers is the main intention of these ads. The ads are made in such a way that the consumers don’t even realizes that the d has made an impact on their minds and this results in buying the product which they don’t even need. But “ All ads don’t impress all consumers at all times”, because majority of consumers buy products on basis of the price and needs.

Effect on Our Value System: The advertisers use puffing tactics, endorsements from celebrities, and play emotionally, which makes ads so powerful that the consumers like helpless preys buy those products. These ads make poor people buy products which they can’t afford, people picking up bad habits like smoking and drinking, and buy products just because their favorite actor endorsed that product. This affects in increased the cost of whole society and loss of values of our own selves. Offensiveness: Some ads are so offensive that they are not acceptable by the buyers.

For example, the ads of denim jeans showed girls wearing very less clothes and making a sex appeal. These kinds of ads are irrelevant to the actual product. Btu then there is some ads which are educative also and now accepted by people. Earlier ads giving information about birth control pills was considered offensive but now the same ads are considered educative and important. But at the last, there are some great positive aspects which help \* Development f society and growth of technologies \* Employment \* Gives choices to buyers with self interest \* Welcomes healthy competition \* Improving standard of living. Give information on social, economical and health issues. In their constant quest to attract consumers and associate products with “ cool” or luxurious and hedonistic lifestyles, some advertisers have consistently pushed the boundaries of what is ethically and socially acceptable. American advertising has always embraced erotic suggestiveness while usually staying clear of full nudity and explicit sexuality. Campaigns that lure that distinction often arouse controversy and even protest.

For two decades, the most notorious purveyor of sensual “ cool” was Calvin Klein?? beginning in the late sass with the “ nothing comes between me and my Calling’s” campaign featuring Brooke Shields and culminating in 1 ass’s “ kiddies-porn” controversy. Kelvin’s racy advertisements provoked the ire of conservative groups but earned him the respect of edgier critics who viewed his campaigns as artistically ironic. In the end, the controversies benefited Klein, as the media firestorm provided free publicity for his brand name and underscored the sophisticated “ cool” of the campaigns.

Since the millennium, however, the mantle of “ most controversial advertiser” has passed from Klein to trendy teen retailer Firebombed and Fitch (A&F). A subsidiary of The Limited since 1 988, flirted with controversy in the early sass, when a black-and-white print ad, ostensibly featuring a father and son on a boating outing, was misinterpreted as a gay couple. Capitalizing on the angle, A&F hired iconic sass fashion photographer Bruce Weber, who had been responsible for some of the steamier Calvin Klein images, as the ironical photographer for the A&F Quarterly, a hybrid catalog and lifestyle magazine, known as a “ maggot. According to Quarterly contributor Sean Collins, the maggot was intended as an “ outside-looking-in fantasy version of college life??’ that parodied ‘ the idealized life of leisure, while at the same time celebrating that ideal for its very maintainability. ” The magazine originally featured pseudo-adult photographs of hunky, undressed young adult men, but as it became increasingly popular in campus Greek culture, it began featuring under- and undressed women as well, in increasingly suggestive sexual situations.

The publication’s articles, sexually explicit but often tongue-in-cheek, underscored this “ sex and games” attitude. Although opposition always existed toward Weeper’s erotic photographs, the explicit articles bred controversy, particularly as it was hard to see what they had to do with the clothing. A feature article on alcohol consumption, called “ Drinking 1 01 caught the attention of Mothers Against Drunk Driving, and the magazine’s 1999 issue “ Naughty or Nice” prompted Illinois Lieutenant Governor Chorine Wood to call for a boycott of the retailer for “ peddling soft porn in the guise of a clothing catalog.

In 2002-2003, the company faced two public relations problems regarding ethnically insensitive T-shirt designs and racial discrimination in hiring practices. So when controversy over the Quarterly broke out again, in December 2003, this time over an article on group sex, the company finally reformatted the maggot and introduced a new publication for summer 2004, Magazine, which focused exclusively on artistic photographs of models wearing A&F clothing. The outcry over the Quarterly occurred in spite of the fact that the maggot was sold in a wrapper labeling it as “ for over 18” and required identification to arches.

Although containing no full-frontal nudity and only marginally raunchier than magazines like Maxim and Stuff, the confusion of the soft- porn genre with conventional advertising seemed particularly distressing to conservative critics like the National Coalition for the Protection of Children and Families, who claim that the company uses “ clothing to sell a sexual philosophy. ” Especially since the target market is teens and young adults, the advertising is viewed as transgressing the proper place of marketing.

Critics claim it reverses the conventional purpose of ads, using the clothing to sell he lifestyle rather than invoking the lifestyle to sell the clothing. But as with the Calvin Klein ads, the impact of controversy on brand-name recognition is sometimes worth the risk to the corporate image: Firebombed and Bitch’s profits were up for the second quarter of 2004, and copies of the last issue of the A&F Quarterly fetch up to $100 on eBay. And although the lifestyle depicted may not be popular with certain groups, the clothes themselves have achieved the status of uniform among preppy suburban youth.

In advertising, it seems generating controversy is a sure way to be seen. The Many Controversies about Advertising Advertising is one of the most visible activities of business. By inviting people to try their products, companies risk public criticism and attack if their advertising displeases or offends the audience or if their products don’t measure up to the advertised promise. Proponents of advertising say It’s therefore safer to buy advertised products because, when a company’s name and reputation are on the line, it tries harder to fulfill its promises (especially when it lists product benefits).

Advertising is both applauded and criticized not only for its role in selling products but also for its influence on the economy and on society. For years, critics have denigrated advertising for a wide range of sins?? some real, some imagined. John Tool, the late chair of Foote, Cone & Belling and president of the American Association of Advertising Agencies, pointed out that many critics attack advertising because it isn’t something else. Advertising isn’t journalism, education, or entertainment?? although it often performs the tasks of all three.

To go back to Albert L askers original definition, advertising is salesmanship in print (or in today’s parlance, in the paid space and time of mass media). As a means of communication, advertising shares certain traits of journalism, education, and entertainment, but it shouldn’t be judged by those standards. Sponsors advertise because they hope it will help them sell some product, service, or idea. Notwithstanding Toddle’s articulate defense, many controversies still swirl around the whole field of advertising. Some of them focus on advertising’s economic role.

For example, how does advertising affect the value of products? Does it cause higher or lower prices? Does it promote competition or discourage it? How does advertising affect overall consumer emend? What effect does it have on consumer choice and on the overall business cycle? Other controversies focus on the societal effects of advertising. For instance, does advertising make us more materialistic? Does it force us to buy things we don’t need? Does it reach us subliminally in ways we can’t control? How does it affect the art and culture of our society?

Does advertising debase our language? From these economic and social controversies, new questions arise regarding the responsibility for and control of advertising. What is the proper role for participants in the marketing process? How much latitude should marketers have in the kinds Of products they promote and how they advertise them? And what about consumers? Don’t they have some responsibility in the process? Finally, what is the proper role of government? What laws should we have to protect consumers? And what laws go too far and violate the marketers freedom of speech?

These are important questions, and there are no simple answers. But debate is healthy. This chapter addresses some of the major questions and criticisms about advertising, both the pros and the cons, and delves into the regulatory methods used to remedy advertisers’ abuses. He underlying principle of free-market economics?? that a society is best served by empowering people to make their own decisions and act as free agents, within a system characterized by four fundamental assumptions: self-interest, many buyers and sellers, complete information, and absence of externalities (social costs).

This fundamentally utilitarian framework, derived from the goal of society to promote behaviors that foster the greatest good for the most people, offers a system of economic activity?? free enterprise?? that has accomplished that goal better than any other economic system in history. This is why societies around the world are increasingly adopting free- enterprise economics. Economic role of Advertising economic effect of advertising is like the break shot in billiards or pool.

The moment a company begins to advertise, it sets off a chain reaction of economic events. The extent of the chain reaction, although hard to predict, is related to the force of the shot and the economic environment in which it occurred. It’s no coincidence that the level of advertising investment in a country is directly proportional to its standard of living. – Marcel Plainclothesmen, the father of modern F-ranch advertisement’s of Products: The advertised products are not always the best products in the market.

There are some unadvertised products also present which are good enough. But advertising helps increase value for the products by showing the positive image of the product which in turn helps convincing customers to buy it. Advertising educates consumers about the uses of the products hence increasing its value in minds of the consumers. For e. G. Mobile phones were first considered as necessity but nowadays the cell phones come with number Of features which makes them mode Of convenience for consumers.

Why do most people prefer Coca-Cola to some other cola? Why do some people prefer Calvin Klein underwear to some other unadvertised brand? Are the advertised products functionally better? Not necessarily. But, in the mind of the consumer, advertising has given these brands added value. I I Effect on Prices: Some advertised products do cost more than unadvertised products but the vice versa is also true. But if there is more competition in the market for those products, the prices have to come down, for e. G. , canned juices from various brands.

Thus some professional like chartered accountants and doctors are not allowed to advertise. But some products do not advertise much, and they don’t need much of it and even their prices are high but they are still the leaders in market as they have their brand name. E. G. , Propose cars Effect on consumer demand and choices: Even if the product is heavily advertised, it does not mean that the demand or say consumption rates will also increase. The product has to be different with better quality, and more variety than others. For E. G. Kellogg cornflakes have variety of flavors with different ranges to offer for different age groups and now also for people who want to loose weight thus giving consumers efferent choices to select from. Effect on business cycle: Advertising no doubt helps in employing more number of people. It increases the pay rolls of people working in this field. It helps collecting more revenues for sellers which they use for betterment of product and services. But there are some bad effects of advertisements on business cycle also. Sometimes, consumer may find the foreign product better than going for the national brand.

This will definitely effect the production which may in turn affect the GAP of the country. The economic aspects are supported by the Abundance Principle which says producing more products and services than the consumption rate which helps firstly keeping consumers informed about the options they have and secondly helps sellers for playing in healthy and competitive atmosphere with their self interest. Value of Products In the mid-1 sass, a famous psychologist named Ernest Ditcher asserted that a product’s image, created in part by advertising and promotion, is an inherent feature of the product itself.

Subsequent studies showed that while an ad may not address a product’s quality directly, the positive image conveyed by advertising may imply quality. Moreover, by simply making the product better known, advertising can make the product more desirable to the consumer. In these ways, advertising adds value to the brand. That’s why people pay more for Buffering than an unadvertised brand displayed right next to it?? even though all buffered aspirin, by law, is functionally the same. Advertising also adds value to a brand by educating customers about new uses for a product.

Kleenex was originally advertised as a makeup remover, later as a disposable handkerchief. AT&T first promoted the telephone as a necessity and later as a convenience. One advantage Of the free-market system is that consumers can choose the values they want in the products they buy. If, for example, low price is important, they can buy an inexpensive economy car. If status and luxury are important, they can buy a fancy sedan or racy sports car. Many of our wants are emotional, social, or psychological rather than functional.

One way we communicate who we are (or want to be) is through the products we purchase and display. By associating the product with some desirable image, advertising offers people the opportunity to satisfy those psychic or symbolic wants and needs. In terms of our economic framework, by adding value to products, advertising contributes to self- interest?? for both the consumer and the advertiser. It also contributes to the number of sellers. That increases competition, which also serves the consumers self-interest Effect on Prices If advertising adds value to products, it follows that advertising also adds cost, right?

And if companies stopped all that expensive advertising, products would cost less, right? Wrong. Some advertised products do cost more than unadvertised products, but the opposite is also true. Both the Federal Trade Commission and the Supreme Court have ruled that, by encouraging competition, advertising has the effect of keeping prices down. That again serves the consumer’s self-interest. And that is why professionals such as attorneys and physicians are now allowed to advertise. Sweeping statements about advertising’s positive or negative effect on prices are likely to be too simplistic.

We can make some important points, though: \* As one Of the many costs Of doing business, advertising is indeed paid for by the consumer who buys the product. In most product categories, though, the amount spent on advertising is usually very small compared with the total cost of the product \*Advertising is one element of the mass-distribution system that enables many manufacturers to engage in mass production, which in turn lowers the unit cost of products. These savings can then be passed on to consumers in the form of lower prices. In this indirect way, advertising helps lower prices. In industries subject to government price regulation (agriculture, utilities), advertising has historically had no effect on prices. In the 1 sass, though, the government deregulated many of these industries in an effort to restore free-market pressures on prices. In these eases, advertising has affected price?? usually downward, but not always. \* In retailing, price is a prominent element in many ads, so advertising tends to hold prices down. On the other hand, national manufacturers use advertising to stress features that make their brands better; in these cases advertising tends to support higher prices for their brands.

Effect on Competition Some observers believe advertising actually restricts competition because small companies or industry newcomers can’t compete with the immense advertising budgets of large firms. It’s true that intense competition does tend o reduce the number of businesses in an industry. However, some Of the firms eliminated by competition may be those that served customers least effectively. In other cases, competition is reduced because of mergers and acquisitions (big companies working in their own self-interest). High costs may inhibit the entry of new competitors in industries that spend heavily on advertising.

In some markets, the original brands probably benefit greatly from this barrier. However, the investments needed for plants, machinery, and labor are of far greater significance. These are typically the real barriers to entry, not advertising. Advertising by big companies often has only a limited effect on small businesses because a single advertiser is rarely large enough to dominate the whole country. Regional oil companies, for example, compete very successfully with national oil companies on the local level. In fact, the freedom to advertise encourages more sellers to enter the market.

And we’ve all seen non-advertised store brands of food compete very effectively with nationally advertised brands on the same grocery shelves. Effect on Consumer Demand The question of advertising effect on total consumer demand is extremely complex. Numerous studies show that promotional activity does affect aggregate consumption, but they disagree as to the extent. Many social and economic forces, including technological advances, the population’s educational level, increases in population and income, and revolutionary changes in lifestyle, are more significant.

For example, the demand for CD players, cellular phones, and personal computers expanded at a tremendous rate, thanks in part to advertising but more to favorable market conditions. At the same time, advertising hasn’t reversed declining sales Of such items as hats, fur coats, and manual typewriters. As we shall discuss in Chapter 6, advertising can help get new products off the ground by giving more people more “ complete information,” thereby stimulating primary demand?? demand for the entire product class.

In declining markets, when the only information people want is price information, advertising can influence selective demand?? demand for a particular brand. But the only effect it will have on primary demand is to slow the rate of decline. In growing markets, advertisers generally compete for shares of that growth. In mature, static, or decline ins markets, they compete for each other’s shares?? conquest sales. Effect on Consumer Choice For manufacturers, the best way to beat the competition is to make their product different.

For example, look at the long list of car models, sizes, colors, and features designed to attract different buyers. And grocery shelves may carry more than 100 different brands of breakfast cereals?? something for everybody. The freedom to advertise encourages businesses to create new brands and improve old ones. When one brand reaches market dominance, smaller brands may disappear for a time. But the moment a better product comes along and is advertised skillfully, the dominant brand owes out to the newer, better product.

Once again, the freedom to advertise promotes the existence of more sellers, and that gives consumers wider choices. Effect on the Business Cycle The relationship between advertising and gross domestic product has long been debated. John Kenneth Calibrating, a perennial critic of advertising concedes that, by helping to maintain the flow of consumer demand (encouraging more buyers), advertising helps sustain employment and income. But he maintains that, despite declines in the value of the dollar, the U. S. Read deficit persists because advertising and marketing activities create nonuser preference for certain foreign products. Historically, when business cycles dip, companies cut advertising expenditures. That may help short-term profits, but studies prove that businesses that continue to invest in advertising during a recession are better able to protect, and sometimes build, market shares. However, no study has shown that if everybody just keeps advertising, the recessionary cycle will turn around. We conclude that when business cycles are up, advertising contributes to the increase.

When business cycles are down, advertising may act as a stabilizing force by encouraging more buyers to buy. The Abundance Principle: The Economic Impact of Advertising in Perspective To individual businesses such as Calvin Klein, the local car dealer, and the convenience store on the corner, advertising pays back more than it costs. If advertising didn’t pay, no one would use it. And the various news and entertainment media that depend on advertising for financial support would go out of business. Advertising costs less for the consumer than most people think.

The cost of a bottle of Coke includes about a penny for advertising. And the $20, 000 price tag on a new car usually includes a manufacturer’s advertising cost of less than $400. To he economy as a whole, the importance of advertising may best be demonstrated by the abundance principle. This states that in an economy that produces more goods and services than can be consumed, advertising serves two important purposes: It keeps consumers informed of their alternatives (complete information), and it allows companies to compete more effectively for consumer dollars (selflessness).

In North America alone, the U. S. And Canadian economies produce an enormous selection of products. Most supermarkets carry more than 30, 000 different items. Each carmaker markets dozens of models. And many suppliers compete for the nonuser dollar. This competition generally results in more and better products at similar or lower prices. Advertising stimulates competition (many buyers and sellers). In countries where consumers have more income to spend after their physical needs are satisfied, advertising also stimulates innovation and new products.

However, no amount of advertising can achieve long-term acceptance for products that do not meet consumer approval. Despite massive advertising expenditures, fewer than a dozen of the 50 best- known cars developed in the twentieth century are still sold today. The Social Impact of Advertising Because it’s so visible, advertising gets criticized frequently, for both what it is and what it isn’t. Many of the criticisms focus on the style of advertising, saying it’s deceptive or manipulative. Collectively we might refer to these as short-term manipulative arguments.

Other criticisms focus on the social or environmental impact of advertising. These are long-term macro arguments. The social aspect of advertising typically involves the last two principles: complete information and absence of externalities. In fact, social issue debates can be seen as instances where advertising tends to violate one or ore of these basic economic principles. We can examine many issues from these two perspectives. Some of the most important are deception and manipulation in advertising, the effect of advertising on our value system, commercial clutter, stereotypes, and offensiveness.

Deception in Advertising One of the most common short-term arguments about advertising is that it is so frequently deceptive. Professor Ivan Preston notes that the essence of a marketplace lies in the willingness of buyers and sellers to enter commercial transactions. Anything ins that detracts from the satisfaction of the transaction reduces a loss of activity that ultimately hurts both parties. If a product does not live up to its ads, dissatisfaction occurs?? and in the long term that is as harmful to the advertiser as to the buyer. For advertising to be effective, consumers must have confidence in it.

So any kind of deception not only detracts from the complete information principle of free enterprise but also risks being self-defeating. Even meaningless (but legal) puffery might be taken literally and therefore become deceptive. Puffery refers to exaggerated, subjective claims that can’t be proven true or false, such as “ the best,” premier,” or “ the only way to fly. ” Under current advertising law, the only product claims?? explicit or implied?? that are considered deceptive are those that are factually false or convey a false impression and therefore have the potential to deceive or mislead reasonable people.

But puffery is excluded from this requirement because regulators maintain that reasonable people don’t believe it anyway. Preston points out that since advertisers regularly use puffery and nonproductive facts to enhance the image of their products, they must think consumers do believe it. Nonproductive facts are not about the rand but about the consumer or the social context in which the consumer uses the brand. An example is “ Pepsi. The choice off new generation. ” The fact is that advertising, by its very nature, is not complete information. It is biased in favor of the advertiser and the brand.

People expect advertisers to be proud of their products and probably don’t mind if they puff them a little. But when advertisers cross the line between simply giving their point of view and creating false expectations, thefts when people begin to object. One problem is the difficulty of seeing the line, which may be drawn differently by efferent people. Papa John’s Pizza no doubt thought it was just puffing when it advertised “ Better ingredients. Better pizza. ” Pizza Hut saw it differently, though, and sued papa John’s for deceptive advertising. A U.

S. District judge agreed and awarded Pizza Hut close to half a million dollars in damages. The judge then ordered Papa John’s to stop using its “ Better ingredients” slogan. This decision was later overturned on appeal, but the case still goes to show that there are limits on what an advertiser can safely puff. Preston points out, “ Only puffs open to measurement lose their invisible shields. If Papa John’s says it has better dough, you can attack it. But if Papa John’s says its better overall, thefts K. The bigger the lie, the bigger the protection.

Isn’t that amazing? ” For more on this story and on puffery, see the Ethical Issue: “ Truth in Advertising: Fluffing and Puffing,” Ivan Preston believes these kinds of problems can be avoided if marketers simply improve the kind of information they give in their advertising. He would require advertisers to have a reasonable basis for any claims they make, whether those claims are facts about the product, nonfat such as “ Coke is it,” or nonproductive facts. This, he believes, would contribute positively to our free market system.