Chapter 3

The Evolution of Promoting Brands
Learning Outcomes

1. Identify economic changes that gave rise to advertising.
2. Discuss how the relationship between marketers and retailers has changed over time.
3. Describe significant eras of promotion in the United States, including the impact of social change on promotion.
4. Define consumer empowerment and branded entertainment.
5. Identify forces that will continue to affect the evolution of integrated marketing communication.
The Rise of Advertising

• **Rise of Capitalism**
  • In capitalists systems, business organizations must compete for survival in a free market setting.
  • In this setting, it is natural that a firm would embrace a tool that assists it in persuading potential customers to choose its products over those offered by others.

• **Industrial Revolution**
  • The principle of limited liability allowed for the accumulation of large amounts of capital to finance the Industrial Revolution.
  • The explosion in production capacity that marked the Industrial Revolution added to the importance of demand stimulation tools.
  • Mass moves of consumers to cities and modern times helped create, along with advertising, consumer culture.
  • Other important changes: shifting away from household self-sufficiency to greater dependence on marketplace goods; revolution in transportation; rapid population growth and urbanization.
Power in Distribution Channels

- **Power in Distribution Channels**
  - Marketing and branding play a key role in the ongoing power struggle between manufacturers and their retailers.
  - Retailers have power in the marketplace deriving from the fact that they are closer to the customer.
  - To assert more power in distribution channels, U.S. manufacturers began branding their products in the late 1800s. They used advertising to build awareness of and desire for their brands. Customers who are loyal to brands demand that retailers carry those brands and will pay a premium price for those brands.
  - Recently, big retailers have been reclaiming some of the power by negotiating large purchases from manufacturers at lower prices.

- **Modern Mass Media**
  - The advent of mass-circulation magazines made national advertising possible. National advertising led to national brands.
  - For the most part, mass media are supported by advertising. The ultimate goal is not content or entertaining but to provide a vehicle for making a profit through selling brands.
Evolution of Promotion

- Social and economic trends, along with technological developments, are major determinants of the marketing messages used in advertising and other forms of promotion.

- **Preindustrialization (before 1800)**
  - Before the Industrial Revolution, advertising’s presence in the United States was barely noticeable.
  - The first advertisements were closer to today’s classifieds than to modern promotional efforts.

- **Industrialization (1800–1875)**
  - The increased circulation of newspaper dailies increased the amount of advertising because they could reach so many consumers so often.
  - The first advertising agent—thought to be Volney Palmer—solicited orders from newspapers and collected payments from advertisers.
  - There was no formal regulation and many segments of society found advertising to be embarrassing.
Evolution of Promotion, Continued

- **P. T. Barnum Era (1875–1918)**
  - During this era advertising became a full-fledged industry and helped usher in a consumer culture.
  - In 1906 Congress passed the Pure Food and Drug Act—the first advertising regulation in the United States; although the initial effect was minimal.
  - The outrageous advertising efforts of this era were exemplified by circus promoter P.T. Barnum. These ads generally had: lots of copy; prominence of the product; lack of real-world context and visuals; small size; little color; few photographs; plenty of hyperbole.
Evolution of Promotion, *Continued*

- **The Twenties (1918–1929)**
  - After World War I, advertising found respectability, fame, and glamour.
  - The prewar movement to reform and regulate advertising was pretty much dissipated by the distractions of the war and advertising’s role in the war effort.
  - The 1920s were prosperous. Most (but not all) enjoyed a previously unequaled standard of living.
  - Advertising taught consumers how to be modern and how to avoid the pitfalls of this new age; defined the division between public workspace, the male domain of the office, and the private, “feminine” space of the home; and relied on the role played by science and new technology to help sell goods and services.

- **Great Depression (1929–1941)**
  - Advertising was seen as villainous and as something that had helped lead to the great economic depression.
  - Advertisers responded to this feeling by adopting a tough, no-nonsense advertising style.
  - Advertising suffered from the depression too. Agencies cut salaries and forced staff to work four-day weeks, without pay for the mandatory extra day off. Clients demanded frequent review of work, and agencies were compelled to provide more and more free services to keep accounts.
  - The U.S. Congress passed real reform in this period. In 1938 the Wheeler-Lea Amendments to the Federal Trade Commission Act declared “deceptive acts of commerce” to be against the law; this was interpreted to include advertising.
Evolution of Promotion, Continued

- **World War II and After (1941–1960)**
  - During the war, advertising often made direct reference to the war effort, linking the product with patriotism and helping to rehabilitate the tarnished image of advertising.
  - The economy continued to improve after the war but public sentiment was very suspicious. Many people saw advertising as manipulation and feared subliminal advertising.
  - Advertisements of this era were characterized by scenes of modern life, social promises, and reliance on science and technology.
  - Typical advertisements from this contradictory and jumbled period in American advertising show mythic nuclear families, well-behaved children, our “buddy” the atom, the last days of unquestioned faith in science, and rigid (but about to break loose) gender roles.

- **Creative Revolution (1960–1972)**
  - “Creatives” (art directors and copywriters) having a bigger say in the management of their agencies and the look and voice of the ads.
  - Advertising of this era was clean and minimalist, with simple copy and a sense of self-effacing humor. Advertising admitted being advertising (and even poked fun at itself).
  - The creative revolution, and the look it produced, is most often associated with four famous advertising agencies: Leo Burnett, Ogilvy & Mather, Doyle Dane Bernbach, and Wells Rich and Green.
  - In the era from 1960 to 1972, advertisers became generally aware of their industry’s role in consumer culture: besides playing a role in encouraging consumption, advertising had become a symbol of consumption itself.
Evolution of Promotion, Continued

• The Seventies (1973–1980)
  • Advertising retreated into the tried-and-true but hackneyed styles of decades before. The creative revolution of the 1960s gave way to a slowing economy and a return to the hard sell—advertisements focused on the product itself, rather than on creative technique.
  • Advertisers started to present women in “new” roles and to include people of color.
  • The era resulted in added regulation and the protection of special audiences, especially children.
  • This was also a period of growth in communications technology as consumers began to surround themselves with devices related to communication.

• Designer Era (1980–1992)
  • Consumers had a lot of income to spend in the 1980s and the political, social, business, and advertising landscapes changed in 1980 with the election of Ronald Reagan.
  • Ads from this “Republican” era are social and class-conscious. They promote consumption but wrapped up in “American Values.”
  • New trends in communication technology were also emerging, and these led to more-creative, bold, and provocative advertising. Television ads in the 1980s started looking like MTV videos: rapid cuts with a very self-conscious character. Infomercials also began to air, often at off-peak late-night time slots.

- Nineties ads were generally more visually oriented and much more self-aware.
- Some said advertising in the 1990s was “dead,” killed by the World Wide Web and other new media, but that turned out to be an exaggeration.
- William T. Esrey, then CEO of Sprint, made the point that interactive media would allow more direct measurement of ad exposure and impact.
- Another change in the world of promotion was a challenge to New York’s claim as the center of advertising activity.
Consumer Empowerment (2000–Present)

- Integrated, interactive, and wireless technologies have recently been reshaping marketing practices. The technologies present new options like videos that highlight brands.

- In this Web 2.0 era, consumers are joining in the creation of brand-related messages. This consumer-generated content (CGC) can build excitement for brands but also requires that marketers cede some control to their customers.

- Interactive media not only allow marketers to reach consumers in the digital realm but also let them gauge consumers’ attitudes. A growing share of promotion on the Web is undertaken in support of e-business.

- Web advertising growth is fostered by three aspects of technology: interactive, wireless, and broadband.
Consumer Empowerment (2000–Present), *Continued*

- **Branded Entertainment**
  - Branded entertainment blends marketing messages with entertainment in movies, music, and television programming.
  - The use of services like TiVo allow consumers to control television advertising to the point of skipping it altogether.
  - Communicating about brands through branded entertainment gives marketers freedom to work outside the constraints of traditional advertising.
Does History Matter?

- Consumers will always be affected by social and cultural change, and marketers will always convey messages about how they can help people cope with life’s challenges.
- Learning how marketers addressed societal changes effectively in the past offers useful lessons for IMC opportunities in the future.
- Advertising will continue to evolve, but traditional advertising via traditional media will not be entirely replaced by newer techniques and technology.
- Advertising will still be a paid attempt to persuade, and it will still be one of the primary tools in the promotional mix.