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Chapter Recaps & Study Guide

Chapter 4: Financing and Shaping the Media: Advertising, Public Relations, and Marketing Communications

This chapter explores how advertising, public relations, and marketing communications activities shape the activities of the media industries.

Chapter Objectives:

1. Describe the roles that advertising, public relations, and marketing communications play in the media system.
2. Describe the kinds of firms involved in these activities and what they do.
3. Analyze the process of producing and creating ads and public relations material.
4. Explain how advertising, public relations, and marketing communications relate to convergence and what that means for the media system.
5. Discuss debates between critics and defenders of these businesses regarding topics such as commercialism, hidden persuasion, and targeting communication.

The Advertising Industry

- Advertising is the activity of explicitly paying for media space or time in order to direct favorable attention to certain products or services. (91)
- Advertising involves the exchange of billions of dollars. See Table 4.1 on p. 92.
- Advertising agencies specialize in the creation of ads for placement on media. (92) Agency holding companies own multiple agencies. (93; see Table 4.2 on p. 93 for The “Big Eight”). These agencies can be divided among four dimensions:
 - Business-to-business agencies address other businesses, while consumer agencies, which work for advertisers to reach a public. (94)
 - General agencies handle work from all kinds of advertisers, while specialty agencies handle work in a particular area, such as an internet agency or direct-to-consumer (94)

- Traditional agencies focus on creating a favorable impression, while direct-marketing agencies have to create the conditions to encourage the consumer to buy right then and there (94)
 - Agency networks have offices in multiple locations, often around the world, while stand-alone firms have one office in one location. (94-95)
- The three basic functions of an ad agency are: (1) creative persuasion, (2) market research, and (3) media planning and buying. (95)
- Production in the advertising industry (95-98):
 - An account executive connects the client and with the agency. See figure 4.1 on p. 96.
 - Production activities are closely monitored by clients and most prominently involve creative personnel and market researchers who help guide the creative work to reach the targeted market segment.
 - Market research creates portraits of society through a process of market segmentation.
 - A sales pitch shows the intended audience's world, a problem in that world, and the product as a solution to that problem.
 - Branding involves the creation of a specific image of a product that makes it stands out in the marketplace.
 - Agencies position products by relating brands to the specific interests and lifestyle of the targeted segment.
- Distribution in the advertising industry (98-100):
 - Media fragmentation has made the placement of ads an increasingly complex and challenging agency function.
 - Agencies rely on audience research firms for the specific data used to target audiences and to place ads in an effective and efficient way.

- Research firms develop psychographic audience data that links demographic categories to personality traits of the targeted audience.
- Research firms also provide lifestyle information about particular audience segments.
- In-store media refers to the various ads that consumers see in retail stores.
- Media planners typically want to know: (1) What is an outlet's reach with respect to the target audience, and (2) how efficient is the outlet in reaching the target compared to other outlets? (this is where cost-per-thousand, or CPM, comes into the decision-making).
- Media planners are also concerned about the environment—or the media content--surrounding the ads they place.
- Exhibition in the advertising industry (100-102):
 - The strategy of the advertising campaign determines how particular ads are exhibited to potential consumers.
 - Location-based advertising sends audiences commercial messages based on their geographic location.
 - Advertising conglomerates have developed cross-platform deals to reach an increasingly segmented audience.
 - An agency's research division typically evaluates the success of a campaign by several research means, including the click-through analysis of consumer behavior on the Internet.
 - It is difficult to measure the effectiveness of ad campaigns, though researchers try to find out through surveys and sales comparisons.
- Threats to traditional advertising:
 - Consumer resistance to ad exposure—and their use of new technologies to avoid ads altogether—is worrisome for the industry.
 - Agencies are attempting to make ads more relevant to the targeted segments.

- Agencies are using product placement and viral marketing (buzz marketing, environmental marketing) to get around consumer resistance to ads. Native advertising is advertising that looks like content but is actually a sponsored piece of content to generate interest in a product or service.

What Is Public Relations?

- Publicity is the practice of getting companies, people, and products mentioned in the media in order to get people interested in them. Public relations activities seek to create positive attitudes toward these products and to counter any potential negative attitudes. (103-104)
- Public relations departments are part of media industries and many other industries, as well as government groups and not-for-profit organizations. (104)
- While advertising activities are more recognizable to audiences, public relations activities attempt to be subtler. Also, while advertising is paid for (in terms of ad space, commercial slots, etc.), public relations activities typically are not paid for (e.g., PR firms do not pay a newspaper for printing their press release). (104)
- Public relations practitioners engage in three types of activities: media relations, internal relations, and external relations. Media relations involve any activities that deal with media (i.e., answering calls from reporters). Internal relations involve presenting the company image to people working in the company. External relations involve presenting the company image to those outside the company. (104-105)
- Public relations firms also are part of agency holding companies. (See Table 4.4 on p. 105)
- Global reach is important to agency holding companies. (106)
- Prominent PR activities fall under corporate communications, financial communications, health care, public affairs, and crisis management. (page 106; see Table 4.5 on p. 107 for examples of these types of activities)
- Production in the public relations industry (106-109):
 - The press release is the most basic product of public relations.

- It is very important for PR specialists to understand the work routines and needs of media specialists in order to influence media content.
- Distribution in the public relations industry (109):
 - PR distribution is achieved by locating proper media outlets for the materials provided by PR specialists.
 - A variety of media technologies are used for the distribution of PR materials.
- Exhibition in the public relations industry (110):
 - Media outlets benefit from the information subsidies, or the time and money PR people provide media practitioners to help them get their jobs done
 - The placement of PR materials in media outlets does not guarantee that the subsequent stories will be beneficial for the PR specialist's client.

The Rise of Marketing Communications (111-113)

- Integrated marketing communications (IMC), also called marketing communications, attempts to combine the activities of advertising and public relations in order to benefit a client.
- Branded entertainment involves associating a company or product with media activities in ways that are not as obviously intrusive as advertisements.
- Event marketing involves creating compelling circumstances that command attention in ways that are relevant to the product or firm.
- Event sponsorship involves companies paying to be associated with particular activities that their target audiences enjoy or value.
- Product placement takes place when a firm manages to insert its brand in a positive way into fiction or nonfiction content.

- Direct marketing uses media vehicles created by the marketer to send persuasive messages. Database marketing involves the construction of lists of customers and potential customers, which can be used to determine what those people might purchase in the future.
- Relationship marketing involves a determination by the firm to maintain long-term contact with its customers.

Advertising, Public Relations, and Convergence

- Advertising, public relations, and integrated marketing communications have a substantial impact on the media. By bringing these activities together, companies can expand their reach in getting their messages out. (112-113)
- Three new terms are used to describe these activities: paid media (when messages are paid for to appear on certain media), owned media (the platforms a company owns, such as its website), and earned media (when the company persuades other platforms to include the messages without paying for them) (113)

Media Literacy Issues Related to Advertising and PR

- Three key issues related to advertising:
 - Advertising and commercialism: The buying and selling of items is a highly valued activity, and sales pitches appear everywhere. These messages, some say, encourage people to buy more than they need, and are part of a hidden curriculum that people unconsciously accept without thinking about it. Other critics claim this influence isn't as strong as detractors claim. (115)
 - Critics claim that advertising targeting children is unethical because some children are unable to process the messages, and the advertising causes disagreements between parents and children. (115)
 - Critics claim that advertising and public relations activities produce excess waste and pollution. (115-116)
- Advertising, public relations, and integrated marketing communications maintain complicated relationships with the idea of "truth," because these industries must present the best possible image at all times. Critics claim that even when these industries' messages tell the truth, they still possibly can deceive their audiences. (116-117)

- These industries turn to self-regulation to prevent government interference with their activities.
- Targeting becomes another troublesome activity presented by these industries because in their search for desired audiences, they send out too many messages, and thus have access to an enormous amount of personal information.
- Media firms can attract marketers by offering: selectability, or, reaching specific individuals with desired characteristics through targeted content; accountability to advertisers, or showing how individuals responded to ads; and interactivity, or cultivating a positive relationship with an individual. (119)
- Critics claim that while this targeting of content to narrower and narrower audience segments might be beneficial to individuals, it creates a culture of separation that prevents people from learning about others and the world around them. (120)