

Module 4: Advertising

Lesson 1 - What is Advertising?

OVERVIEW

In this lesson, students will gain a general understanding of why businesses and brands advertise.

OBJECTIVES

1. Define advertising.
2. Explain why businesses and brands advertise.
3. Differentiate between the three primary types of advertising: paid, earned, and owned.

KEY TERMS

Advertising

Earned advertising

Owned advertising

Paid advertising

This Lesson Bundle Includes:

- What is advertising? - Lesson Outline
- What is advertising? - Presentation Slides
- Industry Application - Related Links

Lesson 1 - What is Advertising?

ADVERTISING

Advertising has traditionally been defined as any paid, non-personal form of communication by an identified company promoting goods and services. However, the traditional definition of advertising is constantly evolving as consumer preferences and media consumption habits change. For example, PR (public relations) is considered a key “advertising” channel for many brands because it can be an effective way to tell the product or service’s story in an authentic, organic way. Yet PR has not always been considered a component of advertising.

Advertisements are broadcast through a variety of media channels by a business or brand with the intent of communicating information to consumers. Globally, businesses and brands spend billions of dollars every year on advertising. According to [Zenith](#), an ROI agency, global spending on advertising was expected to grow by 8% in 2022, rising to \$781 billion.

Advertising channels:

- Print
- Outdoor / OOH (Out of home) advertising
- Traditional broadcast (television, radio, satellite)
- Online/digital media, display (banner and video ads), OTT (“Over the Top” like Hulu, YouTube TV, Disney+ etc.), CTV (connected TVs like Amazon’s Fire TV and other “smart” TVs)
- Social media
- Search
- Cinema
- Promotional products



ADVERTISING DISCUSSION

- What was the last ad you saw?
- Where did you see the ad?
- What was the business or brand selling?
- Was the ad compelling? Why or why not?
- What would have made the ad more compelling and/or influenced a call to action?
- How did you feel about the company who was advertising and/or the product or brand being advertised?
- Who do you think might represent the advertising business or brand’s target audience?
- Do you think you responded to the ad in the way the advertiser thought you would?



Why do companies advertise?

Businesses and brands advertise to help the organization achieve a variety of goals. If a business hopes to sell products and services, consumers must be aware of what the business is offering. Investing in advertising helps to communicate information about those products and services, increase awareness, influence brand perceptions, and encourage purchase decisions.

An effective advertising strategy can provide a business or brand with a wide range of benefits, including:

- Assist in the increase in sales
- Brand building
- Create or change company/brand image
- Associate a brand with positive feelings and emotion
- Establish and maintain positive public perceptions
- Create product/service and brand awareness

That said, advertising is expensive. As a result, businesses and brands must consider whether they even need, or can afford to advertise. While advertising can be very effective in driving sales, a business must determine whether the results will bring a return on their investment.

TYPES OF ADVERTISING

There are three primary types of advertising:

1. Paid
2. Earned
3. Owned

Paid Advertising

Paid advertising is paid placement of a business or brand's advertisement in front of a target audience.

Examples of paid advertising include:

- A TV commercial that runs during the Super Bowl
- A banner ad that displays on your computer or phone
- An audio commercial that is placed on a podcast or radio station
- A billboard advertisement on the side of a busy highway
- Affiliate advertising (when a publisher, which could include bloggers, writers, and influencers, earns a commission by promoting a product or service on their platform)

Earned Advertising

Earned advertising is publicity or recognition generated for a business or brand, often resulting from a paid advertisement and/or newsworthy actions or activations from the brand. Earned advertising refers to the conversation around a product or brand, whether through consumers, media, or whoever else is discussing the product or service, without being paid to do so. This could include organic conversation on social media, word of mouth between consumers, product or brand recommendations, or a media platform discussing a good or service. Earned advertising can result in positive or negative publicity.



Earned advertising example:

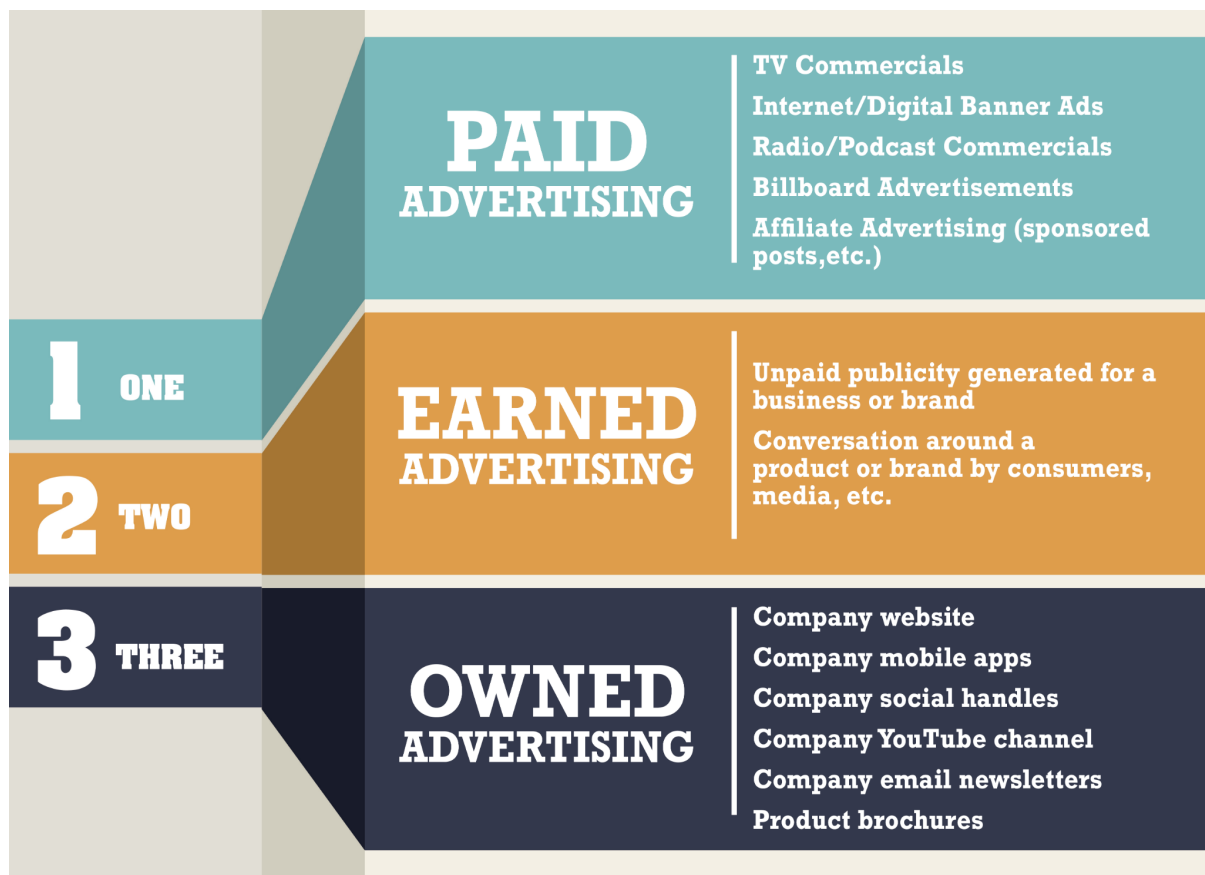
- A Conversation about a brand's marketing stunt on social media
 - For example, to promote the release of its latest season of 'Resident Evil' in 2022, Netflix placed one of the creatures from the show Resident Evil, on a 3D billboard in New York City.
 - The billboard itself was a form of paid advertisement, but the conversation online, both positive and negative, represent an example of earned advertising.
 - Click [here](#) to see a video of what passersby saw on the streets of New York via Instagram

Owned Advertising

Owned advertising refers to communications channels that are owned and controlled by a business or brand. Owned advertising allows a business or brand to organically promote itself and communicate with consumers without having to purchase media to push that messaging.

Examples of owned advertising include:

- Company website
- Company mobile apps
- Company social handles
- Company YouTube channel
- Company email newsletters
- Product brochures





DISCUSSION TOPIC

If you were starting a new business, would you first concentrate on paid advertising or owned advertising? Why? Businesses must consider that, if they don't establish owned advertising in advance, paid advertising campaigns could result in negative results if the company pushes consumers toward their website, app, or social media platforms that have not been properly developed. Alternatively, how would consumers know about the business or brand's owned media without paid advertising communicating that information?



KEY TAKEAWAY

Businesses and brands advertise to help the organization achieve a variety of goals. If they hope to sell products and services, consumers must be aware of what they are offering. Investing in advertising helps to communicate information about those products and services, increase awareness, influence brand perceptions, and encourage purchase decisions.



INDUSTRY APPLICATION

Connect your classroom with industry examples by reviewing the following news stories relating to concepts covered in this lesson:

Advertising - [The very best print adverts of all time](#)

Advertising - [Airtable launches first national ad campaign 'This is how'](#)

Advertising - [The Rundown: Travel, entertainment ad spend expected to remain strong in 2022, while early pandemic trends drop off](#)

Earned Advertising - [Earned Media's Importance Will Grow as Recession Looms](#)

KEY TERMS DEFINED:

Advertising: Any paid, non-personal form of communication by an identified company promoting goods and services.

Earned advertising: Publicity or recognition generated for a business or brand, often resulting from a paid advertisement and/or newsworthy actions or activations from the brand.

Owned advertising: Communications channels that are owned and controlled by a business or brand.

Paid advertising: Paid placement of a business or brand's advertisement in front of a target audience.