Advertising reshaped - new trends bring new challenges. How to cope with them?

These days we are used to start our research papers, presentations, or business meetings that regard advertising with a deeply embedded presumption of and confidence in our knowledge about it. Throughout the modern history, each generation built its own understanding on this subject, reflecting the time and circumstances they lived in. What is interesting to observe is how each generation has the same confidence in knowing, but the knowledge itself is not the same. These occasional and gradual switches in understanding advertising are qualified by some as smooth development, and by others as big paradigm shifts.

1. Introduction

Authors approach advertising from their own aspect, time, and point of interest. For instance, Cheong, De Gregorio, and Kim (2014, p. 345-347) see advertising as „an intuitive, visible, and concrete solution to declining/stagnant sales or an added driver of continuing success when sales are increasing“. In addition, Richards and Curran (2002, p. 63) see in it „the activity of attracting public attention to a product or business, as by paid announcements in the print, broadcast, or electronic media“. Cramphorn (2014, p. 571) thinks that „the purpose of advertising is an attempt to strengthen positive brand feelings, i.e. to increase brand bonding in order to enhance long-term purchase intent. It is generally presumed this will happen following exposure to an ad“. According to the literature of Rosengren and Dahlen (2015, p. 4), „advertising can be thought of as an exchange of value between advertisers and consumers, and the value offered to consumers in advertising will determine whether it is attended to“. Those that over the years preferred to tease with advertising as a concept threw around few thoughts which Richards and Curran (2002, p. 63) summarized and showed how for someone advertising was „selling corn flakes to people who are eating Cheerios“, for others „a symbol-manipulation occupation“, or „the cave art of the twentieth century“, or simply „the life of trade“.

If we continue in this direction and follow the development of the understanding of advertising throughout the years, we will probably conclude the research with the concept of social media as the latest trend praised among advertisers. It can be argued that it is indeed social media that these days stands as a proud representative of new media, which overall stands against traditional advertising. This „war“ between traditional advertising and new media is the main point for discussion in the work.

2. Goal and Methodology

Our initial mental position that sparked the idea to write on this subject was brainstorming on questions such as: will new media ever substitute traditional advertising? Can they coexist and
merge in more complete concept? Are new trends really solving the problems of traditional advertising and aren’t they bringing along their own challenges to cope with? Aren’t we becoming blinded by the appeal of new technologies used in advertising? Don’t we take for granted the success they promise, failing to notice or ignoring potential drawbacks and misuse? The nature of the studied subject is in favor and requires qualitative research. We are not collecting large samples of opinions from random respondents, and deriving to conclusions based on matrix-like cross fitting of answers and feedbacks. Instead, referring to Hendl (1999), we are absorbing knowledge by qualitative analysis of focused studies characterized by expert opinions and results. Hence, the tone is of narrative format, whereas the discussion of the findings is interconnected throughout the analysis itself.

3. Research and Discussion

3.1 Opening a New Chapter in Advertising

There is a very interesting claim that „in recent years, a number of scholars have expressed concern about...the progression of advertising as an academic field“ (Kyongseok at al. 2014, p. 296). The source of this concern is that although there are studies of scholarly publishing, since 1988, few attempts have been made to comprehensively analyze the progression of academic advertising research. This slow pace does not fit the academic needs since we know that the most influential definitions of advertising are describing it as „a dynamic, continuously developing activity“ (Tomiuc 2015, p. 4). In fact, it seems that advertising is turning into an ad-hoc science, as even older quotes refer to the basic principles of advertising which even in 1923 asserted that „it may not be of great value to devote a large amount of space to analyzing and discussing the history of a subject when we are primarily interested in the practical problems on the present day“ (Norris 1980, p. 10). And as we will see further, indeed there are a lot of open questions to be addressed. Influential theories from the 1960s, still dictate today that „advertising takes people from unawareness to awareness, from awareness to comprehension, from comprehension to conviction, from conviction to desire and from desire to action“ (Wood 2014, p. 213).

In 1994, some authors were predicting the death of traditional, outbound advertising stating that „by the year 2010, new media and the new marketing will be the dominant paradigm“ (Petrescu and Korgaonkar 2011, p. 208). While these days traditional advertising is still up and running, the second part of the prophecy is not far from the truth. Truly, what has been considered as new and perceived as challenge in those days, might be something that is seen as common and straightforward today, such as the reality that back then even „professionals may find it challenging to pigeonhole some activities, such as word of mouth and product placement in movies“ (Richards and Curran 2002, p. 63).

The challenges of today’s advertising seem to be even more sophisticated and demanding. For instance, we have authors that reconfirm the obvious perception that „consumers live in a complex media environment, however, with many activities competing for a limited amount of attention“ (Spotts et al. 2014, p. 465). Then, there are authors that don’t just deal with this situation, but challenge it even further to consider that „emotional campaigns are more profitable than rational campaigns, and that attention is “not always necessary” and “not always sufficient” for success“ (Wood 2014, p. 212). In fact, Caslavova, Dvorak, and Voracek (2014, p. 61), focusing on the question why companies might leave a sponsorship relationship, reached a conclusion that one of the major three reasons was because „advertising seemed to be ineffective“. Therefore, to present „a motivating and modern offer of product that would match continuous requirements of companies“ marketing and communicative targets is still alpha and omega of the success rate of sponsorship contracts conclusions“ (Caslavova and Dvorak and Voracek 2014, p. 58), especially as big and medium companies paid lot of attention to proving the efficiency of sponsorship.
The first challenge that comes to the minds of those involved is the question of advertising spending efficiency (ASE) which evolved into an “overspending perspective” and the “smart manager perspective”. Cheong et al. (2014, p. 344) explain the first view which „predicts that due to various client - and agency-side incentives and reward structures, as well as the increasingly complex media environment, overall ASE would continuously remain low over time”, whereas the second one „(broadly adapted from the organizational learning field) leads to the opposite conclusion: Overall ASE will improve over time as successful organizations and their advertising/marketing managers learn from past experience and data, thus calibrating their efforts” (Cheong et al. 2014, p. 344). However, one should not be illusioned to link the overspending with traditional and the smart with new as findings suggest that US advertisers inefficiently overspent in the period from 1985 to 2012 by an average of 34%, where the „Internet, a medium highly praised and utilized for the amount and depth of consumer data it generates, has not impacted overall efficiency in any meaningful way (Cheong et al. 2014, p. 344).

3.2 Facts and figures as indicators of trends and challenges

Many marketing experts, and especially the large audience, would put their bet on the expectation that most of the advertising today is done through new media. Truly, „in 1997 the Internet’s share was less than 1%; but that share has risen to approximately 20% today“ (Goldfarb and Tremblay 2014, p. 113), which clearly indicates that Internet advertising has made dramatic gains in market share. However, the authors note that „television remains the largest advertising medium with a 40% share of total advertising spending” (Goldfarb and Tremblay 2014, p. 113), which might suggest that television could keep up with modern trends, and even integrate and synergize with them through modernization and creativity.

Further growth in the Internet advertising business is to be expected due to the „proliferation of different pricing schemes. In addition to the traditional pay-per-impression (PPI; also known as cost per mile) pricing, many pay-for-performance (P4P) schemes such as pay per click (PPC; also known as cost per click), pay per sale (PPS), pay per action (PPA), and pay per lead are now prevalent” (Liu and Viswanathan 2015, p. 609).

Nevertheless, not Internet, but Mobile advertising is one of the fastest growing advertising formats. „In 2013, global spending on mobile advertising was approximately $16.7 billion, and it is expected to exceed $62.8 billion by 2017 (Bart et al. 2014, p. 270). This projection has solid grounds if we know that „91% of the U.S. adult population uses some type of mobile phone, and 61% of U.S. adult mobile users have a smartphone” and moreover „in 2013, the average U.S. adult spent approximately 20% of his or her daily media time on mobile devices (Bart et al. 2014, p.270).

Notably, the authors conclude, „most of the forecasted growth in global digital advertising spending over the next few years is due to expected increases in mobile advertising, which is anticipated to constitute approximately 36% of global digital advertising expenditures by 2017” (Bart et al. 2014, p. 271). At the same time we can say “wait; not so fast”. „Despite strong interest, marketers“ beliefs about the effectiveness of mobile advertising seem to be at best mixed, if not negative. For example, the CMO Council’s survey of global marketing executives revealed that only 14% of surveyed marketers were satisfied with how they were leveraging mobile advertising channels. Instead, 43% of respondents reported that they were not satisfied with their mobile advertising efforts, and 46% reported that they were reviewing the role of mobile advertising in their organizations. Marketers nevertheless intend to keep searching for ways to use mobile advertising effectively. For example, a survey of brand marketers revealed that 69% of respondents expect to increase their use of mobile advertising in the near future. Many companies, however, approach mobile advertising with a “spray-and-pray” mentality—that is, placing advertisements without any sense of how effective they will be” (Bart et al. 2014, p. 271).

Another new media which enjoys great success lately, and it is predicted to have a great future, is social media. In fact, „the rapid growth of social media has led to speculation that it might supplant
television as the primary mode of modern advertising. The exponential increase in spending on advertising in social media – from $5.1 billion in 2013 to a projected $15 billion in 2018 – indicates that advertisers increasingly are attracted to this medium“ (Spotts et al. 2014, p. 455). What is mutual and what bonds together all the traditional and new media, is the common advertising goal to generate word-of-mouth (WOM). This preferred outcome might not represent a new trend in advertising as such, but it is certainly approached with more strategic directions and studied with higher attention. In fact, „spending on marketing activities generating WOM in the United States was estimated at $1.54 billion in 2008 and expected to grow to an annual growth rate of 14.5% until 2013“ (Cho et al. 2014, p. 100). These efforts actually develop a new trend in advertising, called behavioral targeting, which is becoming a sizable industry on its own. Indeed, Jianqing and Stallaert (2014) estimated that „online advertisers spent more than $1.3 billion in targeted advertising in 2011, and the figure is expected to rise to more than $2.6 billion in 2014“ (p. 430).

3.3 Viral Marketing - the initial spark that links traditional and new media

Viral marketing seems to have a crucial position in the interactive media environment, where „consumers not only have more control over when and how they are exposed to and process advertising messages but also actively generate and spread market place information. Advertising scholars and practitioners have begun to explore how to use the expanded channels of consumer interactions for marketing communication purposes“ (Cho et al. 2014, p. 100). Even though viral marketing might not be a new terminology and it existed as a concept back in the era of traditional media, it certainly became more exposed, used and misused, in connection and automatic association with new media. Petrescu and Korgaonkar (2011, p. 216) differentiate several variations the term “viral marketing” includes such as word-of-mouth (the message is perceived as non-commercial), word-of-mouse (positive or negative statement about a product or company spread via the Internet), buzz marketing (message is initiated by a third party, but transmitted from peer to peer), and viral advertising (message originating from an identified sponsor using the Internet to provoke unpaid peer to peer communication).

At the end of the day, we can say that the key, but also the precaution, to successful viral marketing is that fact that the „source trust is a particularly important factor in explaining viral advertising effects, because viral ad messages have elements of both media advertising and interpersonal communication, which differ greatly in regard to trust. The advertiser is the original source of an ad message, and advertisements are usually viewed skeptically because their intention is to persuade consumers to buy a product. However, viral messages are passed on from friends or family members who are seen to have the consumers” best interests at heart. This unique combination should, therefore, make source trust a particularly interesting and important factor in determining viral advertising effects“ (Cho et al. 2014, p. 100).

3.4 Behavioral advertising - an ace in the pocket? Or we are going too far?

Data collected from online advertising networks find that „prices and conversion rates (i.e., the likelihood of a click eventually leading to a sale) for behaviorally targeted advertisements are more than twice as high as those for traditional advertising (Jianqing and Stallaert 2014, p. 432). So, what is this behavioral advertising about?

This radical and recent innovation in targeted advertising, as these authors say, is „a technology aimed at increasing the effectiveness of advertising by online publishers. Behavioral targeting uses information collected from an individual’s web-browsing behavior (e.g., the pages that they have
visited or the searches they have conducted) to select advertisements to display” (Jianqing and Stallaert 2014, p. 430). They even go further to hail this technique as the “Holy Grail” in online advertising because of its potential effectiveness.

Truly, if we continue the chapter in this tone of voice, we can only praise this technique and celebrate another milestone in the history of advertising. However, we, as consumers, might pause for a second and think, once we realize that „a recent study by The Wall Street Journal found that the nation’s top 50 websites install, on average, 64 pieces of tracking technology, usually without any notification to users” (Jianqing and Stallaert, 2014, p. 430). Therefore, „consumers might perceive personalized ad content on such sites as more appealing and more aligned with their interests, but they also may view it as both creepy and off-putting if they believe that the firm violated their privacy. These privacy concerns may lead to “reactance” such that consumers resist the ad’s appeal. Reactance is a motivational state in which consumers resist something they find coercive by behaving in the opposite way to that intended“ (Tucker 2014, p. 546).

At this point, we can only admit that we are at the beginnings of understanding, yet studying and solving these challenges. As we mention throughout this paper, we believe that the correct way for coping with new trends is to stop comparing them with traditional approaches and choosing the first or the second. Instead, we support the idea to make attempts to combine them together, extract the best and suppress the backdrops from each, and try to create a surrounding where they can coexist.

3.5 Comparing and choosing is out-fashioned; combining and synergy is the future

We seem to be preoccupied with the apparent need to directly compare traditional advertising and new media. Many feel that after scrutinizing analysis of each advertising vehicle, the next logical step is to choose between one or another. Having this embedded approach as certain kind of paradigm, the outcome from the decision making process of different advertisers would be rather polarized. At the end of the day, both sides might be challenged as „because some consumers have shifted their media consumption away from television and toward various online formats, a concern arises whether brand-building activities can be transferred easily across formats“ (Draganska et al. 2014, p. 586).

To be fair, feedback from observing traditional channels and new platforms individually are still valuable and necessary, especially taking into account the goals and objectives the advertising message aims to achieve. For example, traditional models of brand communication campaigns are measured by recall and recognition. „In the digital environment, brands now must use advertising to establish interpersonal connectedness through “taxability” and sharing” (Spotts et al. 2014, p. 457). With Internet advertising, however, new technologies track advertising exposure and sales at the individual consumer level” (Goldfarb and Tremblay 2014, p. 114). However, when the Internet truly became a core advertising medium, the level of inefficiency has risen to its highest levels across our 28-year time span” (Cheong et al. 2014, p. 355).

Now, while we are in a very early phase to claim that the advertising (r)evolution and future relies on a successful synergy between various old and new advertising channels, we can suggest some indicators which boost confidence.

As a starting point we can take the observation that „the current marketing environment is characterized by a surge in multichannel shopping and increasing choice of advertising channels. This situation requires firms to understand how advertising in one channel (e.g., online) influences sales in another channel (e.g., offline)” (Dinner et al. 2014, p. 527). The authors, in fact suggest that „online and offline advertising, like online and offline purchase channels, should not be managed in silos. Cross effects suggest that online ads can be used as a way to grow the offline channel, and this requires cooperation and coordination” (Dinner et al. 2014, p. 527). For instance, they say, „it is not uncommon for customers to use the Internet as a “channel” and the offline store as the “purchase
channel” (Dinner et al. 2014, p. 528).

Hence, we are curious to see if online as a synonym for new, and offline, as a synonym for traditional, can be combined, and we would like to inspire scholars and practitioners to think in this direction when creating their advertising plans. Hence, at this point we can present one example as a starting platform for further development of ideas.

Namely, the study of Spotts et al., (2014, p. 454) „found evidence that the relationship between traditional television advertising and online social-media conversations was reciprocal, with both media platforms working in tandem to enhance brand engagement“. Moreover, the connections of these two media platforms seem to coexist better, and change the consumer behavior better, in comparison with the relationships among other media. Furthermore, television advertising seems to revive its interest among the public due to its ability to develop brands and to reinforce social media efforts. In practice, „many advertisers are using their advertising to encourage interactive online behaviors through technologies such as hashtags, QR codes, and other links. Their efforts have been supplemented by the enhanced Web applications of mobile and tablet platforms“ (Spotts et al. 2014, p. 455). These effects would be tied to traditional measures related to memory, liking, persuasion, and/or behavioral response” (Spotts et al. 2014, p. 457).

This goes perfectly hand in hand with our next opinion that dares to ask „who is in charge“?

3.6 Advertising voluntarily approached by consumers. A dream or reality?

Spotts et al. (2014, p. 457) introduce a new approach to understanding advertising. They claim that „we have entered into an “age of engagement” with social currency being a primary objective“. In this regard, „advertisement engagement is a critical factor, as engaged consumers more likely will attend to— and process— advertising and talk about brands“ (Spotts et al. 2014, p. 456).

“Engagement” actually has no established universal definition or measurement, even though it is a concept that receives much scrutiny among marketers and marketing researchers. One way to analyze this approach is to link “engagement” with the evolution of advertising from involuntary to voluntary. In this regard, „we acknowledge what many consider to be a paradigm shift in advertising, in that advertisers increasingly rely on consumer willingness to voluntarily approach advertising” (Rosengren and Dahlen 2015, p. 1). If advertisers want to embrace this new paradigm as their bet for successful future, they need to ask themselves “who is in charge?”. Moreover, they need to give up the assumed rights to control their advertising efforts, or at least understand as fast as possible the fact that the market (re)evolution is tacitly passing those rights to the opposite end, i.e. to the consumers. Truly, the Internet, and later the social media has changed the rules of the game, adding interaction, targeted communication, and better evaluation, all at lower cost. „Social-media advertising uses social communities, such as social networks and virtual worlds as an advertising medium, just as traditional advertising focuses on the television platform“ (Petrescu and Korgaonkar 2011, p. 213), only now the consumer is in control. Hence, for example, social conversations reflect high audience engagement where people not just tolerate the advertising, but seek it out and embrace it (Spotts et al. 2014, p. 456).

In fact, advertising research has, to date, „somewhat paradoxically focused on consumer advertising avoidance behaviors – for instance, by investigating how certain programs influence ad avoidance, perceptual tricks to capture attention during incidental exposure, and/or any brand effects that may occur in spite of such avoidance“ (Rosengren and Dahlen 2015, p. 1). The authors define this advertising avoidance as „all actions. . . that differentially reduce their exposure to ad content“ (Rosengren and Dahlen 2015, p. 3), but they rather urge that less is known about the flipside – namely, what causes consumers to willingly increase their exposure to certain advertising content. As mentioned earlier, we are only at the beginning of exploring this new paradigm of emotional engagement and the concept of switching from involuntarily to voluntarily approaching advertising.
Furthermore, the elaborated studies have focused only on certain aspects of willingness to approach; additional studies are needed to “explore advertising approach in terms of willingness to process, willingness to interact with, and willingness to pass on advertising” (Rosengren and Dahlen 2015, p. 11).

3.7 Can we dare to challenge the definition of advertising?

“The definition of advertising has never been more unclear” quote Campbell et al. (2014, p. 7) referring to the feelings of many contemporary authors and advertising experts.

One of the most interesting aspects is to observe how every word and notion can be interpreted, taking into account changes in practices or development of trends over time. “Traditional definitions of advertising include a series of elements that distinguish the field from others. Each innovation in communication has been used for advertising, and in some way, each has changed advertising, which in turn has changed the set of elements used in its definition. However, there are or should be some essential elements that determine whether an activity is advertising” (Richards and Curran 2002, p. 63).

Having in mind that there are more than one definitions of advertising, and hence more approaches to challenge and criticize, we will point out the work of Richards and Curran (2002), who chose to analyze one of the most accepted definitions, which originally says that „advertising is a paid non-personal communication from an identified sponsor, using mass media to persuade or influence an audience” (Richards and Curran 2002, p. 64). If we put Internet into the equation, as the most obvious new technology, then advertising becomes more “personal” and calls the “non-personal” element into question. Next, „merchandising, or putting an ad message on an article of clothing or other product, can pass ad costs to a consumer who buys that product. So the question of whether a definition need to include “paid” is also problematic if we interpret “paid” to mean it is a cost to the advertiser. But if we interpret it as cost to anyone, then this element probably would encompass every marketing communication, including public relations” (Richards and Curran 2002, p. 66). Furthermore, they prefer to substitute “identifiable” for “identified” to accommodate the problem of teaser ads, and so as well chose to use “source” instead of “sponsor”, while omitting the unnecessary word “influence”. “Mass media” is replaced by “mediated”, and “non-personal” is dropped. Finally, a broad call to action is added. Hence, the authors derived a “non-consensual” but still “majority opinion” modified definition which says that „advertising is a paid, mediated form of communication from an identifiable source, designed to persuade the receiver to take some action, now or in the future” (Richards and Curran 2002, p. 74). The definition retains “paid” and “persuade” which authors and panelists in the research considered important. Indeed, the most notable changes are the removal of “non-personal” and “mass”, which widened it to embrace the Internet.

The above mentioned example is just one of the ways to challenge traditional definitions of advertising. New trends and practices will only further question the way we approach and experience the industry. For instance, „buffeted by falling readership – and corresponding falls in advertising revenue – the news media also blur the definition of advertising. Eager for new sources of revenue, many publications have shifted from selling advertisements to also selling editorial control” (Campbell et al. 2014, p. 7).

4. Conclusion

Advertising industry is developing at such a rapid pace that scholars don’t manage to catch up on studying all the aspects. It seems that advertising absorbed an ad-hoc image where the market learns as it goes, without a possibility to systematically assess if the industry drives in the right direction and if all the innovations bring the expected results. Marketers and advertisers are left to
be driven by their own gut feelings whereas market researches and business analysis serve rather as comforting alibi instead of substantial contributors to the decision making. Indeed, this work shows that facts and figures on traditional and new media advertising might bring only more confusion, as every positive inclination towards any of them can be instantly discharged with an adverse evidence. As future expectations are that this fast development will keep the same pace, we aim to convince those involved, or at least provoke, to look at traditional and new media not as subjects for comparison, but as items that can be combined, synergize, work together, and help each other. At the end of the day, both approaches are just vehicles for achieving common goals. These views and opinions, we believe, might give the impulse to the notion of “advertising equity”, a terminology that in fact already exists, and a concept that should make the life of advertisers easier in terms of planning and forecasting, and should help scholars in their efforts to academically progress the (r)evolution of advertising.

Literatúra/List of References

Kľúčové slová/Key Words

advertising, traditional advertising, new media, new trends, comparison
reklama, tradičná reklama, nové média, nové trendy, porovnanie

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Résumé

Zmenená reklama – nové trendy prinášajú nové výzvy. Ako sa s nimi vyrovnáť?

Trh ponúka niekoľko nesmelých príkladov pokusov, ktoré zvýšia dôveru v experimentovanie a investovanie do nových reklamných modelov. Preto je dôležité stanoviť od samého začiatku jasné definície pre správne pochopenie oblasti, v ktorej operujú inzerenti. V skutočnosti reklama ako taká je napádaná pre svoj veľmi základný význam a má tendenciu byť chápaná rozlične rôznymi profilmi širokej populácie. Okrem toho je tiež dôležité definovať priamočiare ciele toho, čo sa očakáva, že bude dosiahnuté pomocou reklamného úsilia. V skutočnosti sme videli, že boj o pozornosť spotrebiteľov už nie je jednoducho iba cieľom reklamného oznámenia, ale konečným úspechom je zapojiť spotrebitela a motivovať ho k dobrovolnému prijatí značky. K tomu, aby sa tak stalo, inzerenti sa musia dobrovolne vziať svojej domnienky, že kontrolujú reklamný výsledok a pochopíť, prijať a podporiť skutočnosť, že to musí mať na starostig spotrebič. Naozaj, to je spotrebič a jeho odporúčanie, ktoré je najlepším nosičom marketingovej správy, bez ohľadu na to či ide o metódy tradičných alebo nových mediálnych kanálov.

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