

Skills for Living

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Topic 19-3

The Role of Advertising

- In this topic, you will learn about the methods businesses use to promote their goods and services, as well as
 - ❖ **How advertising affects consumer spending**
 - ❖ **Types of advertising**
 - ❖ **Evaluating advertisements**

The Role of Advertising

Objectives for Topic 19-3

After studying this topic, you will be able to

- explain the role of advertising in promoting goods and services
- identify how advertising influences consumer spending
- evaluate various types of advertising

Topic 19-3 Terms

- ❖ advertisement
- ❖ bait and switch

How Advertising Affects Consumer Spending

- An *advertisement* is a paid public message communicated through various media that promotes the sale of goods and services
- You may not be aware of the effects of advertising on your spending
- The main goal of ads is to convince consumers to buy something



Types of Advertising

- ***Factual ads*** describe a product's features, benefits, and cost
- ***Comparison ads*** make comparisons with competing products
- ***Testimonial ads*** use celebrities, sports professionals, or experts to endorse products

Types of Advertising

- ***Attention-getter ads*** are designed to be creative and entertaining
- ***Bandwagon ads*** imply that many people use and enjoy the product and you should, too
- ***Sex-appeal ads*** make consumers feel that they will be more attractive and popular if they use the product
- ***Infomercials*** are 30 minute blends of information and commercials on one product
- ***Direct mail*** is the process of mass mailing

Advertising on the Internet

- Pop-up pages are usually ads
- Determine who sponsors the Web site
 - ❖ Retailers may be promoting their own products
 - ❖ Unidentified sponsors may not be trustworthy

Activity

- Provide one example of each type of advertisement

Type of Advertisement	Example
Factual	
Comparison	
Testimonial	
Attention getter	
Bandwagon	
Sex-appeal	

Evaluating Advertisements

- What is the purpose of the ad?
- Is it designed to inform or to persuade?
- Is the information in the ad useful?
- Is it factual and easy to understand?
- Does it tell what you want to know about features, quality, and price?

Persuasive Advertising

- Offers little or no useful information about a product or service
- Avoid being influenced by this type
- Make choices based on the quality of the product or service

Deceptive Advertising

- *Bait and switch* is a deceptive advertising method in which the advertiser offers a low-priced item as bait to get shoppers in the store
 - ❖ Then the advertiser tries to switch them to a more expensive item
- Consumers may be offered a free gift or prize to come to a store or accept another offer
 - ❖ Additional purchases may be involved

Consumer Protection Against Deceptive Advertising

- The *Federal Trade Commission (FTC)* is responsible for preventing false advertising and deceptive advertising practices
- The *Federal Communication Commission (FCC)* regulates ads aired on television or radio
- Both agencies can
 - ❖ impose fines for violations
 - ❖ request that advertisers prove claims made in ads

Summary for Topic 19-3

- One of the strongest influences on consumer spending is advertising
- Advertising can be informative and persuasive
- Understanding the types of advertising and how to evaluate them can help consumers make informed choices