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Mass media and risks in advertising campaigns: cultural and ethical concerns

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Introduction

Mass media and propaganda are two terms that go hand in hand by the nature of the process. Although propaganda has existed for thousands of years, mass media are the invention of the last two centuries, with the development of the printed media first, to the invention of the Internet in the last two decades of the 20th century. The invention of the printing machine changed the world forever. A process that took a long time, copying of the written text, became much easier and faster. Since humankind was always curious and receptive for news, it didn't take long for the first newspapers to appear. With the medium that circulated among thousands of people every day, a pioneer who recognized that his proposal or services can reach many, created and published the first ad. The same happened with radio, television, Internet. Media do not only entertain masses and deliver news, their purpose is also to spread commercial propaganda – advertisement. Advertisers pay money to appear on television or radio shows, newspapers, magazines or Internet websites, and those who own such resources collect the profit for renting their services.

With the development of the capitalism and economic ideal of the free market, entrepreneurs started to fight for their market share on a global scale. They were using tried and tested method of advertizing their services and goods, and persuading consumer populations that their offers are better than those of the competition. Thus, organised advertisement campaigns in domestic and foreign markets came to the existence, along with the profits and risks that they entailed.

Creating an advertising campaign is a complex process. It requires careful planning, strategizing, and use of multiple different resources. The first step would be, of course, to decide which product is going to be advertised. Depending on the saturation of the market, wishes of the consumers, trends in the society, and budget at hand – all of which should be determined with a thorough market research, different strategies for the advertising campaign are created. After the market research has been concluded, platforms for launching of the campaign have to be selected: traditional media (newspapers, magazines, radio, television or outdoor advertising), social media and the Internet, or a combination of the aspects of both. These are all basic steps in a much larger and complicated scheme of creating a successful advertising campaign. Such an endeavour inadvertently carries risks, very similar to those seen in modern business practices. This includes dealing with the environment and situations that business owners (and marketing experts) have no control over – natural catastrophes, changes of economic and political climate in a country of business, etc. Yet another type of risk comes with advertising products in cultures different to the one where the company originated from, as references and behaviour expressed through the advertisements may carry different meanings across different cultures. Further, consequences can also be present if companies do not follow ethical and moral codes of the society and use improper tactics to advertise their goods and services. An example might be advertising directed towards adolescent population, if the companies belong to alcohol, tobacco, pharmaceutical, or arms industry.

Taking all of this into consideration, it is desirable to have a clear overview of risks that are present in marketing, and also to showcase some examples of consequences of advertising campaigns which were launched without proper planning, or with insufficient data from market research.

The subject of this research is comparative analysis of mass media and their potential for launching advertising messages, as well as giving a clear overview of risks that are present in marketing. We will also explore examples of consequences of advertising campaigns which were launched without proper planning or with insufficient data from market research. Our main focus will be on the campaigns of alcohol, tobacco, and arms industry.

Aim of the research

| The main goals of this thesis are:

1. description of the elements of advertisements– such as propaganda, marketing and communication mix, intangible assets etc., as well as introduction to basic terms and tools of marketing;
2. understanding of advantages and disadvantages for launching propaganda campaigns for each of the mass media analysed (printed media, radio, television and the Internet);
3. to determine that knowledge of society's language and cultural code is imperative for successful promotion of products coming from different cultural surroundings;
4. to present examples of breaching the ethical and moral codes in advertising, such as advertising hazardous substances or weapons to adolescents and younger population;
5. debating the moral right of “shock advertising tactic” if it is used for profit, and if it is used for rising of awareness of some social issue.

Hypothetical Framework of the research

Hypothetical framework of this thesis will now be established, along with the research methods which were applied.

The main hypotheses of this thesis are

1. **Mass media are unavoidable platforms for sending advertising messages that can reach consumer population.**
2. **Marketing campaigns carry cultural, ethical, and communicational risks.**

Auxiliary hypothesis are:

1. Propaganda is not necessary a negative term.

2. Understanding of marketing and communication mix is crucial towards organizing successful marketing campaign.
3. Intangible assets are important link to the successful advertisement.
4. Understanding of the cultural codes of foreign nations is essential for successful product placement.
5. Ethical and moral considerations in marketing are important for industries dealing in hazardous products (e.g., tobacco, alcohol, weapons).
6. Ethical and moral considerations are important for marketing campaigns employing unorthodox advertising tactics, such as “shock advertising”.

Research methods

Basic scientific methods applied in this thesis include **analysis, abstraction, synthesis, generalization, deduction, and induction**.^{1,2}

Analysis is separation of object of the research on components, or in other words, structure factors, link functions and relation in specific time and specific place. Separation can be physical and spiritual – by mind. Also, it can be combined. General object of the analysis is always a complex unit.

Abstraction in social and political sciences is a mental process, directed toward the object and which is carried out by special rules. This process follows the analysis of the object and discovers in its analysis attributes, properties, contents of said object. The subject of the abstraction is terms, attitudes, opinions, conclusions, and social and political realities.

Synthesis is linking multiple factors in one whole, or in other words, understanding of complex wholes over their singular parts.

Generalization is synthetically basic scientific method in which one understands whole via understanding individually.

Deduction is analytic methodical process, which, from basis of general knowledge, acquires particular knowledge with a high degree of reliability.

Induction is the only scientific method that enables direct knowledge of empirical, realistically-concrete and diverse in singular wholes. With insight of properties in singular wholes, induction allows creation of terms, attitudes and views.

General scientific method applied in this thesis includes **hypothetic-deductive method**.

¹Milosavljević, S. Radosavljević, I., (2006), *Osnovi metodologije političkih nauka*, JP "Službeni glasnik", Beograd, pages: 200-203.

²Miljević, M.I., (2007), *Metodologija naučnog rada*, Filozofski fakultet, Univerzitet u Istočnom Sarajevu, Pale, pages: 118-146.

Hypothetic-deductive method is empiric method in which scientific knowledge-base is total social, organizational and scientific experience. This method understands mentioned experience like a complex whole of diverse, counter, contra dictionary single, group, collective and general social experience. Hypothetic-deductive method understands experience it like a whole that permeate observed, rational and spiritual.

Data gathering method applied in this thesis include content analysis of primary and secondary sources (relevant literature, magazines and Internet).

Structure of the thesis

In the first part, the subject and the objective of the research are presented, along with the hypothetical framework of the research and research methods.

In the second part, the reader is presented with some of the basic marketing terms, such as economic propaganda, marketing mix and communication mix, along with their definitions and explanation of their usefulness.

In the third part, reader is presented with four types of mass media (printed media, radio, television, and Internet), their advantages and disadvantages for launching propaganda messages and their potential for fulfilling their role as a platform for advertising. Also, Out-of-home advertising and social media advertising are presented, along with their definition and examples.

In the fourth and fifth part, the reader is presented with the marketing expenses, along with the term “intangible assets”, its relevance for the advertising effort, with legal framework embodied in IAS 38.

In the sixth part, risk management will be defined, along with the basic understanding of what it presents and why it is relevant for the purpose of this research.

In the seventh chapter, definition of ethics and moral will be presented as a comparative analysis of ethics of Aristotle, Nietzsche and Confucius.

In the eighth part communication theory will be presented, along with the examples of failed cultural decoding/encoding of propaganda messages that were used in advertising.

In the ninth part, advertising of the alcohol, tobacco and arms industry will be discussed, as well as tactics which are employed during youth-targeting advertising campaigns.

In the last part, shock advertising will be comparatively analysed between campaigns used for sales profit and campaigns aimed towards raising social awareness over some issue. Benetton brand shock tactics will be used as an example of blending desire for social change and profit-making.

1. Advertising and marketing tools

1.1. Advertising

A negative image is always associated with the term propaganda. Expressions like “enemy’s propaganda”, “political propaganda”, “jingoistic propaganda” are common and often come to mind when this word is heard.

Propaganda, can be defined as a “a message designed to persuade its intended audience to think and behave in a certain manner. Thus advertising is commercial propaganda. In specific, it is institutionalized and systematic spreading of information and/or disinformation, usually to promote a narrow political or religious viewpoint.”³

Propaganda, in its crude form, is as old as human warfare. Approximately 2400 years ago, the Chinese general Sun Tzu wrote that “one need not destroy one’s enemy; one need only destroy his willingness to engage”. In other words, feeding the enemy with false information or destroying his morale is enough to win a battle, without physical engagement. Propaganda can also be directed by government to increase a morale of domestic population or to spread the word of national achievements (real and/or fabricated) abroad or internally, or in more negative ways, against those who state deems its enemies, both internal and external.

Commercial propaganda is better known under the words such as advertisement, commercial, publicity, etc. Advertisement, or ad, can be defined as “paid, non-personal, public communication about causes, goods and services, ideas, organizations, people, and places, through means such as direct mail, telephone, print, radio, television, and Internet. An integral part of marketing, advertisements are public notices designed to inform and motivate. Their objective is to change the thinking pattern (or buying behavior) of the recipient, so that he or she is persuaded to take the action desired by the advertiser.”⁴

The main participants of commercial propaganda are:⁵

1. **Advertiser** – a company that uses propaganda for promotion of its products and services on certain market and to certain category of consumers. Advertiser is also the financier of costs that this kind of activity creates. He is a user of economic benefits which propaganda realizes, and he is also bearing the main responsibility for any problems that can be created during the spreading of propaganda messages. That is one of the reason why advertiser or his representative have to be appropriately identified in all propaganda endeavors.

³Business dictionary online(www.businessdictionary.com)

⁴Business dictionary online(www.businessdictionary.com)

⁵Backović, M, Kaličanin, Đ, (2008), *Privredna propaganda kao oblik tržišnog komuniciranja*, Centar za izdavačku delatnost Ekonomskog fakulteta u Beogradu, Beograd, pages: 126-128

2. **Propaganda agency (advertising agency)** – a special organization which provides services to advertiser in planning and realization of propaganda endeavors, for which the advertiser is limited by lack of cadre and organization, or in other words, does not have personal interest to do this kind of job inside his own organization. It is considered that formation of propaganda agencies leads toward professionalism of propaganda businesses, and also, toward establishment of certain standards which are necessary for respecting the interests of all participants in propaganda ventures.
The activities of advertising agencies can be better understood in the context of their historical evolution. Advertising agencies emerged as space-brokers, simply buying advertising space in the press on behalf of clients. Gradually, they extended their activities to provide more services to clients and to add value to their business. So they provided artists to draw up the ads for clients as an improvement on text alone. They acquired expertise in typography and print technology, graphic art and photography. With the development of broadcast media, some developed expertise in media planning, script writing and radio production and, later, film production. Many agencies found that because of their location they attracted certain types of business such as retail advertising in the local press or sales promotion. In these cases many regional agencies developed as specialists in these categories of work.
As new communication technologies have emerged, many larger agencies have tried to develop in-house expertise in such areas as interactive television, Internet marketing and interactive web sites, and even mobile telephony-based communications solutions such as text messaging. However, they have often found that it is difficult to maintain specialist expertise in such fast-moving areas and, in many cases, have come to rely instead on a network of independent specialists on whom the agencies can call for help when it is needed.⁶
3. **Media** – a specific shape of communication channels which advertisers use for spreading their ads towards potential customers. Advertisers buy from media their space, time, technical characteristics and network for spreading their propaganda messages. Revenues from advertising through media are all-time high, since media grants access to wide range of markets and consumers, and therefore, they are the main choice of big brand advertisers.
4. **Consumers** – they are all current and potential receivers of propaganda messages. They are the target of propaganda and other activities of advertisers. Importance and role of this element of propaganda business is decided by the number of consumers, their income, level of education and social status. This and some other elements decide the price of advertisement time or space.
5. **Competitors** – as an element of propaganda system, competition is important, since propaganda is considered as the most aggressive instrument of competition fight. Advertisers use propaganda for realization of planned level of market participation, which in case of saturated market means a partial takeover of consumers from competition. In that case, it is normal that there is a similar response of competition, which can usually lead to so called “propaganda war”.
6. **Government (or state administration)** – main creator of economic policies which economic system of a state is defined. Some of the measures of economic policies can

⁶Focus Designer online magazine (<http://focusdesigner.com/articles/different-types-of-online-advertising/>)

be directed towards strengthening the competition, which can lead towards more intense battle for the market. Or, some of the policies can be prohibitive towards propaganda messages, limiting the possibilities of the companies to advertise themselves.

| In conclusion, advertising is the life-force of a business. It is a mean to reach the customers, and therefore, make a profit out of them. But, certain rules must be respected, as well as compliance with official state policies towards the economic propaganda of country of question. Therefore, we can confirm our auxiliary hypothesis that propaganda is not necessarily a negative term, if it is checked and regulated.

In the next chapter, tools that are used in advertising, such as marketing and promotional mix, and their importance for this kind of activity are explained.

1.2. Marketing mix

One of the essential business tool used in marketing is so called “marketing mix”, which is often crucial when determining a product or brand's offer. In 1960, former professor of Michigan State University, Edmund Jerome McCarthy in his book “Basic Marketing. A Managerial Approach” proposed “4Ps” formula of marketing mix. The 4Ps stand for **Product**, **Pricing**, **Place** and **Promotion**, which “surrounds” the desired target, the customer.⁷

According to Professor McCarthy, the **product** area is concerned with developing the right “product” for target market. The product itself may involve a physical good, a service or a blend of both. **Place** is concerned with all the decisions involved in getting the “right” product to the target market's Place. A product isn't much good to a customer if it isn't available when and where it's wanted. **Promotion** is concerned with telling the target market or others in the channel of distribution about the “right” product. Sometimes promotions are focused on acquiring new customers and sometimes it's focused on retaining current customers. Promotion includes *personal selling*, *mass selling* and *sales promotion*. It is the marketing manager's job to blend these methods of communication. Personal selling involves direct spoken communication between sellers and potential customers. Personal selling usually happens face-to-face, but sometimes the communication can occur over the telephone, from so called “call centres”. Personal selling lets the salesperson adapt the firm's marketing mix to each potential customer, but this individual attention comes at a price; personal selling can be very expensive. Often this personal effort has to be blended with mass selling and sales promotion.⁸

In addition to developing the right Product, Place and Promotion, marketing manager must also decide the right **Price**. Price setting must consider the kind of competition in the target market and the cost of the whole marketing mix. A manager must also try to estimate customer reaction to possible prices. Besides this, the manager must know current practices as

⁷Perreault, W.D., McCarthy, E.J., (2002), *Basic marketing: A global managerial approach*, McGraw-Hill Higher Education, New York, pages: 48-51

⁸ Ibid

to mark-ups, discounts, and other terms of sale. And if customers won't accept the Price, all of the planning effort is wasted. All four Ps are needed in a marketing mix.⁹

When a marketing mix is being developed, all decisions about the Ps should be made at the same time. The reason for that is the "arrangement" of four Ps in the coordinating system. In other words, customer is in the centre of things always, and Product, Pricing, Place and Promotion are arranged around him, since they are all equally important, thus creating marketing mix system.¹⁰

Today, dominant concept of holistic marketing takes place. Holistic marketing can be defined as "marketing strategy that is developed by thinking about the business as a whole, its place in the broader economy and society, and in the lives of its customers. It attempts to develop and maintain multiple perspectives on the company's commercial activities."¹¹

If the 4Ps marketing mix is updated to reflect the holistic marketing concept, we arrive at a more representative set that encompasses modern marketing realities: **people, processes, programs, and performance.**¹²

In other words:

1. **People** reflect, in part, internal marketing and the fact that employees are critical to marketing success. Marketing will only be as good as the people inside the organization. It also reflects the fact that marketers must view consumers as people to understand their lives more broadly and not just as they shop for and consume products and services.
2. **Processes** reflect all the creativity, discipline, and structure brought to marketing management. Marketers must avoid ad hoc planning and decision making and ensure that state-of-the-art marketing ideas and concepts play an appropriate role in all they do. Only by instituting the right set of processes to guide activities and programs can a firm engage in mutually beneficial long-term relationships. Another important set of processes guides the firm in imaginatively generating insights and breakthrough products, services, and marketing activities.
3. **Programs** reflect all the firm's consumer-directed activities. It encompasses the previous idea of four Ps as well as a range of other marketing activities that might not fit as neatly into the older view of marketing. Regardless of whether they are online or offline, traditional or non-traditional, these activities must be integrated such that their whole is greater than the sum of their parts and they accomplish multiple objectives for the firm.
4. **Performance** can be defined as an element which captures the range of possible outcome measures that have financial and nonfinancial implications (profitability as well as brand and customer equity), and implications beyond the company itself (social responsibility, legal, ethical, and community related).

⁹ Perreault, W.D., McCarthy, E.J., (2002), *Basic marketing: A global managerial approach*, McGraw-Hill Higher Education, New York, pages: 48-51

¹⁰ Ibid

¹¹ Business dictionary online (www.businessdictionary.com)

¹² Kotler, P., Keller K.L., (2012), *Marketing management*, Prentice Hall, New Jersey, pages: 25, 26

As integration of world economies progresses and new elements come into spotlight, as well as new means and media for spreading propaganda messages, so will marketing adapt and evolve. Therefore, it won't be a surprise if sometimes in the future, marketing mix is defined by some other four Ps. In the next chapter, we will analyze marketing communication mix, an additional important business tool.

1.3. Marketing communication mix

Another important tool in marketing science is marketing communication mix, also known as promotion mix. It is consisted of the specific blend of **advertising**, **public relations**, **personal selling** and **sales promotion**, and **direct-marketing** tools that the company uses to persuasively communicate customer value and build customer relationships.

Kottler and Armstrong, in their book "Principles of marketing" define five major promotion tools as follows:¹³

1. **Advertising:** Any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor.
2. **Sales promotion:** Short-term incentives to encourage the purchase or sale of a product or service.
3. **Personal selling:** Personal presentation by the firm's sales force for the purpose of making sales and building customer relationships.
4. **Public relations:** Building good relations with the company's various publics by obtaining favourable publicity, building up a good corporate image, and handling or heading off unfavourable rumours, stories, and events.
5. **Direct marketing:** Direct connections with carefully targeted individual consumers to both obtain an immediate response and cultivate lasting customer relationships.

Each of these categories involves specific promotional tools used to communicate with customers. For **advertising**, this includes broadcast, print, Internet, outdoor, and other forms. **Sales promotion** includes discounts, coupons, displays, and demonstrations. **Personal selling** includes sales presentations, trade shows, and incentive programs. **Public relations (PR)** includes press releases, sponsorships, special events, and Web pages. And **direct marketing** includes catalogues, telephone marketing, kiosks, the Internet, mobile marketing, and more.¹⁴

At the same time, marketing communication goes beyond these specific promotion tools. The product's design, its price, the shape and colour of its package, and the stores that sell it all communicate something to buyers. Thus, although the promotion mix is the company's primary communications activity, the entire marketing mix—promotion and product, price, and place—must be coordinated for the greatest impact. If we take into consideration the

¹³Kottler, P., Armstrong G, (2012), *Principles of marketing*, Prentice Hall, New Jersey, page 424

¹⁴Ibid, 426.

importance of proper utilization of advertising, PR, personal selling and sales promotion, and direct-marketing tools, we come to conclusion that understanding of marketing and communication mix is crucial towards organizing successful marketing campaign, and therefore, we prove our auxiliary hypothesis.

In the next chapter, intangible assets will be discussed, as well as their importance to marketing in general.

2. Mass media advertising

2.1. Printed media

Magazines and newspapers have been advertising media for more than two centuries. For many years, before the discovery of the radio waves, they were the only major media available to advertisers. With the growth of the broadcast media, particularly television, reading habits declined, since the sound and picture could be more easily absorbed by the audience. But despite the competition from the broadcast media, newspapers and magazines have remained important media vehicles to both consumers and advertisers. Thousands of magazines are published throughout the world. They appeal to nearly every specific consumer interest and lifestyle, as well as to thousands of businesses and occupations. By becoming a highly specialized medium that reaches specific target audiences, the magazine industry has prospered.

Newspapers are still the primary advertising medium in terms of both ad revenue and number of advertisers. Newspapers are particularly important as a local advertising medium for hundreds of thousands of retail businesses and are often used by large national advertisers as well. For many consumers, newspapers are their primary source of product information.¹⁵

2.2. Magazines

Many people read a number of different magazines each week or month to become better informed or simply entertained. Individuals employed in various occupations rely on business magazines to keep them current about trends and developments in their industries as well as in business in general. IT professionals rely on magazines that report about development of computer industries. Those enjoy travelling are looking forward towards new "National Geographic". Consumer magazines generate an average of 47 percent of their revenues from advertising; business publications receive nearly 73 percent. Newspapers generate 70 percent of their total revenue from advertising.¹⁶

The role of magazines and newspapers in the advertiser's media plan differs from that of the broadcast media because they allow the presentation of detailed information that can be processed at the reader's own pace. The nature of the print media is that they are not as intrusive as radio or TV. They do require some effort on the part of the reader for the message that is advertised to have some impact, as broadcasted messages on TV and radio can be heard in the background while consumer is doing some work and subconsciously get into his or her

¹⁵Belch, G.E., Belch, M.A., (2003), *Advertising and promotion: an integrated marketing communications perspective*, The McGraw-Hill Companies, New York, page 392.

¹⁶Ibid.

mind. For this reason, newspapers and magazines are often referred to as high-involvement media.¹⁷

Most magazines, however, reach a very selective audience. Like radio, they can be valuable in reaching specific types of consumers and market segments.¹⁸ While both magazines and newspapers are print media, the advantages and disadvantages of the two are quite different, as are the types of advertising each attracts.

Over the past several decades, magazines have grown rapidly to serve the educational, informational, and entertainment needs of a wide range of readers in both the consumer and business markets. One of the advantages of magazines that advertisers can exploit is their specialization. Magazines can cover a wide range of consumer preferences in lifestyle, interests, demographics and activities. Also, there are specialized magazines directed toward specific businesses and industries, or even individuals engaged in various professions.¹⁹

If we take consumer magazines for an example, which are bought by the general public for entertainment and information, we see that they are sold via subscription or circulation, store distribution or both. Consumer magazines are best suited to marketers interested in reaching general consumers of products and services as well as to companies trying to reach a specific target market. Categories that are usually advertised in such magazines are computer office equipment, cosmetics, automobile, direct response, business and consumer services. One point worth noticing is that advertisers of tobacco products spend much of their media budget in magazines, since they are universally prohibited from advertising in the broadcast media.²⁰

Not only are these specialty magazines of value to firms interested in reaching a specific market segment, but their editorial content often creates a very favourable advertising environment for relevant products and services.

Magazines have a number of characteristics that make them attractive as an advertising medium. Strengths of magazines include their **selectivity, excellent reproduction quality, creative flexibility, permanence, prestige, readers' high receptivity and involvement**, and **services** they offer to advertisers.^{21,22}

Another distinctive advantage offered by magazines is their **long life span**. TV and radio are characterized by quick messages that have a very short life span; newspapers are generally discarded soon after being read as the information they contain get old fast. Magazines, however, are generally read over several days and are often kept for reference. They are retained in the home longer than any other medium and are generally referred to on several occasions. One benefit of the longer life of magazines is that reading occurs at a less hurried pace and there is more opportunity to examine ads in considerable detail. This means ads can

¹⁷ Numberger, S., Shwaiger, M., (2003), *Cross Media, Print and Internet Advertising: Impact of Medium on Recall, Brand Attitude and Purchase Intention*, Ludwig-Maximilians-Universität München, München, page 3

¹⁸ Khan, R.R., Kamble, S.R., Khatri, R., Lasune, S., (2011), *Advertising*, Institute of Distance and Open Learning, University of Mumbai, Vidyanagari, page 38

¹⁹ Belch, G.E., Belch, M.A., (2003), *Advertising and promotion: an integrated marketing communications perspective*, The McGraw-Hill Companies, New York, page 393.

²⁰ Ibid 395

²¹ Ibid 396

²² Baurer media advertising(http://magazines.bauermediaadvertising.com/why_magazines)

use longer and more detailed copy, which can be very important for high involvement and complex products or services.²³

Another positive feature of magazine advertising is the **prestige** the product or service may gain from advertising in publications with a favourable image. Companies whose products rely heavily on perceived quality, reputation, and/or image often buy space in prestigious publications with high-quality editorial content whose consumers have a high level of interest in the advertising pages. This can increase a consumer's confidence in a particular brand and reduce the amount of perceived risk associated with a purchase.²⁴

Although the advantages offered by magazines are considerable, they have certain drawbacks too. Disadvantages include the costs of advertising, their limited reach and frequency, the long lead time required in placing an ad, and the problem of clutter and heavy advertising competition.²⁵

The costs of advertising in magazines vary according to the size of the audience they reach and their selectivity. Most magazines emphasize their effectiveness in reaching specific target audiences at a low cost per thousand. Also, an increasing number of magazines are offering demographic and geographic editions, which helps lower their costs. Media planners generally focus on the relative costs of a publication in reaching their target audience.^{26,27}

Another drawback of magazines is the long lead time needed to place an ad. Most major publications have a 30- to 90-day lead time, which means space must be purchased and the ad must be prepared well in advance of the actual publication date.²⁸ No changes in the art or copy of the ad can be made after the closing date. This long lead time means magazine ads cannot be as timely as other media, such as radio or newspapers, in responding to current events or changing market conditions. While the problem of advertising clutter is generally discussed in reference to the broadcast media, magazines also have this drawback. The clutter is showed in one paradox: as magazine becomes more successful, it attracts more advertising pages. As more advertising pages it attracts, it leads to greater clutter. Magazine publishers do attempt to control the clutter problem by maintaining a reasonable balance of editorial pages to advertising.

This clutter makes it difficult for an advertiser to gain readers' attention and draw them into the ad. Thus, many print ads use strong visual images, catchy headlines, or some of the creative techniques discussed earlier to grab the interest of magazine readers. Some advertisers create their own custom magazines to sidestep the advertising clutter problem as well as to have control over editorial content. Clutter is not as serious an issue for the print media as for radio or TV, since consumers tend to be more receptive and tolerant of print

²³ Belch, G.E., Belch, M.A., (2003), *Advertising and promotion: an integrated marketing communications perspective*, The McGraw-Hill Companies, New York, page 400

²⁴ Ibid

²⁵ Small business blog (<http://www.smallbusinessnotes.com/marketing-your-business/magazine-as-an-advertising-medium.html>)

²⁶ Belch, G.E., Belch, M.A., (2003), *Advertising and promotion: an integrated marketing communications perspective*, The McGraw-Hill Companies, New York, page 402

²⁷ Clow, K.E., Baack, D., (2007), *Integrated advertising, promotion and marketing communications*, Prentice Hall, New Jersey, page 240

²⁸ Belch, G.E., Belch, M.A., (2003), *Advertising and promotion: an integrated marketing communications perspective*, The McGraw-Hill Companies, New York, page 402

advertising. They can also control their exposure to a magazine ad simply by turning the page.²⁹

2.3. Newspapers

The traditional role of newspapers has been to deliver prompt, detailed coverage of news as well as to supply other information and features that appeal to readers. The vast majority of newspapers are daily publications serving a local community. However, weekly, national, and special-audience newspapers have special characteristics that can be valuable to advertisers.

Display advertising is found throughout the newspaper and generally uses illustrations, headlines, white space, and other visual devices in addition to the copy text. Display ads account for approximately 70 per cent of the advertising revenue of the average newspaper. The two types of display advertising in newspapers are **local** and **national** (general).^{30,31}

Local advertising refers to ads placed by local organizations, businesses, and individuals who want to communicate with consumers in the market area served by the newspaper. Supermarkets and department stores are among the leading local display advertisers, along with numerous other retailers and service operations such as banks and travel agents. Local advertising is sometimes referred to as retail advertising because retailers account for 85 percent of local display ads.³²

National or general advertising refers to newspaper display advertising done by marketers of branded products or services that are sold on a national or regional level. These ads are designed to create and maintain demand for a company's product or service and to complement the efforts of local retailers that stock and promote the advertiser's products. Major retail chains, automakers, and airlines are heavy users of newspaper advertising. Newspapers have a number of characteristics that make them popular among both local and national advertisers. These include their **extensive penetration of local markets, flexibility, geographic selectivity, reader involvement, and special services**.^{33,34}

One of the primary advantages of newspapers is the high degree of market coverage, or penetration, they offer an advertiser. In the United States, 50 per cent or more of households read a daily newspaper, and the reach figure may exceed 70 per cent among households with higher incomes and education levels.³⁵

²⁹ Belch, G.E., Belch, M.A., (2003), *Advertising and promotion: an integrated marketing communications perspective*, The McGraw-Hill Companies, New York, page 403

³⁰ Ibid, 413

³¹ Khan, R.R., Kamble, S.R., Khatri, R., Lasune, S., (2011), *Advertising, Institute of Distance and Open Learning*, University of Mumbai, Vidyanagari, page 24

³² Belch, G.E., Belch, M.A., (2003), *Advertising and promotion: an integrated marketing communications perspective*, The McGraw-Hill Companies, New York, page 416

³³ Ibid 417

³⁴ Concord monitor(<http://www.concordmonitor.com/benefits-of-newspaper-advertising>)

³⁵ Belch, G.E., Belch, M.A., (2003), *Advertising and promotion: an integrated marketing communications perspective*, The McGraw-Hill Companies, New York, page 417.

Another advantage of newspapers is the flexibility they offer advertisers. First, they are flexible in terms of requirements for producing and running the ads. Newspaper ads can be written, laid out, and prepared in a matter of hours. For most dailies, the closing time by which the ad must be received is usually only 24 hours before publication (although closing dates for special ads, such as those using colour, and Sunday supplements are longer). The short production time and closing dates make newspapers an excellent medium for responding to current events or presenting timely information to consumers.³⁶

A second dimension of newspapers' flexibility comes from the creative options they make available to advertisers. Newspaper ads can be produced and run in various sizes, shapes, and formats; they can use colour or special inserts to gain the interest of readers. Ads can be run in Sunday magazines or other supplements, and a variety of scheduling options are possible, depending on the advertiser's purpose.³⁷

Another important feature of newspapers is consumers' level of acceptance and involvement with papers and the ads they contain. The typical daily newspaper reader spends time each day reading the weekday newspaper and even more time reading the Sunday paper. Most consumers rely heavily on newspapers not only for news, information, and entertainment but also for assistance with consumption decisions.³⁸

While newspapers have many advantages, like all media they also have disadvantages that media planners must consider. The limitations of newspapers include their reproduction problems, short life span, lack of selectivity, and clutter.^{39,40}

One of the greatest limitations of newspapers as an advertising medium is their poor reproduction quality. The coarse paper stock used for newspapers, the absence of colour, and the lack of time papers has available to achieve high-quality reproduction limits the quality of most newspaper ads. Newspapers have improved their reproduction quality in recent years, and colour reproduction has become more available. Also, advertisers desiring high-quality colour in newspaper ads can turn to such alternatives as freestanding inserts or Sunday supplements. However, these are more costly and may not be desirable to many advertisers. As a general rule, if the visual appearance of the product is important, the advertiser will not rely on newspaper ads. Ads for food products and fashions generally use magazines to capitalize on their superior reproduction quality and colour. Unlike magazines, which may be retained around the house for several weeks, a daily newspaper is generally kept less than a day. So an ad is unlikely to have any impact beyond the day of publication, and repeat exposure is very unlikely.⁴¹

Moreover, the creative options in newspapers are limited by the fact that most ads are black and white. Thus, it can be difficult for a newspaper advertiser to break through the

³⁶ Belch, G.E., Belch, M.A., (2003), *Advertising and promotion: an integrated marketing communications perspective*, The McGraw-Hill Companies, New York, page 417

³⁷ Clow, K.E., Baack, D., (2007), *Integrated advertising, promotion and marketing communications*, Prentice Hall, New Jersey, page 256

³⁸ Ibid

³⁹ Ibid 420

⁴⁰ Small business blog (<http://www.smallbusinessnotes.com/marketing-your-business/newspaper-as-an-advertising-medium.html>)

⁴¹ Belch, G.E., Belch, M.A., (2003), *Advertising and promotion: an integrated marketing communications perspective*, The McGraw-Hill Companies, New York, page 421

clutter without using costly measures such as large space buys or colour. Some advertisers use creative techniques like **island ads**—ads surrounded by editorial material.⁴²

As with any medium, the media planner must understand the nature and size of the audience reached by a newspaper in considering its value in the media plan. Since newspapers as a class of media do an excellent job of penetrating their market, the typical daily newspaper gives advertisers the opportunity to reach most of the households in a market. But, while local advertisers aim to cover a particular market or trade area, national advertisers want to reach broad regions or even the entire country. They must purchase space in a number of papers to achieve the desired level of coverage.⁴³

2.4. Radio

Radio appeared during the twenties of last century. Before adaptation of the Internet for commercial use, radio was the most efficient mean of connecting large amount of people over short time. Newspapers still needs time to be printed and distributed, while television is still not accessible to everyone. On the other hand, radio does not require complicated hardware to be operated, and radio stations can easily be managed, especially in low income and educated parts of the world. But also in the developed world, with the easy access to high speed Internet and where television plays important part in the daily life of the people, radio is still accessed regularly and with no sings that the need for it will disappear.

The reasons why radio is attractive platform for launching propaganda messages are:^{44,45,46}

1. High coverage of the auditorium, based on a number of households that possess a radio and can accept radio signals on the regular basis.
2. Radio is quite selective in the choice of auditorium, because it's possible to create radio shows that are aimed towards particular group of listeners. Most areas have radio stations with formats such as adult contemporary, easy listening, classical music, country, news/talk shows, jazz, and all news, to name a few. Elusive consumers like teenagers, college students, and working adults can be reached more easily through radio than most other media. Radio can reach consumers other media can't. Light television viewers spend considerably more time with radio than with TV and are generally an upscale market in terms of income and education level. Light readers of magazines and newspapers also spend more time listening to radio.

⁴² Belch, G.E., Belch, M.A., (2003), *Advertising and promotion: an integrated marketing communications perspective*, The McGraw-Hill Companies, New York, page 421

⁴³ Ibid

⁴⁴ Backović, M, Kaličanin, Đ, (2008), *Privredna propaganda kao oblik tržišnog komuniciranja*, Centar za izdavačku delatnost Ekonomskog fakulteta u Beogradu, Beograd, pages: 269-271

⁴⁵ Baurer media advertising (http://radio.bauermidiaadvertising.com/why_radio/)

⁴⁶ Clow, K.E., Baack, D., (2007), *Integrated advertising, promotion and marketing communications*, Prentice Hall, New Jersey, page 246

3. In geographical sense, radio is also selective, since it is mostly locally oriented. Rarely is radio nationally or internationally oriented. Therefore, it is possible to plan and execute precise local propaganda campaigns.
4. Radio is very intrusive propaganda mean, since it is difficult to evade listening to propaganda messages. In comparison to printed media, the reader, if he or she wishes it, can just skip the propaganda messages, while it is more difficult to do that while listening to radio.
5. Preparation of program (propaganda message) is quite simple and fast, and also, cheap, so it's possible for advertiser to react fast with various actions, for example during a sudden sale in the market etc. Also, direct reporting from a sale point is also possible, as a mean of advertising.
Radio commercials are very inexpensive to produce. They require only a script of the commercial to be read by the radio announcer or a copy of a pre-recorded message that can be broadcast by the station. The cost for radio time is also low. The low relative costs of radio makes it one of the most efficient of all advertising media, and the low absolute cost means the budget needed for an effective radio campaign is often lower than that for other media.. They can use different stations to broaden the reach of their messages and multiple spots to ensure adequate frequency. Radio commercials can be produced more quickly than TV spots, and the companies can run them more often. Radio is probably the most flexible of all the advertising media because it has a very short closing period, which means advertisers can change their message almost up to the time it goes on the air. Radio commercials can usually be produced and scheduled on very short notice.⁴⁷ Radio advertisers can easily adjust their messages to local market conditions and marketing situations.
6. From the psychological point of view, radio is not intellectually straining media, therefore, for average consumer, it is easy to follow program in any situation.

Several factors limit the effectiveness of radio as an advertising medium, among them creative limitations, fragmentation, chaotic buying procedures, limited research data, limited listener attention, and clutter.^{48,49,50}

One of the main disadvantages of the radio is absence of visual image. The radio advertiser is unable to show the product, or to demonstrate it. There is a lack of any type of visual appeal or information. A radio commercial is, like a TV ad, a short-lived and quick message that is externally paced and does not allow the receiver to control the rate at which it is processed. Because of these creative limitations many companies tend to ignore radio, and agencies often assign junior people to the development of radio commercials.⁵¹

⁴⁷ Clow, K.E., Baack, D., (2007), *Integrated advertising, promotion and marketing communications*, Prentice Hall, New Jersey, page 247

⁴⁸ Perreault, W.D., McCarthy, E.J., (2002), *Basic marketing: A global managerial approach*, McGraw-Hill Higher Education, New York, pages: 48-51.

⁴⁹ Small business blog (<http://www.smallbusinessnotes.com/marketing-your-business/radio-as-an-advertising-medium.html>)

⁵⁰ Clow, K.E., Baack, D., (2007), *Integrated advertising, promotion and marketing communications*, Prentice Hall, New Jersey, page 247

⁵¹ Perreault, W.D., McCarthy, E.J., (2002), *Basic marketing: A global managerial approach*, McGraw-Hill Higher Education, New York, pages: 48-51.

Radio has also become a more specialized medium. Some stations cater to particular ethnic and racial groups — such as Hispanics, African Americans, or French Canadians. Others aim at specific music with rock, country, or classical music. Religious programs and talk-radio cater to people with specific attitudes and interest.⁵²

Most consumers listen to the radio at some time during a week, so the medium has extensive reach to many kinds of consumer segment. The new trend is that media strategy is increasingly relevant for the advertising strategy. Most important, account people and media planners can no longer easily categorize their target audience by external indicators like social class, age, income or sex. Instead, they have to think in terms of the lifestyle choices or brand consumption. We can agree that radio lacks the perceived glamour and profile of TV as an advertising medium, but growth in revenues and an increase in the share of listeners to commercial stations suggest that more advertisers regards it as an important medium.⁵³

Another problem with radio is the high level of audience fragmentation due to the large number of stations. The percentage of the market tuned to any particular station is usually very small. The top-rated radio station in many major metropolitan areas with a number of AM and FM stations may attract less than 10 percent of the total listening audience. Advertisers that want a broad reach in their radio advertising media schedule have to buy time on a number of stations to cover even a local market.⁵⁴

In conclusion, radio still holds important role in mass media sphere and as a cheap and effective medium, it will have importance in years to come.⁵⁵

In the next chapter, Television as a platform for launching propaganda messages will be analysed, along with its advantages and disadvantages.

2.5. Television

Television set, first produced during the 1920s, available commercially to middle-class citizens from 1950s, is considered one of the main mass media platforms for launching propaganda messages.⁵⁶ Combining image and sound, television is capable of stimulating more than one sense, and therefore is more effective in relaying wanted message to the consumers. The other propaganda characteristics that favour television over other mass media are:⁵⁷

⁵²Perreault, W.D., McCarthy, E.J., (2002), *Basic marketing: A global managerial approach*, McGraw-Hill Higher Education, New York, pages: 48-51.

⁵³Hackley, C, (2005), *Advertising and Promotion: Communicating Brands*, Sage Publications, London managerial approach, McGraw-Hill/Irwin, New York, page 80.

⁵⁴Belch, G.E., Belch, M.A., (2003), *Advertising and promotion: an integrated marketing communications perspective*, The McGraw-Hill Companies, New York, page 380

⁵⁵Suite.io(<https://suite.io/dan-mccurdy/483n25m>)

⁵⁶Lightcap, B.C., Peek, W.A., (2012), *The effects of digital media on advertising markets*, Duke University, Durham, North Carolina, page 6

⁵⁷Belch, G.E., Belch, M.A., (2003), *Advertising and promotion: an integrated marketing communications perspective*, The McGraw-Hill Companies, New York, page 351

1. Advertiser can introduce a wide auditorium with one propaganda message
2. Although the initial expenses of creating propaganda message are high, it is compensate with access to wide auditorium.
3. Television is giving a chance for employment of all elements for successful propaganda message, employing the sound, light, movement and other techniques.
4. Propaganda message is appearing without competition of other messages since the whole screen is devoted to it.
5. Television is being watched usually by more than one person, and it is considered a group/family activity. Therefore, there are always more persons watching it than there is registered number of TV sets.

The reality of today is that the audience is fragmented into consumer communities and lifestyle groupings, which means that select audiences are more accessible through lifestyle and special interest TV channels. Millions round the world now have access to satellite TV channels that cross international borders. Television has retained its importance because of its potential to create huge dramatic impact for the brand. The creative possibilities are vast for televisual portrayals of the brand in lifestyle settings. The global reach and prestige of TV advertising surpasses any other medium. For many brand clients TV advertising is problematic because of its cost efficiency. Such ads can take many months from storyboard to airtime exposure. They last only a few seconds and date very quickly. Furthermore, the individuals watching TV ads may be highly inattentive and some studies have even suggested that TV viewers do not watch the ads at all. For a brand client, TV advertising represents something of a leap of faith with potentially crippling financial losses at stake.⁵⁸

On the other hand, television has numerous advantages over other media, including creativity and impact, coverage and cost effectiveness, captivity and attention, and selectivity and flexibility.^{59,60}

Perhaps the greatest advantage of television is the opportunity it provides for presenting the advertising message. Interaction between senses of sound and vision can offer great flexibility in creating and broadcasting a propaganda message. Television is also an excellent medium for demonstrating a product or service. For example, print ads are effective for showing a car and communicating information regarding its features, radio can "inform" you about car's characteristics, but only a television commercial can put the viewer in the driver's seat and give him the sense of actually driving it.⁶¹

⁵⁸Belch, G.E., Belch, M.A., (2003), *Advertising and promotion: an integrated marketing communications perspective*, The McGraw-Hill Companies, New York, page 351

⁵⁹Small business blog(<http://smallbusiness.chron.com/advantages-limitations-television-advertising-medium-26148.html>)

⁶⁰Clow, K.E., Baack, D., (2007), *Integrated advertising, promotion and marketing communications*, Prentice Hall, New Jersey, page 243

⁶¹Belch, G.E., Belch, M.A., (2003), *Advertising and promotion: an integrated marketing communications perspective*, The McGraw-Hill Companies, New York, page 352

Another advantage that television holds over other media is intrusiveness of commercials that impose themselves on viewers as they watch their favourite programs. Unless special effort is made to avoid commercials, viewers are exposed to thousands of them each year. In recent years, the development of DVDs, TiVos, and other automatic devices, made it easier for television viewers to avoid commercial messages. Some of the studies of consumers' viewing habits found that as much as a third of program audience may be lost during commercial breaks. However, the remaining viewers are likely to devote some of their attention to many advertising messages. In short, TV ads have an effect on consumers simply through heavy repetition and exposure to catchy slogans and jingles, which is why we often see or hear some commercial many times during the day.⁶²

One of the big downsides of television advertising is that it is quite a nonselective medium, since it is difficult to reach a precisely defined market segment through its use. Some selectivity is possible due to variations in the composition of audiences as a result of program content, broadcast time and geographic coverage. With the expansion of cable television, advertisers refine their coverage further by appealing to groups with specific interests, such as sport, news, history, the arts, or music, as well as specific demographic groups. Advertisers can also adjust their media strategies to take advantage of different geographic markets through local or spot ads in specific market areas, since every part of the world have different perception of things, and something that applies for US market must be specially adapted for Chinese market. Ads can be scheduled to run repeatedly or to take advantage of special occasions. For example, in the United States, companies such as Anheuser-Busch and Gillette are often major sponsors during baseball's World Series, the most popular sport event in North America, which allows them to advertise heavily to men who constitute the primary market for their products.^{63,64}

Other limitations of television, as mentioned, are high costs, the lack of selectivity, the fleeting nature of a television message, commercial clutter, limited viewer attention and distrust of TV ads. Despite the efficiency of television in reaching a large audiences, it is an expensive medium in which to advertise. First, the costs of commercial production are high – more specialized equipment is required for commercial production than for example, for radio ad production. Second, since television covers a broad audience, the costs of air time are also high, and it was established earlier that, for television ad to be successful, it is necessary to be repeated as many times as possible. Also, not all societies are integrated so much with TV networks. TV stations and TV receivers are expensive to operate and maintain, and developing nations rely more on radio than TV for information and entertainment.⁶⁵

The issue of lack of selectivity can be countered through the variations in programs and cable television. But advertisers who are seeking a very specific, often small, target audience find the coverage of TV often extends beyond their market, reducing its cost effectiveness. Geographic selectivity can be a problem for local advertisers such as retailers, since a station bases its rates on the total market area it reaches. Audience selectivity is improving as advertisers target certain groups of consumers through the type of program or day and/or time

⁶²Belch, G.E., Belch, M.A., (2003), *Advertising and promotion: an integrated marketing communications perspective*, The McGraw-Hill Companies, New York, page 352

⁶³Ibid 353

⁶⁴Cheaptvspots.com(<http://www.cheaptvspots.com/whytv.html>)

⁶⁵Belch, G.E., Belch, M.A., (2003), *Advertising and promotion: an integrated marketing communications perspective*, The McGraw-Hill Companies, New York, page 353

when they choose to advertise. However, TV still does not offer as much audience selectivity as radio, magazines, newspapers, or direct mail for reaching precise segments of the market.

Television has certain "rules" over spreading propaganda messages. TV commercials usually last only 30 seconds or less and leave nothing tangible for the viewer to examine or consider. Commercials have become shorter and shorter as the demand for a limited amount of broadcast time has intensified and advertisers try to get more impressions from their media budgets.^{66,67}

The problems of fleeting messages and shorter commercials are compounded by the fact that the advertiser's message is only one of many spots and other non-programming material seen during a commercial break, so it may have trouble being noticed. One of advertisers' greatest concerns with TV advertising is the potential decline in effectiveness because of such clutter.^{68,69}

With all of these messages competing for the audience's attention, it is easy to understand why the viewer comes away confused, or even annoyed, and unable to remember or properly identify the product or service advertised. One cause of clutter is the use of shorter commercials and **split-30s** – 30-second spots in which the advertiser promotes two different products with separate messages. When advertisers buy time on a TV program, they are not purchasing guaranteed exposure but rather the opportunity to communicate a message to large numbers of consumers. But there is increasing evidence that the size of the viewing audience shrinks during a commercial break. People leave the room to go to the bathroom or to get something to eat or drink, or they are distracted in some other way during commercials.⁷⁰

To many critics of advertising, TV commercials personify everything that is wrong with the industry. Critics often single out TV commercials because of their pervasiveness and the intrusive nature of the medium. Consumers are seen as defenceless against the barrage of TV ads, since they cannot control the transmission of the message and what appears on their screens. Viewers dislike TV advertising when they believe it is offensive, uninformative, or shown too frequently or when they do not like its content. Studies have shown that of the various forms of advertising, distrust is generally the highest for TV commercials.^{71,72}

Nevertheless, with advancement in TV technology, such as LCD screens, home cinemas and multi-channel split screens, TV still has to offer something new to the audience, and therefore, it will always be good choice for propaganda campaign.

In the next chapter, Internet as a medium will be analysed, along with several examples of advertising over it.

⁶⁶Belch, G.E., Belch, M.A., (2003), *Advertising and promotion: an integrated marketing communications perspective*, The McGraw-Hill Companies, New York, page355

⁶⁷Clow, K.E., Baack, D., (2007), *Integrated advertising, promotion and marketing communications*, Prentice Hall, New Jersey, page 244

⁶⁸Belch, G.E., Belch, M.A., (2003), *Advertising and promotion: an integrated marketing communications perspective*, The McGraw-Hill Companies, New York, page356

⁶⁹Clow, K.E., Baack, D., (2007), *Integrated advertising, promotion and marketing communications*, Prentice Hall, New Jersey, page 244

⁷⁰Belch, G.E., Belch, M.A., (2003), *Advertising and promotion: an integrated marketing communications perspective*, The McGraw-Hill Companies, New York, page 357

⁷¹Ibid

⁷²Allbusiness.com(<http://www.allbusiness.com/small-business-tv-advertising/15583543-1.html>)

2.6. The Internet

The Internet is a worldwide means of exchanging information and communicating through a series of interconnected computers. It was started as a U.S. Defence Department project, but it is now accessible to anyone with a computer and a modem. When major corporations first began to conduct business on the Internet, they put up websites primarily for information purposes. The role of the website quickly changed, however; sites have become much more creative, promoting brand images, positioning, and offering promotions, product information, and even products and services for sale. With the introduction of programming language **Java** in 1995, it became possible to create fancier graphics, audio, and animation online. This resulted in marketers' utilizing the Internet in an entirely new way, moving beyond the purely informational role.

Like broadcast or print, the Internet is an advertising medium. Companies and organizations working to promote their products and services must consider this medium as they would television, magazines, outdoor, and so on. Advertising on the Internet employs a variety of forms, some of which are:^{73,74,75,76}

1. **Banners.** The most common form of advertising on the Web is banner ads. Banner ads may be used for creating awareness or recognition or for direct-marketing objectives. Initially banner ads constituted the vast majority of advertising on the Net, but studies indicating their questionable effectiveness have led to a decline in usage. Reports on click-through rates vary, but most studies indicate less than a 1% response rate.
2. **Sponsorships.** Another common form of advertising is sponsorships. There are two types of sponsorships. Regular sponsorships occur when a company pays to sponsor a section of a site. A more involved agreement is the content sponsorship, in which the sponsor not only provides currency in return for name association but participates in providing the content itself. In some cases, the site is responsible for providing content and having it approved by the sponsor; in other instances, the sponsor may contribute all or part of the content. Due in part to the lack of effectiveness of banner ads, sponsorships have been increasing in popularity
3. **Pop-Ups/Pop-Unders.** Sometimes, during the access of the Internet, a small window appear . Such windows are known as **pop-ups**, and they often appear when a certain site is being accessed. Pop-ups are usually larger than a banner ad but smaller than a full screen. **Pop-unders** are ads that appear underneath the web page and become visible only when the user leaves the site. Some companies believe that pop-ups and

⁷³Belch, G.E., Belch, M.A., (2003), *Advertising and promotion: an integrated marketing communications perspective*, The McGraw-Hill Companies, New York, page 496

⁷⁴Cheaptvspots.com (<http://www.cheaptvspots.com/whytv.html>)

⁷⁵Small business marketing blog (<http://www.netsetmedia.com/10-types-of-online-advertising-and-when-you-should-use-them/>)

⁷⁶WordStream Internet Marketing Software (<http://www.wordstream.com/online-ads>)

pop-unders are effective forms of advertising, more and more websites are offering this type of advertising.

4. **Links** while considered by some as not a type of advertising, they serve many of the same purposes as other forms discussed above. For example, a visitor to one site may click on a link that provides additional information and/or related materials at another site. Clicking on one of these takes user to the magazine's site and usually pop-up for a subscription to the magazine appears. Other forms of advertising, such as ads placed in chat rooms, are also available.

Companies have found the Internet to be a very effective medium for disseminating sales promotions.

The Internet has been both a benefit and a detriment to many of those involved in **personal selling**, particularly those in the business-to-business market. For some, the Internet has been a threat that might take away job opportunities. Companies have found that they can remain effective, even increase effectiveness by building a strong Web presence. The high-cost and poor-reach disadvantages of personal selling are allowing these companies to reduce new hires and even cut back on their existing sales forces.

On the positive side, websites have been used quite effectively to enhance and support the selling effort. As noted earlier, the Web has become a primary source of information for millions of customers in the consumer and business-to-business markets. Visitors to websites can gain volumes of information about a company's products and services. In return, the visitors become a valuable resource for leads that both internal and external salespersons can follow up, and they become part of a prospect database. Not only can potential customers learn about the company's offerings, but the selling organization can serve and qualify prospects more cost-effectively.

A number of advantages of the Internet can be noted:⁷⁷

1. **Target marketing.** A major advantage of the Web is the ability to target very specific groups of individuals with a minimum of waste coverage. For those in the **business-to-business** market, the Internet resembles a combination trade magazine and trade show, as only those most interested in the products and/or services a site has to offer will visit the site (others have little or no reason to do so). In the consumer market, through personalization and other targeting techniques, sites are becoming more tailored to meet one's needs and wants.
2. **Message tailoring.** As a result of precise targeting, messages can be designed to appeal to the specific needs and wants of the target audience. The interactive capabilities of the Net make it possible to carry on one-to-one marketing with increased success in both the business and the consumer markets.
3. **Interactive capabilities.** Because the Internet is interactive, it provides strong potential for increasing customer involvement and satisfaction and almost immediate feedback for buyers and sellers. As multitasking increases, the interactive capabilities of the Internet will make this medium even more attractive.

⁷⁷Belch, G.E., Belch, M.A., (2003), *Advertising and promotion: an integrated marketing communications perspective*, The McGraw-Hill Companies, New York, page 504

4. **Information access.** Perhaps the greatest advantage of the Internet is its availability as an information source. Internet users can find a plethora of information about almost any topic of their choosing merely by conducting a search through one of the search engines. Once they have visited a particular site, users can garner a wealth of information regarding product specifications, costs, purchase information, and so on. Links will direct them to even more information if it is desired.
5. **Creativity.** Creatively designed sites can enhance a company's image, lead to repeat visits, and positively position the company or organization in the consumer's mind.
6. **Exposure.** For many smaller companies, with limited budgets, the Internet enables them to gain exposure to potential customers that heretofore would have been impossible. For a fraction of the investment that would be required using traditional media, companies can gain national and even international exposure in a timely manner.
7. **Speed.** For those requesting information on a company, its products, and/or its service offerings, the Internet is the quickest means of acquiring this information.

While it is a potentially effective medium, the Internet also has its disadvantages:⁷⁸

1. **Measurement problems.** One of the greatest disadvantages of the Internet is the lack of reliability of the research numbers generated. A quick review of forecasts, audience profiles, and other statistics offered by research providers will demonstrate a great deal of variance, leading to a serious lack of validity and reliability.
2. **Clutter.** As the number of ads proliferates, the likelihood of one ad being noticed drops accordingly. The result is that some ads may not get noticed, and some consumers may become irritated by the clutter. Some studies already show that banner ads may be losing effectiveness for this very reason.
3. **Potential for deception.** In addition, data collection without consumers' knowledge and permission, hackers, and credit card theft are a number of problems confronting the Internet.
4. **Privacy.** Like their direct-marketing counterparts, Internet marketers must be careful not to impinge upon the privacy of users. Also, today we are witnessing how our privacy of personal information is fragile, and how foreign state security services can easily access them at their will.
5. **Limited production quality.** Although it is improving, net advertising does not offer the capabilities of many competitive media from a production standpoint. While the advent of advanced technologies and rich media is narrowing the gap, the Net still lags behind some traditional media in this area.

⁷⁸Belch, G.E., Belch, M.A., (2003), *Advertising and promotion: an integrated marketing communications perspective*, The McGraw-Hill Companies, New York, page 505

6. **Poor reach.** While the Internet numbers are growing in leaps and bounds, its reach is still far behind that of television, for now. As a result, Internet companies have turned to traditional media to achieve reach and awareness goals.

2.7. Social media advertising

Social media can be defined as an “umbrella term that describes the sharing and dissemination of various forms of media using online communities”.⁷⁹

The rise of the Internet saw also rise of the social media such as Myspace, Facebook, QZone, SinaWeibo, Vkontakt, FourSquare, Twitter, YouTube, Instagram etc. Social media, due to their affinity to gather a large percentage of (younger) population, seem like a perfect platform for launching propaganda campaigns. Even more, with the expansive nature of mobile platforms, such as smartphones and tablets, and with good Internet coverage with wireless hotspots, access to the social media can occur almost anytime or anywhere. Social media are also transforming the way how brands reach the consumers and how they build brand loyalties. Now it is expected from a brand to be engaged in dialogue with consumers and help shape product together.⁸⁰

In 2003, Myspace social network was launched, and in the few years, it became the most popular social platform in the United States.⁸¹ Myspace established usual pattern of social networks – user profile creation, sharing of “statuses” which can include personal thoughts, various links, pictures, music etc. and interacting with other users of this network. From advertisers’ side, Myspace is not a platform of choice, as the number of members is in constant decline.⁸²

Facebook replaced Myspace as the primary social platform several years ago. Now first choice in connecting people all around the world, it has advantages of engaging brand consumers into sharing their experiences or participating in give aways and contests. Facebook pages are a good way for promoting and exposure of brands. If a person “likes” a page on Facebook, immediately all of his „friends“ (people connected to him on the platform) can see that brand’s name on their screen.⁸³ On the other hand, it has recently come to light that statistics of popularity of Facebook pages (especially those of corporate brands and celebrities) is far from realistic. Facebook „likes“ can be bought by the thousands and are a product of so called „click farms“. This gives a false image of a page’s popularity to observers, but is also not especially beneficial to the owners of the page as their message is reaching a far smaller audience than the numbers would give an impression.

⁷⁹ Interactive OOH Media

Primer(http://www.icdecauxna.com/sites/default/files/assets/innovate/documents/studies/interactive_out_of_home_primer.pdf)

⁸⁰ Ibid

⁸¹ Mashable.com(<http://mashable.com/2006/07/11/myspace-americas-number-one/>)

⁸² Alexa.com (<http://www.alexa.com/siteinfo/myspace.com>)

⁸³ Interactive OOH Media

Primer(http://www.icdecauxna.com/sites/default/files/assets/innovate/documents/studies/interactive_out_of_home_primer.pdf)

⁸⁴ Huffington post (http://www.huffingtonpost.com/2014/01/05/buy-facebook-likes_n_4544800.html)

QZone, created by China's Internet service portal Tencent, is largest social network in that country, with more than 712 millions of users.⁸⁵⁸⁶ This social network permits users to create blogs, exchange photos, listen to music etc. QZone offer different ways for businesses and individuals to advertise, such as Ad links, writing original blog article which can be shared later by users, creating photo albums with pictures of product, and interaction with other users are some of the examples.⁸⁷

Vkontakte is the largest Russian social network, and the most important one on Runet (Russian-language websites that cover the areas where Russian-speaking population is located, usually the space of ex-U.S.S.R.). Vkontakte Advertising Marketplace offers two types of advertising: Targeted ads and Paid post marketplace. Targeted ads offer 4 types of products: community, apps on VK, videos or external websites. Targeted ads are displayed to users on the left side of the page, and using the wide choice of targeting settings, advertiser can select the target audience he wishes to show the ad to. Paid post marketplace are type of the advertisement which seeks to promote pages trough posts that community-owners can post on their timeline. The ads are not marked anyhow as an advertising and it is shown as a regular community content to the users of VK. For maximum effect, advertisers search and select the most appropriate community.⁸⁸

Another popular and interesting social platform is Twitter. It is now expected in popular culture that celebrities and important people have Twitter accounts in order to be able to be in direct touch with their „followers“. Twitter works via a system of short messages (up to 140 characters) and enables different parties to engage in conversations by using this system. Users often denote the content of their message by using keywords (in the form of so called „hashtags“), which allows all messages with same or similar keywords to be grouped together and read at a glance. This system would allow a brand to monitor usage of keywords pertaining to it, to track the experiences and opinions of the public about the brand and its competitors. Twitter also offers unique opportunities for website integration and to engage with consumers in viral way, helping the brand stands outside the masses.⁸⁹

Youtube is a social media that allows upload and sharing of videos created by users. Youtube offers to advertisers a mean to reach desired consumer population, by narrowing down their age, location, interests etc., as well as various analytical tools to keep track of ad progress and success. Videos (and commercials) that appear on YouTube can be shared over other social networks and they can be viewed indefinite number of times, anytime. One of the most famous examples include „Old Spice“ series of commercials, that attracted millions of viewers, and even had interaction with the consumers, which wrote letters that were later replied by the leading actor of „Old Spice“ commercials.^{90,91}

⁸⁵Techniasia.com(<http://www.techinasia.com/2013-china-top-10-social-sites-infographic/>)

⁸⁶Tencent.com (<http://tencent.com/en-us/index.shtml>)

⁸⁷Advangent.com (<http://www.advangent.com/2013/06/25/10-tricks-to-use-qzone-for-marketing/>)

⁸⁸Digital in the round blog (<http://www.digitalintheround.com/advertising-on-vkontakte/>)

⁸⁹Interactive OOH Media

Primer(http://www.icdecauxna.com/sites/default/files/assets/innovate/documents/studies/interactive_out_of_home_primer.pdf)

⁹⁰Ibid

⁹¹Mashable.com(<http://mashable.com/2010/07/27/old-spice-sales/>)

Social media are constantly developing and evolving. As more and more of them appear, so will appear new advertising options. Companies which aim to be successful should always keep in mind the power of the social media, and exploit their advantages with full force.

2.8. Out-of-home media advertising

Outdoor advertising, or as it is also called, Out-of-home (OOH) advertising is, simply put, any form of advertising which reaches consumer when he or she is outside his/her home. It can be in form of street furniture, such as bus shelters, kiosks, telephone booths etc., or in the form of transit advertising, like taxis, buses, subways, trains, etc. It can also be in form of mobile billboards or guerrilla advertising. For example, In United States of the America, there are many kinds of outdoor advertising choices. For example, restaurants and hotels commonly make use of highway billboards to drive the customers in for a rest of dining, while auto and tourism industries are responsible for a very large percentage of billboard revenue. While bus benches and often show ads for local businesses or major movie promotions, beverage and male cosmetic companies commonly make use of sporting events and arenas.^{92,93,94}

Some examples of OOH advertising include:^{95,96}

1. **Billboard advertising:** Billboards are most effective when located in vicinity of the business advertised. Beside products or services, billboards can also be used in advertising political ideas or campaigns. Types of billboard advertising include bulletin billboard, wallscapes, posters, etc.⁹⁷
2. **Transit Advertising:** advertising on transportation vehicles such as buses, taxicabs, subways, commuter trains, rapid transit trains and ferries, as well as inside airports and other transportation terminals. Transit offers high frequency due to duplication of annual travel patterns and because it follows the flow of people from the heart of the city to home, as well as to airports, convention centers, shopping and entertainment districts.⁹⁸
3. **Street Furniture** can be any sign display positioned at eye-level and in close proximity to pedestrians and shoppers or at curbside to influence vehicular traffic. Strategically placed adjacent to supermarkets, convenience stores, drugstores, advertising agencies, schools, dealer locations, shopping malls, etc., these displays are an ideal point-of-purchase medium. Innovations in advertising technologies include: LED and digital displays, wrapped displays, Bluetooth technology, special lighting, 3-D enhancements.⁹⁹

⁹²About.com(<http://advertising.about.com/od/advertisingglossary/g/Outdoor-Advertising.htm>)

⁹³Entrepreneur Media Inc. (<http://www.entrepreneur.com/encyclopedia/outdoor-advertising>)

⁹⁴Wisegeek.com(<http://www.wisegeek.com/what-is-outdoor-advertising.htm>)

⁹⁵Cbsoutdoor.com(<http://www.cbsoutdoor.com/outdoor101/mediadirectory.aspx>)

⁹⁶Everythingoutdoormedia.com(http://www.everythingoutdoormedia.com/Home_Page.php)

⁹⁷Entrepreneur Media Inc. (<http://www.entrepreneur.com/encyclopedia/outdoor-advertising>)

⁹⁸Cbsoutdoor.com(<http://www.cbsoutdoor.com/outdoor101/mediadirectory.aspx>)

⁹⁹Ibid

4. **Mall advertising** displays reach targeted audiences while consumers are out shopping and are ready to spend. Ideal for small, medium and large businesses, programs may be designed on a local or national level and standard diorama and kiosks sizes are available for national coverage. Unique formats, such as stair risers, elevator doors, banners, sky murals, digital networks and more, are available on advertiser demand.^{100,101}

¹⁰⁰Cbsoutdoor.com(<http://www.cbsoutdoor.com/outdoor101/mediadirectory.aspx>)

¹⁰¹Everythingoutdoormedia.com(http://www.everythingoutdoormedia.com/Home_Page.php)

3. Marketing expenses

Marketing expenses can be defined as “an amount of money the company spends on marketing” or as “a category included in financial accounting to represent expenses associated with promoting an industry, entity, brand, product name, or specific products or services in order to stimulate a desire to buy the entity's products or services”. Also, in this category are included costs of space in print and online venues, broadcast time, radio time and direct mail advertising. It can be freely said that marketing is a primary business function that creates a customer for the business ventures. A good marketing department learns to balance expenses in a positive fashion, netting the biggest benefit from the smallest expenditure in order to be cost-effective in the long run.^{102,103}

Marketing expenses are calculated in the equation to determine business profit. When calculating business profit, marketing expense is subtracted from it. Businesses must continually assess the appropriate levels of marketing expenses based on their return on investment and industry standards. Marketing expenses should be evaluated and measured across common expense-to-sales ratios to determine their effectiveness. For example, business owners can calculate ratios such as advertising-to-sales ratio, sales promotion-to-sales ratio, and sales force cost-to-sales ratio. By keeping a close eye on these ratios and variations over time and comparing them with industry benchmarks, business owners can confirm they are not overspending on marketing costs.

These are the example of some typical marketing expenses:^{104,105}

1. **Mass media.** The most common expense associated with marketing is the cost of placing ads in print media, such as newspapers and magazines. This is a very expensive part of the marketing budget, especially compared to online advertising. Those who decide for some other media platform, such as radio or television, must also count on costs of producing propaganda, buying air time and maintaining the commercial on air.
2. **Social Media and Websites.** Social media and online advertising are typically the cheapest forms of advertising. Once a website for a company is created, the month-to-month maintenance of it is relatively inexpensive, unless a complete overhaul is required. Social media is one of the newest forms of advertising and can be quite cheap in comparison to print media. Typically, the largest cost of social media is the staff or freelance person associated with keeping the content maintained on a daily basis. The examples of social media advertising are Twitter, Facebook, Vkontakt (ВКонтакте), Google Ads, various blogs etc.
3. **Salaries.** The salaries of a marketing department must be considered a marketing expense as well. If there are several members of a marketing department, such as a content manager, graphic designer and social media manager, the overhead can

¹⁰² Cambridge dictionary online (<http://dictionary.cambridge.org/dictionary/business-english/marketing-expense>)

¹⁰³ Investopedia.com (<http://www.investopedia.com/terms/a/advertising-costs.asp>)

¹⁰⁴ Small business blog (<http://smallbusiness.chron.com/list-typical-marketing-expenses-23242.html>)

¹⁰⁵ Small business blog (<http://smallbusiness.chron.com/marketing-expense-25648.html>)

become extensive. In smaller companies, it may be beneficial to enlist contract or freelance employees to lower overhead costs associated with the marketing department.

4. **Research and Surveys.** Market research takes time and energy. Industry magazines, publications and websites must be subscribed to in order to stay on top of frequent market updates. Additionally, many companies survey potential and current customers in order to be sure that their marketing efforts are working. The surveys are typically outsourced to industry experts to avoid the extreme time and effort that a good survey takes on a marketing staff.

Before any advertising campaign, it is important that executive branch of the company realizes what kind of financial assets are at company's disposal. Therefore, after preliminary research and survey is complete, and based on those reports, it is necessary to develop marketing strategy, or in other words, to decide in which way their propaganda message will be launched. Given the financial situation, various options are available, from newspaper and magazine ads, to radio, TV or Internet advertising. It is not necessary to limit oneself to just one option. If economic situation permits, "combined arms" tactic, i.e. utilizing multiple mass media platforms can yield very positive and profitable results. Or, if the resources are thin at the moment, there are always other low-cost solutions for advertisement which can sometimes have same impact as fully-fledged multiple mass media campaign.

In the next chapters, mass media platforms will be analysed, along with their strengths and weaknesses towards propaganda campaigns.

4.Intangible assets

4.1. Intangible assets: Definition

Before the definition of intangible assets is given, we must first review what are tangible assets. Companies own a variety of physical assets, such as buildings, computers and equipment. These things are tangible — they can be touched or seen. Companies also own a variety of assets that cannot be touched or seen; these are intangible assets, such as goodwill, patents, trademarks, copyrights and more. Assets without physical substance are created daily, continually expanding the definition of an intangible asset. Any resource controlled by an entity as part of a purchase or self-creation that creates a certain economic benefit constitutes an asset. While their intangible nature may make their value somewhat subjective, it is often these assets that govern the legality of business and the control of production.

Some examples of intangible resources include:

1. **Goodwill.** This intangible is often recognized when one business acquires another. It represents the excess of cost paid by the purchasing business over the value of the purchased business' assets. For example, a purchasing company might pay \$8 million for a company valued at \$7 million, giving the purchased company a goodwill of \$1 million based on its business reputation and other contributing factors.¹⁰⁶
2. **Copyright.** Granting copyright to a purchasing company allows them to continue creation and sale of the purchased company's services or products.¹⁰⁷
3. **Patents.** A patent grants a manufacturing or research company control over the patent's use and sale of a specific design. For example, a company may possess a patent for the only way of producing a specific product on the market. The purchasing company would claim ownership of the patent and be allowed to continue overseeing production of the patented design.¹⁰⁸

Intellectual properties, such as **songs, designs, trademarks** and **inventions**, are intangible assets. Additional intangible assets include software licenses, motion pictures, customer lists and franchises.¹⁰⁹

Based on these facts, we can now define intangible assets as "reputation, name recognition, and intellectual property such as knowledge and know how".

Intangible assets are the long-term resources of an entity, but have no physical existence. They derive their value from intellectual or legal rights, and from the value they add to the other assets.

¹⁰⁶Business News Daily (<http://www.businessnewsdaily.com/5532-intangible-assets.html>)

¹⁰⁷Ibid

¹⁰⁸Ibid

¹⁰⁹Ibid

Intangible assets are generally classified into two broad categories:¹¹⁰

1. **Limited-life intangible assets**, such as patents, copyrights, and goodwill, and
2. **Unlimited-life intangible assets**, such as trademarks.

In contrast to tangible assets, intangible assets cannot be destroyed by fire, hurricane, or other accidents or disasters and can help build back destroyed tangible assets. However, they normally cannot be used as collateral to raise loans, and some intangible assets (goodwill, for example) can be destroyed by carelessness, or as a side effect of the failure of a business. Whereas tangible assets add to an entity's current market value, intangible assets add to its future worth. An approximation of the monetary value of a firm's intangible-assets is computed by deducting the net value of its tangible assets from its market value. In some cases, the value of a firm's intangible assets far outweighs the value of its tangible assets.¹¹¹

Copyright, patents, brands, these are some of the most important elements of any serious company. Recognized and valued brand is what every business dreams to offer to the market, and patents are what they create and legally protect. In the next chapter, a quick overview of International Accounting standard (IAS 38 *Intangible Assets*) will be presented, along with its definition and rules that are issued by the International Accounting Standards Board (IASB).

4.2. IAS 38: Intangible assets

International Accounting standard (IAS 38 *Intangible Assets*) outlines the accounting requirements for intangible assets, a non-monetary assets which are without physical substance and identifiable (either being separable or arising from contractual or other legal rights). Intangible assets meeting the relevant recognition criteria are initially measured at cost, subsequently measured at cost or using the revaluation model, and amortized on a systematic basis over their useful lives (unless the asset has an indefinite useful life, in which case it is not amortized). Here, we will outline and transcribe some of the accounting requirements which can be found in IAS 38.^{112,113}

The objective of this Standard is to prescribe the accounting treatment for intangible assets that are not dealt with specifically in another Standard. This Standard requires an entity to recognise an intangible asset if, and only if, specified criteria are met. The Standard also specifies how to measure the carrying amount of intangible assets and requires specified disclosures about intangible assets. An intangible asset is an identifiable non-monetary asset without physical substance.¹¹⁴

¹¹⁰Business dictionary online (www.businessdictionary.com)

¹¹¹Ibid

¹¹²IAS 38 Technical Summary (<https://info.undp.org/global/documents/asm/IAS-38.pdf>)

¹¹³IAS 38 Intangible Assets (http://ec.europa.eu/internal_market/accounting/docs/consolidated/ias38_en.pdf)

¹¹⁴Ibid

How are the items recognized as an intangible asset? The recognition of an item as an intangible asset requires an entity to demonstrate that the item meets:¹¹⁵

1. the definition of an intangible asset; and
2. the recognition criteria.

This requirement applies to costs incurred initially to acquire or internally generate an intangible asset and those incurred subsequently to add to, replace part of, or service it.

An asset is identifiable if it either:¹¹⁶

1. is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the entity intends to do so; or
2. arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

An intangible asset shall be recognized if, and only if:^{117,118}

1. it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
2. the cost of the asset can be measured reliably.

The probability recognition criterion is always considered to be satisfied for intangible assets that are acquired separately or in a business combination. An intangible asset shall be measured initially at cost.

Other important point is 'useful life'. Useful life is:¹¹⁹

1. the period over which an asset is expected to be available for use by an entity; or
2. the number of production or similar units expected to be obtained from the asset by an entity.

An entity shall assess whether the useful life of an intangible asset is finite or indefinite and, if finite, the length of, or number of production or similar units constituting, that useful life. An intangible asset shall be regarded by the entity as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. The useful life of an intangible asset that arises from contractual or other legal rights shall not exceed the period of the contractual or other legal rights, but may be shorter depending on the period

¹¹⁵ IAS 38 Intangible Assets (http://ec.europa.eu/internal_market/accounting/docs/consolidated/ias38_en.pdf)

¹¹⁶ Ibid

¹¹⁷ IAS 38 Technical Summary (<https://info.undp.org/global/documents/asm/IAS-38.pdf>)

¹¹⁸ IAS 38 Intangible Assets (http://ec.europa.eu/internal_market/accounting/docs/consolidated/ias38_en.pdf)

¹¹⁹ Ibid

over which the entity expects to use the asset. If the contractual or other legal rights are conveyed for a limited term that can be renewed, the useful life of the intangible asset shall include the renewal period(s) only if there is evidence to support renewal by the entity without significant cost. To determine whether an intangible asset is impaired, an entity applies IAS 36 (International Accounting Standard 36 Impairment of Assets).¹²⁰

Some intangible assets have finite useful lives. The depreciable amount of an intangible asset with a finite useful life shall be allocated on a systematic basis over its useful life. Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value. Amortization shall begin when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortization shall cease at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations and the date that the asset is derecognised. The amortization method used shall reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity. If that pattern cannot be determined reliably, the straight-line method shall be used. The amortization charge for each period shall be recognized in profit or loss unless this or another Standard permits or requires it to be included in the carrying amount of another asset. The residual value of an intangible asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless;^{121,122}

1. there is a commitment by a third party to purchase the asset at the end of its useful life; or
2. there is an active market for the asset and:

2.1. residual value can be determined by reference to that market; and

2.1.1. it is probable that such a market will exist at the end of the asset's useful life.

The amortization period and the amortization method for an intangible asset with a finite useful life shall be reviewed at least at each financial year-end. If the expected useful life of the asset is different from previous estimates, the amortization period shall be changed accordingly. If there has been a change in the expected pattern of consumption of the future economic benefits embodied in the asset, the amortization method shall be changed to reflect the changed pattern. Such changes shall be accounted for as changes in accounting estimates in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.¹²³¹²⁴

The last point of this review is to show how intangible assets is derecognised. An intangible asset shall be derecognised:¹²⁵

¹²⁰ IAS 38 Intangible Assets (http://ec.europa.eu/internal_market/accounting/docs/consolidated/ias38_en.pdf)

¹²¹ IAS 38 Technical Summary (<https://info.undp.org/global/documents/asm/IAS-38.pdf>)

¹²² IAS 38 Intangible Assets (http://ec.europa.eu/internal_market/accounting/docs/consolidated/ias38_en.pdf)

¹²³ IAS 38 Technical Summary (<https://info.undp.org/global/documents/asm/IAS-38.pdf>)

¹²⁴ IAS 38 Intangible Assets (http://ec.europa.eu/internal_market/accounting/docs/consolidated/ias38_en.pdf)

¹²⁵ Ibid

1. on disposal; or
2. when no future economic benefits are expected from its use or disposal.

The gain or loss arising from the derecognition shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount. It shall be recognized in profit or loss when the asset is derecognized and gains shall not be classified as revenue.

This brief overview of IAS 38 served as a guide towards understanding the concept of intangible assets. They are important as they represent patents, brands, copyrighted slogans or mottos which company use during their life and business ventures. They are also important in marketing, since simple logos or brands can stimulate recognition among the consumers, and association about quality of products and/or services, or connection to certain feelings that company can associate with their name during the marketing campaign, proving our auxiliary hypothesis that intangible assets are an important link to the successful advertisement.

In the next chapter, we will analyse marketing expenses, their definition and examples.

5. Risk Management

All advertising activities carry certain risks: this is true for both international and domestic advertising efforts. In order to present those risks in a concise manner, this chapter will focus on defining risk and risk management, as tools necessary to understand other processes in advertising.

Before we can define risk management, we first have to define what risk is. Risk, as personal experience of each individual goes, is a choice that may be made but which can carry negative consequences. It includes elements of uncertainty of the outcome and loss as one of the possibilities¹²⁶. The Institute of Risk Management from England defines risk as the combination of the probability of an event and its consequence, where consequences can range from positive to negative."¹²⁷. Or, simply put, risk can be defined as the danger of losses resulting from a decision¹²⁸.

We can classify different kinds of risk as follows¹²⁹:

1. Financial and non-financial risk. Financial risk includes situations where a financial loss may occur, while in non-financial risk there are no financial consequences.
2. Dynamic and static risk. Dynamic risks appear due to the changes in economy and culture, and in the long term, it can benefit the society as a whole. Static risks are those that are present even if there are no changes in the economy, such natural disasters and corruption in the society.
3. Fundamental and special risk. Fundamental risk describes losses which are by origin and consequences economic, political, social and natural occurrences, and have impact on societies as whole. Special risks include losses that arise from single events, usually invoked by individuals.
4. Pure and speculative risk. Speculative risk is considered that one which can bring profit, but also a loss, while a pure risk is a situation which can guarantee either gain or no loss at all.

After presenting these definitions of risk, we can now consider risk management. Risk management can be defined as “a process for making and carrying out decisions designed to minimize the adverse effects of accidental or business losses on an organization, by reducing the number or size of these losses or by cost effectively financing recovery from any such losses.”¹³⁰. Alternatively, risk management can be defined as a “systematic process of understanding, evaluating and addressing these risks to maximize the chances of objectives being achieved and ensuring organizations, individuals and communities are sustainable. Risk

¹²⁶Barjaktarović, L, (2013), Upravljanje rizikom, Univerzitet Singidunum, Beograd, p.3

¹²⁷<http://www.theirm.org/about/risk-management/>

¹²⁸Henschel,T, 2008, *Risk Management practices of SMEs: Evaluating and Implementing Effective Risk Management System*, Eric Schmidt Verlag GmbH & Co, Berlin, p. 5

¹²⁹Barjaktarović, L, (2013), Upravljanje rizikom, Univerzitet Singidunum, Beograd, p. 4

¹³⁰<http://www.irmi.com/expert/articles/2005/head02.aspx>

management also exploits the opportunities uncertainty brings, allowing organizations to be aware of new possibilities”¹³¹.

Simpler definitions view risk management as “the process of identification, analysis and either acceptance or mitigation of uncertainty in investment decision-making”¹³² or “the identification, analysis, assessment, control, and avoidance, minimization, or elimination of unacceptable risks”¹³³.

We can conclude that common elements of risk management within these definitions are: recognition of risk, analysis and evaluation of potential damage, control, negation or minimization of risk in order to achieve desired target or goal.

The risks that this thesis is presenting do not derive only from financial risks, although they can happen as a consequence of breaching the ethical or moral code during the advertising campaign or failure to properly identify cultural codes of the targeted consumer population.

In the first place, financial risk in a form of financial loss may occur if companies do not pay attention to the foreign market during their campaigns to advertise new products. Language differences and similarities, cultural codes and norms of that society, cultural habits of the people, they all play an important role. Lack of market research and, to some degree, social and psychological research can lead to a failed advertisement campaign and bad impression of a company in question, since it will look like it doesn’t care too much about its potential customers. This kind of a PR disaster can have a large impact on future business ventures on that market space.

Secondly, before discussing ethical and moral risks that advertisement of psychoactive substances and arms present to society we have to understand what ethics and morals are in the first place, and how the society bases its values on those terms. Understanding that, we can understand what encompasses immoral actions and what could be the consequences that derive from poorly planned advertisement campaigns.

Why can advertisement campaigns of the alcohol, tobacco and defense industry aimed towards the younger generation pose a risk to the companies? The answer will be given after analyzing some of the propaganda material used in such campaigns. For now, it can be said that advertising such products leads towards sale of hazardous and possibly fatal elements to adolescents, an act which can cause outrage of the society and governmental institutions, as well as financial loss that can occur due sales drop, legal processes and fine-payments.

Finally, an effective tactic to increase sales, so called “shock advertising”, can be a double-edged sword for the company that employs it. Shock advertising gets attention but, more often than not, a negative one. One can argue that there is no such thing as bad publicity, but some companies use shocking material such as sex, violence, abuse and obscene images in order to get attention so often that it can drive the potential customers away and cause negative emotion associations with that brand or product.

For an advertising campaign to have a full effect, all relevant data must be analyzed, including social, anthropological and cultural factors that give image of the society as a

¹³¹ <http://www.theirm.org/about/risk-management/>

¹³² <http://www.investopedia.com/terms/r/riskmanagement.asp>

¹³³ <http://www.businessdictionary.com/definition/risk-management.html>

whole, and a consumer as an individual. In the era of globalization, it is easy to forget that it is not enough that we are now more connected than any time previously. Every nation on this planet still has defining attributes, and it is a product of a hundreds of years of cultural and religious evolution, tradition, experience and achievements.

6. Reception theory: encoding/decoding model of communication

Communication with consumers is necessary in order to encourage a customer to buy goods or products, or to use company's service. This chapter will explore the "reception theory" and its encoding/decoding model of communication, along with the real-life examples of failed product advertising that derived from lack of proper understanding of foreign markets national cultural codes.

With advertisers and advertising agencies lies huge responsibility. Not only do they need to be creative and resourceful in order to make a successful campaign, but they also need to manage all the problems and issues that come with creation of an ad and promotion through the mass media or other sources. Advertisers should not only be skilled with finances and out-of-the-box thinking, but also, they should be good sociologists. Advertising is basically communication through various symbols with the people – consumers. Communication is traditionally seen as a linear transmission sender-message-receiver, but it can also be presented as a process of linked but distinctive moments such as **production-circulation-distribution/consumption**¹³⁴.

The problem that the sender of information, i.e. the company whose product is being advertised is facing, is, ability of target audience to decode the message in the intended manner. Human population consists of numerous ethnic groups with various languages, customs, traditions, values and religious practices. What is understandable and normal for one group of people might be confusing or insulting to another. Or, if the message has not been translated to the appropriate languages, it risks being only understandable to one specific group of people who speak the original language of the message. Therefore, during the **production** phase of the communication process, the message encoding takes place. It is done in such a way that it is in line with the targeted societies ideology, belief and value system.

During the **circulation** phase, the medium which will deliver the message is chosen. The medium may be such that it only stimulates the sense of sight (written word or picture), the sense of hearing (radio announcement), or it can be a combination of both visual and audio aspects, such as a message delivered through television, Internet, video-beam, etc. Commercials can also stimulate other senses, such as that of smell – a consumer receives a perfume test-bottle as a promotional gift, or the sense of touch – if consumer receives a sample of fabric material as a promotional material used by some clothing or fashion company.

After circulation comes the **distribution/consumption** phase. During this phase, decoding of a message by the targeted audience takes place. How will the message be decoded depends on several of factors connected to the consumer and the moment of reception. Furthermore, the consumer's position in social hierarchy, education, financial and emotional situations at the exact time of the reception also play role in decoding the message. Reception phase of the communication process shows whether the message was decoded in the right way, or in other words, will the consumer behave in the way advertiser imagined. If this isn't the case, it doesn't necessarily mean that the message wasn't understood; it can also be that the consumer

¹³⁴ Hall S.(1980), "Encoding/Decoding". In Culture, Media, Language edited by Stuart Hall, Dorothy Hobson, Andrew Lowe and Paul Willis, London: Hutchinson, pp. 128-38

wasn't interested in the advertised product or service, or wasn't paying attention. But if the positive action is taken by the consumer after being exposed to the launched message, it means that decoding was successful and that the message was relayed as intended.

British cultural theorist Stuart Hall argues that there are three hypothetical positions from which a consumer decodes the messages¹³⁵. The first he calls **dominant/hegemonic** position, in which perfectly transparent communication exists in form of consumer's decoding of message in the exact way it was encoded, thanks to the fact that consumers are operating inside of the dominant code of the society, meaning that they fully share the dominant culture's views, traditions and bias. Hall calls the second position **negotiated code or position**, which can be best described as a mix between accepting and rejecting elements of the message. The consumer understands the message as intended and can accept it, but he is not ready to act upon it for a number of reasons, based on his own personal beliefs and situation at the moment. Last one is identified as an **oppositional position**, in which consumer understands the literal meaning of the message, but he decodes it in a globally contrary way. Or in other words, consumer decodes the message in his own way and forms his own interpretation, in an oppositional relation to the dominant code.

During the Super Bowl 2014, the biggest American football sport event and the most important opportunity for advertising in United States, a Coca-Cola commercial¹³⁶ sparked a debate on multiculturalism and American values and ideals. Coca-Cola commercial titled "America is beautiful" features representatives of various minorities which are living in United States singing the patriotic song of the same name on their native languages. The problems began when now declining white majority of the USA population started to feel that they "lost" their country to the people of non-European descent, a feeling that is not entirely unfounded, but also not entirely right, since USA was built on a "melting pot" of different cultures. On the other hand, the failure of Coca-Cola to identify what are those national feelings that can be safely stimulated for all citizens of America sparked heated debates on Twitter, YouTube, Facebook, and other social networks¹³⁷. The reason for that failure is the lack of one single nationality of American citizens, as the country was created by immigrants from many different national states. Therefore, it is quite hard to promote patriotic feelings of a heterogenic culture in which people with various cultural backgrounds may have few reasons for feeling connected to each other but for papers that prove their citizenship, and to create a successful commercial campaign out of it.

Some of the cultural failures that happened in the business world due to the lack of social, linguistic, and market research will be listed as following:

- Kellogg, a company that specializes in breakfast cereals, in 1990's decided to reach beyond the traditional markets of North America and Europe, as it started to feel stagnation in the cereal industry. They wanted to penetrate the market of India, since the competition there was almost non-existent. India boasts the population of almost billion people, of which more than 250 million were middle class. After investing 65 million dollars into the new market, they were faced with non-responsive consumers. The reason was simple – in India, there was no culture of eating cereals for breakfast, and additionally, Kellogg's products were much too expensive even for middle class

¹³⁵ Durham, M, Kellner, D, 2006, *Media and cultural studies: key works*, Blackwell Publishing LTD, Oxford, pages 171-173.

¹³⁶ Source for Coca-Cola commercial online: <https://www.youtube.com/watch?v=443Vy3I0gJs>

¹³⁷ http://www.pittnews.com/opinion/article_34b98640-8d56-11e3-880a-0017a43b2370.html

citizens. Faced with continued losses, Kellogg admitted it cannot change the eating habits of a whole society¹³⁸.

- Pepsi, a soft drink industry, tried to keep with the singular identity in every country it was present in. On Taiwan market they faced a problem with their advertising slogan „Come alive with the Pepsi's generation“, with the literal Chinese translation of that sentence that sounded like „Pepsi will bring your ancestors back from the dead“. ¹³⁹ As a clarification, the cult of ancestors is quite strong even today in the Chinese influence zone.
- In Italy, a promotional campaign for Schweppes Tonic Water failed when the product name was translated as ‘Schweppes Toilet Water’¹⁴⁰.
- Cars names also had their share of translation problems. General Motor's Chevy Nova didn't meet success in Latin America, since „Nova“ means „It doesn't go“ on Spanish. Similarly, Mitsubishi Pajero sport utility car caused embarrassment in Spain, where „pajero“ is slang for „masturbator“. In Puerto Rico, Toyota's Fiera car provided controversy, as locally, „fiera“ is translated to „an ugly old woman“, while in Brazil, Ford Pinto was laughed upon for in Brazillian Portuguese slang, „pinto“ means „small penis“¹⁴¹.

Many more of such language-cultural failures exist, especially in the department of „Engrish“ –a slang term for the misuse or corruption of the English language by native speakers of some East Asian languages¹⁴².

Now, another example that more clearly shows difficulties of encoding/decoding process and is a perfect sample of a cultural clash¹⁴³, will be presented. In 2009 American fashion designer Tommy Hilfiger launched a global advertising campaign for the new cologne for men. True to the Western cultural codes, the perfect way to present a product for men was to create an ambience of wildness, energy, independence and class. The result was the following promotional poster (**Error! Not a valid bookmark self-reference.**):



Figure I Tommy Hilfiger ad for a cologne for men. Source (1)

¹³⁸ Haig, M, 2003, *Brand Failures*, Kogan Page Limited, London, p. 157

¹³⁹ Ibid, 163

¹⁴⁰ Ibid, p.158

¹⁴¹ Ibid, 159

¹⁴² <http://articles.latimes.com/2004/dec/05/entertainment/ca-engrish5>

¹⁴³ <http://www.labbrand.com/brand-source/advertising-decoded-importance-cultural-context>

The message that was encoded in this advertisement is that this cologne was designed for men who are self-confident, who have the sense of adventure, who love freedom and who are attractive to the opposite sex. In other words, this cologne will help the consumer's social surrounding to "perceive" the user of the cologne in such a way.

An advertisement can be designed to communicate either *a solution narrative* ("buy our product and it will solve your problems"), *an enhancement narrative* ("your life is already good, but if you use our product it will be that much better"). This advertisement is an example of an enhancement narrative.¹⁴⁴

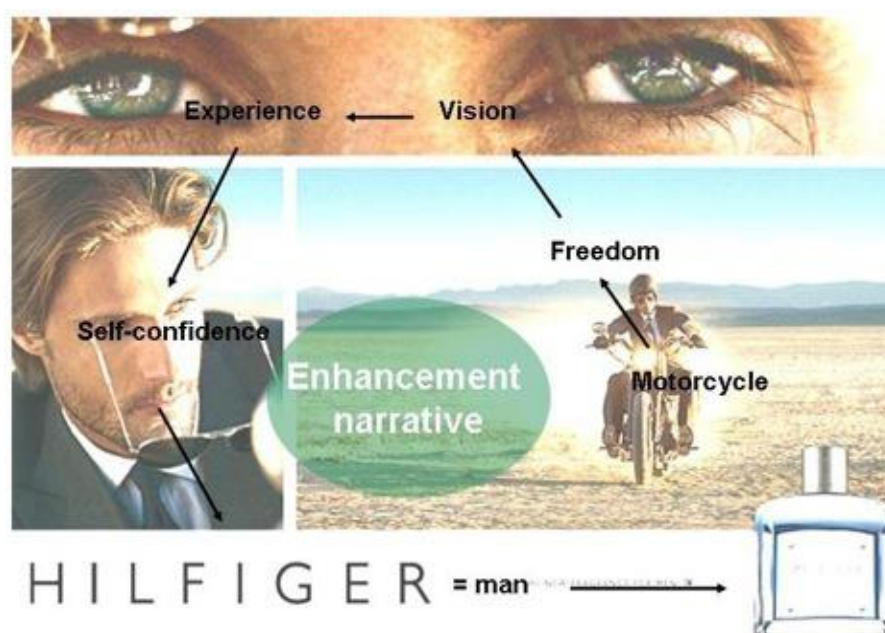


Figure II Deconstruction of Western decoding in the Hilfiger ad. Source (2).

The problem that this advertising campaign faced when it was launched on ever-growing Chinese market was cultural differences. First of all, Asian cultures have different values, traditions and views than Western ones¹⁴⁵. They are based on three philosophical systems – Confucianism, Taoism and Buddhism. Also, the system of “Asian values” is based on theocracy – principle on which religious powers have advantage over political ones, and social harmony, respect of authority, paternal-autocratic political systems and respect and belief in family are main pillars of the society¹⁴⁶. Therefore, some symbols presented on Tommy Hilfiger advertisement poster have different meaning for the Chinese people than for the American. For example, in the Western culture, motorcycle represents symbol of adventure, speed and freedom. In Chinese culture, motorcycles are associated with low status, noise and danger. Another symbol – open landscape – in West can relate to the feeling of independence and rough but attractive lifestyle. Chinese culture dictates other view: open landscape can be associated with dirt and dust, and therefore is unattractive. The result of decoding the message from the promotional poster by Chinese consumers will lead to negative reaction, or as Hall argued, oppositional position, since the objects and symbols

¹⁴⁴<http://www.labbrand.com/brand-source/advertising-decoded-importance-cultural-context>

¹⁴⁵Hackley, C, (2005), Advertising and Promotion: Communicating Brands, Sage Publications, London p.172

¹⁴⁶Krstić, Z, (2007), *Savremeni politički sistemi zemalja Jugoistočne Azije*, Službeni glasnik, Beograd, pages 153-209

associated with “man” in the campaign are not understood as such. For Chinese culture, a self-confident and attractive man would possess attributes such as sense of tradition, established social network, successful career, strong family values and sense of peacefulness and harmony. The man presented on the poster sends a message of unsuccessful, irresponsible, low-class vagabond. Labbrand, a Chinese brand consulting agency, offered these cultural codes as sort of dictionary that could help American advertisers to send a message to Chinese consumers, with consideration of cultural differences (Table I):

Western Cultural Code	Chinese Cultural Code
(Old) Motorcycle	(New) Car / Jeep
Alone	With friends
Speed	Leisure
Rough	Smooth
Freedom	Responsibility
Satisfaction (personal)	Status (acknowledgement)

Table I Comparison of Western and Eastern cultural coding. Source (3).

Samuel Huntington, American political scientist, offered in 1993. a thesis of post-Cold War new world order that he named „Clash of civilizations“¹⁴⁷. Huntington stated that „...fundamental source of conflict in this new world will not be primarily ideological or primarily economic. The great divisions among humankind and the dominating source of conflict will be cultural“¹⁴⁸. He also offered his view of world cultural division by conflicted world as seen on Figure III.

Huntington offers a model of 9 dominant cultures in the world: Western (Western European, Oceanic and North American), Slavic/Orthodox (South-East European and the space of ex-USSR), Islamic (Middle East and North of Africa), African (Sub-Saharan Africa), Latin American (Central and South America), Sinic (China, Korea, Vietnam), Hindu (Indian), Buddhist (South East Asia) and Japanese. He defines a civilization as a cultural entity, a highest cultural grouping of people defined both by common objective elements, such as language, history, religion, customs, institutions and by the subjective self-identification of people. As an example, Huntington argues that a resident of Rome may define himself with varying degrees of intensity, as Roman first, then an Italian, a Catholic, a Christian, a European and finally, a Westerner. Civilization identity will be increasingly important in the future, and the world will be shaped in large measure by the interactions among seven or eight major cultures¹⁴⁹.

¹⁴⁷<http://www.historyorb.com/world/clashofcivilizations.php>

¹⁴⁸<http://www.foreignaffairs.com/articles/48950/samuel-p-huntington/the-clash-of-civilizations>

¹⁴⁹ Ibid

To advertisers this is relevant as the success of decoding of propaganda message depends on the cultural code of the targeted market. Something that is acceptable in the Western culture may not be in the Hindu or Islamic cultures¹⁵⁰. Therefore, it is necessary to adapt the message for different markets, and encode it with the symbols to which other cultures will react affirmatively. This proves auxiliary hypothesis that understanding of cultural codes of foreign nations is essential for successful product placement.

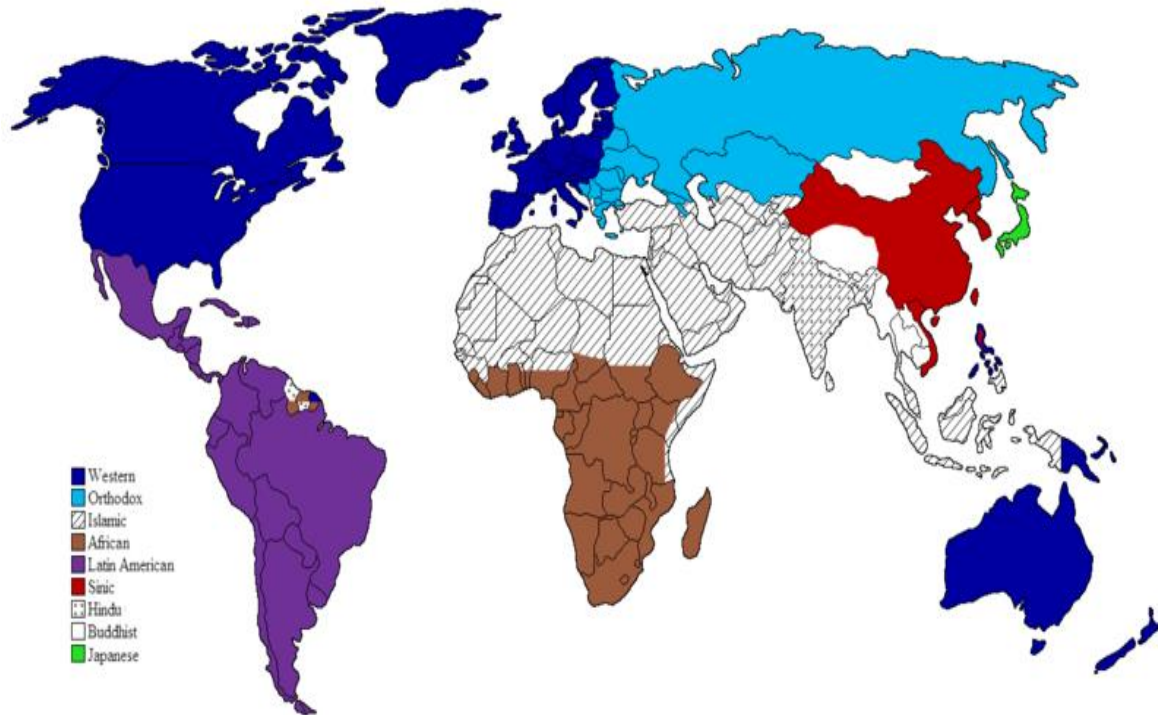


Figure III Huntington model of 9 dominant cultures in the world. Source (4).

¹⁵⁰Hackley, C, (2005), Advertising and Promotion: Communicating Brands, Sage Publications, London, page173

7. Defining ethics and moral: Western and Eastern philosophical thoughts

Understanding of “ethics” and “moral” has been sought by various philosophers throughout the history and around the world. By presenting viewpoints of the two largest cultures in this world, Western and Eastern, we will establish an explanation of moral and ethics, and why they are important factor in advertising campaigns.

The word „**ethics**“ is Greek in origin, and it derives from two similar terms, „**ethos**“ and „**ethikos**“. Wilhelm Wundt, the famous German psychologist and philosopher, argued that even in the time of Aristotle those two terms had difference in meaning¹⁵¹. *Ethos* was used to describe habit and accustomed actions, while *ethikos* was associated primarily with internal, voluntary and mental properties and features. Aristotle divided human mental process on two activities: reasonable – logical, and unreasonable – illogical. Those which correspond to logical part of our activities (knowledge, power, understanding), Aristotle called “**dianoetic**” or intellectual, and the other he called “**illogical dianoetic**”, or moral. In this group we can recognize virtues such as courage, pride, temperance, etc.¹⁵².

Moral is a more universal phenomenon. It is associated with rules which are foundation for human behavior and relations. These rules serve for recognition of “**good**” and “**bad/evil**” behavior. Man accepts those rules, and thanks to them, he is capable to live in an organized society. We can call moral a regulative idea, since it has influence over regulation of personal and social life, and over establishment of order, stability and security. A society that accepts life with moral rules is a society that is more stable, prosperous and just¹⁵³.

With the term “*ethics*” we can also label the term “*moral*” and by doing so, we recognize ethics as a science that researches moral. From there, we can use the adverb “*ethical*” to mark that human activity which is related towards contemplating and understanding of moral, accepting or evading some of the moral principles or virtues, etc. The key ethic terms are “**good**” and “**evil**”. The whole ethic tradition is a question about the purpose of morality, which was asked through the discussion about good and evil. Beside “good” and “evil”, other terms are connected to ethics, such as moral and immoral, ethical and unethical, right and wrong, desirable and undesirable, etc., representing different formulations of the two main ethic terms¹⁵⁴.

The “**good**”, derived from Greek *spudaion* or Latin *bonum*, in its original Hellenic form is shaped in wide semantic field as rectitude, nobleness, validity and usefulness, points towards purposeful character of some object, in which his determination is emphasized, along with the evaluation of that determination¹⁵⁵.

¹⁵¹Pavićević, V, – izvod iz dela ‘*Osnovi etike*’

<http://filozofskitekstovi.wordpress.com/2012/09/20/uvod-u-etiku>

¹⁵² Ibid

¹⁵³ Prof. dr Čedomir Čupić, *Etikai moral novinarar*, Univerzitet u Beogradu, Fakultet političkih nauka

<http://www.fpn.bg.ac.rs/wp-content/uploads/2010/05/14-Prof.-dr-%C4%8Cedomir-%C4%8Cupi%C4%87-Etika-i-moral-novinarar.pdf>

¹⁵⁴ Dr. Biljanja Ratković Njegovan, *Poslovna Etika*, Novi Sad

<http://www.scribd.com/doc/32470392/KNJIGA-ETIKA5-1>

¹⁵⁵ Ibid

Aristotle says in “*Nicomachean ethics*” that in defining good “...verbally there is very general agreement; for both the general run of men and people of superior refinement say that it is happiness, and identify living well and doing well with being happy; but with regard to what happiness is they differ, and the many do not give the same account as the wise”¹⁵⁶. He identifies three prominent types of life that correspond with the happiness: pleasure, political and contemplative life. Therefore, he adds that “(...) happiness, above all else, is held to be; for this we choose always for self and never for the sake of something else, but honor, pleasure, reason, and every virtue we choose indeed for themselves (for if nothing resulted from them we should still choose each of them), but we choose them also for the sake of happiness, judging that by means of them we shall be happy. Happiness, on the other hand, no one chooses for the sake of these, nor, in general, for anything other than itself”¹⁵⁷.

Immanuel Kant, in his work, „*Critique of Practical Reason*“, argues that the „Highest Good“ for Humanity is complete moral virtue together with complete happiness, the former being the condition of our deserving the latter. Kant also noted that virtue does not insure wellbeing and may even conflict with it. Furthermore, there is no real possibility of moral perfection in this life and indeed few of us fully deserve the happiness we are lucky enough to enjoy¹⁵⁸. „Moral“ (*die Moral*) is also describing the science about moral, and so it is synonymous with the term ethic (*die Ethik*), philosophy of moral (*Moralphilosophie*) and ethos (*die Sittlichkeit*). Therefore, for Kant, ethics, moral, morality and ethos are all synonyms. In his work, „*Groundworks of the metaphysics of morals*“, Kant argues that the most important task of ethical research is determination of the highest principle of morality¹⁵⁹.

As noted before, it is important for advertisers to look beyond their civilization’s traditions and values, especially if they are planning a campaign on a foreign market. A quick overview of an Eastern perception of ethical and moral norms will be presented below, citing the basic concepts of Confucianism, a traditional Chinese ethical thought, as a (geographically) opposite view to Western ethics and moral.

Confucian ethics is focused around ideals of character and the constituting traits or virtues. One of those ideals that occupy the most attention is that of the **junzi**. Junzi, in the original archaic meaning was „prince’s son“, but in the „*Analects of Confucius*“, a collection of sayings and ideas attributed to the great philosopher and his contemporaries, it refers to *ethical nobility*¹⁶⁰. At first, English translations present it as “gentleman,” but later, they change it to “exemplary person.” A trait connected to ethical nobility are filial piety, a respect for and dedication to the performance of traditional ritual forms of conduct, and the ability to judge what the right thing to do is in the given situation. Confucianism calls these traits virtues, since they are necessary for following the **dao**, the way human beings should live their lives. Comparing with Western philosophical thought, *dao* corresponds to the role *eudaimonia*, or flourishing, had in Greek ethics, as presented by Aristotle in “*Nicomachean ethics*”. The *junzi* is the ethical exemplar of the virtues making it possible to follow the *dao*¹⁶¹.

¹⁵⁶ <http://classics.mit.edu/Aristotle/nicomachaen.1.i.html>

¹⁵⁷ <http://classics.mit.edu/Aristotle/nicomachaen.1.i.html>

¹⁵⁸ <http://plato.stanford.edu/entries/kant-moral/>

¹⁵⁹ Ratković Njegovan, B. (2013) *Poslovna Etika*, Novi Sad retrieved from <http://www.scribd.com/doc/32470392/KNJIGA-ETIKA5-1>

¹⁶⁰ http://www.academia.edu/1091843/Understanding_Confucian_Ethics_Reflections_on_Moral_Development

¹⁶¹ <http://plato.stanford.edu/entries/ethics-chinese/#VirEthDaoJunRen>

Together with the *dao* and *junzi*, the concept of **ren** is also a unifying theme in the „*Analects of Confucius*“. In archaic form, the concept of *ren* referred to the aristocracy of bloodlines, meaning a strong and handsome appearance of an aristocrat. But Confucianism changed this concept to represent a moral excellence that anyone has the potential to achieve. In certain points of Confucian works, the *ren* person is treated as equivalent to the *junzi*, indicating that *ren* has the meaning of complete or comprehensive moral excellence, lacking no particular virtue but having them all. However, *ren* in some other places in the „*Analects*“ is treated as one virtue among others such as wisdom and courage.

Among other concepts, we will mention one more which is finding the most important place in Confucian thought, and that is *li*– rites, ritual. In short, it means cultivating one’s character same as a craftsman would work to create something fine from raw materials, such as a polished piece of jade or a carved piece of horn. Confucius defines *li* also in a lines of ceremonies of ancestor worship, funeral ceremonies and rules that regulates respectful and appropriate behavior between parents and children. When someone is engaging in a ritual, learning to perform it properly and with the right attitude of respect is considered as a kind of cutting, carving, polishing and carving of the self¹⁶².

There are many more concepts that Confucianism contemplates. But in essence, it can be agreed that a strong character, who strives trough personal development (following the rites, properly respecting ancestors, parents and those around him in various social contexts), can become an exemplary person, and therefore, a moral one.

Compared with the Western thought it may seem that Confucian ethics are standing opposite from the ethics that support the idea of individual autonomy and freedom to choose how to live. If we assume that “individual autonomy” usually includes several different dimensions that do not necessarily follow each other, then we can describe them as:¹⁶³

1. prioritization of individual interests over group or collective interests when these interests conflict;
2. giving moral permission to the individual to choose in which ways (within certain moral boundaries) he will live;
3. emphasizing the importance of living according to one’s own understanding of what is right and good even if others do not see it the same way.

Confucian ethics in most part, accepts autonomy in a sense of living according to one’s own understanding of what is right and good, as it is a part of cultivating one’s own character even when others do not appreciate or recognize the one’s effort. Also, various interpretations present Confucian ethics as rejecting moral permission to the individual to choose in which way he will live, as Confucianism prescribes a definite pathway for a human being, a comprehensive goal to be realized, and does not hold significantly different ways of life to be equally acceptable from a moral perspective. And lastly, even though Confucian ethics does not accept prioritization of individual interests over group or collective ones when they conflict, that is not because it subordinates individual interests to the group/collective ones. There is a different concept of the relationship between individual and group interests – the individual depends on the group and must make the group’s interests part of his own interests.

¹⁶² <http://plato.stanford.edu/entries/ethics-chinese/#VirEthDaoJunRen>

¹⁶³ Ibid

On the other side, since group depends on the individual, it must make individual interests part of the group interests^{164,165}.

¹⁶⁴ <http://plato.stanford.edu/entries/ethics-chinese/#VirEthDaoJunRen>

¹⁶⁵ http://www.academia.edu/1091843/Understanding_Confucian_Ethics_Reflections_on_Moral_Development

8. Alcohol, tobacco and arms industry advertising

After analyzing communicational issues in advertising campaigns (Chapter 3) and established framework for ethical and moral discussion (Chapter 4), we will now focus on the risks in advertising that are specific to alcohol, tobacco, and arms industry. All three of these industries manufacture hazardous substances and materials that pose risk to health and well-being of users and their surroundings. Therefore, this chapter will focus on describing risks that are associated with alcohol, tobacco and arms industry advertising.

Advertising alcohol, tobacco and weapons bring out the most challenging ethical and moral issues for advertising. Alcohol and tobacco are both classified as psychoactive substances, or psychotropics, which means they alter people's mental processes and expose them to risks and health hazards which can lead to dependence and have consequences in their social lives¹⁶⁶. Arms industry manufactures weapons and platforms that are used to do harm to people, which usually means ending or crippling of human lives. All three of these industries create products that cause psychological and physical damage to the human organism, and therefore, face both moral and legal challenges when creating and distributing propaganda commercials for them.

The American Marketing Association (AMA) has enumerated three ethical norms for marketers that can be also be seen as a representation of their ethical duties:

1. Marketers must do no harm.
2. Marketers must foster trust in the marketing system.
3. Marketers must embrace, communicate and practice the fundamental ethical values that will improve consumer confidence in the integrity of the marketing exchange system.

The AMA describes these norms as “established standards of conduct that are expected and maintained by society and/or professional organizations”¹⁶⁷.

8.1. Alcohol advertising

Alcohol advertising, from a moral perspective, is more problematic than tobacco advertising. The reasons for that are following:

1. Consuming high dosages of tobacco cannot cause sudden death as consuming high dosages of alcohol can (lethal alcohol poisoning, accidents due to loss of coordination, drunken stupor in a very cold environment with no protection, etc.).

¹⁶⁶<http://www.cqld.ca/livre/en/en/04-druguse.htm>

¹⁶⁷<http://www.ethicapublishing.com/confronting/5CH9.pdf>

2. Consummation of both tobacco and alcohol can lead to harmful consequences not only for the user, but also for the people around him. Potential cancer or another illness caused by tobacco smoke take some time to be formed, but consequences of alcohol abuse can be imminent and fatal (drunk driving, alcohol-induced violence, etc.).
3. Alcohol advertisers are often sponsors of sport events, during which commercials for spirits, usually for beer as it is considered the least “alcoholic” drink, are aired or screened. This raises the question of morality of such action, since sport event can be considered as promotion of health, virtue, strength and fair-play spirit, while alcohol which is harmful to organism is promoted as something essential to consume in order to have good time watching and enjoying such an event.
4. Alcohol advertising targets emotions that can be associated with socializing, having fun, enjoyment during sport events, etc. Stronger spirits with higher percentage of alcohol are usually associated with night clubs, attractiveness to the opposite sex, and statements about personal high place on the social ladder. Since beer has low alcohol content, it is not considered to be a “big sin” such as vodka, whiskey, cognac, brandy or some other strong spirit. Since it is one of the earliest alcoholic beverages produced in human history, with archaeological findings that can confirm creation and usage of that drink over 7.000 to 8.000 years ago¹⁶⁸, it is somewhat understandable that advertisements for beer will be more accessible to general population. As stated before, the themes of beer commercials are party life, male-bonding ceremony in pub/café or sport events, sport events themselves, and some funny situations involving well-looking girls that can show that they are “one of the boys” by drinking beer with them. Nevertheless, beer is still alcohol, and therefore, if consumed in large quantities, it can lead to development of illnesses such as alcoholism, liver failure, etc., or have lethal consequences during drunk driving, abusive marital behavior, etc.

Figure IV gives two examples of advertisements for beer.

The top panel of Figure IV is a commercial for Brazilian Skol Beer. The text says “if the guy who invented bra drank Skol, it would not look like this – but like this”.

The bottom panel of Figure IV is a commercial for Budweiser beer. The party is ongoing, while the aquarium is used for another purpose, other than to hold aquatic life. The light tone of such commercials may encourage young population to buy and drink beer, as it is established as something socially acceptable. Compared to with other alcoholic beverages, beer is cheaper and much more accessible to general population than stronger spirits of greater quality and price.

Stronger alcohols have commercials with a different visual style, as can be seen from the Figure V.

¹⁶⁸ http://www.penn.museum/sites/biomoleculararchaeology/?page_id=84

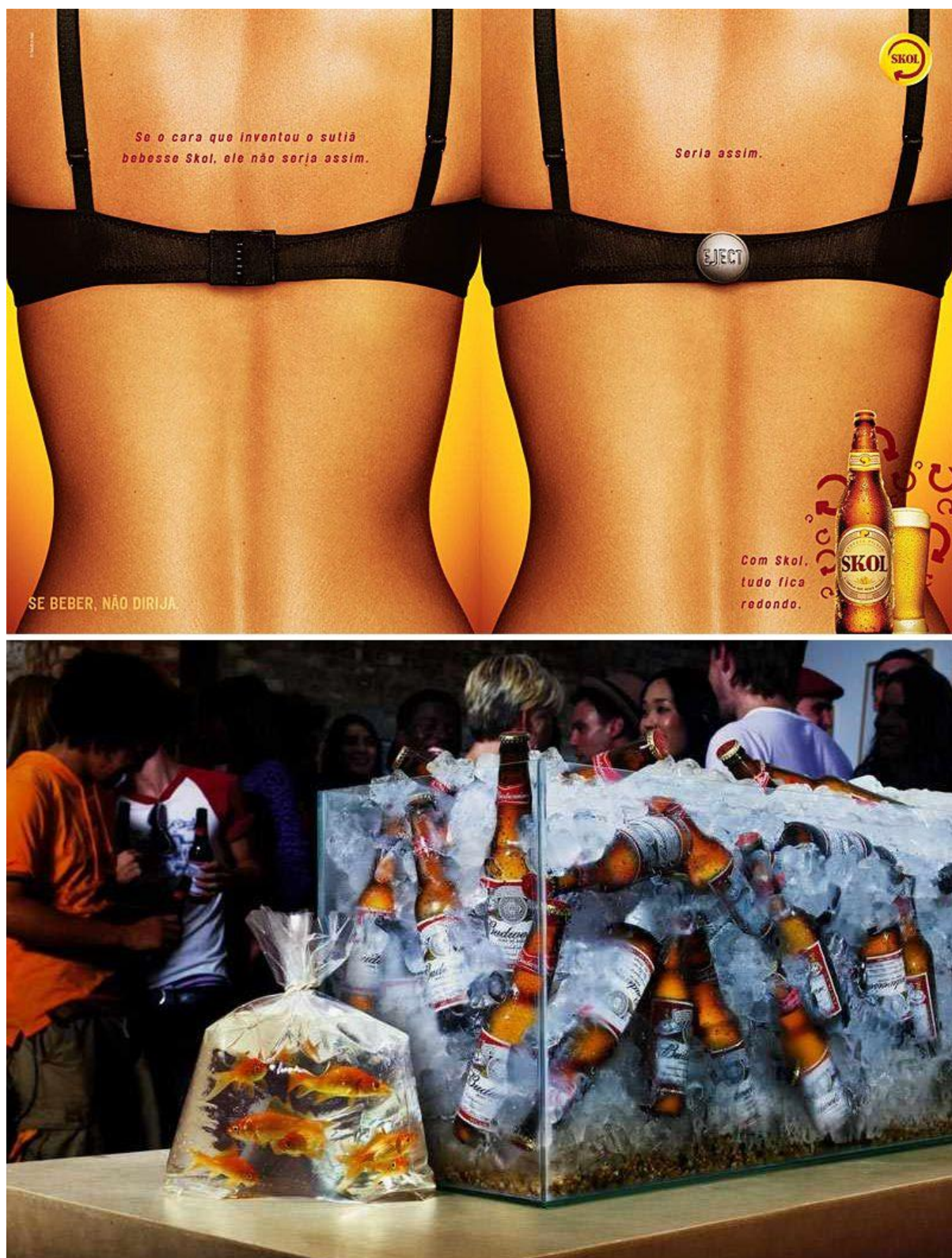


Figure IV Two advertisements for different beers .Source (5-6).

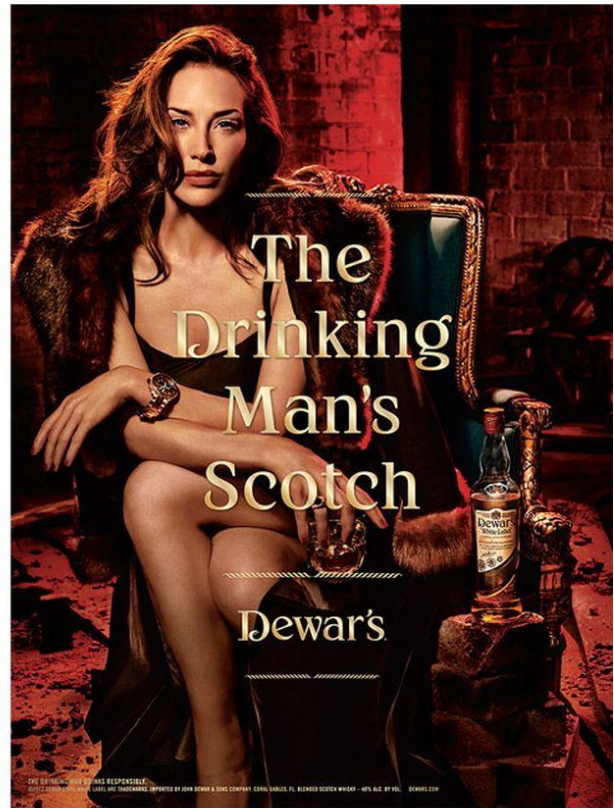
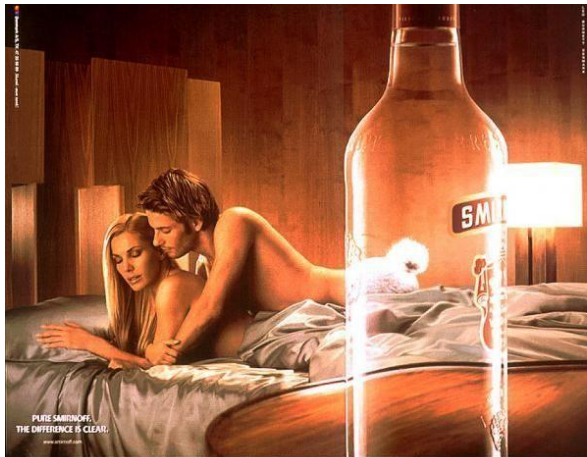


Figure V Four advertisements for hard spirits. Source (7-10).

Visually, these commercial are different from light alcohol commercials. In typical beer ads, cheerful mood, casual clothing, girl-next-door archetypes, sport events and comedy situations are present. In strong-spirit advertisements, we can see that eroticism is highlighted. Instead of “typical girl” stereotype here we have sophisticated, high-class women who are driven to those who are successful in their lives – and therefore drink advertised alcoholic drink. Instead of pubs and cafes we are presented with images of exclusive night clubs. It is socially acceptable to drink beer from the early afternoon, while stronger drinks are consumed during the later hours. Therefore, emphasis is on night clubs as places where one can demonstrate his influence and financial power, as those drinks are in fact expensive to order in such places. Finally, even social gatherings are not as relaxed as those in commercials for beer. Smart, formal clothing and high-class glamour socializing describe the environment in which such drinks are consumed. We can conclude that the message being sent is, if you want to achieve or confirm your position on the social ladder you have to behave in a certain way and adopt habits in consuming certain products – in this case strong spirits – that are associated with successful, sophisticated males to whom extremely seductive, elegant and beautiful women are drawn. The moral issue comes in a way that people are encouraged to buy and consume such strong alcohol beverages, which can have huge negative impacts on their health if consumed regularly, in order to consider themselves successful human beings.

Research founded by Johns Hopkins Bloomberg School of Public Health came to conclusion that alcohol advertising and marketing have a significant impact on youth decisions to drink by “influencing youth and adult expectations and attitudes, and helping to create an environment that promotes underage drinking”¹⁶⁹. This research continues to dwell upon the response of young people to alcohol advertising. Conclusion was that young people were drawn to ads that included music, people and animal characters, humor and story. In addition, three most popular alcohol ads among the youth used animal characters as the leading actors¹⁷⁰. The study highlights that review of psychology, neuroscience and marketing literatures are common with agreement that adolescents, thanks to the patterns of the human brain development, are prone to be attracted to branded alcohol products that are associated with risky behavior which, in their view, provides them with immediate gratifications, thrills and/or social status. In the end, if they like alcohol ads, they are more likely to have positive expectations about consummation of such beverages¹⁷¹. Needless to say, consequences of underage drinking can be devastating. Apart from those discussed before (drunk driving, etc.), youth who drink alcohol are more likely to experience school problems, such as higher absence and poor or failing grades, unwanted, unplanned, and unprotected sexual activity, disruption of normal growth and sexual development, changes in brain development that may have life-long effects, and others¹⁷².

In 2012. an increase of liquor advertising was detected in North American TV networks. In 2011. the biggest beer brand in USA, Bud Light spent around 230 million of US dollars for TV advertising¹⁷³. But, in other countries, such as England, awareness about health risks that alcohol brings is strong enough to warrant a cancer alert during a beer commercial in at least one case¹⁷⁴.

¹⁶⁹ http://www.camy.org/factsheets/sheets/Alcohol_Advertising_and_Youth.html

¹⁷⁰ Ibid.

¹⁷¹ Ibid.

¹⁷² <http://www.cdc.gov/alcohol/fact-sheets/underage-drinking.htm>

¹⁷³ <http://adage.com/article/news/hard-time-liquor-advertising-pours-tv/234733/>

¹⁷⁴ <http://www.theguardian.com/society/2014/apr/23/alcohol-advertising-protest-cancer-tumour>

8.2. Tobacco Advertising

Advertising of tobacco is most popular in the form of cigarettes, since they are relatively cheap compared to cigars and more accessible to general population. Tobacco ads are not present on TV and radio in many countries, as it is banned on the recommendation of World Health Organization¹⁷⁵. Advertisers still have access to other platforms for launching propaganda campaigns, such as social networks, magazines, sport events (F1, NASCAR, IndyCar racing among more prominent ones), posters next to the kiosks, various promotional material, etc.¹⁷⁶. Although not present on TV during sport events, the logos of tobacco manufacturers are clearly visible on cars during the races, such as Marlboro sign on red Ferrari Formula 1 race car.

Until 1964, tobacco ads were present in all spheres of consumer society, since it was widely believed that consumption of tobacco can't bring harm to the health. In 1964, Surgeon General's Advisory Committee on Smoking and Health of United States published "*Smoking and Health: Report of the Advisory Committee to the Surgeon General of the United States*", a landmark report of harmful effect of tobacco consumption which had lasting impact on general perception about tobacco and regulation of tobacco advertising¹⁷⁷. The most serious consequence of consuming tobacco via cigars and cigarettes are several varieties of cancer, among which lung cancer is the most prevalent (Figure VI).

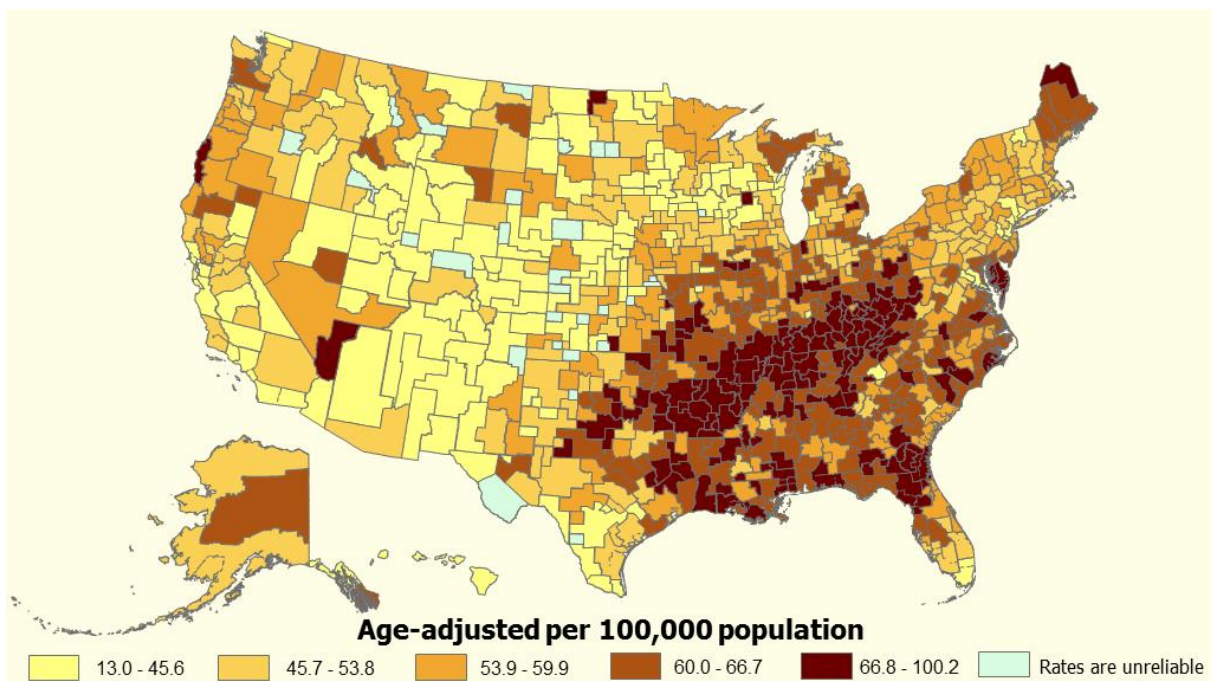


Figure VI Lung cancer deaths 2003-2005. Source (40).

Although now mostly under regulations, the tobacco industry finds a way to promote its products not only to regular consumers, but to the young population as well^{178,179}, as seen from some of the recent examples from the leading tobacco brands (Figure VII).

¹⁷⁵http://www.who.int/mediacentre/news/releases/2013/who_ban_tobacco/en/

¹⁷⁶http://healthliteracy.worlded.org/docs/tobacco/Unit2/1cigarette_adv.html

¹⁷⁷http://profiles.nlm.nih.gov/NN/B/B/M/Q/_/nnbbmq.pdf

¹⁷⁸<http://www.lung.org/stop-smoking/about-smoking/facts-figures/tobacco-industry-marketing.html>

On the top-left panel of Figure VII, we can see Kool brand directing their product clearly toward younger, urban population. The scene is set in a nightclub, and a man with a tattoo on his hand in which he keeps the pack of cigarettes, along with the lit cigarette between fingers, is getting the attention of a young, good-looking girl sitting at a bar. The name of a brand – Kool – sends subliminal message here: be cool and smoke Kool. In the last 10 years, Kool used advertisement slogans such as “Be True”, “Be Bold”, “Be Passionate”, “Be Original”, “Be Smooth”, with the idea that those phrases are appealing to the adolescents and young adults trying to “find themselves” and to develop a “sense” of self. The advertisements largely featured musicians, ranging from guitar players to disk jockeys in an urban setting, such as street, skyscrapers, underground clubs and nightclubs, while using models of various ethnicities that are represented in the United States¹⁸⁰.

On the top right panel, tobacco brand Salem also targets the young generation with their “Stir the senses” campaign. Different ads are in circulation, while each depicts a model smoking in a green, mentholated ecstasy, which can be associated with a drug-induced experience. Other Salem ads are concentrated on urban youth, such as “Step Inside. It’s Not What You Expected” and “There is More To It” campaigns, where underground parties are presented, along with the couples with tattoos and scantily clad women riding on the back of a motorcycle driven by men. The invention of these campaigns was the complexity of the ads, since they often consisted of a 4-page spreads in magazines. The front cover of the spread would show a “familiar image” with a cutout window revealing a small part of the next page. When the front cover is flipped over, the full spread originally indicated by the cutout is revealed to be an entirely different design, unexpected by the reader¹⁸¹.

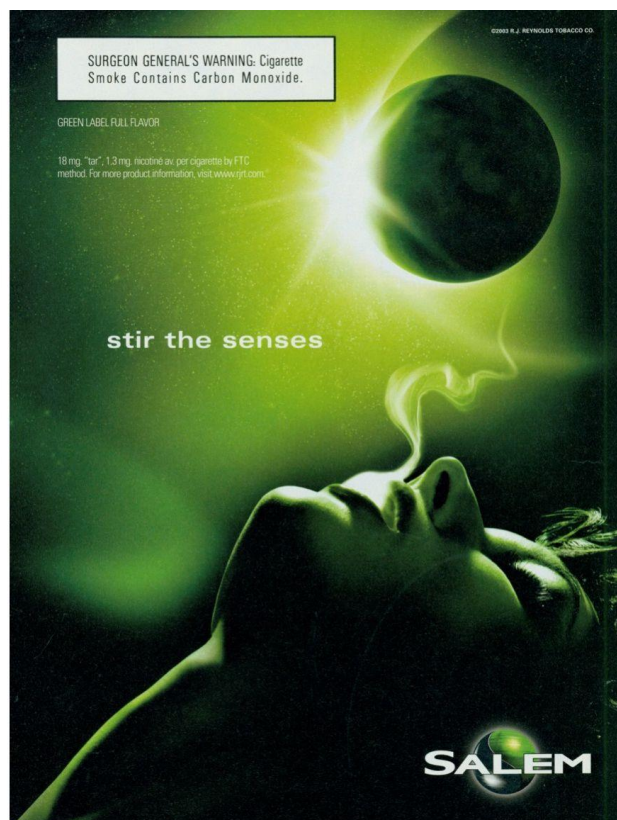
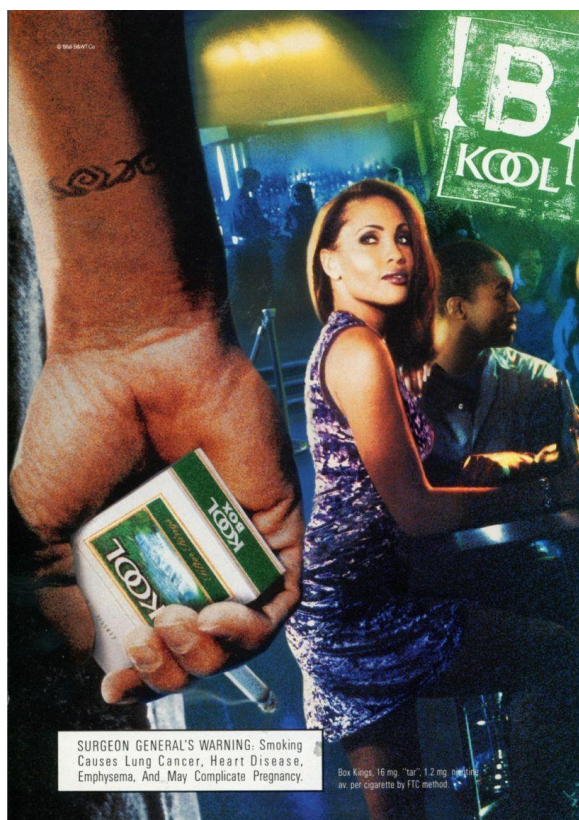
Almost twenty years ago, in 1997, tobacco brand Winston (Figure VII, bottom left panel) adopted the slogan “No Additives – No Bull” and claimed that scientific tests revealed that the top ten non-menthol US brands of cigarettes contain 6% additives and 94% of tobacco, while Winston guaranteed that their products are 100% tobacco. Consumers are meant to believe that they somehow benefit from the lack of additives, though a warning box clarifies that “no additives in our tobacco does NOT mean a safer cigarette.” In Winston’s case, smoking 100% tobacco is meant to make the smoker feel more “hardcore” or serious – a true smoker – staying true to their almost obscene slang slogan “No Bull.” Other Winston ads from the late ‘90s render Winstons as a “Real Cigarette” and some other ads of this company take a similar approach, advising young people to “Leave the Bull Behind” and opt for a “naturally smooth” Winston. Nowadays, overseas, particularly in Russia, Winston is owned by Japan Tobacco Inc. (JTI). The product “Winston XS” is a super slim cigarette (as in extra-small). The new ads for Winston XS uses the slogan “Xsence of me,” a word-play on “essence.” The ads for Winston XS are futuristic, featuring young, beautiful models looking seductively at potential consumers¹⁸².

¹⁷⁹ http://tobacco.stanford.edu/tobacco_main/main.php

¹⁸⁰ http://tobacco.stanford.edu/tobacco_main/images.php?token2=fm_st205.php&token1=fm_img6111.php&the_me_file=fm_mt026.php&theme_name=Recent%20Strategies&subtheme_name=Kool%20Modern

¹⁸¹ http://tobacco.stanford.edu/tobacco_main/images.php?token2=fm_st206.php&token1=fm_img6148.php&the_me_file=fm_mt026.php&theme_name=Recent%20Strategies&subtheme_name=Salem%20Modern

¹⁸² http://tobacco.stanford.edu/tobacco_main/images.php?token2=fm_st207.php&token1=fm_img6162.php&the_me_file=fm_mt026.php&theme_name=Recent%20Strategies&subtheme_name=Winston%20Modern



МИНЗДРАВСОЦРАЗВИТИЯ РОССИИ ПРЕДУПРЕЖДАЕТ:
КУРЕНИЕ ВРЕДИТ ВАШЕМУ ЗДОРОВЬЮ

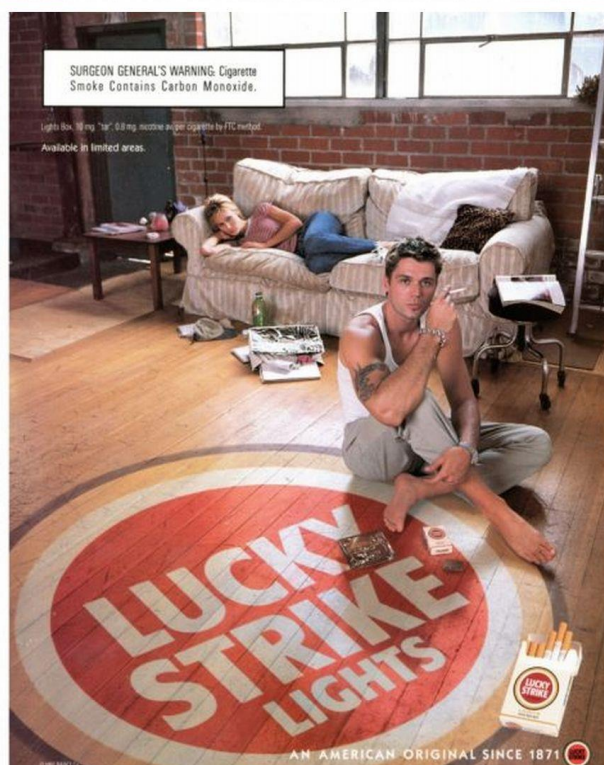


Figure VII Examples of tobacco industry advertisements. Source (11-14).

When Brown & Williamson took over the Lucky Strike brand in 1995, they sought to reposition the brand toward a younger demographic by introducing the "Spotlight" campaign. The new campaign featured the classic Lucky Strike logo in full-color, super-imposed onto the floor or the wall of a scene, while the rest of the environment was depicted in low-saturated colors – or even black and white – to convey a sense of the old classics (Figure VII, bottom right panel). The campaign introduced the slogan "An American Original" to impart the product's authenticity, but juxtaposed this sentiment with modern scenes and models to provide the ads with a sense of timelessness. The campaign targeted urban, hip, individualistic free-thinking young males and used models who evoked a cool, laid back, even arrogant personality, as it can be seen for the ad presented, with the scene of a couple resting in the apartment¹⁸³.

Tobacco advertising can pose potential risk for the companies if they advertise too much openly their products towards the younger generation, as society in general is getting more aware each decade about the dangers of smoking, both active and passive. One of the proofs that tobacco smoke is considered a health hazard is that smoking is already banned not only in public transportation and governmental/health institutions, but also in cafes and restaurants in most of the European countries, as a way to prevent health damage from tobacco smoke when there is a large concentration of people. Therefore, if a company targets the youth specifically, it can bring outrage of the public and government, since “hooking” up adolescents towards some addiction that is both expensive and potentially cancerous can have devastating negative PR and moral effects. Unfortunately, tobacco products are nowadays being consumed by a significant percentage of both elementary and high-school students in the U.S. (Figure VIII).

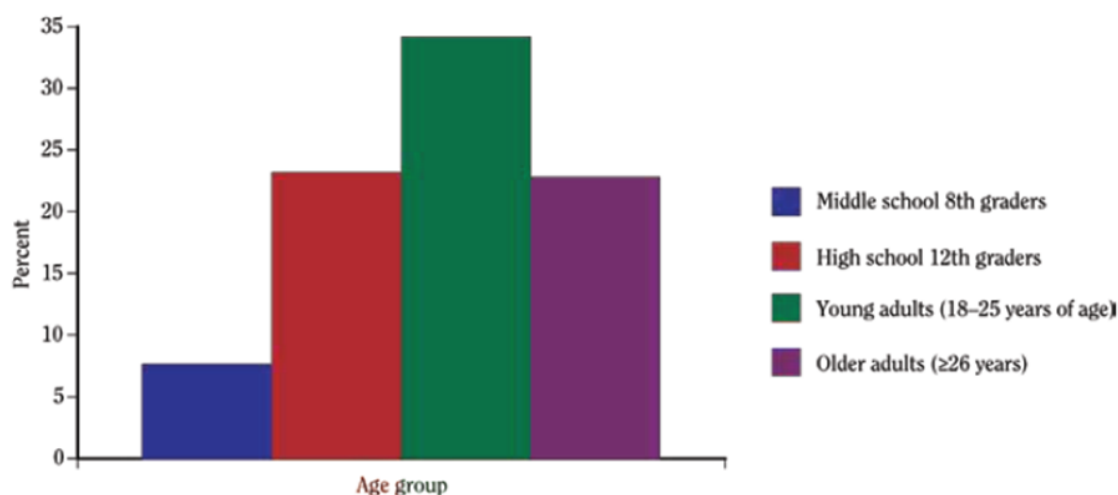


Figure VIII Percentage of elementary school 8th graders, high school seniors, young adults (18-25 years of age) and adults (>26 years of age) who currently smoke cigarettes. Source(39).

¹⁸³ http://tobacco.stanford.edu/tobacco_main/images.php?token2=fm_st204.php&token1=fm_img12614.php&theme_file=fm_mt026.php&theme_name=Recent%20Strategies&subtheme_name=Lucky%20Strike%20Modern

8.3. Defense industry advertising

Arms and defense industries today are more present in the open market than ever, thanks to the geopolitical realities of the 21st century. Increased aggression of superpowers and new fronts that are opening every day (Iraq, Syria, Afghanistan, Sub-Saharan and North Africa, Eastern Ukraine, Libya, North Mexico), as well as new economic and political division of countries by international blocs (EU/NATO, BRICS/EAU) propelled new arms race not seen since the end of the Cold War. After the invasion of Iraq and Afghanistan and new battlefield experience gained from modern-day combat engagements, a series of upgrades and new platform developments took place among the main industrial countries. The main focus is on the survival of troops and hardware in urban theater of war¹⁸⁴, with Russia being the first to start investments in that field¹⁸⁵ after negative experience and huge armor loss during first siege of Grozny in 1994¹⁸⁶.

For the purpose of this thesis, we will divide the branches of the defense industry in two parts. The first – defense industry concentrated on development and export of heavy military hardware, such as main battle tanks, armored personnel carriers, infantry fighting vehicles (MBTs, APC and IFVs respectively), artillery platforms, ships and aircrafts (both fixed wings and rotary platforms), electronic warfare systems and electronic components, as well as infantry protective gears and small-arms production line. The second – small arms production aimed towards civilian population.



Figure IX An example of advertising of military purposes. Source (15).

Defense industry requires a lot of resources in order to operate to its full capacity, especially if it manufactures mobile weapon platforms such as tanks or aircrafts. Also, it requires cooperation of various other industries, which is often a large logistical operation. Therefore it is usually state controlled, or state has hard influence on such an industry. The two main categories of customers to which defense industry sells its product are the armed

¹⁸⁴ <http://www.defenseindustrydaily.com/m1126-strykers-in-combat-experiences-lessons-01323/>

¹⁸⁵ http://uralvagonzavod.com/products/special_products/49/

¹⁸⁶ Jenkinson, C Brett, MAJ USA, *Tactical observation from the Grozny combat experience*, Fort Leavenworth, Kansas, 2002.

forces of the mother-country, and armed forces of another country, as they are the only actors which have enough financial and legal resources to buy such expensive hardware. Therefore, advertising of such product is different than for some other products, since the accent is put on characteristics of vehicles, ships, airplanes or weapons in question (Figure X).^{187,188}

On the other hand, arms manufacturers have the civilian population in mind as primary customers to whom they offer small-arms that are used for hunting or self-defense. These small arms usually consist of handguns, rifles, carbines and semi-automatic weapons. On Figure X are some examples of ads targeted toward civilian population:

On the top left panel of Figure X, German-Swiss manufacturer Sig Sauer promotes its handgun M11-A1 by invoking feeling of “exclusive” status for those who own it, as air force pilots in any country are considered the elite branch of the armed forces. By saying that the “other” weapon of the pilot who already owns M11-A1 is multirole fighter F/A-18, it sends signal to the civilian population that they also can feel that powerful and that if such elite professionals use it, it is a right choice.

On the top right panel, the Belgian handgun FN Five Seven, designed and produced by Fabrique Nationale d’Armes de Guerre-Herstal, plays on emotion of fear of female population in order to promote its product. Targeting fear of being violated or hurt is not a new strategy for gun industry, but since women are more prone to be victims of such atrocities, it is not surprising to see capitalization on that emotion in ads. For example, after 9/11th in the United States market research suggested that the public were now terrified of “the outside”. General Motors spotted the chance and used that fear to promote its SUV (sport utility vehicle), a civilian version of military Hummer armored car. SUV now offered sanctuary to those who feared the outside world with its military appearance and armored look. In an atmosphere of fear, clever advertising and exploitation of such emotions made SUV sales account for more than 20% of all American car sales during that period¹⁸⁹.

The bottom panel is the simplest one in its form, another military-grade firearm turned for civilian use. This particular rifle, Bushmaster ACR, designed and produced by Magpul Industries Colorado, was recalled in 2010. from civilian market due to safety malfunctions in some of their models¹⁹⁰. This gun was also used by 20-year-old Adam Lanza, who fatally shot 20 children and 6 adult staff members at the Sandy Hook Elementary School in Newtown, Connecticut on December 14, 2012^{191,192}.

¹⁸⁷ http://www.military-today.com/russian_land_forces.pdf

¹⁸⁸ Rosoboronexport (Russian Defense Export) commercial for KA-52 military attack helicopter
<https://www.youtube.com/watch?v=wPLtMM6L-A>

¹⁸⁹ <http://www.theguardian.com/media/2014/jul/06/how-advertising-industry-concept-fear>

¹⁹⁰ http://gunblog.com/wp-content/uploads/2010/10/2010-10-15_10.59.14.jpg

¹⁹¹ <http://www.nytimes.com/2012/12/16/nyregion/gunman-kills-20-children-at-school-in-connecticut-28-dead-in-all.html>

¹⁹² <http://www.forbes.com/sites/forbesleadershipforum/2013/01/14/the-gun-industry-needs-to-reinvent-itself-before-its-too-late/>



HIS OTHER WEAPON IS AN F/A-18.

M11-A1 TRUSTED BY ELITE MILITARY PERSONNEL. UPGRADED FOR YOU!

PISTOL, COMPACT, 9MM, M11 issued to US Naval Aviation and key units in every branch of the Armed Services, the M11 is proud to serve. Upgraded with a stainless steel slide, a Short Reset Trigger and three 15 round flush fit magazines, the M11-A1 variant features the same phosphate coated internals, SIGLITE® night sights and MIL-STD 1913 label of the standard issue M11.

SIGSAUER
When it counts™

Find us:  [SIGSAUER.COM/M11-A1](https://www.facebook.com/SIGSAUER.COM/M11-A1)

Use of equipment in civilian hands does not imply or constitute SIG endorsement.

LADIES' HOME COMPANION.



The ergonomic FN Five-Seven® offers the lowest recoil, largest capacity and highest velocity of any centerfire pistol. For home security, personal protection, sport and competition, nothing else comes close to matching the performance of the FN Five-Seven®.

 100 YEARS OF DISTINCT ADVANTAGE.
www.fnhusa.com/FIVESEVENhandgun



ACR
ADAPTIVE COMBAT RIFLE

THE WORLD'S MOST ADAPTIVE MODULAR RIFLE.



ACR
ADAPTIVE COMBAT RIFLE
LEARN MORE HERE

Bushmaster® Basic ACR® Folder
90838 (BLACK) - MSRP \$2,490.00 | 90847 (COYOTE) - MSRP \$2,490.00

Figure X Three advertisements from the small-arms industry aimed at civilian population.
Source (16-18).

The advertising of weapons is morally challenging at best, since the merchandise serves to directly end the life of another human being, even if it is marketed in spirit of self-defense. Recent meta-analysis covering the territory of the United States showed that firearms cause an estimated 31000 deaths annually in the U.S.¹⁹³ Among other statistics, it also showed that the U.S., country where the firearm ownership is more prevalent than anywhere else, that annual rate of suicide by firearms is higher than in any other country, and that the annual rate of firearm-related homicide is the highest among high-income countries¹⁹⁴.

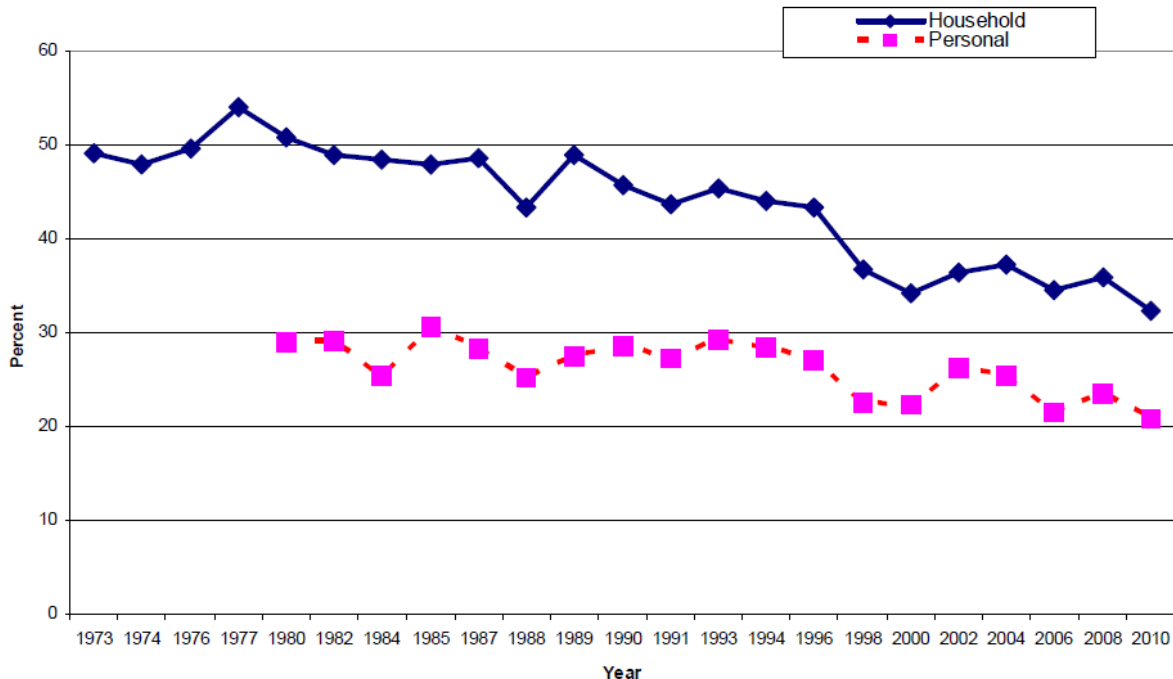


Figure XI Decline of gun ownership in the USA in the period from 1977. to 2010. Source (38)

But, the most problematic and from moral side unacceptable practice that is present in today's America is targeting children as the consumer group for arms industry (Figure XII). Between 1977 and 2010, a percentage of American households that reported owning guns dropped for more than 40% (Figure XI)¹⁹⁵. In 2008, National Shooting Sports Foundation, launched an initiative called TaskForce 20/20, with goal to increase number of hunters and target shooters by 20% in 5 years, with its youth programs¹⁹⁶. The National Rifle Association closed out its annual conference in May 2013 with a "Youth Day" event, promising "excitement with spectacular displays" of weaponry for the youngest attendees, with participants also gaining free 6-month NRA memberships and a chance to shoot Airsoft guns, a realistic-looking air rifles, usually replicas of modern-day assault rifles used in military and police that shoot plastic pellets¹⁹⁷. Another tactics of weapon industry to increase participation of younger generation includes "lobbying to weaken state restrictions on hunting by young children, giving away firearms, ammunition and cash to youth groups, sponsoring semi-automatic handgun competition for youths, marketing an affordable military-style rifle

¹⁹³ Anglemeyer A, et al., *The Accessibility of Firearms and Risk for Suicide and Homicide Victimization Among Household Members: A Systematic Review and Meta-analysis*, Ann Intern Med. 2014;160(2):101-110.

doi:10.7326/M13-1301

¹⁹⁴ Ibid

¹⁹⁵ <http://www.vpc.org/studies/ownership.pdf>

¹⁹⁶ <http://www.taskforce2020.org/ActPlanItems/youth.cfm>

¹⁹⁷ http://www.huffingtonpost.com/2013/05/14/gun-industry-kids_n_3248127.html

for junior shooters and developing a target-shooting video games that promotes brand-name weapons, with links to the web sites of their makers”¹⁹⁸. One of the latest accidents with junior shooters happened on 26th of August, when a 9 years old girl from Arizona, USA, was training to use an UZI submachine gun. When her instructor switched the fire mode of the gun to full automatic, the recoil sent the gun over her head and her instructor was fatally shot¹⁹⁹. Furthermore, a study of firearm-related deaths among 5-14 year olds from 2002 showed that a disproportionately high number of 5-14 year olds died from suicide, homicide, and unintentional firearm deaths in states and regions where guns were more prevalent²⁰⁰.

Also, newer initiatives by other pro-gun organizations go further, seeking to introduce children to high-powered rifles and handguns while invoking the same rationale of those older, more traditional programs: that firearms can teach “life skills” like responsibility, ethics and citizenship. For example, NRA has been known to hand out grants for youth shooting programs, such as Boy Scout councils which traditionally involves BB guns and archery. In 2010, total grants were worth 21 million of dollars, nearly double what was five years ago²⁰¹.

Another marketing strategy aimed towards the youth population in the United States is to capitalize on popular trends in TV and movie industry, such as “zombie apocalyptic” scenarios. A firm called Zombie Industries is known for manufacturing life-size mannequins models that “bleed” fluorescent fluid when shot from a firearm. Others respond to gunfire in a more lifelike fashion, opening up gaping chest wounds and bursting into little pieces of blood-soaked matter when you shoot them. The industry itself is also cashing in on the craze, selling zombie-branded accessories, including sights that use a biohazard hologram instead of cross hairs for aim. To capitalize even more on this lucrative trend, ammunitions giant Hornady has even rebranded its Critical Defense line of bullets as Zombie Max. As “Shooting Industry” magazine reports, one dealer said that the younger user of shooting range, when presented the choice of choosing between Critical Defense line of ammo and Zombie Max ammo (which is same as Critical Defense, just rebranded), in most cases they are going to choose Zombie Max, which shows how simple rebranding can win hearts and minds of youth²⁰².

As mentioned before, gun industry also utilizes the emotion of fear to increase sales in the female population. In creating marketing strategy, gun industry concentrated in two fields, feminization of firearms, usually coating them in pink color, and advertising guns as the only real protection against sexual and violent predators. “Shooting Industry Magazine” publishes a column called “Arms and the Woman” while Sig Sauer offers a ladies' version of its conceal-carry “Mosquito” pistol with a pink-coated polymer frame that it calls “the ideal choice for hours of shooting fun.” In a similar vein, GunGoddess.com sells a kit to accessorize an assault weapon with a pink hand guard, pistol grip and butt stock²⁰³.

Such aggressive way of advertising lethal weapons to minors and women only shows how desperate certain part of industries are in wish to increase its sales, paying no attention to harm they may bring to others. The most disturbing part is creating advertising campaigns for such products when they are directed towards children, especially if we are all aware of the

¹⁹⁸ http://www.nytimes.com/2013/01/27/us/selling-a-new-generation-on-guns.html?pagewanted=all&_r=0

¹⁹⁹ <http://www.fox10phoenix.com/story/26368466/girl-accidentally-shoots-instructor-in-arizona>

²⁰⁰ Miller M, et al., *Firearm availability and unintentional firearm deaths, suicide, and homicide among 5-14 year olds*, J Trauma. 2002 Feb;52(2):267-74; discussion 274-5

²⁰¹ <http://www.fox10phoenix.com/story/26368466/girl-accidentally-shoots-instructor-in-arizona>

²⁰² <http://www.rollingstone.com/politics/news/the-gun-industrys-deadly-addiction-20130228?page=2>

²⁰³ Ibid

possible consequences. The risks that can derive from that are considerable, least the one that can be perceived as negative PR for the manufacturer in case of weapon safety issues, or usage of branded gun in family tragedy or terrorist attack. In this case, the consequences are also carrying the weight of lost human lives on one's conscience, since nearly 10.000 children are killed or injured by firearms in USA alone every year²⁰⁴.

8.4. Summary of some advertising rules and risks in alcohol, tobacco and arms industries

We can summarize some of the themes of alcohol, tobacco, and arms advertisements as per the Table II. Both alcohol and weapon ads have been divided into two categories, based on the previous considerations. Also, it should be noted that different tobacco brands grow different images, and hence the advertisement themes in the Table II pertaining to this industry is far from exhaustive.

Table III gives a short overview of the risks associated with consuming, using, and abusing products of alcohol, tobacco, and arms industries. Again the table is not exhaustive and covers only those examples that were previously given in the text above. All these risks indicate that the products of these industries are hazardous and controversial, and thus marketing campaigns designed to promote them carry significant risks for the company that sells them. These risks can come in the form of public backlash or governmental penalties and sanctions, both of which damage the company's brand and finances, and hurt further marketing efforts. Therefore, we can conclude that ethical and moral considerations in marketing are important for industries dealing in hazardous products and thus, we confirm this auxiliary hypothesis.

²⁰⁴<http://www.msnbc.com/the-last-word/the-toll-gun-violence-children>

	Themes	Environment	Mood	Clothing
Weak alcohol	socializing, bonding, fun	sport events, pubs, parties	cheerful, relaxed	casual, everyday
Strong alcohol	socializing, refinement, eroticism, masculinity/femininity	clubs, nightclubs, salons	sensual, erotic, confident	elegant, rich
Tobacco (depending on the brand)	“cool” factor, exclusivity, eroticism, masculinity/femininity, freedom, individuality	nightclubs, urban, open spaces	sensual, erotic, empowering	elegant, casual, everyday
Military arms	performance, technical detail, success statistics	/	/	/
Small arms	fear, safety, power	/	/	/

Table II Summary of some of the themes in alcohol, tobacco, and arms advertising.

	Risk for the consumer	Risk for the surrounding	Lethality
Alcohol	alcoholism, internal organ damage	domestic abuse, drunk driving	long-term, due to organ failure or poisoning
Tobacco	cancer (lung, throat, tongue, etc.)	second-hand smoking, cancer	long-term, due to cancer
Arms	gunshot wounds	gunshot wounds	immediate, due to gunshot wounds

Table III Summary of risks intrinsic to the advertising in alcohol, tobacco, and arms industries.



Figure XII Small-arms industry commercials intended for younger audience. Source (19-23).

9. Shock advertising: high-risk advertising campaigns

Conventional advertising tactics are sometimes not enough to successfully place goods and services on a market, and therefore, unconventional methods can be applied. This chapter will explore one such method, so called “shock advertising”, along with its dual role of profit-generation and influencing of collective consciousness via unorthodox presentation of social issues.

During the last decades of 20th century, a new form of advertising appeared – the so called “shock advertising” or “shockvertising”²⁰⁵. Shock advertising, as its name implies, is a type of advertising that seeks to shock, offend, and capture the attention of the audience by violating the norms of social value in given society, usually by connecting advertised product or message with sex, violence, fear, surprise, disgust, pornography, etc.²⁰⁶. These ad campaigns are expectably pushing the limits of what could be considered a good taste, but the effects are undeniable – they create “buzz”, they draw attention, they start discussions and they provoke reactions. Part of the philosophy of such campaigns is that, as the brand name is mentioned repeatedly and attention is brought to the company, “all publicity is good publicity”²⁰⁷.

Shock advertising can be explained by reminding ourselves of the first task of an ad – getting attention²⁰⁸. Needless to say, if advertisement doesn’t get attention it has not fulfilled its purpose. Some studies suggest that ads that shock can both increase the attention of the audience and make them retain the message in their memory for longer duration, since people tend more to remember an ad with a shocking content than the one without it²⁰⁹. Shock advertising is used not only in promotion of products and services, but also as a mean to raise awareness of an issue or a problem in society. Therefore, it is not unknown to be a witness of “shockvertising” in some anti-drug, -violence, -smoking, -fur using, or -child abusing campaign. The shock in the advertising does not necessarily need to be a visual one, such as in print, television spots, or guerilla marketing. It can be delivered through the means of a sound, or just by the printed word that can raise negative associations or break some kind of taboos that are in place in society.

One of the most famous examples in marketing is a campaign ran by the fashion brand French Connection, which got its moment of fame when it abbreviated “French Connection, UK” and got a word FCUK, which it proceeded to use in everyday business²¹⁰. As our cognitive processes are such that it is enough for us to read the first and the last letter of a word in order for them to decipher the meaning of that word, the acronym FCUK immediately establishes a link to the offensive English word that is the most similar to. It is enough to note that not only T-shirts were printed with this logo, but also posters with the logo and additional lines (such as “my place now” and “all night long”) were made, in order to understand to what extend the campaign went. As a promotional campaign the fashion company was handing out free condoms with attached messages such as “Practice safe sex, go FCUK yourself” or

²⁰⁵ http://news.bbc.co.uk/2/hi/special_report/1999/02/99/e-cyclopedia/611979.stm

²⁰⁶ https://www.theseus.fi/bitstream/handle/10024/48098/Kubacka_Natalia.pdf?sequence=1

²⁰⁷ <http://www.trendhunter.com/slideshow/top-50-shock-controversial-ads>

²⁰⁸ Perreault WD, McCarthy EJ, (2002), *Basic marketing: A global managerial approach*, McGraw-Hill Higher Education, New York p 475

²⁰⁹ <http://www.buzzle.com/articles/is-shock-advertising-really-effective.html>

²¹⁰ http://www.brandchannel.com/features_effect.asp?pf_id=84

“FCUK safely”. FCUK saw its profits rise by 84 per cent in the first half of 2000.,the year it launched its campaign in the UK²¹¹.

The following examples of printed shock ads will be divided into two categories. The first will explore shockvertising in the classical sense of ad use – getting attention, generating “buzz”, and making profit. The second group will present ads created for awareness campaigns, such as anti-smoking, -abusing, -drinking, and others.

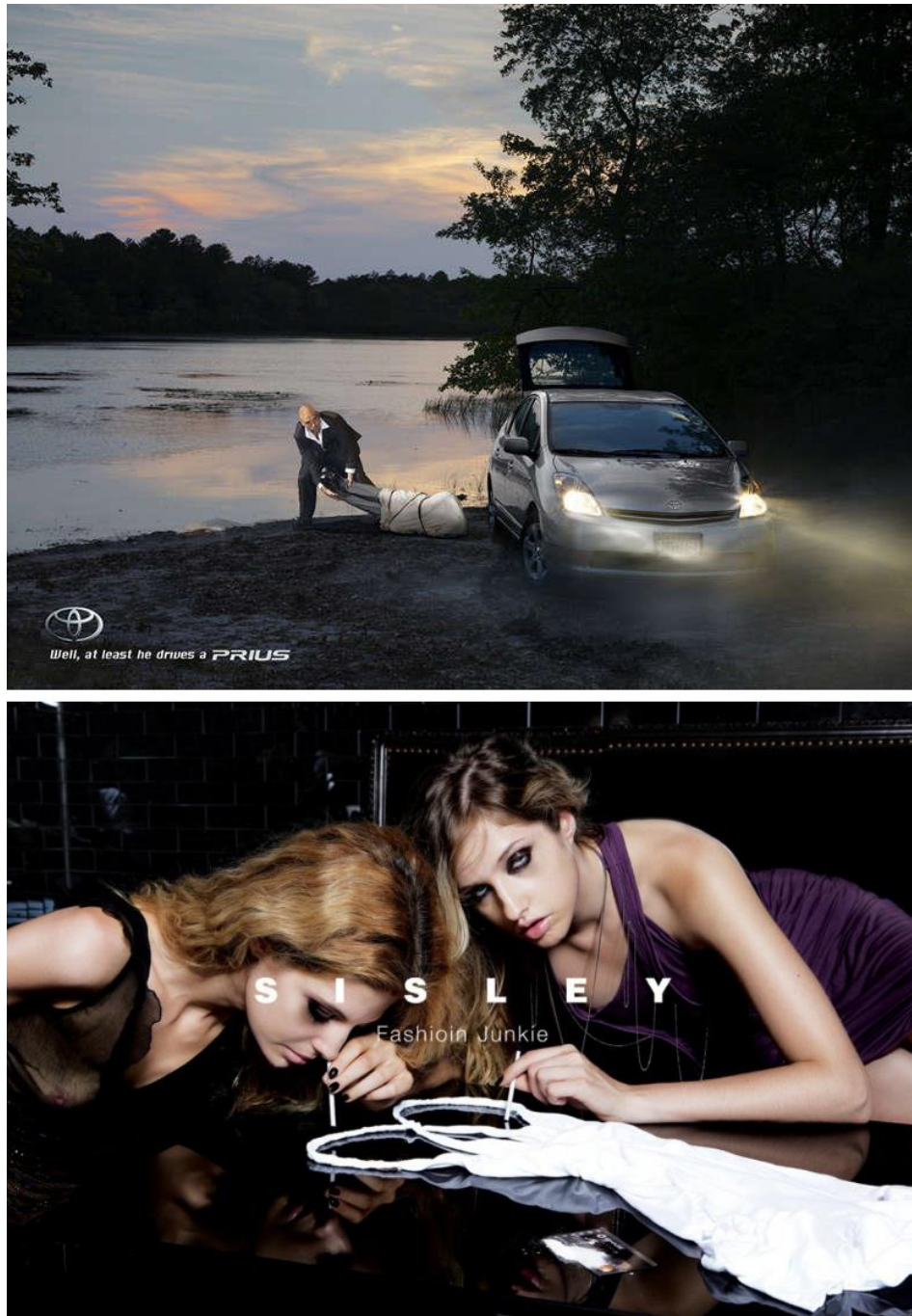


Figure XIII Shock advertisements in the classical sense of ad use. Source (24-28).

²¹¹Hackley C, (2005), Advertising and Promotion: Communicating Brands, Sage Publications, Londonp190



Figure XIV Shock advertisements created for awareness campaigns. Source (29-33).

On the first set of advertisements, intended for commercial campaigns (Figure XIII), we can notice several elements of shock advertising. The top panel is for a Toyota Prius automobile. From the scene presented we can conclude that a man is dragging a wrapped-up corpse to be thrown in the river. The man is probably responsible for the murder and disposal of presumably his victim, and hiding of the evidence. The message of the commercial is that, even though we are presented with a presumed killer who is pictured doing something evil, his redeeming quality is that he is driving the “best” car possible – Toyota Prius, which automatically makes him a better person. Therefore, this ad uses violence and atrocious behavior as a “shock” message, with a light-hearted tone of their motto.

Chinese Sysley line of fashion design, on the bottom panel of Figure XIII uses the metaphor of cocaine consummation and consequent addiction as a way to promote how “addictive” their clothes and style will be for the person who starts to wear them.

Three more examples of advertisements that we are going to discuss use sex for promotion. An ad for a fragrance for men by Tom Ford²¹² tactically positioned the perfume bottle in the lower part of a naked woman’s body, which draws the immediate attention of male population, guaranteeing the focus on a desired object/product. A Burger King ad²¹³ for their new 7 inch long (approximately 17.5 cm) sandwich has the sandwich placed in such a manner as to give a clear metaphor of an oral sexual act that is about to be performed. The last example is an advertisement for “Deutsch” international lifestyle magazine²¹⁴, where a dog of German shepard variety has its muzzle beneath the dress of a woman whose legs are spread, sniffing her crotch – a clear symbolism of another sexual act that is happening, this time between an animal and a human. Sexual symbolism in general is widely used in commercials today, but not one as open and direct as is in these examples which generate a shock value in conservative elements in the society.

The shockvertising in awareness-raising campaigns use the same means and metaphors as commercial advertising does. This can be seen in the examples on Figure XIV, the top one being a French anti-smoking campaign which compared smoking with child sexual abuse, with cigarettes taking place of the male reproductive organ in a scene that can be defined as disgusting and potentially illegal (the top panel). The next three pictures in a row are PETA’s campaign for ban of fur usage in clothing using a naked model as a way to get attention, US health agency warning of cancer risk for smokers utilizing decayed state of cancer-ridden lungs as an example of what can happen, and lastly, a propaganda poster dedicated to combating under-age sex with putting a child’s face on a grown up woman’s body. The last picture on the bottom panel aims to raise awareness of abusive behavior towards school children in Taiwan by their professors, by showing how things in class-room and school corridors may seem normal, and children are learning in peace, but at the same time, their classmate is abused in a professor’s office.

Oliviero Toscani is considered to be the pioneer in organized shock advertising . Mr. Toscani is an Italian photographer, best known for collaboration with Luciano Benetton during ’80s. The idea that launched the so called “Benetton effect” – developing small family firm into a world-known brand, is Toscani’s personal philosophy for advertising. He considered advertising a useless waste of money, and ads as detached from reality since they

²¹² www.trendhunter.com

²¹³ www.buzzfeed.com

²¹⁴ www.bbs.duowan.com

don't communicate with consumers or spread social or educational messages, something they are in a perfect position to do given the wide reach they have.²¹⁵ The following years saw a surge of Benetton shocks ads: two men, one black, one white, in identical suits handcuffed to one another; a black woman breastfeeding a white baby (Figure XV, left panel); a newborn baby in doctor's hands with its life cord still attached (Figure XV, right panel); a picture of a man dying of AIDS next to his family; tattoos on naked parts of body that say "HIV positive"²¹⁶; three human hearts next to each other with the text "white", "black", "yellow" written over them (Figure XV, middle panel); a recent "UnHate" campaign with photoshopped pictures of antagonizing world leaders and religious leaders kissing in the mouth, symbolizing "make-up" and peace. Oliviero Toscani wished to connect consumers with social ideas and to use Benetton influence in the world (created by his shock ads in the first place) to open dialogues about some issues he considered not explored enough. At the same time, Benetton was making name and profit for itself, therefore successfully combining the wish for social awareness change and company growth and recognition.

Shock advertising is a morally challenging issue and carries risks which must be examined and weighted. On one hand, it is difficult to be noticed in the sea of other commercials, and so companies tend to use shock tactics in order to get from the attention of consumers and media even for a short time, in hope that they will be noticed. On the other hand, if companies use elements such as high violence, prohibited behavior, or obscene sexual imagery in their ads, it can have negative impact on both the company's reputation and consumer population in general²¹⁷. It is worth noting though that when such heavy-handed tactic is used to highlight some issue in the society, such as child abuse, sex trafficking, dangers of alcohol or tobacco consumption, etc., it can have very positive effects as it forces media to discuss it, and hopefully focus the people's attention to those problems that are plaguing their society or their culture²¹⁸. Thus, we can conclude that ethical and moral considerations need to be employed in dealing with shock-advertising tactics, and by doing that, we prove our auxiliary hypothesis.

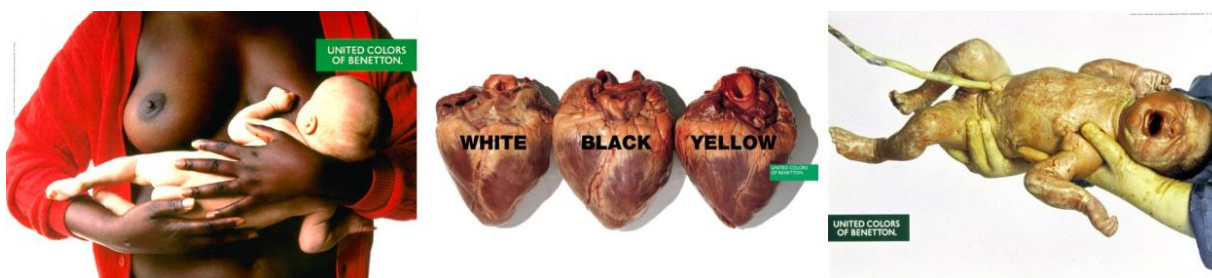


Figure XV Benetton shockvertisements. Sources (34-37)

²¹⁵ https://www.theseus.fi/bitstream/handle/10024/48098/Kubacka_Natalia.pdf?sequence=1

²¹⁶ <http://www.benettongroup.com>

²¹⁷ http://ijhssnet.com/journals/Vol_1_No_18_Special_Issue/6.pdf

²¹⁸ http://theadvertisingclub.net/index.php?option=com_content&view=article&id=3290:the-effects-of-shock-advertising&catid=144&Itemid=175

Conclusion

In the last hundred years, mass media was constantly evolving. Their pinnacle of today is the Internet, a far-reaching medium connecting hundreds of millions of people all around the world. The potential for advertising and commercial is limitless. On the other hand, so are the possibilities for a fraud, illegal surveillance, identity and financial theft. Simultaneously, media such as newspapers, radio and television are not losing their value for launching propaganda messages among the consumers. Today, it is a standard that every serious company has to have a website and an e-mail address. Therefore, for modern business and big companies, it is absolutely necessary to use combination of mediums for advertising.

Although not all commercials are truthful, or at least not as close to the truth as they have to be, consumers still don't shy away from them. This leads to the debate about the negative side of the commercial propaganda.

Intangible assets also play important role in advertising campaigns, as we've seen earlier. If company possess brand, patents and have copyright on them, songs, jingles, motto etc. it will go a long way to establish a presence in the market and in consumer minds. Simple messages or images can substitute a thousand words, and present a company with an effective, but minimalistic ad. Simple messages can be processed faster and understood by everyone, since it is extremely important for as broad spectre of consumers as possible to decode the actual message the companies sent via the commercial.

As more and more of the world population has access to the Internet, social media will continue to connect ever-growing number of people, therefore, increasing consumer base that can be reached with advertisements.

Mass media will continue to play irreplaceable role in advertising campaigns, and it will remain the most important platform for launching propaganda messages, proving one of our main hypotheses, that the mass media is an indispensable platform for sending advertising messages that can reach consumer population.

The evolution of available media and their increased accessibility globalize consumers and markets. But, it is not possible, nor will it ever be, to create one commercial with such universal symbolic that it will be accepted by everyone in the world. As seen from the examples in this thesis, local adaptations will always be needed in order to stage a successful product placement on culturally different markets. Such adaptations need to be done in a thorough way in order to evade the mistakes that even large corporations tend to make: fallacious decoding of local cultural codes and languages, which lead to failed marketing campaigns. Another actual source of this mistake is too much self-confidence that some companies have in their successful brand name and influence. The position that they are recognizable enough throughout the world so that there is no need for adaptation of their product message for any market also lead to several failed campaigns, as shown in this paper.

We also presented here the examples of ethical and moral breaches in advertising campaigns. Most of them were related to advertising of psychoactive substances and weapons that targeted adolescent population. As previously noted, commercials for alcohol, tobacco and arms industry is "morally gray" territory of advertising, as these substances and products may harm or end human life. Nevertheless, companies compete in creating more seductive and appealing ads, drawing people into consuming their products or acquiring firearms. Only

tight governmental regulations can prevent the ease of access to those products by children and young population.

Shock advertising as a campaign tactic proved to be very effective. Nonetheless, it requires careful balancing of desire for profit and desire for spreading the social message, in order to avoid simple exploitation of human emotions with shocking content for the increase of sales. That is, of course, if the company cares about general ethical and moral values, established by the society as a whole. Even if not, too shocking a message carries with itself a risk for backfiring that cannot be ignored. Therefore, if we take this in the consideration, and if we assume that all the auxiliary hypotheses have been proved, we can conclude that this thesis proved the second main hypothesis –that marketing campaigns carry cultural, ethical, and communicational risks.

Hopefully, companies will understand the value of recruiting, not only economists, but also sociologists, politicologists and anthropologists for the market research, in order to receive the most accurate results and recommended entry strategies, as human beings and their behavior cannot be described only through numbers and statistic. Also, companies, even those which produce hazardous elements, should respect ethical and moral codes in their ad campaigns, since there are some taboos in the society that must not be ever broken.

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