Family Economics & Financial Education

## THE IMPACT OF ADVERTISING ON PURCHASING DECISIONS



Thy do we buy the things we do? What impact does advertising have on an individual's purchasing decisions?

Advertising impacts consumers daily and many advertisements are easy for teens and young adults to identify. Other forms of advertisements are much more difficult to spot. Teens often claim advertisements do not sway the decisions they make, however they may not realize why they think something is cool or desirable. Most of the advertising a teenager consumes is designed to make him or her want things. Advertisements seek to grab a consumer's attention, persuading him or her to feel something and take action as a result.

Because advertising to teens and young adults continues to increase, consumers need to be aware of advertising techniques used to make informed decisions.

- To advertise is to call public attention to a product or service to promote a sale.
- An advertiser is a person or company that has a product they want to sell.
- An **advertisement** is created that focuses attention to their product and grabs the attention of the consumer.

Advertisements are brief and utilize verbs and adjectives to clarify the message. Advertising appears in all media types and cannot be avoided. CBS estimates that the average American is exposed to between 3,000 and 5,000 advertisements daily. We see/hear advertisements everywhere including clothing, billboards, newspapers, magazines, television, radio, and Internet. Advertising is a huge business and requires knowledge about consumers and how to get them to pay attention.

### CREATING ADVERTISEMENTS

The effectiveness of a company's advertising is evaluated by determining a target audience, creating a message to grab the attention of consumers and setting their product or service apart from others. Ultimately, advertisers want to change current habits of consumers to include their product.

Companies determine and research their target audience by evaluating the following items:

- The perception of needs and wants
- Problems consumers may encounter
- Emotions experienced causing negative and positive reactions
- Current or desired lifestyle

The next step for advertisers is to grab the attention of their target audience. This can be accomplished through some of the following techniques:



- Using emotions that focus on love, belonging, prestige and self-esteem
- Showing how consumers can save money
- Making promises of a better life
- Solving consumer problems
- Using a creative and appealing layout

When persuading consumers to use their product, advertising companies must differentiate their brand from others. This can be accomplished in any of the following ways:

- Describing the product benefits
- Showcasing unique qualities
- Illustrating the value and quality of the product
- Creating an advertisement consumers will remember by using catchy music, exciting words and pictures

The final goal and effectiveness indicator for advertisers is the ability to change brand preference or current habits of the consumer. If consumers change their preferences and begin using the advertised product or service, the advertiser has met his/her goal.





#### Incentives/Promotions

Add value to the purchase by using price savings, product samples, gifts and contests or signs such as Clearance, White Sale, or Going-out-of-Business. They attract consumers to the store to buy the sale priced items along with other regular priced items. Read all small print to ensure money is actually saved.

#### Beauty Appeal

Beauty attracts us; we are drawn to beautiful people, places, and things. Companies trying to advertise specific products often use models to make the consumer feel like they will experience the same benefits if they use the product.

#### Escape

Individuals can imagine adventures they cannot have; the idea of escape is a dream. Car companies often use beautiful settings in advertisements creating a feeling of escape.

#### Peer Approval/Bandwagon

Associates product use with friendship/acceptance. Advertisements make individual's worry that they will not be well-liked if they don't use a certain product.

#### Slogans

Short phrases (no longer than 7 words) that contain the entire message of an advertisement and utilize rhythm, puns and alliteration. Slogans quickly attract the attention of consumers and make the messages easy to remember.

TECHNIQUES

#### Logos

Pictures or symbols that represent a company. Consumers identify a product or company with the logo. An examples is the Nike swoosh.

#### Testimonial/Celebrity

By purchasing this product consumers are led to believe they will attain characteristics similar to the celebrity or "professional" trying to sell the

Lifestyle

Associates the product with a particular style of living. Examples include safety, health, and positive relationships. An example includes an advertisement for a daily supplement. If individuals on the advertisement are active and healthy, others may purchase the product in hope of gaining that lifestyle.

# Rebel

Associates products with behaviors or lifestyles that oppose society's norms.

#### Unfinished Comparison

Phrases like: "Works better in poor driving conditions!" This comparison may be true, but is unfinished. Works better than what?

#### <u>ADVERTISING REGULATIONS</u>

The Federal Trade Commission (FTC) regulates marketing activities and protects the consumer from: false advertising (untrue statements, unreasonable claims), misleading pricing, deceptive packaging and labeling. If consumers believe a firm is violating the law, action can be taken. When the FTC is informed, they issue a complaint. If the company continues the false advertising they can be fined \$10,000/day for every day they continue to advertise. The company is also required to provide corrective advertising for any misleading claims.

