



# THE ROYAL BANK OF CANADA MONTHLY LETTER

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## THE ADVERTISING BUSINESS

**P**EOPLE don't make a beaten path to the mousetrap maker's door unless they know he has made a better mouse trap and has a stock for sale at a price they can pay.

That is what the advertising business is all about. Mousetraps and pig iron, automobiles and breakfast foods are useless if people remain in ignorance of their existence and unaware of how they may be used. Advertising serves the man who produces, by enabling him to dispose of his goods, and the man who consumes, by telling him what is available to add to his satisfactions in life.

The question is sometimes asked — and not only by persons with queer economic ideas — “why advertise?” The answer can be given by drawing three circles: a big one, a smaller one inside it, and a smaller inside that. The little circle indicates the number of prospects that can be met personally by the sales force, the next larger shows the wider group that can be reached by a well-built mailing list, while the outer circle shows the extent to which prospects can be canvassed by advertising in its various forms of publication and display.

One of the first positive rules is that advertising is an investment, not a speculation. Gambles in advertising, followed by disappointment and retrenchment, are wasteful. They upset the economic equilibrium. They give business that air of starts and stops so well summed up in the terse telegram of the conductor of the often-derailed train: “Off again, on again, gone again: Finnegan.”

Another rule is that advertising is fruitless if the advertiser does not offer something which will genuinely serve some human want.

The third rule is not to expect overwhelming returns in the way of sales from the first ad or two. Advertising does not work that way. It deposits in the mental storehouse of the prospect impression after impression until he has a well-defined picture of the product and the service it will perform for him.

And, last but not least in this small list of principles, the business executive is headed for disappointment if he satisfies his ego merely by matching the competitor's advertising appropriation dollar for dollar, or even by topping it. Not the size of the appropriation, but the quality of advertising is important. Every campaign should be tailored to the needs and to show off the advantages of the particular business concern. A follow-my-leader campaign is an evidence of lack of originality and initiative.

### *Think of the Customer*

It does not do, in these days, to concentrate upon techniques to the exclusion of thought about the consumer. It is the customer who puts the goods to use. He pays the wages and expenses from the first stroke made in harvesting a natural resource to the final stroke of the pen by which a purchaser contracts for the finished product.

How is advertising useful to the consumer? Well, it keeps him informed. Whether the advertisement be one of the mammoth billboards, a catalogue, a full page newspaper spread, or one of the tiny items in the miles of classified ads, it should be designed and written to tell people about something they may want to buy, not about something the advertiser wants to sell.

Most of us are specialists, producing nothing which we ourselves use. In our capacity as specialists we may not need anyone to help us, but in our sphere as consumers we need to be told what is available for our use, how good it is, and how we can obtain it.

We said that advertising works for the consumer as well as for the advertiser: it also works for the community. It helps stabilize industry and employment: it emphasizes quality, which is certainly a community service: and it is a factor in competition, which helps keep prices within bounds.

## Two Kinds of Advertising

There are two kinds of advertising, the product advertising which introduces a commodity or a service, and institutional advertising, which interprets a company and tells its point of view.

Many Canadian firms are doing good public relations work through their advertising, and are making institutional advertising a part of their advertising budget.

Public relations advertising means telling about the satisfactory industrial relations within the firm, the unusual provisions for safe-guarding health and welfare of workers, the special qualifications of the firm for giving the service it offers, the expertness of its workers, the carefulness to meet or surpass standards, the use made of raw materials with consequent spreading of spending over large sectors of the economy, and the history of the company showing its dependability, stability, and its essential place in the welfare of many people.

This kind of advertising provides answers to those who maliciously or ignorantly attempt to tear down the private enterprise system. These people hammer away at human aspects of life, and they are not answered by statistics or records of production. There are human features in the present economic set-up which can be used through institutional advertising to explain, demonstrate and sell the system as well as its products.

One unanswerable presentation of this nature is to show the contrast between living conditions in private enterprise countries and in those countries which are hamstrung by dictatorial government management. The thinking person gathers this lesson in his daily contact with advertising, but it needs pointing up for those less observant. As L. S. Lyon says in a scholarly article in *The Encyclopaedia of the Social Sciences*: "Consumer advertising is the first rough effort of a society becoming prosperous to teach itself the use of the relatively great wealth of new resources, new techniques and a reorganized production method."

The Western world is learning to produce goods at an ever faster rate and in always widening variety. Advertising brings this production into everyday life, spreads it around among people, and thus contributes to the rising standard of living. Instead of taking a generation or a century to become known, new aids to comfortable living are made known in a day. By doing this, advertising brings forward the demand that encourages manufacture, provides jobs, and spreads purchasing power.

## Raising Living Levels

It may seem absurd to many persons when we say that the consumer doesn't know what he wants until he is told about it, but an example will make it clear. Not one of us knew, in 1914, that he wanted a radio, or had the dollars to buy one. Then, suddenly, we all wanted radios and millions of persons on this continent had dollars to buy them.

Advertising brings new products to our attention, and teaches us to use them; at first they are novelties, then luxuries, then staples, and finally necessities. The fact that goods considered necessities today were the luxuries of a generation ago and quite unthought of in the days of our grandfathers is surely an indication of an advancing level of living.

Two authorities may be quoted: Paul H. Nystrom, Professor of Marketing at Columbia University, whose *Marketing Handbook* was distributed at last Spring's public relations seminar in Montreal, and George B. Hotchkiss, whose *Outline of Advertising* is a textbook in the advertising course at McGill University:

It is generally admitted that advertising tends to raise the standard of living by acquainting the population with the advantages of socially desirable products or services, making them available at lower prices, and stimulating greater effort to attain the standard of living that goes with the use of such products and services.

Allowing for a certain amount of advertising that caters to human vanity, the net effect of the whole has probably been to cultivate appreciation of better and more wholesome standards of living. The percentage of people who regularly use dentifrices, razors and bathtubs has constantly risen. The family diet has become more varied and sensible; so has the family clothing. Houses and offices are managed with less labour and more comfort. Advertising has had a very definite share in this development. And it has certainly stimulated individual ambition and morale by awakening desires which can only be gratified by increasing one's earning power.

## Reducing Costs

It is a paradox that the more business advertises a worthy product the less that product costs the consumer. By stimulating large demand, advertising increases production and reduces unit production cost. At the same time, big production is dependent upon bulk distribution methods with a relatively stable demand over a wide area. And, as Nystrom remarks: "Stability of demand and a market great enough in territorial expanse to absorb local shocks without greatly affecting the total market are fundamental to mass production and continuous employment."

Over a period of only a few years the demand for electric refrigerators increased so greatly in response to advertising that production costs came down, and the purchase price per unit fell by 54 per cent. In the United States in 1905 the average cost of an automobile was \$1,600 and there were 200,000 sold; in 1935 the average cost was \$600 and sales totalled 3,200,000. Even in such everyday items as toilet soap, reductions of 60 per cent have been shown in twenty years.

At the same time as prices have been reduced, quality and variety have improved. Product improvement is a legitimate offspring of advertising. Producers strive to outdo one another in finding ways to reduce prices, increase quality, and provide wider choices. Every sensible manufacturer is trying to turn out a better product at a competitive price, and he tells the world about it through his advertising.

## How Advertising Appeals

Choice of what is called advertising appeal depends upon the kind of goods, the kind of person to whom the advertisement is addressed, what we want him to do, and the kind of medium used. Every appeal, whatever its specific nature, should show some benefit that will accrue to the purchaser.

This kind of advertising can be orderly, clear and simple, free from elements of mystery. Women know, or learn by sad experience, that grab-bag buying, or buying pigs in pokes, is expensive sport. They wish to learn why a product should be bought, and if the producer is not willing to display it and tell the reasons, they view with suspicion. There are, of course, some who like taking chances, but consumers on the whole are intelligently aware of the inevitable result of buying blind.

When manufacturers and dealers advertise the quality, usefulness and desirability of their products they are competing on a basis of sound values, and the consumer has confidence that their claims can be substantiated. Advertising a buggy in 1904, a Toronto company said it this way: "We make one style only and we make it well. It looks well. It wears well. What more do you want?"

## Importance of Research

It is good for the advertiser to spend 90 per cent of his time thinking about the prospect, and only 10 per cent thinking of what to say. From this there arises research into the buying habits and preferences of the consumer. One marketing research company lists 32 points about which research is conducted in connection with the marketing of goods.

All business men, regardless of their specific work, can benefit by study of marketing and merchandising. It is the duty of research to find the facts, to interpret them, and to enable business to make the most of them. Marketing research aims at securing facts about consumers, competitors, trade channels, market conditions and media; while psychological research aims at discovering the reactions of human minds to elements in the product to be advertised and the means planned to advertise it. From this comes improvement in the product, in the packaging, in distribution methods and in presentation.

Markets change more often than is usually assumed. Take, for example, the year-by-year change due to births and marriages. In the five years ending December 31, 1946, there were 1,454,500 new consumers born in Canada. There were 582,000 marriages — and every marriage changed the pattern of the market in some degree. These are the changes in a mere five years; consider the changes in a quarter century, which is not long in the life of a business concern, and the need for continuous research and advertising becomes obvious.

One purpose of research is to find the most suitable sales channels and sales appeals. How are we to reach this changing and expanding market?

Advertising stretches all the way from a one-line want-ad in 6 point type (1/12th of an inch high) to the sky-writing in which the letters are a mile from top to bottom, and the message spreads over 15 to 20 miles. Which shall we use?

The principle we mentioned of looking at the product from the consumer's viewpoint applies also to advertising. An undelivered message is wasted, so the advertisement must be the kind best calculated to attract the reader's attention and secure his interest. It should be clear, informative, and colorful.

Two examples, from opposite ends of the scale, will illustrate better than any amount of preceptual writing. The first is an exact reproduction of the wording of an advertisement from a moving picture show which ran in newspapers in the 1920's, surrounded by gargantuan teardrops: "Come out and see Cleo Madison weep Did you ever see Cleo Madison's tears? Jupiter Pluvius, but they're wet and big and slippery. She cried 8 minutes and 9 seconds in Damon and Pythias. The best previous record was 6 minutes and 4 seconds, held by Olga Nethersole in Camille. When Cleo Madison cries, it's hard to keep the rest of the cast from crying, she's that affectin'."

Contrast this overdone bathos with the story told of a blind beggar who had a sign reading "I am blind." When he changed it for one that read "*It is spring-time, and I am blind,*" his cup was filled and running over.

## Blatancy and Exaggeration

A question was asked us when it was learned we were doing an article on advertising: "Is the suggestive, quiet type of advertising better than blatant advertising?" It depends on the audience, its environment, upbringing, sensitivity, education and susceptibility to suggestion. Obviously, he would be a daring advertiser who invested his advertising appropriation in running advertisements in a pulp magazine similar to those he used in a scholarly journal.

Somewhat allied to this question is the matter of exaggeration. Sometimes and with some people exaggeration pays. We live in an age of exaggerations and on a continent where exaggeration is as natural as breathing. The time when it doesn't pay is when it runs over into misstatement about quality; deceit as to the service the commodity will give, and illusion about economy. There is harmless exaggeration such as every one of us uses every day to gain attention, but no advertiser can afford to base a sale on exaggeration of the basic worthwhileness of his goods.

Most instances which come to attention are of over-emphasis on a selling point, and this is pretty generally discounted by people who know that the advertiser is putting his best foot forward.

Every ex-soldier knows how the quartermaster discounted requisitions for supplies, on the general theory that any soldier always asked for twice as much as he really needed. In the same way, North Americans are fairly well used to stripping an advertisement of its superlatives, clearing away the puffery, and disregarding claims of the near-miraculous.

## *New Advertising Standards*

For its own sake, the advertising business must keep high standards. As the result of vigorous educational campaigns carried on by advertising clubs and associations, much objectionable advertising has been eliminated. Not so much appeal is made as formerly to mankind's lower motives, though some advertisers argue that this kind of appeal is necessary because the audience has not risen above it.

Of all the classes of business men who have sincerely attempted to work out standards of business conduct, the advertising men have had the hardest problem. On the one hand they have many kinds of employers, some of whom are short-sighted when dealing with the public; on the other hand, advertising men are dealing with many credulous people who leap at everything new, and swallow the most outrageous claims without making a face. Between these two, it is no wonder that some advertising went astray, and that those who would improve the ethical concepts of the business found themselves with a difficult task.

Advertising has done much in the past quarter century to establish nation-wide standards of good practice. All of the big advertisers are substantial concerns, and their success has been built on maintained quality. The money-back guarantee is commonplace, and even when such a guarantee is not given specifically the reputable firm is ready to make any reasonable adjustment to meet its advertising claims.

Magazines and newspapers are not keen about questionable advertisements. They recognize that untruthful advertising lowers the tone, influence and desirability of their publications. Many include in their policy statements words to this effect: "It is the policy of this periodical to eliminate from its columns all questionable medical, doubtful financial and all other advertising which fails to measure up to the best standards of advertising practice."

One of the ridiculous criticisms of advertising is that it tends to regiment the people, to deprive them of the will to think for themselves. Most advertisers, we are told by an advertising manager, "would give their eye-teeth to have the whole crowd behind them to the exclusion of other competitors." The fact that so many advertisements appear for the same class of goods is an indication of wide-open competition, under which people make choices that keep the competing advertisements running.

Advertising men are aware of the responsibility that is theirs. They have organized themselves into associations and clubs, not one of which is without its ideals. One demands "fresh and accurate sales and advertising information"; another, "to do away with unscrupulous claims for media"; another, "to rid advertising of that load of bunk which threatened to drag it down in its infancy." The first object of the Association of Canadian Advertisers is "to promote the highest standards of advertising." In standards of practice it pledges its members "to support unequivocally the principle of truth in advertising, avoiding all manner of misrepresentation and falsification." Advertising and Sales clubs, organized in all big

business centres in Canada, have as their general objective the advancement of knowledge and sound practice in advertising and selling.

## *The Advertising Worker*

The advertising business seems to have an unusual lure for young people. They see the glamorous aspects of what is really a business of exceedingly hard work.

The beginner in advertising must realize that, as in most other businesses, drudgery in early years is essential to development. Our advertising manager informant says: "If a man has a creative urge, likes people, enjoys selling and prefers variety and headaches to a comfortable rut with no headaches; if he enjoys competition with his fellow-men, and is not obsessed with the 'art' side of the business to the extent that he becomes difficult to live with, then I think he might like advertising and make good at it." Junior Advertising and Sales Clubs, usually proteges of senior clubs, exist to help young people decide about, and then to learn, the advertising business.

Advertising is not easy work. No one knows as well as a creative man the mental wear and tear that goes into the building of an advertisement. The writer cannot take the time to work up masterpieces. It is said that Thomas Gray sat under an elm daily for seven years writing his "Elegy." It would be unfair and untrue to say that creative advertising men do not share his desire for perfection. If they are temperamental it is likely blameable upon the fact that they want to do things right, and know they could, but they are under the pressure of deadlines.

Most people think they could write if only they felt like it; and many people honestly believe they could do a better job than the author of an advertisement, an essay or a novel. Many executives look upon the ad man or writer as one who has a kind of juke box for a brain: when the executive wants an advertisement for Flamboyant Sope or a speech on Possibilities of Trade with the Moon, the writer presses the appropriate button and out flows what would be a masterpiece — if the executive just had time to polish it up a bit.

## *What Advertising Does*

In summing up, it may be said that advertising has these qualities: it tends to make for better products at lower cost; it informs the people about new commodities and new uses; it helps to raise the standard of living; it fosters understanding of competitive business enterprise, a service vital to continuance of our free way of life; it develops employee pride in the company, and demonstrates management's pride in the workers.

Advertising is here to stay. Whatever some academic people may say, the activities of marketing are a part of the work of production. No one can think of anything more futile than a factory producing goods and stockpiling them forever.

Advertising can be a great force for good, if it is approached ethically by the advertiser, and with common sense by the consumer.