

# THE ROYAL BANK OF CANADA MONTHLY LETTER

VOL. 49, No. 10

HEAD OFFICE: MONTREAL, OCTOBER 1968

# What Use is Advertising?

WE CAN DO VERY LITTLE these days without being exposed to advertisements. Things and thoughts of yesterday are dissolving like sand castles, and advertising tries to keep us abreast of the waves.

Dr. Johnson's *Dictionary* of 1799 gave a definition that describes the business as well in 1968 as it did then: "advertisement: — intelligence, information, admonition; notice in a public paper." He said that an advertiser is "one who gives information."

By doing so in an effective way so as to make the reader or hearer desire what is offered, advertising helps to bridge the gap between our resources of mine, forest, land and water, and the satisfaction of our wants. The producer, the manufacturer, and the merchant find advertising indispensable to carrying on business.

Some people wish for the old-time simplicity of the public market where there was direct contact between producer and consumer, but such methods are as impracticable today as the old-time system of home manufacture. Advertising is the utility which helps the buyer to get what he wants when he wants it; it gives him the data on which he may judge the quality of what is offered and see that he gets his money's worth.

The average consumer has so many things offered to him that he has great discretionary spending power. He learns through advertisements about the new products that become available, and about the many varieties of old products that have been improved by research. Then he is able to use his buying power skilfully.

# It uses salesmanship

The usual purposes of advertising, from the advertiser's viewpoint, are to effect sales, to create goodwill, and to improve understanding between a business and its public. The advertisement should, therefore, present a worthy picture of the firm and a true picture of the commodity. From these, a customer may form an opinion of the desirability of the goods and the dependability of the company.

Advertising belongs to an economic order which has as its chief aim the making and selling of goods at

a profit. The producer may be the backbone of the nation, but the country's economic prosperity depends upon its salesmen. They move goods into use by persuading people that they want the goods.

Salesmanship through advertising consists of writing and picturing so as to create a demand for what is offered. It invites attention, it makes a mental impression, it rouses interest, it offers benefits, and it guides selection. It needs to go further than merely illustrating and describing the articles offered: it must add persuasiveness.

## The customer has obligations

However explanatory and faithful to truth an advertisement may be, it does not relieve the customer of all responsibility. As the proverb maker said:

"The simple believeth every word:

But the prudent man looketh well to his going."

The customer needs to keep in mind that advertising of goods and services is special pleading—like the adroit and plausible advocacy of a client's case in court. He must learn to use advertisements so as to improve, not to dictate, his shopping, thus becoming a more intelligent consumer through wise judgment and choice.

Proneness to suggestibility, which is the acceptance of propositions without logically adequate grounds, is a universal human characteristic.

There are two things that will help in combating this weakness. The first is to make a list of wants before going shopping. To buy carelessly is to lower your level of living by spending money on goods or services that will give only secondary satisfaction. The second is to ask three questions before buying: (1) What is it? (2) Do I need it? (3) What will it do for me? Thus you avoid buying dreams instead of things. As Prince Philip remarked: "It is a very stupid gardener who cannot tell the difference between his weeds and his flowers."

# Competition is keen

The magazine Horizon suggested facetiously in an

article: "Presumably advertising began far back in pre-history when some enterprising troglodyte scribbled above his atelier 'Paleolithic Tools Made Here'. Obviously such advice was of great value to the other troglodytes in the neighbourhood."

But then another flint chipper started business, and he proclaimed "Better Paleolithic Tools Made Here", and competitive advertising was born. Later, a manufacturer of axe heads made an improved type of chopper, and he introduced the advertising catchword that is still rampant in 1968: "NEW". His sign read: "Be up to date: use the NEW polished Neolithic tools,"

The competitive idea has had its ups and downs in historical times. In the two centuries preceding ours distribution without persuasion was natural, because the problem was to produce enough just to live. The expanding productiveness of this century has assigned selling the critical economic job of keeping consumption at a matching high peak.

Good selling is not, however, merely a way to distribute what has already been produced. As the editors of Fortune say in their book Why Do People Buy?: "Competitive selling is more than a way of slicing up the pie; it is a way of increasing the size of it as well."

The difference between good and bad advertising and selling is more than the individual profit and loss of producers, manufacturers and merchants: it can be the distance between an economy which has resigned itself to a ceiling and one which provides more for everyone at a constantly accelerating rate.

Another benefit of competitive advertising is that it has compelled producers and merchants to find out what the consuming public wants, and to provide it. The stakes are very high. If a seller can determine what this generation of buyers wants, he need have little anxiety about his current sales. If he can, by research, prepare for the changing needs of the next generation, he has laid the foundation of continuing success.

Insofar as competitive advertisements give factual information about products, they help to make the consumer a wiser buyer. Some people protest against the conflicting statements made by competing brands, but G. B. Hotchkiss points out in An Outline of Advertising (Macmillan, New York 1947) that they are misled by the idea that there is some possible "best" brand of shoe polish, baking powder, typewriter, or any other commodity.

We may be standardized more than our forefathers, but we still retain some individuality of taste and liking. No one kind of any article suits everybody. We compare the advertisements and we select from them the item that most nearly approaches our preference.

Something else that is given little credit in the debate about advertising is its contribution to over-all advancement in our level of living. In addition to pushing this or that brand, it increases the total demand for products. Soap advertising has helped

toward better health by spreading the idea of cleanliness; the battle of the tooth-pastes has led a larger percentage of the public to brush their teeth regularly.

There are some products which are so nearly alike in materials and manufacturing processes that no truthfully distinctive advantage can be claimed by any maker. Then the advertiser turns to improved packaging, added service, stronger guarantees, or something else to provide a talking point. The advertisement must convince the prospective buyer that this firm's product offers a benefit greater than he would get from anybody else.

### Good faith is needed

The buyer has the right to be able to depend upon what the advertiser says about the product he offers.

It is beyond argument that an advertisement commits the seller, ethically, to provide what he promises. There should be at least two beneficiaries to every transaction, one of whom is the buyer.

Most advertising is honest and fair, says the Better Business Bureau publication Consumer Alert Booklet, which continues: "Only a few are guilty of consistent and intentional deception. Media accept advertising on the basis that the advertiser's statements are true."

Publishers of newspapers and magazines, and the operators of radio and television stations, which value their reputation highly, refuse to accept advertisements which make fraudulent claims.

Many plans have been brought forward to make this guardianship of the public universal and air-tight. Government censorship and taxes did not correct the evils in advertising in past centuries. Only the action of advertisers themselves, co-ordinated by their associations and by such organizations as the Better Business Bureau, has proved effective.

The enlightened advertiser of today knows that nothing betrays weakness in argument more than the attempt to deceive by using superlatives, half-truths, pseudo-science, and irrelevancies. The product should justify the advertising man in what he says about it. All the wordsmithing in the world will not build a permanent market for a product if the product does not live up to what the advertisements say about it.

A strong reason for the effort to make advertising effective is provided by its cost. Advertising, when done by men ignorant of its demands, is one of the easiest ways of throwing money away.

Some people say that the great amounts spent on advertising could be used to reduce the price of goods. Consumer Education, by N. E. Brown (Macmillan of Canada, 1964) says: "It has been estimated that in the case of a well-known brand of soup, only 36/1,000 of a cent per can was spent on advertising."

This expenditure, and all the other costs of marketing, are, so far as the consumer is concerned, tied in with the cost of production. Merchants and salesmen add time and place utility to products by storing them

until they are wanted, transporting them to where they are needed, telling people they are available, and making them available by wholesale and retail.

Canada is, as a whole, in a relatively affluent period. There is money on the trees, and advertising is reaching out to shake it down. This is shown by the expenditure of \$836,851,774 on advertising in 1965, the latest figure provided by the Dominion Bureau of Statistics.

### Products are improved

In every period of history there have been critics who assumed that the economy had reached a plateau where no further progress could be expected. Yet improvements have been made, and new businesses have been established and old ones expanded. The advertising that informs people of new products is, like the Neolithic flint-chipper's sign, of economic and social benefit.

The value of a commodity or service has relation to the buyer's standard and level of living. The "level of living" is what is enjoyed by a group of persons, whether in a community or a nation. It includes their typical situation as regards food, clothing, shelter, conveniences and luxuries. The "standard of living" goes beyond that to include things which, only a few years ago, were looked upon as rare luxuries, but are now regarded as desirable for comfort and self-respect.

Standards of living are powerful causal factors in the Canadian way of life, and advertising is the most potent influence in their rise. Through advertisements, people learn about products and services a little better than those to which they have been accustomed; their desire is sparked; they work toward satisfying what they come to look upon as their needs.

# About getting value

The value of a product to a consumer lies in the fulfilment of his desire for that product. It may not be a value limited to his physical necessity: an executive seated behind a big desk could get through his work just as efficiently if he used a sheet of plywood supported by trestles, but he would not feel the same, or get the same pleasure out of it.

People's status wants are not to be trifled with. They are a power controlling much of modern life, and the ability to gauge and appraise and use them is a necessity for successful business enterprise.

The notion that advertising can manipulate people into buying products they do not want to buy is naive. Desire may be aroused and intensified in order to create a want — then the sale is made because the commodity offered is more desirable to the buyer than the money he pays for it.

Some advertisers do not object to being called "merchants of discontent". It is by making people want something better, or something more than they

have, that goods are sold. As the positive sum of pleasures increases over that of former years, so does the consciousness of what might be.

The conviction of what is necessary fluctuates not only according to the time and environment but also according to individual liking and the capacity to buy.

The most recent national census showed that 23 per cent of Canadian families had incomes under \$3,000 a year. This has been mentioned, with some reservations, as the "poverty line" for a family of four persons. The trend of income is upward, and in 1960 Fortune estimated that by 1970 only sixteen per cent of the families in the United States will have less than \$4,000 a year, while forty per cent will have an income, after taxes, of \$7,500 a year.

If the trend holds good for Canada, then advertising will introduce the new goods to absorb the increase and to provide the jobs which make it possible.

It will be a long time before every human being has as much as he wants of everything he can think of wanting. Freud said that man wants most of all to be loved; Adler said that he wants most of all to be significant; and Jung said that he wants security. We keep adding to the number and pressure of our material and psychological needs, and advertisements tell us where to find what we want.

It can be said to its credit that advertising has cultivated appreciation of better living. It has encouraged the desire for a varied and sensible diet. It has introduced appliances and tools which make home and office and factory work less tedious and tiring. It has stimulated our ambition by awakening desires which we can only satisfy by increasing our earning power.

# What are the techniques?

Advertising men are not reformers. Instead, they try to sense the common feeling and adapt themselves to the tastes, traditions and prejudices of the people to whom they cater.

One has to judge the market there will be for a commodity or for an idea. Newspaper reports in 1965 told about a man who rented the 2,500-seat Massey Hall in Toronto for \$400 to proclaim a message of universal democracy. He advertised his meeting in newspapers and on the radio. Not one person turned up.

The advertising man worth his salt knows that he must adapt to the attitudes he finds existing within his probable market, and approach them with a sense of integrity and responsibility.

First of all, he must attract favourable attention by offering authoritative, timely and interesting information. He may do this effectively by linking something familiar with something new, discovering a story in or behind the product that will interest the public. He will add to the attractiveness of his message by projecting his personality and individuality.

Once he has gained attention he must hold it long enough to let the message sink into the prospect's mind, even though the prospect is hard to reach. Readers or viewers of advertisements are not a captive audience. They are adept at turning a page or a tuning dial. Their attention must be held by what is in the advertisements.

It is important at this stage to recall a fundamental principle of advertising: the reader must be given the feeling that this message has something to do with him.

The appeal — an adman's word for solicitation — must be to the customer's reason, instinct and sentiment. Sentiment is emotional, and is used in advertising because it is likely to insure that the message shall be received. It enlists the prospect's feelings. To let the reader or viewer convince himself by homely facts, by things that belong in his life, like lovely babies, playful puppies, and attractive family groups, is beyond comparison more effective than fine writing.

The advertiser needs to point his appeal at the audience he wishes to influence. It may be educational, or a boast of quality, or the enticement of price, or the snob allurement of style. Always, it must have a backbone of reason and common sense, dressed up so as to give men and women dreams of a better life.

These qualities include the giving of facts, but what does it mean to be factual? It means that instead of claiming that the proffered articles are handy, superior, durable, or "best in the world", the advertisement shall give the facts which show why they are so. People may be treasure-seekers at heart, but their heads are not turned by fanciful maps of fanciful islands: they are more and more inclined to differentiate between coherent concept and pipe dream.

Knowledge about a commodity is an indispensable factor in its utility. As Hotchkiss tells us in *An Outline of Advertising*, ignorance of the purpose of an alarm clock makes it useless to African aborigines, except as an ornament.

To the question "do you believe advertisers are giving you sufficient information about their products to enable you to buy with complete understanding?" only six per cent of educators queried and fourteen per cent of the consumer leaders said "yes". The courtesy of selling requires that the prospective customer be given all he needs to enable him to make up his mind.

This being attended to, the advertiser is entitled to use persuasion. This ripens interest into belief and action. It is necessary to offer a benefit, prove your case, create desire, and persuade the reader or viewer to act.

# Improving advertising

Advertising agencies will not approve Samuel Johnson's so-authoritative-sounding statement in an essay he wrote in 1759: "The trade of advertising is

now so near to perfection that it is not easy to propose any improvement." In fact, the rise of the advertising agencies is in itself a great advancement.

Business has greater faith than ever in its advertising programmes. A campaign is no longer a matter of firing a blunderbuss at random in the hope of bringing down anything that gets in the way. Market research, copy testing and product appraisal enable a company to make a reasonably accurate estimate of the sales possibilities and to set up a reasonably effective programme.

The advertising agency finds out what people want and who can supply that want, and then brings them together. It has developed a highly efficient organization, backed up by a wealth of experience, careful investigation and analysis of facts.

Behind every good advertising campaign there is an enormous amount of research. Hundreds of thousands of people are interviewed every month; tons of punched cards pour through automatic calculators; reams of statistics, graphs and charts are examined.

The result is not certainty of a campaign's success, but it is a more sensible approach to the expenditure of large sums of money than would be the sporadic and untutored efforts of individuals.

### Some advantages

The consumer, whether of capital goods or kitchen gadgets, can take advantage of all that advertising does to unlock the abundance provided by modern science and technology.

Reading advertisements keeps consumers alert to opportunities for raising their level of living. There are many things we buy because we must have them in order to live: food, clothes, and shelter, for example. Within this area advertisements help us to make sensible choices. Then there are things not necessary but desirable: advertising introduces us to them, and spurs our ambition to possess them.

Advertising works for the people as well as for the advertiser. It helps to stabilize industry by providing continuing markets, and thus provides employment. It emphasizes quality and use, which are sounder criteria than price alone.

The question "What Use is Advertising?" may be answered by saying that it benefits everyone in the country. It sells goods, and making these goods keeps people at work. The factories support towns, with their schools, churches, hospitals, stores and professional services. They use raw materials from forest, field, mine and sea, thus providing employment for people far beyond their walls. They keep at work the men who operate the boats, trains, airplanes and trucks which bring in the raw materials and carry away the finished products. Advertising provides the sales which raise the money to build new plants and buy machinery. It is an integral part of the western way of life.