Product advertising by advertising agencies: a case study

Sat Pal Sharma

Atlanta University

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PRODUCT ADVERTISING BY ADVERTISING AGENCIES:
A CASE STUDY

A THESIS
SUBMITTED TO THE FACULTY OF ATLANTA UNIVERSITY IN
PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR
THE DEGREE OF
MASTER OF BUSINESS ADMINISTRATION

BY
SAT PAL SHARMA

SCHOOL OF BUSINESS ADMINISTRATION

ATLANTA, GEORGIA
AUGUST 1968
DEDICATION

To my wife, Kailash, and our son, Deepak, without whose inspiration and moral support I could not have achieved that which I have today.
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CHAPTER I

INTRODUCTION

Purpose of the Study

The salient features of major corporations are that they plan big, produce big, distribute big and, finally, sell big to earn big profits.

This overall "bigness" is a conspicuous element of most American ventures and enterprises. How all of this is achieved constitutes a fascinating topic of study for a student of business. The writer in this study, therefore, proposes to make an examination of the contribution that advertising makes in general and advertising agencies make in particular to the total effort directed toward the overall success of a business.

Another purpose of this study is to make a comparative study of the "theoretical" and "actual business practices," as applied in real business situations, to ascertain the magnitude of variation between the two and also to learn about the limitations of textbook knowledge when faced with live work objectives and problems.

It is, therefore, the writer's main endeavor to bring into the limelight and to focus the reader's attention on any major variations that may appear to be noteworthy. With these objectives in mind, the author has dealt with the topics of advertising and advertising agencies in Chapters II and III, respectively, for a better comprehension and understanding.
Methodology

The study is based upon the materials collected from numerous articles appearing in various marketing and other journals in respect to advertising and its functions, which have been read to formulate exhaustive opinions upon the topic. In addition, the author has made personal visits to various advertising agencies in Atlanta and had the privilege of discussing various aspects of the study with their executives to learn ways and means of tackling a variety of situations on the spot.

Finally, the case study of an advertising campaign for a new ball point pen, which is discussed in Chapter IV, has been based on the actual records of working and executing a genuine campaign of the product by one of the local advertising agencies. (The real identity of the product as well as the advertising agency has been concealed in the interest of business propriety at the request of the companies concerned.)

Limitations of the Study

The success of a business is a result of a variety of integrated activities, often times reaching out beyond the confines of the corporate organization. It is in this perspective that the study of advertising must be viewed as to how the advertising dovetails into the total business activity.

The case study was conceived as a part of the system's view of the business enterprise; however, it is necessary to warn the reader
that the case study is limited in scope. It deals with a simple and inexpensive product and one that already had established competitors in the market. In view of this, no major generalizations, either about the effectiveness of advertising or the development of such campaigns, would seem possible.

What then is the justification of such a limited case study? In the view of the author, a simplified case study of an actual business activity brings out the interrelationships and the sequential steps in the managerial process more clearly than a complicated one would.

It is often necessary to see the bare bones -- the skeleton of the anatomy -- of a real business operation. The case study would thus help us to know: (1) how and when and what market research must precede the promotional campaign; (2) what is the relationship between the promotional campaign as such and prior market study? It is often thought that market development is essentially a task of introducing a functionally new product, not previously known to the consumers. It is true that ours is a society of continuous product innovation but, at the same time, it is no less true that the problem of marketing is also the issue of how, when, where and at what price to make available any given product -- a series of decisions which must be predicated on developing information from the field. If this is correct, this case study is well justified for this reason also.
CHAPTER II

THE INFLUENCE OF ADVERTISING ON ITS ENVIRONMENT

It is unlikely that a reader could approach a study of advertising without already having some preconceived notions and built-in impressions about this topic. This is understandable, since advertising touches the lives of almost every person almost every day in some direct or indirect manner.

Advertising provides information about products, services and ideas and influences the choices we make. It often guides us in our purchases and actuates our thinking on matters of personal, social and economic import. Advertising has thus become a part of the social, and economic fabric of the nation.¹

In this context, therefore, before the study of the influence of advertising on its environments, i.e., society, business and consumer, is made, it will be of interest to mention briefly the scope and extensiveness of today's advertising and also to outline in brief, the trend and magnitude of growth in advertising spendings during the past three decades; in 1940, they stood at a modest figure of $2.5 billion, but had risen to $16 billion in 1966.² By this time, advertising truly had become "big business" and its role had


been duly recognized on the basis of the various functions it was called upon to perform.

The significance of advertising and its characteristics can best be understood by analyzing its functions; namely, that it serves as a specialized intermediary between business firms, institutions and persons with services, products or ideas, and individuals who might benefit from the purchase or acceptance of such services, products or ideas. Advertising thus performs the function of interpreting the want-satisfying qualities of services, products or ideas in terms of the needs and desires of the consumers.\(^3\)

Johnson, in his economic studies, reported that 86 percent of the growth of advertising in the past one hundred years had taken place between the years 1940 and 1965. He also observed that 85 percent of the growth of the nation's Gross National Product and 84 percent of growth in the nation's personal expenditures had also taken place in the same short period.\(^4\)

Although no direct cause and effect relationship between the growth of advertising on the one side and the growth of personal expenditure and increased GNP on the other, can be established, it may not be unreasonable to imply that increased expenditures on advertising during the period 1940 to 1965 had a considerable bearing on the increased personal spending and GNP of the nation during that

\(^3\)Sandage, op.cit., p.5.

\(^4\)Johnson, op.cit.
Society

Advertising has long been the subject of both criticism and praise. It is quite natural that this should be so since its very nature is such as to invite praise and censure. It is conspicuous and attention-getting in its functions and because of this, advertising is both blamed and lauded for its influence upon our social and economic life. A good deal of what is said about it is due to the tremendous sums of money which are spent on it -- allegedly as "economic waste." It is only by giving careful consideration to the possible influence of advertising on individual business activity and on our entire economic structure that a sane attitude and rational analysis toward the use and regulation of advertising can be taken.

Economists, businessmen, and even consumers have too often criticized some aspects of advertising without logic or evidence, but, while there may not be absolute answers to some of their criticisms, the social, business and economic gains brought about by advertising in terms of mass production, mass consumption, mass distribution, human enjoyment (in the form of television, radio, magazines, the press, which are virtually supported by advertisement spendings) and consumer satisfaction from low cost advertised products, services and other economic and social balances, can hardly be underestimated.

As society becomes more complex, more highly specialized and urbanized, the proportion of the consumer's dollar going to cover marketing costs increases relative to the amount used to cover physical
production. In other words, the costs of transportation, distribution through dealer outlets, and information to the consumer of the existence and qualities of available products, all increase. These are the costs which, in particular, are kept materially low by the use of advertising.

What then in a nutshell is the responsibility of advertising to society today? To its users, advertising must deliver a believable sales message at the lowest possible cost per unit of sale. To its readers, advertising must deliver a believable sales message that helps them make a rational buying decision. Out of this process comes low-cost selling, with a continuity and in a quantity that products can be made in volume at low costs. As volume production and volume selling increase, prices can be lowered and products improved. New products can be developed in the knowledge that markets can be created for them with the help of advertising. Existing markets can be expanded as the product benefits become more widely known.

Standard of Living

Closely akin to the general question of productivity is the influence of advertising on the standard of living of the masses. Advertising has considerably stimulated and changed the motives of the individual consumer who is induced to work harder to supply himself with the luxuries and semi-luxuries that are available today, thereby making the standard of living of an average American family among the highest in the world.

The motive behind the labor of our forefathers was fear, and
they were content with the availability of the bare necessities of life after a hard day's work. In contrast, the average American of today has less hard work, more leisure time and a much higher standard of living. All this has been accomplished through integrated marketing activities of which advertising has been a potent force.

The American economy today is that of a luxury or surplus economy more than one of need and deficit. A significant percentage of the total production is designed to meet human "wants" rather than "needs." The latter are primarily of a physiological character whereas the former are primarily psychological driving us to work harder and harder to live better and more purposeful lives.

Schlesinger has described the American society in his characteristic narrative in these words:

Here is a nation where opportunity prompted men to develop latent abilities, where social mobility became the vehicle of economic energy--Americans were thus endowed by birthright with a spontaneous and spacious belief in opportunity and equality as the ends of society and social, political, and technological inventions as the means.

Katona likewise has pointed out that: "What distinguishes the American society from other societies of the world is the fact that in this society common man shares in the ways of living that


are the preserve of the few in others."  

Advertising has greatly benefited society by educating and informing millions of American consumers of products and services about which they would not have been aware and for which they would not have worked harder to obtain.

Advertising's contribution to society can be further illustrated by a factual incident. Bruce Barton, chairman of an advertising agency, once wrote an advertisement for a life insurance company. It was addressed to young husbands and fathers. While in Rio de Janeiro, a resident of New Jersey, a married man and father of three children, read Mr. Barton's advertisement. On his return to New Jersey, the man asked for further details of the insurance policy and ultimately took out a policy which would guarantee his family an annual income of $3,000 a year. A few days later, when the policy had been registered and the first premium paid, the man went to a dentist for the extraction of a wisdom tooth. As ill luck would have it, the cavity became infected, resulting in his sudden demise. Many a time this incident reminded Mr. Barton that somewhere in New Jersey a widow and three children were benefiting from an advertisement that he had prepared and printed in a magazine and were now leading a life of comparative security and comfort because one man had read his advertisement and acted upon it. This,

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in all possibility, is one of a million other similar instances where advertising has benefited society greatly.

Although advertising yields an immense amount of social influence, it has no social responsibility as such, yet in most cases social values have been improved by advertising without this being its aim. The following examples bear out the truth of this statement.

1. Advertising was called upon to sell soap. The primary purpose was to earn profits for the business, not make the nation healthier and cleaner -- it did both.

2. Advertising was employed to sell automobiles at a profit. It did this job well, but in the process it also put a whole nation on wheels and gave it the kind of life that automobiles make possible.

3. Marconi invented wireless and Henry Luce the news magazine, but the present-day state, contribution and status of these inventions as valuable services to society could not have been achieved without the stimulant of advertising.

Public Service and Social Welfare

In course of time advertising has acquired another responsibility to society in the area of public service and social welfare. The growth and strength of the media of mass communication in this country is, to a very large degree, dependent upon advertising for financial support. Advertising, which looks to these media to provide an audience for sales messages at a cost of one cent per copy per household reached, has contributed greatly to the editorial vigor
and freedom of communication in fields such as the social sciences, culture, politics and economics. The financial independence of the media from government subsidy and from sponsorship by political parties, individuals or interest groups, creates a strong sense of its responsibility towards the public. This is amply exhibited in the media's independent views, editorials and criticisms of the "goings on" in the world around us. Freedom of speech and action, which has been the cardinal principle of the American way of life, is supported, to a great extent, by the help of television networks, radio broadcasts, newspapers and magazines which make the average American better informed, better educated and trained to exercise his rights and liberties than his counterpart in the lesser developed nations. This awareness on the part of personnel engaged in advertising activities has prompted them to use their talents and money in the interest of public service causes and social welfare. The Advertising Council of America releases numerous effective and purposeful advertisements in the field of forest fire prevention, the Red Cross, public hygiene and traffic safety, democracy, liberty, community chest programs, etc. The Advertising Council donates its time and talent to develop complete advertising campaigns to promote and motivate ideas that are recognized as being in the public interest and a help in maintaining the freedom of expression that is part of the American democratic heritage.

Business

As already discussed briefly, some of the sharpest criticism
of advertising has come from economists, businessmen and consumers on the grounds that advertising in itself does not contribute anything to the economy, inasmuch as it creates no new dollars. It has also been emphasized by many that advertising serves mainly to shift consumers from one product to another -- a kind of game of musical chairs in which no one can win because it is a closed market. This idea was spelled out and popularized in 1928 by Stuart Chase in his most controversial publication *The Tragedy of Waste*, when he wrote:

Advertising creates no new dollars. In fact by removing workers from productive employment, it tends to depress output and thus lessen the number of real dollars. What it does do is this. It transfers purchasing power from A to B. It stops people buying shaving soaps in mugs and starts them to buying it in tinfoils.9

Thus, the argument goes on, each advertiser engaging in a great tug-of-war which in the long run brings no substantive benefit to any participant. If all advertising were eliminated, it is suggested that each producer or distributor of goods would have as additional profit (or as a basis for lower prices) the money now spent for advertising. The above argument fails to take several factors into consideration. The most important among them is that it is folly to consider the "markets" for goods and services necessarily as "fixed" or "closed." As a matter of fact, the American market has shown a tremendous capacity to expand. The potential consumption of almost all commodities moves consistently upwards with...
the expanding population and the continuing rise in the standard of living of the nation.

In addition, new products are constantly being introduced to meet the insatiable desire of American consumers for change and variety.

Advertising by competitive producers provides demand stimulus for the products on the part of nonusers or those who are just reaching the position of becoming members of the market group.  

Very little advertising can be said to be entirely of a nature which pulls customers from one brand to another, although a large part of it only appears to have this as its principal goal. Advertising, in fact, secures a very large number of new users and also encourages additional consumption.

Advertising has substantially stimulated the desire for goods which, in turn, has led to increased production of various commodities. A greater willingness to consume has been generated. At the same time, in creating a desire for new types of goods, the American people have been spurred to greater efforts in order to afford these things which, in turn, has accelerated the overal economic cycle, i.e., greater production, increased job opportunities. This, in turn, has raised consumer income and resulted in increased consumer spending. Advertising has become the igniting element of getting the engine of economic development going at full steam.

Advertising emerged from World War II, as it had from World War I, with banners flying and the world at its feet because of the tremendous war-built facility of mass production and a huge war-built reserve of wealth. The market at that time was war-starved for goods and services and was bulging out to make purchases. This climate provided the ideal situation for salesmen to attain the highest sales pitch in all fields and advertising embraced this situation to prove how a seller's market could be transformed into a seller's dream.

The contribution of advertising to business can appropriately be summarized thus, in the famous quotation of Thomas Babington Macaulay: "Advertising is to business what steam is to industry -- the sole propelling power. Nothing except the Mint can make money without advertising." ¹¹

Consumer

The dictionary meaning of advertising, as per Dr. Samuel Johnson, is "to inform another, to give intelligence" and this meaning, although two hundred years old, holds just as good today and reflects that the functions, purposes and basic principles of advertising have remained unchanged over the years even though its techniques, methodology and applications have become more effective and sophisticated. All people living in twentieth century America are extensively exposed to advertising. It reaches them from the

pages of newspapers, magazines, and etc. and is interspread with the entertainment emanating from the radio and television sets. It also appears on outdoor signs and posters which attract attention on the streets and highways. Advertising is literally around us in time as well as in space at all possible moments; hence, it is hard to say that it does not have an appreciable influence upon our daily lives.

In regard to the consumer, advertising is as democratic as the Bill of Rights inasmuch as it provides open competition for the consumers' dollars. It helps keep competition open — out where people know who is making what, how much the price is, where it is for sale, and why the manufacturer believes his product offers a bigger benefit than his competitor's. The newcomer has as good an opportunity as the established concern to hawk his wares. The result is a free competitive market set in a glass house; the public gets a full view of what the choice is in products, trademarks, and prices.12

The consumer is undoubtedly the target for all advertising activities and he benefits from this institution in more than one way, directly or indirectly. Just to mention a few:

1. The consumer gets his goods and services at a cheaper cost because of the economies of mass production and distribution which are passed on to him by manufacturers and retailers.

2. Advertising stimulates the consumers' wants for new products which, in turn, induce them to work harder to be able to afford them. In this process, the consumers get the dual benefit of increased purchasing power and the comforts of a higher standard of living.

12"What Advertising Is...What It Does...What It Can Do," Printer's Ink (May 15, 1953), 43-45.
3. Advertising takes away the drudgery from the chores of millions of consumers by introducing them to the latest innovations in goods and services, such as automatic dishwashers, cookers, color television and numerous other time and labor saving devices.

4. Advertising, to a great extent, educates consumers about the available goods and services, making them rational, choosy and intelligent users, as they know about the merits, demerits and quality of every alternative open to them when making their purchases. In other words, advertising functions as a good friend and guide to the customers.

It may not be out of place to mention here that advertising often has been severely criticized for motivating consumers to make unwise purchases or misallocating their resources. This criticism may be true in a negligibly small percentage of the entire universe of the consumers; hence, it does not have any meaningful bearing upon the overall advantages which are vital and numerous for present day customers. In fact, advertising exposes the consumers to such a great area of choice that it helps them to develop their powers of discrimination rather than become impulsive or captives of their emotions.

**Summary**

In order to gain better comprehension and to envisage fully the contribution of advertising to the American economy, business, society and consumer, it is pertinent to examine what would happen if advertising were to be eliminated.
The vast network of mass communications media by which our news and most of our entertainment comes to us would disappear. Three quarters of the revenue of the newspapers and magazines is derived from advertising. The subscription price would need to be tripled or quadrupled if there were no advertising to contribute to the cost of publication. Radio and television stations would have to close down completely as they are supported entirely by advertising. It would be a strange and different land with fewer newspapers and magazines and a far less well-informed populace which would then confront us.

There would be few nationally distributed products. Without advertising manufacturers would find it difficult to develop acceptance for their products among consumers in distant markets. Most of the goods would be produced in small local plants where purchasers would be familiar with the products of the local manufacturer by experience or word of mouth. There would be none of the technological development in new products which has occurred in the past fifty years. Small manufacturers with few research facilities and with little incentive provided by limited local competition would not engage in the extensive product development programs now found in almost all industries.

\[13\] Zacher, op. cit., p. 612.
CHAPTER III

ADVERTISING AGENCIES

Their Importance in Planning Advertising Campaigns

Having seen in the preceding chapter the important role that advertising plays in the American economy of abundance and the extent to which it influences the American consumer, business, and society, let us now proceed to examine how advertising agencies fit into this complex. It has been seen that production has been able to grow because distribution has been developed and also that more and more demands for goods and services have been created through the dynamics of advertising.

Today, most leading U.S. businessmen recognize that the greatest economic problem in times of peace is how to move the vast output of the farms, mines, fisheries, and industrial plants through the channels of trade to consumers. This responsibility falls on the dynamic activities of distribution, i.e., those activities which are employed by manufacturers, selling agents, wholesalers, retailers, and service agents, to stimulate buyers to buy: Mainly, these are:

1. Personal selling
2. Display
3. Sales promotion
4. Advertising
Selling, display and promotion are done, either entirely or to a large extent, by the seller himself, but most of his advertising, especially that of manufacturers, is entrusted to his advertising agency. It is, therefore, said with good reason that advertising is the arch that supports trade activity in America and that the keystone of that arch is the advertising agency.¹

The Historical Development of Agencies

A history of the advertising agency carries one through a stream of industrial and social changes and shows a direct bearing on the relationship of the agency to the advertiser today.

In the 1840's, there were many newspapers but few advertisers. About that time, some enterprising men saw the opportunity to sell to manufacturers advertising space in the newspapers being published in the various cities in which they were branching out. There was no such thing, at that time, as a newspaper directory; each advertising salesman traveled around the country calling on the publishers in the different towns negotiating for the lowest rate they would accept and for the highest commission they would pay for such business as the salesman could bring in. There was no such thing as a fixed price. The list of newspapers and rates that each salesman prepared was his stock-in-trade when he called on different advertisers to advertise in the papers that he represented. These solicitors actually were the first advertising agents.

One alert agent contracted with a group of one hundred papers

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to sell him a column of space every week for a year. He became a
broker offering "one inch of advertising space once a month in one
hundred papers for $100." Other agents followed this brokerage
pattern, paying cash in advance as an inducement to get a still lower
rate. Others bartered printer's supplies for advertising space.
(Printer's Ink was originally the house organ of George P. Rowell, an
agent who bartered ink for advertising space.)

Meanwhile, agents kept on negotiating with publishers for
the best rates and the biggest commissions they could get. The ad-
vertiser never knew his position regarding either circulation or
rates, for "a demand for $500 might be reduced to $50." The
agency now known as N. W. Ayer & Son took a radical step in 1875
by announcing that it would charge advertisers only the actual rate
that the agency paid (that is, the gross rate less whatever commission
was received), adding its own charge in lieu of a fixed commission.
In exchange the advertiser was to agree to place all his advertising
business through N. W. Ayer.

This was the beginning of the relationship whereby the adver-
tiser became a client of an agency, not just a customer who gave his
business to different salesmen. Some enterprising agents offered
to write copy for the advertisement as an inducement to the advertiser
to buy space through them, in the realization that an advertiser would
buy more space if he got better results from the advertisements.

3 Ibid.
This was the forerunner of the agency in the role of rendering a complete advertising service to the advertiser to do business with the agency; however, in 1901, the Curtis Publishing Company announced that it would allow commission only to those agencies that charged full card rates to the advertiser.

Publishers originally paid agencies commissions varying from 5 to 25 percent. By World War I, the commission had become stabilized at 15 percent, which is still allowed by most publishers and television and radio stations today. The outdoor industry allows 12 2/3 percent commission.

Functions of a Modern Agency

The modern advertising agency ranges in size from a one-man agency to a large organization employing hundreds of people to carry on its work. The functions performed by these agencies vary to a considerable degree. Some concentrate major attention on the preparation and placing of advertisements; however, many have organized themselves to perform the broad functions of marketing and advertising counselors. To perform such functions well requires a keen understanding of the complete marketing and merchandising problems of the advertiser, as well as a knowledge of markets, media, and consumer psychology. The older service functions of writing copy and designing the form of a finished advertisement are now only a part of the total work of most modern agencies.

In a comprehensive study made in 1946 by Advertising Age, regarding the functions performed by advertising agencies, it was observed
that the greatest advances of advertising and the work of agencies in recent years:

...have been in advertising research, copy testing, audience and readership measurement, merchandising and sales promotion....Although the quality of creative work, in copy and art, still play an all-important role in the sale of advertising service, emphasis has shifted to those services designed to increase the effectiveness of advertising.4

Marion Harper, speaking in 1952, said that "by 1972, the leading companies in the advertising agency field will have become increasingly marketing agencies....The function of research, planning and marketing strategy will become one of the most important services of the advertising agency."5

As early as the 1930's, some of the leading agencies provided a wide variety of services for the advertiser. Some appreciation of the number and character of such services can be gained from a 1939 study in which agencies were asked to list all services rendered or functions performed for advertisers, even though some were advisory only.

The American Association of Advertising Agencies emphasizes the service function its members perform for clients and points out that such service consists primarily of interpreting to a specific public or publics the advantages or want-satisfying characteristics of a product service or idea. The Association offers the following seven-point program as necessary for an adequate job of interpretation:

1. A study of the client's product or service in order to determine the advantages and disadvantages inherent in the product itself, and in its relation to competition.

2. An analysis of the present and potential market for which the product or service is adapted:
   a) as to location
   b) as to extent of possible sale
   c) as to season
   d) as to trade and economic conditions
   e) as to nature and amount of competition.

3. A knowledge of the factors of distribution and sales and their methods of operation.

4. A knowledge of all the available media and means which can profitably be used to carry the interpretation of the product or service to the consumer, wholesaler, dealer, contractor or other factor. This knowledge covers:
   a) character
   b) influence
   c) circulation: quantity, quality and location
   d) physical requirements
   e) costs.

5. Formulation of a definite plan and presentation of the plan to the client.

6. Execution of the plan:
   a) writing, designing, illustrating of advertisements or other appropriate forms of the message
   b) contracting for the space or other means of advertising
   c) the proper incorporation of the message in mechanical form and forwarding it with proper instruction for the fulfillment of the contract
   d) checking and verifying of insertions, display, or other means used
   d) the auditing, billing and paying for the service, space and preparation.

7. Cooperation with the client's sales work, to insure the greatest effect from advertising.

These basic steps can apply to the fairly recent developments of advertising for an idea as well as advertising for a product. In "idea" advertising—usually called public relations or institutional advertising—the agency places a broader interpretation upon "product," "factors of distribution" and "media."

In addition to strictly advertising service, there is a willingness among many agencies today to assist the client with other distribution activities. They do special work for clients in fields such as package designing, sales research, sales training, preparation of sales and service
literature, designing of merchandising displays, public relations and publicity. 6

The Campaign Concept

The unifying concept which brings all the parts of advertising together, welding them into a complete unit with an assigned task in terms of the budget and the marketing plan, is the concept of the advertising campaign.

The beginning of wisdom in advertising is a plan. It starts with a clear definition of an objective, and that objective is usually what the advertiser wants the reader or listener to do as a result of having read or listened to his advertisement. Then, step by step, individual advertisements are created and welded into an advertising program in a series of planned moves in a planned timetable, the moves being designed to enable the advertiser to reach his objectives within a previously determined time period.

What this means is that the advertising plan must include an awareness of every element that will cause a consummation of a sale. The plan starts with the product itself and then proceeds with the features of the product that differentiate it from other products of the same class, the way the product is distributed and the ease of its availability to those who want to buy it, the price of the product and its relation to the price of other products of the same class. The plan will also include knowledge of what competitors are doing to

induce prospective buyers to take their brand rather than the brand being featured in the agency plan. The existing state of mind toward a product on the part of the consumer must be taken into account; he may be predisposed toward a given product because of long familiarity and previous satisfaction with the product itself. He may have been almost persuaded to buy through years of previous advertising and needs only one more reminder to push him over the brink. On the other hand, in the case of a new product, the prospective buyer may need complete information on what the product is, what it does, and how it fills a need (recognized or unrecognized) in his life before he can make a decision to buy. Where and how the prospect receives this information is important. Will he read it in a letter, a newspaper or magazine? Will he hear it over the radio? Or will he see and hear it on television? The situation at the point of purchase must be visualized—whether the consumer will make the buying decision by taking the product off a shelf, as in a supermarket; whether a salesperson will help guide the decision between competitive brands, as in a department store; or whether a salesman will fit a ready-made decision to buy in terms of model, price, and method of payment, as in the case of an automobile dealership.

In short, an effective advertising campaign, according to James Webb Young, senior consultant of J. Walter Thompson Company, should comprise the following five elements:

1. Proposition: what are we selling?
2. Market: to whom are we selling?
3. Message: what are we going to tell them?
4. Carrier: where are we going to tell them?
5. Means of delivering the proposition: what are the channels of distribution?

Coordination of Complete Campaign

An advertising agency may be referred to as a collection of specialized business brains. The functional organization of an agency is designed to facilitate the work of these specialists. It is vital, however, that the work of each person be directed toward one common goal -- the successful planning, development, and execution of the complete campaign.

The basic plan underlying a given campaign will usually be determined by the account executive serving as contact man with the client, other key executives, and certain members of important departments. Upon the work of this committee or planning board will depend much of the success of the campaign. In many respects, this is the very heart of the agency's operation -- the creative application of its specialized knowledge and experience to build a successful advertising plan for the product. Molding the work of the specialists in research, copy, art, media selection, and production into a harmonious and coordinated program is the particular task of agency management.

It is important that the work of the various departments or functionaries be scheduled in a manner that will make possible the completion of an advertisement in ample time to meet media deadlines.

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Here, again, the coordination efforts of management are vital. Production schedules somewhat comparable to assembly-line techniques are often necessary. Plates cannot be made until art work is finished, the printer must wait for finished copy, insertion orders cannot be placed until media have been selected and approved by the client, etc. Delays in one department must thus be made up in another if the advertisement is to be in the hands of the publisher before the closing of forms. Good management will see that there is a minimum of delays and conflicts.

Agency Compensation

Nearly all major media — newspapers, magazines, television, radio, business publications, outdoor plant owners, and transit advertising companies — allow commissions to advertising agencies, which media recognize individually.

Larger advertising agencies receive, on the average, about 75 percent of their income in the form of commissions allowed by advertising media, 20 percent from the agency’s own percentage charges on purchases (which they specify and/or supervise for their clients), and 5 percent in fees of various kinds for special services. Among medium-sized agencies the corresponding figures are 70 percent, 20 percent and 10 percent, and among smaller agencies 60 percent, 25 percent and 15 percent.

Agency service charges and fees are arrived at individually by agreement between each agency and client.

The principle of media allowing commissions to agencies is the sparkplug incentive for agencies. It is probably the most impor-
tant single factor in the advertising business in the United States. It makes agencies dynamic -- because advertising agencies are not paid until after the advertising is conceived, produced, approved and run. More than anything else, it is a great incentive principle and the principle has benefited all business. To begin with, it brought into American business a new kind of bold creative thinking, thinking which tackled the problems of mass distribution and mass selling and which solved enough of them to make mass production possible in countless lines where it once had only been a dream.

The incentive for the advertising agency lies in its ability, through commissions allowed by media, together with its own percentage charges and fees, to be paid for its creative work in proportion to the use made of it. If the results are successful for the advertiser, they are also successful for the agency. If they are not, the advertising stops and the agency is out of business on this account.

Thus the agency business has attracted a high type of businessman, a particularly enterprising type, one who is willing to take the risk that his agency will not be paid at all if its creative work is not used by his clients. Because the agency gets paid only after the advertising has appeared and the agency has collected from the advertiser, and also because the agency is rewarded in proportion to the use made of its creative work, the agency owner is encouraged to hire the best creative people he can find. He does not stint on staff or take too much out of the profits for himself. This means that the finest possible creative organization is put together behind
the service and development of advertising and is one of the main reasons why American advertisers have available to them some of the most highly developed and most skilled advertising agencies in the world. In uncounted instances, advertising agencies have enabled small companies to prosper and grow into large ones.

Today, there is scarcely a sizable advertiser who does not rely on an advertising agency for expert, objective counsel and unique creative skills.

Thus the agency business continues, based on incentive — a success only when its work succeeds, a failure when its work fails the advertiser.

By allowing commissions to advertising agencies, advertising media enable agencies to be paid in proportion to their success in converting the publisher's white space or broadcaster's blank time into advertising influence, which is what advertisers want and are willing to buy.

But it is the advertiser who pays the agency the total amount the agency receives. It is a mistake to say media pay agencies because they do not. The money agencies deduct from the advertiser's payments in the form of media commissions is never in the hands of any medium, and therefore cannot possibly be paid by a medium. The medium simply allows the agency to make the deduction.

Media usually find that they cannot successfully prepare advertising for competing advertisers. The advertisers themselves usually cannot prepare their own advertising as effectively as a specialized talent agency can, with its outside objective viewpoint.
Advertising agencies sell advertising for media and for themselves by making it pay the advertiser; hence, both media and advertisers are served by the advertising agency, the specialized creator of advertising.

The agency is ordinarily a custom builder, each advertisement or advertising plan being created for the use of one client only.
CHAPTER IV

THE ADVERTISING CAMPAIGN: A CASE STUDY

Introduction

In Chapter II, the dynamics of advertising with respect to its impact, influence and contribution to society, business and consumers were discussed, in some detail, to show how purposeful the role of advertising is to the all round growth and development of the national economy. In the succeeding chapter, an effort was made to outline briefly the structure and working of advertising agencies in terms of what services the agencies perform and how meaningfully these agencies are employed by businesses to accomplish their growth and development. In other words, the author has so far acquainted his readers only with the theoretical and academic concepts of advertising and advertising agencies. In this chapter, the author intends to establish and discuss the relationship that exists between the academic concepts and the actual business situations through a case study of an advertising campaign for a ball point pen.

The author has attempted to present the actual path and sequence of the campaign in its entirety and true sense as followed by the advertising agency, so that the readers may view closely and realistically the development of a campaign from its conception to its inception. The author also considered that it will be interesting to students of business in general and students of marketing in particular to view
the building up of an advertising campaign from its beginning and also to take note of the tremendous amount of basic research and preliminary spadework that an agency must conduct as a prerequisite to developing an actual promotional campaign. Most people are exposed to advertising campaigns in their finished and operational forms, but little do they know about the manifold considerations and the exploratory work that an agency must conduct in building up the framework of an advertising campaign. It is in this context that the author has undertaken this case study in the hope that his readers will find it meaningful, instructive, informative and rewarding.

The Product Objective

The Rebel Pen Corporation of Atlanta* is the manufacturer of quality fountain pens and other stationery items used in offices, industries and educational institutions. The corporation is well established and enjoys good reputation for its products in terms of quality and prices. The company has manufactured a new product — a ball point pen — and plans to market it initially in the five South-eastern states of Alabama, Georgia, Louisiana, Mississippi and Tennessee.

The ball point pen is thin and light and is manufactured in four colors; Summer Sand white, Coral reef, Suhdust Yellow and Azure blue. The upper half of the pen is a brushed gold, giving a somewhat star-like effect. The company intends to retail sell the product at

*The actual identity of the manufacturing company, the product and the advertising agency has been concealed at the request of the parties concerned.
49¢ each, through 5,500 department stores, drugstores, dime stores and stationery stores in the above-mentioned five states.

The Rebel Pen Corporation invited promotional plans from several advertising agencies and finally selected the Bull Dog Advertising Agency* also of Atlanta to develop the advertising campaign for the new ball point pen. The campaign was to run initially for the six-month duration between July to December, 1958.

**Market Research**

The advertising agency, upon accepting the assignment, was aware of one thing — that its task was both formidable and challenging inasmuch as the advertising campaign was for a product which could not be categorized as a "new" product since several other ball point pens were already well established in the market. The agency also realized that the object of the campaign was mainly to introduce successfully and effectively the new ball point pen into the manufacturing company’s desired geographical market and also to create a market segmentation for the Rebel Pen Corporation’s new ball point pen from the total ball point pen market. The agency also realized that it had to perform this tremendous task within the constraints of the time and financial appropriations as indicated by the Rebel Pen Corporation. The advertising agency thus had to move fast to obtain the necessary market information in respect of the product. To obtain the required information, it logically turned to the question—

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*The actual identity of the manufacturing company, the product and the advertising agency has been concealed at the request of the parties concerned.*
naire method of market survey and analysis. For the very same reasons, the broad frame of the questionnaire was obvious. It naturally fell into four major groups: (1) the identity of the respondent; (2) his preference for the product and the price range; (3) his place of purchase; and (4) his opinion as to the effectiveness of the communication media used to enlighten him about a product such as a ball point pen. It need hardly be mentioned that in view of the nature of the product and the purpose of the market research, as explained earlier, no complicated questionnaire was called for. As shown in Appendix A, the agency's questionnaire was of the usual type intended to draw the four kinds of information just mentioned.

Selecting the Survey Areas

The next step for the agency was to ask: (1) to whom must the questionnaire be addressed? and (2) how should the respondents be selected? Considering the nature of the product, particularly that its prospective buyers would be found concentrated in educational institutions at all levels, the agency decided to make a survey of a predominantly university town. The choice fell on Athens, Georgia, but to have confined the survey to only such a town would have resulted in a biased survey, for, with the economic growth of the nation and the increasing literacy of the population, the need for convenience in writing facilities and appliances is no longer the preserve of educational institutions or a college-going population only. In order, therefore, to get a representative view of the entire market, it was felt that some metropolitan area -- market city as an agency calls it -- should be brought under survey. This choice fell
Atlanta and Athens thus constituted a contiguous field for the agency's survey. The justification for the field is obvious; firstly, because the manufacturer was interested in a regional market to begin with and secondly because Atlanta is a typical growing "market city" and the home base both of the advertising agency and the manufacturing company. Another interesting point in the choice of Atlanta can be related to the advertising agency's review of the status of some of the major cities of the region in terms of population and consumer spending and their ranking in the country as a whole. In this review, Atlanta appeared significantly as the logical choice. These data are shown in Tables 1 and 2.

As for selecting the respondents from the chosen fields, it was not difficult although the agency did not give any detailed account of their methodology. A random sample obviously was indicated and the author was informed that the total size of the sample was 2,000, which included 800 for the Athens survey. The basis of the sample size must have been related to the population and/or income data, but the agency did not explain as to how far the sample size conformed to the theory and what actually its view of the universe (from which the samples were drawn) was. It is interesting to quote here from the company records on this point:

A random sample was taken of high school students, college students, white-collar workers, and blue-collar workers...verifying some of our impressions concerning the pen and the audience to which it will appeal.

It would appear, therefore, that while the total population was
<table>
<thead>
<tr>
<th>City</th>
<th>Rank in U.S.</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Atlanta</td>
<td>23</td>
<td>1,222,500</td>
</tr>
<tr>
<td>2. New Orleans</td>
<td>29</td>
<td>1,027,700</td>
</tr>
<tr>
<td>3. Memphis</td>
<td>41</td>
<td>782,300</td>
</tr>
<tr>
<td>4. Birmingham</td>
<td>45</td>
<td>681,400</td>
</tr>
<tr>
<td>5. Nashville</td>
<td>57</td>
<td>527,000</td>
</tr>
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<td>6. Mobile</td>
<td>71</td>
<td>416,000</td>
</tr>
<tr>
<td>7. Knoxville</td>
<td>72</td>
<td>402,900</td>
</tr>
<tr>
<td>8. Chattanooga</td>
<td>69</td>
<td>317,300</td>
</tr>
<tr>
<td>9. Shreveport</td>
<td>90</td>
<td>315,700</td>
</tr>
<tr>
<td>10. Jackson</td>
<td>115</td>
<td>263,400</td>
</tr>
<tr>
<td>11. Baton Rouge</td>
<td>116</td>
<td>262,000</td>
</tr>
<tr>
<td>City</td>
<td>Rank in U.S.</td>
<td>Consumer Spendable Income ($000)</td>
</tr>
<tr>
<td>-----------------</td>
<td>--------------</td>
<td>----------------------------------</td>
</tr>
<tr>
<td>1. Atlanta</td>
<td>24</td>
<td>$3,076,161</td>
</tr>
<tr>
<td>2. New Orleans</td>
<td>31</td>
<td>2,291,515</td>
</tr>
<tr>
<td>3. Memphis</td>
<td>50</td>
<td>1,501,698</td>
</tr>
<tr>
<td>4. Birmingham</td>
<td>51</td>
<td>1,455,299</td>
</tr>
<tr>
<td>5. Nashville</td>
<td>63</td>
<td>1,156,821</td>
</tr>
<tr>
<td>6. Knoxville</td>
<td>64</td>
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</tr>
<tr>
<td>7. Mobile</td>
<td>93</td>
<td>715,021</td>
</tr>
<tr>
<td>8. Chattanooga</td>
<td>94</td>
<td>713,675</td>
</tr>
<tr>
<td>9. Shreveport</td>
<td>110</td>
<td>605,042</td>
</tr>
<tr>
<td>10. Baton Rouge</td>
<td>123</td>
<td>532,610</td>
</tr>
<tr>
<td>11. Jackson</td>
<td>133</td>
<td>439,688</td>
</tr>
</tbody>
</table>

The basis for the selection of the field, the size of the sample was related to a much smaller population. It would also appear that some kind of stratified sampling was undertaken, although this was not made clear from the agency records. It would also appear that if the size of the sample was not theoretically warranted, it was perhaps justified by the perceptive knowledge and expertise of the advertising agency. In any case, stratification may be considered as a point
in favor of the procedure contemplated.

Survey Findings

From an earlier discussion, it may be recalled that the product promotion campaign was not introduced with the intent of marketing a completely new product to the consumer group, inasmuch as several similar products were already in the market — on the contrary, the market research was conceived as preparatory to a full-scale advertising campaign and the questionnaire was framed accordingly to obtain the desired information.

The result of the market research is given in Appendix B, as a statistical tabulation of the questionnaire. It should be mentioned here that the survey was carried out by trained interviewers, who interviewed the respondents on the basis of the questionnaire. As such, there was no problem of "no response." On the conduct of the actual survey, the company records say:

The interviewers were trained to be objective in their surveys, refraining from leading interviewees in their answers. Most of the survey questions were objective with a few open-ended questions to enable people to freely express their opinions. Most of the responses to questions could be tabulated numerically with a percentage breakdown for each answer.

It seems clear that the statistical tabulation of the questionnaire was in order. It is interesting to note that the classification of the responses was grouped under nine different headings as shown in Appendix B. The interviewers used a written product description coupled with a sample product to obtain interviewee reaction to the same. Ninety percent of the respondents considered the product to be "feminine"; related to this was the overwhelming preference for
the product by teenagers and the college-going population. Interestingly enough, 34 percent of the respondents seemed to be prospective buyers of the pen at 49¢ a piece. This was a clear delineation of the market -- females and/or teenage groups -- persons with obviously lower spending power. The next finding was the point of purchase in order to help develop channels of distribution. In this case, the drugstores seemed to be the most convenient buying places. Still another important finding of the survey was the buyer's motivation. In this instance, the findings were that only about 37 percent bought the ball point pens to give away as gifts. The final point was to understand the communication media to which the prospective buyers were generally exposed. This was important for the agency's next step -- namely the total advertising program. As per the tabulated findings, television, newspaper, magazines and radio were considered to be equally eligible and effective media for the advertising campaign.

The Advertising Campaign: Its Framework

Having determined the nature of the market for the product both geographically and conceptually in terms of meaningful data regarding consumer reaction to the product price, appearance, place of purchase and also the motivational aspects of the purchasers for buying, the advertising agency's all important task was to delineate the operational program for the advertising campaign.

With this information on hand, the main scope of the advertising framework of the campaign was evident, i.e.: to give the product a name to differentiate it from other competing products; to decide on
the slogan or central theme around which the whole promotional campaign would revolve; to choose the media for effective conveyance of the sales messages; and to select other promotional strategies to reach the consumer groups.

While the campaign could be considered in terms of the aforementioned elements, it hardly need be emphasized that basically two considerations were important: (1) the product name and (2) the selection of the advertising media. On these two facets of the campaign at large, great emphasis was placed. It should be mentioned, however, that the agency did not stick to any single one slogan; various slogans were used in the different types of advertising, i.e., as a point of purchase display, or through mail order business, or through direct selling, etc. The many slogans were intended to strengthen the selected retail outlets in their sales efforts, explaining how, for example, selling Luv-Bug would mean extra profits to the retailer or would be a valuable source of cash register ringing.

As it developed in practice, the slogans and the so-called promotional strategy were used effectively in enlisting the 5,500 retail outlets in the 26 principal markets of the five Southeastern states.

The Product Name

Why is a brand name so important? The agency was dealing with a consumer product with a number of established rivals in the market. It was also a product which was not very unique either functionally or in design. Because it was an inexpensive item, the consumer demand for any particular manufacturer's item would tend to be highly elastic. In a situation such as this, the brand name is perhaps the
major task in advertising strategy. The reason is simply to develop brand loyalty and brand preference among amorphous consumer groups. To put it in economic terms: it is the manufacturer's attempt to introduce the principal of captivity in an otherwise free market by splitting out the total demand curve into individual demand curves, and thereby developing some inelasticity in the latter. In this specific case the choice of the brand name was not absolutely the free choice of the advertising agency or the manufacturer, for the product design as tested through the market research had already shown that the product had overwhelming feminine appeal. The product name, therefore, was based on two factors: (1) the economic necessity of carving a market for itself and (2) the feminine aspect of the product design.

The agency finally chose the name of Luv-Bug* with the symbol of a butterfly. Why was such a name chosen? The agency's records answer this question:

...it is easier for the potential consumer to identify the product with a symbol which remains constant throughout the entire campaign and such a symbol would differentiate the pen and cause it to stand out from any other pen in the market. It would signify the pen and always be associated with it, therefore impressing the mind of the consumer, who, on seeing it, would immediately recollect the product.

Why was the symbol of the butterfly used? This question is best answered in the words of the advertising agency:

The light and delicate nature of the pen, its design, and its colors appeal to women. The market survey has already indicated the feminine appeal of the product. In view of these characteristics, a butterfly was chosen.

*The name, although disguised, retains the import of the original name.
as a symbol because of its correlation with these appeals, i.e. to delicacy, lightness and refreshing colors. The butterfly symbol was also considered in relation to point of purchase display, direct mail brochures and consumer advertising.

How do these two things (the product name and the symbol) relate to each other? The question is important because a trade name and symbol must compliment each other for a good product image. The agency records show that:

Since the trade name is such a major part of the campaign it has to be cohesive with the symbol. The name Luv-Bug was chosen for this reason. Being short, concise and catchy, it has the qualities which cause a name to be easily remembered. The spelling of the word "Luv" multiplies the recall value of the name as three letter words are easy to read, pronounce and remember. The name is adaptable to labeling, packaging and also to point of purchase display. The name "Luv-Bug" is significantly different from the other trade names of similar pens such as Jot, Write, Bic, Flair and Paper Mate. In view of the inexpensiveness of the product (49¢ a piece) it was not to the advantage of the company to promote the prestige concept through the name or otherwise in advertising.

At this point it is interesting to make a note of the managerial thinking of the advertising agency about the symbol and the trade name. Clearly recognizing that the ball point pen market was highly competitive and that the quality of the new product could not be assured to the consumers unless the product was that of an established corporation, the advertising agency contemplated linking another name -- the name of the manufacturer in all its advertising material. Thus the "Rebel" name appeared throughout the advertising campaign and it was hoped that by such association, the ball point pen selling at 49¢ would in no way reflect upon the quality fountain pen line marketed by the manufacturer nationally.

Before leaving the issue of the trade name, it may also be
mentioned that the agency contemplated marketing the Luv-Bug through 5,500 department stores, drugstores, stationery stores and dime stores in the five Southeastern states mentioned earlier. Because of the established reputation, prestige and assurance of quality of the manufacturer, the agency was optimistic about enlisting willing retailers to push the new product. In fact, during the first promotional effort from August through December, 1958, the agency set a sales target of nearly 1.7 million pens. In developing the merchandising program, the agency further planned to look into the location and shelve display aspects of the retailing outlets under consideration.

One word should be added in explanation of the established reputation of the manufacturer on which the advertising campaign relied heavily for both immediate and long-range results -- the manufacturer, before entering the ball point pen market, had had seven years' experience in marketing and manufacturing quality fountain pens nationally.

**Media Selection**

The next element in the campaign strategy was the selection of the advertising media. How did the agency go about making its decisions in this respect? At the outset, it was necessary to emphasize the objectives that the agency and the manufacturer had in mind, for decisions become intelligible only in terms of the objectives from which they proceed. Basically, the objectives were to effectively present the image of Luv-Bug and promote sales in the 5,500 retail outlets, and this was to be done in a highly competitive market as quickly as possible. For this purpose a five and one-half months'
campaign was envisaged; the campaign to focus not only on the product and its symbol but also on the slogan and the central theme. It was hoped that repetition of these would create a desire among the consuming public to try the new pen. Related to these, there were a few other secondary objectives, namely: (1) that the tryers of the pen would become its users; (2) that competitive pen users would become Luv-Bug users; (3) that a bandwagon effect from those ladies who seldom buy pens would be obtained; and (4) that some brand loyalty for the product through depth advertising would be created. Briefly, these were the major objectives towards which the campaign aimed to subserve. It is noteworthy that in spite of the pluralities of the objectives there were none that conflicted with each other. In any decision-making process there are certain constraints in the situation; this was no less true in this case. Two sets of constraints deserve specific mention. One was to get across the product image through the usual retail outlets of the region within a short span of time, i.e., five and one-half months. Accordingly, the campaign had to be comprehensive and multidimensional. The other constraint was to aim at the feminine market as much as possible, and here the customers were limited to an age range of 13 to 35 years, based upon the results of the questionnaire. Very clearly the company was firm and decisive as to the market at which it aimed and in this market only to capture as large a share as possible of the $9 pen market.

Predicated on the objectives and limited by the constraints, the agency turned first to analyzing what the other competitors were doing by way of advertising media. It is interesting to note that the
agency made a careful study of the different media used by some of the big manufacturers of pens. The agency records show that Waterman Corp., manufacturers of Bic pens used as many as nine media, ranging from trade papers, consumer magazines, radio, counter displays and point of purchase efforts. Lindey Pen Corp. was another company whose advertising strategy came under close scrutiny. Parker, with sales of nearly two million, came in for even more intensive study. The agency took note of eleven media that Parker company was using and also of its distribution of advertising expenses under the various headings. Eversharp and its advertising appropriations also were studied. The reported appropriations of Parker and Eversharp are shown in Appendix C.

It is necessary to mention that while these data were being gathered with considerable effort, it was not clear from the information obtained whether all the expenses could be considered as exclusively related to ball point pens for these companies had a wide range of pens to offer. The agency, therefore, had to rely on its experience in the field and consider that 30 percent of the entire appropriations of each budget was used for the ball point pen inasmuch as, in each case, ball point pens were increasing in sales more rapidly than fountain pens. In the view of the author, this was perhaps the basis of the budget for the particular campaign under study.

When the media strategy is examined, it is interesting to see how the agency came to choose its particular type of strategy. Based on the points already made (the product appeal to the feminine market, the need to undertake an inclusive and intensive campaign within a
limited period of time and distribution through 5,500 retail outlets), the agency decided to concentrate its campaign on the most heavily populated areas of the five-state region mentioned earlier. These areas constituted the highest concentration of the market wherein the manufacturer could anticipate meaningfully immediate and long-range sales objectives.

Following these considerations eleven metropolitan market cities and fifteen college markets were covered — a massive coverage in order to gain insight into the possibilities of long-range plans. The eleven metropolitan market areas were selected on the basis of population, consumer spendable income, and current retail sales. These areas constituted the largest marketing promise in all three categories. Here the agency, perhaps on the basis of its expertise, assumed that frequent users of ball point pens — secretaries, housewives, students, clerks, etc. were to be found there. The selected eleven metropolitan cities and their population and consumer spendable income were shown in Tables 1 and 2; how these cities rank in terms of retail sales is shown in Table 3.

The fifteen college markets selected for the advertising campaign were those that had the largest enrolment of students, particularly of female students. The college campuses selected are shown in Table 4 and the appropriated advertising budgets are also indicated.

All in all, this is how the twenty-six markets were isolated for the development of the media strategy and for the 5,500 retail outlets related to these areas, though their specific locale was not delineated in terms of individual markets.
### TABLE 3

**RETAIL SALES**

<table>
<thead>
<tr>
<th>City</th>
<th>Rank in U.S.</th>
<th>Retail Sales ($'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlanta</td>
<td>23</td>
<td>$1,922,956</td>
</tr>
<tr>
<td>New Orleans</td>
<td>34</td>
<td>1,324,506</td>
</tr>
<tr>
<td>Memphis</td>
<td>42</td>
<td>1,027,005</td>
</tr>
<tr>
<td>Birmingham</td>
<td>49</td>
<td>904,866</td>
</tr>
<tr>
<td>Nashville</td>
<td>64</td>
<td>738,581</td>
</tr>
<tr>
<td>Knoxville</td>
<td>79</td>
<td>539,702</td>
</tr>
<tr>
<td>Mobile</td>
<td>85</td>
<td>490,377</td>
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<tr>
<td>Chattanooga</td>
<td>88</td>
<td>475,833</td>
</tr>
<tr>
<td>Shreveport</td>
<td>109</td>
<td>394,072</td>
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<tr>
<td>Baton Rouge</td>
<td>114</td>
<td>370,745</td>
</tr>
<tr>
<td>Jackson</td>
<td>131</td>
<td>370,745</td>
</tr>
<tr>
<td>College</td>
<td>Circulation</td>
<td>Total Cost</td>
</tr>
<tr>
<td>---------------------------------------</td>
<td>-------------</td>
<td>------------</td>
</tr>
<tr>
<td>Georgia State (Signal)</td>
<td></td>
<td>$378.50</td>
</tr>
<tr>
<td>Mercer</td>
<td></td>
<td>378.50</td>
</tr>
<tr>
<td>University of Alabama (Crimson White)</td>
<td></td>
<td>378.50</td>
</tr>
<tr>
<td>Auburn University (Plainsmen)</td>
<td>11,700</td>
<td>434.70</td>
</tr>
<tr>
<td>Memphis State University</td>
<td>15,000</td>
<td>472.50</td>
</tr>
<tr>
<td>University of Tennessee</td>
<td>13,000</td>
<td>434.70</td>
</tr>
<tr>
<td>Vanderbilt University</td>
<td>4,200</td>
<td>434.70</td>
</tr>
<tr>
<td>Mississippi State College for Women</td>
<td></td>
<td>378.50</td>
</tr>
<tr>
<td>University of Mississippi</td>
<td></td>
<td>378.50</td>
</tr>
<tr>
<td>Louisiana State University</td>
<td></td>
<td>434.70</td>
</tr>
<tr>
<td>Northwestern State College of Louisiana</td>
<td></td>
<td>378.50</td>
</tr>
<tr>
<td>Southwestern Louisiana Institute</td>
<td>10,000</td>
<td>396.90</td>
</tr>
<tr>
<td>Tulane University</td>
<td></td>
<td>491.40</td>
</tr>
<tr>
<td>University of Georgia</td>
<td>10,000</td>
<td>472.50</td>
</tr>
<tr>
<td>Emory University</td>
<td></td>
<td>378.50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$ 6,221.60</strong></td>
</tr>
</tbody>
</table>
Given the market to be covered and the retail outlets to be supported, and given also the other constraints mentioned earlier, the media used for the five and one-half months' campaign included newspapers, television, college magazines, direct mail brochures and point of purchase displays. The complete campaign through these media ran from July through December, 1958. This comprehensive coverage may look like a duplicate of the other competitors, but such an inference would be unfair to the advertising agency, for it was well aware that the competitors were selling their products nationally whereas its own campaign was to be exclusively regional in focus. Keenly aware of this, the agency brought to bear its own reflection on the choice of media just discussed. For newspapers, the agency decided that:

New product introductions are often made through large newspaper insertions. There is a sense of urgency and news worthiness in a newspaper environment which has frequently been successfully capitalized on by advertising copy. Luv-Bug is a new product produced by an established company that can be successfully introduced by the newspaper industry.

This selection was based on a few other facts; newspapers reach 66.4 percent of all homes; 80 percent of all people over 21 years of age read newspapers; 61 percent of women read newspaper advertising even when they are not buying; 72 percent of teenagers are reached through the newspapers; 93 percent of people view display advertising in this media. To conclude, it can be said that newspapers provide more assistance for the retailer at a relatively much lesser cost than any other media. To this must be added the impact of Sunday newspapers, which are generally believed to retain the readers' interest
longer than the weekday newspapers. (For budget, see Table 5).

The agency reasoned against the effectiveness of certain media which other competitors in the ball point pen market were using. For example, the Bull Dog Agency did not consider radio advertising conducive to associating the product with the name for the simple reason that it could be heard only and not seen. It may be remembered that the agency's strategy was to put emphasis on the beauty, design and delicacy of the pen and also the way it would write, which could be effectively conveyed only through media other than radio. The reason for ruling out advertising in trade and consumer magazines was twofold: first, inordinately high cost per thousand readers as compared to other media and secondly, the limited availability of regional publications with very small circulations, which did not justify their use in economic terms. Besides, the agency's main objective was to saturate the consumer market and such publications were considered hardly appropriate for such a service.

Out of the aforesaid considerations came the final profile of the advertising campaign. This is shown in Table 6 -- the final media selection, together with budgeted dollar spending in each area and showing their relative importance in terms of percentages.

It will be seen that an expenditure of $176,000 was to be incurred over the period of five and one half months. Such, then, was the crash nature of the program. After the recognition of newspaper media -- regular and collegiate, the next greatest emphasis for the media fell upon television because of its audio-visual impact. Perhaps as a supplement to the "push effect" of the campaign through
### Table 5

**Newspaper Advertising**

<table>
<thead>
<tr>
<th>Newspaper</th>
<th>Circulation</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Daily Newspapers</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Atlanta Journal-Constitution</td>
<td>447,109</td>
<td>$7,938.00</td>
</tr>
<tr>
<td>Shreveport Journal-Times</td>
<td>135,966</td>
<td>2,469.60</td>
</tr>
<tr>
<td>Baton Rouge State Times Advocate</td>
<td>89,009</td>
<td>2,080.68</td>
</tr>
<tr>
<td>Mobile Prichard-Chicasaw Press-Register</td>
<td>109,102</td>
<td>2,518.81</td>
</tr>
<tr>
<td>Birmingham News-Post Herald</td>
<td>260,588</td>
<td>5,586.00</td>
</tr>
<tr>
<td>Memphis Commercial Appeal</td>
<td>357,649</td>
<td>6,291.60</td>
</tr>
<tr>
<td>Nashville Banner-Tennessean</td>
<td>240,964</td>
<td>3,725.57</td>
</tr>
<tr>
<td>New Orleans Times-Picayune</td>
<td>331,916</td>
<td>5,660.93</td>
</tr>
<tr>
<td>Chattanooga News-Free Press</td>
<td>63,257</td>
<td>1,764.00</td>
</tr>
<tr>
<td>Jackson Clarion-Ledger</td>
<td>106,356</td>
<td>2,683.80</td>
</tr>
<tr>
<td>Knoxville News-Sentinel</td>
<td>169,076</td>
<td>2,932.20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>$43,651.19</td>
</tr>
<tr>
<td><strong>Sunday Advertising, Non-Magazine</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nashville Banner Tennessean</td>
<td>228,330</td>
<td>4,838.40</td>
</tr>
<tr>
<td>Chattanooga News-Free Press</td>
<td>63,257</td>
<td>2,721.60</td>
</tr>
<tr>
<td>Jackson Clarion Ledger</td>
<td>99,582</td>
<td>3,553.20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>$11,113.20</td>
</tr>
</tbody>
</table>

51
<table>
<thead>
<tr>
<th>Newspaper</th>
<th>Circulation</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birmingham News</td>
<td>218,256</td>
<td>$5,992.50</td>
</tr>
<tr>
<td>Mobile Prichard-Chicasaw Press-Register</td>
<td>92,298</td>
<td>4,535.60</td>
</tr>
<tr>
<td>Baton Rouge Advocate</td>
<td>78,241</td>
<td>3,684.24</td>
</tr>
<tr>
<td>New Orleans Times-Picayune</td>
<td>312,384</td>
<td>7,837.00</td>
</tr>
<tr>
<td>Shreveport Times</td>
<td>116,301</td>
<td>2,082.84</td>
</tr>
<tr>
<td>Atlanta Journal-Constitution</td>
<td>511,319</td>
<td>12,066.60</td>
</tr>
<tr>
<td>Knoxville News Sentinel</td>
<td>150,074</td>
<td>5,569.20</td>
</tr>
<tr>
<td>Memphis Commercial Appeal</td>
<td>274,655</td>
<td>6,783.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>48,550.98</strong></td>
<td></td>
</tr>
</tbody>
</table>
### Table 6

#### Advertising Program

<table>
<thead>
<tr>
<th>Media</th>
<th>Cost/budget</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newspapers</td>
<td>$103,315.37</td>
<td>58.6</td>
</tr>
<tr>
<td>Television</td>
<td>$12,882.00</td>
<td>24.3</td>
</tr>
<tr>
<td>Public Relations</td>
<td>$50.00</td>
<td>0.2</td>
</tr>
<tr>
<td>Point of Purchase</td>
<td>$14,850.00</td>
<td>8.4</td>
</tr>
<tr>
<td>Direct Mail</td>
<td>$3,080.60</td>
<td>1.7</td>
</tr>
<tr>
<td>College Newspapers</td>
<td>$6,221.60</td>
<td>3.5</td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td><strong>$170,398.57</strong></td>
<td><strong>95.7</strong></td>
</tr>
<tr>
<td><strong>Reserve Fund</strong></td>
<td><strong>$5,601.43</strong></td>
<td><strong>3.3</strong></td>
</tr>
<tr>
<td><strong>Total Budget</strong></td>
<td><strong>$176,000.00</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Newspapers and television, it was logical to consider next, in terms of emphasis, the "pull effect" of the campaign, namely, the point of purchase advertising, which included display features and shelf arrangements in the 5,500 selected retail outlets.

In regard to television advertising, it may be mentioned here that the agency bought prime time for three weeks in all the networks, which operated in the selected market cities. Prime time was considered to be considered between 7:00 P.M. and 10:00 P.M., which is known to have the maximum amount of viewers. The television commercial was designed to be brief, catchy, and in good taste and to
last 20 seconds; it was telecast once each night through the entire week and ran for three weeks consecutively. The company records show that:

In applying the overall copy theme to the television media the agency decided that a single situation commercial would establish the Luv-Bug image more effectively than a hectic series of brief incidents. Situations were chosen that: (1) showed the pen in use; (2) provided a touch of humor; (3) associated the Luv-Bug name and pen with the image of a lovely, desirable young woman wearing the Luv-Bug symbol. The agency emphasized liveliness, color, vivacity in action, words and music in the brief interlude of the commercial.

The college newspapers were the other important media. The planned approach to college magazine advertising was shown in Table 4.

Summary

In summing up the case study, a few points should be made. In developing the market for a consumer product in an extremely competitive field and in a small price range, the major steps would appear to consist of the following:

1. A thorough market analysis to identify the locale of the consumers, the consumer preference about the particular product line generally, and appraising how the product should be introduced fitting in with the consumer preference.

2. To determine clearly the best channels of distribution prior to the actual promotional efforts.

3. To analyze the relative merits of different media for reaching the prospective consumers in terms of cost and effectiveness.
4. To follow up these three steps with an actual program of action.

All in all, the task of advertising involves many major decision-making situations in which programmed and nonprogrammed decisions intervene within the constraints of a total financial budget; however, even the dollar budget is not something rigid. For example, the company's total budget of $176,000.00 for a five and one half months' campaign may well have been determined not by what the manufacturer was willing to spend but by the totality of the objectives that were to be achieved. One may well raise these questions as to how and to what extent the objectives, as set forth earlier in the case study, were actually realized? What kind of measure of effectiveness could be used in this respect? Any attempt to answer these questions would take the author beyond the planned confines of the case study, which were to delineate step by step the "how," "why," "what" and "where" of the development of an advertising campaign in a real business situation.

Though not answering the questions just raised, it may be observed by way of conclusion that the ball point pen, the subject matter of the case study, at the time of the writing of this paper, had finally caught on in the market and the manufacturing company has made a tremendous success of its venture into the ball point pen market.
CHAPTER V

CONCLUSION

The United States is an industrial society operating basically under the free enterprise system. It possesses great resources for producing goods and a high level of ingenuity in creating them. It represents a large and growing market of people who seek to improve their standards of living and who have a rising level of discretionary income for doing so. Advertising is an organized part of that system, serving as a communications link between those who have something to sell and those who wish to buy, an indispensable medium for the manufacturers in reaching for the discretionary incomes.

There are those who disapprove of advertising because they disapprove of the type of products advertised. Advertising is also condemned by others who do not subscribe to the social values it reflects and espouses. Many individual advertisements and commercials are criticized for being misleading, for exaggeration, for being offensive, for being annoying or in bad taste, and also because they do not provide sufficient product information needed to make intelligent buying decisions.

To the traditional critics of advertising it may well be asked: how could the Rebel Pen Corporation have ventured into a new product line without some assurance of what the market was and how it could be a part of it? In an age of endless product differentiation, how
could it have developed a realistic market profile except by advertising? Considering how ramified the total task was, what could be more justifiable than that such a campaign should be the assignment of specialized institutions such as the Bull Dog Agency? Again production in modern times calls for a large commitment of funds of long-term nature. The American business system has left behind it long ago the idyllic era when businesses could get in and out of an industry with ease. In other words, the risk-taking today is of much greater dimension than it has ever been before. In this context what could be more entrepreneur-like than that the producer should proceed to develop some image of the unknown territory as best as it could? Could the Rebel Pen Corporation put out the product and hope for the best in terms of the market performance? Obviously the answer must be an emphatic "no." If it could have done so, then the role of advertising agencies and the nature of the advertising task must be viewed from a different perspective.

Let the critics learn a lesson from what the Rebel Pen Corporation reasonably sought to do, and from the logical way the Bull Dog Agency provided the answers -- surely, tentatively and definitely, with elements of uncertainty running through it all -- good answers, much better than guess estimates; it provided something concrete and quantitative rather than nebulous, and something which would be justifiable in terms of statistics and probability.

Clearly the Rebel Pen Corporation was the wiser for what the advertising agency had done for it. An investment of $176,000.00 was not made to either mislead the consumers or to sell something unethical. On the contrary, the company provided one more alternative
for the prospective purchasers of ball points, gave them more freedom of choice, support for free enterprise and perhaps another addition to the existing varieties, all of which things reflect the basis for the growing standard of living in American society today.

The advertising agency plays a meaningful part in the American business system. The significant growth of the stature and magnitude of advertising as a business in itself has been possible only through the institution of advertising agencies which have grown from mere peddlers of space to true servants of the advertisers and society.

Today, the opportunity for the agency business to expand and broaden its scope of service and activity, providing scientific and methodical aid to modern marketing systems, is considerable. As the standard of living goes up, as consumers demand options, as the productive system turns out more and more products, new and old, the advertising agencies will have increasing roles to play in the working of the nation's business. So far, the specialized services of the advertising agencies have tended to be limited to the large national advertisers only, but the coming years may perhaps justify the growing use of their services by the small businesses. That the latter is possible is attested to by the success of the Cline Advertising Service of Boise, Idaho, where, in a small town with a population of 30,000, the Cline Agency did a gross business of $100,000 in one year by serving retail and local service accounts.¹

¹In Cline, "Small-Town Agency," Printers' Ink, March 9, 1939, p. 74.
APPENDIX A

QUESTIONNAIRE

1. Sex: ____ Male ____ Female

2. Occupation: _______________________

   45 and over ____

4. Do you find this product to look masculine or feminine or neutral?
   Masculine ____ Feminine ____ Neutral ____

5. What age group do you think would be interested in buying and owning this pen?
   Teenage and college ____ Age 22-35 ____ Over 35 ____

6. How much would you spend for a ball point pen when buying?
   19¢ ____ 49¢ ____ $1.00 ____ $1.49 ____ $2.90 ____ Over $2.90 ____

7. Where do you buy your ball point pens?
   Department store ____ Drugstore ____ Stationery store ____
   Dime store ____ Other retail outlet ____

8. How many ball point pens do you purchase in a period of one year?
   One ____ Two ____ Three ____ More ____

9. Why do you use your present brand? ______________________

10. What features do you dislike in ball point pens? __________

11. Do you have a television? Yes ____ No ____

12. Do you take a newspaper? Yes ____ No ____

13. Do you take any magazines? Yes ____ No ____

14. Do you have a radio? Yes ____ No ____
APPENDIX B

STATISTICS FROM QUESTIONNAIRE

1. This product is:
   A. Masculine 45%
   B. Feminine 90.0%
   C. Neutral 9.5%

2. Age group interested in owning and buying pen:
   A. Teenage and college 64%
   B. Ages 22-25 25%
   C. Over 35 11%

3. How many people buy a 49¢ pen?
   A. 34%

4. Where ball point pens are bought:
   A. Department store 7%
   B. Dime store 13.5%
   C. Drugstore 47.5%
   D. Stationery store 16.5%
   E. Other retail outlets 15.5%

5. Are ball point pens given as gifts?
   A. Yes 37.5%
   B. No 62.5

6. Do you own a television?
   A. Yes 98%
   B. No 2%

7. Do you take a newspaper?
   A. Yes 98%
   B. No 2%

8. Do you take magazines?
   A. Yes 92%
   B. No 8%

9. Do you have a radio?
   A. Yes 100%
   B. No -
APPENDIX C

PARKER AND EVERSHARP APPROPRIATIONS AND USE OF MEDIA

Parker — capacity $2 million

a. Media
   1. Daily newspapers
   2. Consumer magazines
   3. Trade papers
   4. Export publications
   5. Dealer helps
   6. Catalogues
   7. Network radio
   8. Spot radio
   9. Exhibits
  10. Electric signs
  11. Novelties

b. Appropriations
   1. Newspaper $450,000
   2. Magazine $450,000
   3. Trade $60,000
   4. Radio 20,000
   5. Television 1,500,000
   6. Miscellaneous 220,000

c. Distribution
   1. Dealers 19,000
   2. Jobbers 800

Eversharp Division

a. Media — same as Parker

b. Appropriations
   1. Newspapers 165,000
   2. Trade 35,000
   3. Television 500,000

c. Distribution
   1. Dealers 5,000
   2. Jobbers 700
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Johnson, Arno H. "The Emergence of Advertising as an Economic and Social Force." Advertising Age, XXV (December, 1964), 190-91.