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THE IN-HOUSE ADVERTISING DEPARTMENT IN THE
SMALL BUSINESS: A STUDY OF SEVERAL
VARIATIONS IN MISSOULA, MONTANA

By

Lorretta C. Breslin

B.A., University of Montana, 1967

Presented in partial fulfillment of the requirements
for the degree of
Master of Arts
1979

Approved by:


Chairman, Board of Examiners


Dean, Graduate School

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ABSTRACT

Breslin, Lorretta C. Lynde, M.A., June 1979, Journalism

The In-House Advertising Department in the Small Business: A Study of Several Variations in Missoula, Montana (160pp.)

Director: Warren J. Brier WJB

This study describes the steps leading to the formation of internal advertising departments and cites case histories of four retail stores and one shopping mall in Missoula, Montana. Included are a department store, automobile dealer, discount store, appliance store and a large shopping mall. Their advertising departments and the duties of their advertising managers are described and compared.

The needs revealed by these departments form the basis for guidelines listed later. These guidelines are intended to aid the small retailer in establishing a retail advertising program with or without an advertising department. There is an outline of planning, budgeting and production procedures, and laws affecting the small retailer's advertising are discussed.

The research included interviews with the advertising managers of the five departments, and a review of the procedures followed by each for advertising in this small city. After noting the problems and questions encountered by these people, a detailed study of current literature on the subject was done to set some guidelines.

The thesis includes a discussion of the most common problems encountered by the small retail advertiser and explores solutions for them. The case histories provide a background for the analysis.

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CHAPTER I

INTRODUCTION

When a business expands, it often must consider establishing a separate advertising department. When planning and purchasing advertising becomes too time-consuming for management, or when the advertising program calls for a degree of expertise that the manager does not possess, the company may decide to hire an advertising director.

Missoula, Montana, with 65,500 in the metropolitan area, has several businesses with internal advertising departments. This study examines five of them and describes what caused these companies to establish the departments, how personnel were chosen and what goals were set.

The study includes a handbook for the small business advertiser. The case studies describe different kinds of stores. One firm is new, three are well-established, and one is among the oldest in the community. Each advertising department differs, and each performs some tasks that the others do not. This study analyzes the need for such departments and examines areas for improvement.

Missoula Mercantile/The Bon. This department store has existed for more than 100 years. For most of that time, it was the major department store in Missoula, selling everything from hardware to linens and china. It was bought in the 1950's by Allied Stores, Inc., which did not change the store's image. In 1976, once the decision was made to keep the store in its original location instead of moving to the new Southgate Mall shopping mall, a major remodeling was done. Several departments were eliminated, including appliances and sporting goods. The store now carries clothing, accessories, and some household items. I interviewed the current and previous advertising managers to determine how the advertising department had changed.

K-Mart. This variety and discount store, part of a chain owned by the Kresge Corporation, opened in Missoula in 1972. Its advertising department has one staff person, who reports to the local general manager. Although the advertising manager and the general manager both answer to the parent company, the store is more independent than many chain stores.

Vann's Appliance. This independently owned appliance store has branches in Missoula, Hamilton and Bozeman, Montana. The advertising was handled by the owner and manager, Pete Vann, until December 1978, when he began to set up a formal advertising department. The business carries

many products that help pay for the advertising with co-op advertising funds. Vann has made all advertising decisions, with some help from sales staff and media representatives. The store was examined because of the transition to a formal advertising department.

Southgate Mall. This is the first major shopping center in the Missoula area. In Southgate Mall, the larger stores have their own advertising departments, but this study examines the central advertising and promotion office. This office has a promotions director, who works closely with the center's general manager. The promotion office has little control over the advertising of the separate stores, but it organizes and supervises mall promotions and events. The older, smaller shopping centers in Missoula handle center-wide promotions differently, and this study compares them.

T and W Chevrolet. One of the larger automobile dealers in Missoula, this firm is the parent company for a corporation called J and M Investments. Others in the corporation include Bitterroot Toyota-Volvo-Fiat, Sportland, and Northern Leasing (an automotive lease company with branches in Helena, Great Falls and Pocatello, Idaho). The only other automobile dealer of similar size in Missoula (93 Leasing and affiliated companies) has a similar advertising department.

CHAPTER II

ANALYSIS OF MISSOULA MARKET AND AVAILABLE ADVERTISING MEDIA

The Missoula trade area is complex and extensive, reaching into six counties outside Missoula County. The Census Bureau estimates for 1976 give the following population figures: Mineral County, 3,500; Sanders, 8,000; Lake, 17,400; Powell, 7,600; Granite, 2,700; Ravalli, 18,500, and Missoula, 65,500. The total is 123,200. Many of these people shop in Missoula because of medical facilities and the variety of stores.

Advertising media in Missoula include:

The Missoulian. This is the local daily newspaper, with a circulation of 32,480 on Sundays and 30,721 daily.¹ It is an eight-column, journal-size page, printed by an offset press capable of four-color production of good quality. The advertising department comprises nine outside sales people, one junior and one part-time sales person, two or three counter salespeople and four to five classified advertising clerks, all salaried (non-commissioned).

¹Audit Report Summary Form, Audit Bureau of Circulations, December 1978, p. 1.

Sine the paper is circulated by paid subscription, paper boys or motor carriers deliver most of the copies. Some are sold by mail and at newsstands. The paper is owned by Lee Enterprises, with headquarters in Davenport, Iowa, and is the major medium in Missoula.

Competition for print advertising dollars does exist, however. The Messenger, begun in 1971, has grown in advertising sales from eight to thirty-six pages a week. This is a shopper publication, composed almost entirely of display and classified advertising. It sells advertising space for a price lower than that of the Missoulian. Through Post Office and carrier figures, it documents a circulation of 32,414.

A third print medium in Missoula is the Montana Kaimin. This four-day-a-week publication is directed primarily to University of Montana students and staff. Advertisers use the Kaimin to sell products and services to this special group. Some movie theaters, restaurants, clothing stores and bars find the Kaimin useful, but it is not a major medium.

The Borrowed Times, a small paper that considers itself "an alternative newspaper," is not aggressive in advertising sales and is supported by a small group of advertisers.

KECI-TV (KGVO-TV until purchased in November 1978 by Eagle Communications) has served Missoula for many years.

Until 1977, it was the only television station in Missoula. It had some competition from the cable stations, but they did not directly affect its local advertising revenue. KECI-TV features programs such as local news and weather, which many advertisers prefer because they believe such programs attract local viewers. It offers the advertiser color, sound and motion. KECI-TV has five advertising salesmen who work on a commission basis. However, most of the stations' advertising revenue comes from national advertising, purchased on a territorial market schedule.

KPAX-TV was originally a satellite of a Butte station, and provided no local Missoula service. In February 1977, it opened a Missoula studio. It carries local Missoula news and weather programs and employs three salesmen on commission. The station is an affiliate of CBS and ABC, which in 1979 had the most programs in the "top ten" national ratings -- a fact that has helped keep KPAX's advertising sales high. The station's staff and advertising rules are more accommodating and the rates are lower than those of KECI-TV, which has resulted in the sale of more commercials.

Both local television stations charge rates that seem expensive to many local advertisers, who often do not understand television production requirements.

Missoula confronts the advertiser with a confusing array of radio stations. If FM stations are included,

the advertiser has a choice of seven local stations, plus several in outlying towns that sell advertising in Missoula.

KGVO Radio is the oldest station in Missoula. A CBS affiliate, KGVO features national, state and local news, music of a general nature and special programs like the CBS Mystery Theater. It can be heard for fifty or sixty miles under good conditions. The station has five commission advertising sales people and carries a maximum of eighteen minutes of advertising each hour. Some local advertisers think the station lacks "life" and the sales staff is not aggressive enough. Some of the programs (particularly during the day) appeal to an older audience, especially the middle-aged housewife.

KGRZ Radio began broadcasting with those call letters in August 1977. The staff includes five commission sales people, and the station carries "modern" country hits, local news and some national NBC news. The company that owns KGRZ purchased its license from a station called KGMV, which had appealed to the listening tastes of high school students and consequently had not done well in advertising sales. The KGRZ promotion format is directed at the general public, resulting in strong advertising gains.

An advertising sales leader is KYLT Radio, begun in 1955 and programming for the "young adult." The format includes rock music, sports, news and fourteen to sixteen minutes of advertising each broadcast hour. KYLT has

four commission-paid advertising salesmen and runs many promotions annually. A novel "gimmick" offered by KYLT is the use of a hot-air balloon for advertising. KYLT also owns an automated FM outlet, which provides a quieter form of music and programming. Special rates are available for advertisements carried by both outlets.

KYSS Radio also has AM and FM stations. Programming is community-oriented and includes lost-and-found programs, special time slots for areas outside Missoula (e.g., The Mineral County Hour), a call-in program for selling items, and a program for sending messages to listeners "away from the normal means of communication." KYSS carries programs from national networks, such as Paul Harvey, and it emphasizes local news. The news director, Jim Goodrich, and the news staff often make remote reports from scenes of local events, including accidents and fires. KYSS has four commissioned advertising sales people, who are facing strong competition from KGRZ. For many years, KYSS was the only station with a country-western format, but in 1979 it started sharing that distinction with KGRZ. Some advertisers have moved from KYSS to KGRZ. However, because of long community standing, KYSS retained most of its advertisers.

KDXT Radio, an FM station, was established in 1977. The format is "adult rock" and runs about 12 advertising minutes an hour. Because many offices and other businesses

play this station as background music, it has done well in selling advertising. However, many advertisers in Missoula do not use FM, particularly for "hard sell." KDXT has three commissioned advertising sales people.

These radio stations compete for advertising dollars with sales representatives from some nearby towns, like Polson and Deer Lodge. These and other stations have sales people in Missoula. Since many people come from these outlying areas to shop in Missoula, several local advertisers consider it worthwhile to advertise out of town.

All the stations described above share similar advantages for their customers. Most sell sound and music and low cost per unit for advertising. Another advantage is the immediacy of the medium. The advertiser can get copy on the air the day he buys it. Some stations boast about the reach of their signal and the size of their audience.

The disadvantages include the obvious fragmentation of the listening audience among seven stations. Another difficulty for users of radio (and television) is the lack of documentation on numbers of listeners and extent of coverage. Some stations use surveys such as ARBITRON, but they are complex and difficult to understand. Some stations do not use surveys, leaving the advertiser with no basis for comparison.

Other media are available in Missoula. A major one is the Hardenburgh Outdoor Advertising Company, which sells space on billboards in the city and near the city limits. The signs are sold monthly by location, number of times changed and complexity of sign design. One person handles sales and scheduling. During the tourist season, no billboards are available, so advertisers must plan for this form of advertising far in advance.

Another outlet is movie screen advertising, available through a Spokane, Wash., production company, Acme Productions, Inc. Only those Missoula theaters owned by Sharp-Sias, Inc., carry such advertisements. They are inexpensive and simple to produce, and some Missoula advertisers think they reach people who might not be reached by television or newspaper advertisements.

Display ads or single listings can be bought in the telephone directory Yellow Pages. There are also "charity" ads for publications such as high school yearbooks and sports programs. (Because Missoula is a competitive retailing community, many groups sell "advertising" to raise money.)

Since there are forty-one regular advertising sales people in Missoula, many store managers view with alarm the amount of time they spend with them. This study examines how five advertising managers help store managers deal with this problem, how the jobs are alike and different.

CHAPTER III

THE MISSOULA MERCANTILE/BON

Opened in 1865, the Missoula Mercantile grew from a small general store to a department store of respected stature. Originally it ran only a little institutional advertising. Because of its years in the community, it assumed people always would come to "The Merc."

Ray Reid, who joined the staff in 1945, said in an interview on October 4, 1978, that he had learned through earlier department store experience that aggressive merchandising was required and he knew The Mercantile would have to conform to survive. When The Mercantile first interviewed Reid, he was told the job would be handling displays. Reid said he had taken the job only after assurance that he could control the advertising.

When he started, print advertising was used exclusively. Reid's first move was to add radio advertising. He hired more staff and by 1976 The Mercantile's advertising department had people working with displays, catalogs and the major media.

Reid was in charge of the department from 1945 to 1976, and according to some of the department managers, he

ran it with an iron hand. He would not allow department managers to talk him into advertising anything that he thought was incorrect for the ad or the season.

Reid's advertising department was extensively involved in budgeting, planning and production. Each year managers would project expected sales that would be compared with figures from the previous year. Having considered bank and Chamber of Commerce projections, as well as his own expectations, Reid would make the final estimates. The advertising appropriation would be based on those figures with some variation for competition and population growth. The appropriation was a firm figure, but the categories within the budget were flexible.

By 1976 Reid was using a variety of media -- the Missoulian, all local radio stations, some television, billboards (for large special sales and promotions during specific months) and much direct mail. Direct mail advertising was addressed to the more than 12,000 active charge account customers. "It worked well," Reid said, "because this list was always current, and you knew that you were appealing to a group that was likely to buy from the Mercantile."

When Reid wanted to see a media sales representative, he telephoned the station or the paper. The sales representatives were asked not to call him. Reid conferred with store department heads at weekly advertising meetings.

They told him how advertised items had sold, and they were invited to suggest ads and criticize them. The department heads filled out a "pink sheet" for items they wanted advertised. The "pink sheet" had space to list amount of stock on hand, retail price, sale price and descriptive copy. Reid assigned ad space or rejected the request.

Reid managed the advertising department until he retired in 1976, when the owners made several changes. The parent company, with offices in Seattle, Wash., had owned the Missoula Mercantile and other Pacific Northwest stores for several years. When the Southgate Mall was being planned, the owners considered moving the store to it. But they decided to leave the store at its original location and to undertake extensive remodeling. A number of store departments were closed, and major changes were made in the advertising department.

The advertising staff was reduced to two -- one for store displays and the new advertising manager, Diana Bauer, an art graduate. The advertising budget now is set in Seattle, and most print advertising layouts are done there. The store may do its own layouts for local promotions when there is little notice. And despite many objections the name was changed to The Bon.

Bauer, in a November 1978 interview, said: "There are excellent reasons for the change. We know that many people were unhappy about the name change, since the

Missoula Mercantile had been part of Missoula for so long. Like many large businesses, Allied is computerized for billing, transfer of merchandise and ordering. It is far more economical for the company to keep things uniform in all its stores."

The same Bon ads appear in many cities, usually within days of each other. When the layout arrives, Bauer checks with department heads to make sure they have the advertised merchandise. If not, she must advertise another item or hold the ad.

The log "The Bon" tops the ads, which usually include a fashion picture, descriptive copy in light-face type, and small, medium-face prices. With a local sale, including downtown and city-wide promotions, the ad is marked off in blocks and items are described in medium or light-face type, no illustration and large medium-face prices. With notice, even local promotion ads are done in Seattle.

Store managers and the central office determine the advertising budget, which has some flexibility for unforeseen circumstances. Sales meetings are held daily, and advertising meetings are held weekly.

The advertising department has no means for measuring the market. About seventy percent of the budget goes to the Missoulian; the rest is distributed among the radio and television stations.

Occasional ads run in the Messenger. All sales representatives call on Bauer. Additional back-up advertising is done regionally on television by the parent company.

Print advertising results are tallied in terms of sales, with Bauer receiving department reports and noting on advertising tear sheets the amount of space devoted to each item, the number of items sold, and the cost of space. Reports are submitted periodically to the central office. The local office does not handle cooperative advertising billing. Each department sends tear sheets to the central office, which determines space bought for co-op items and requests reimbursement from manufacturers.

While the appearance of the advertising department has changed little, the organizational structure has undergone a major revision. The staff of 14 persons, involved in all phases of local advertising, has shrunk to two, with only one involved in local advertising.

Marketing decisions are made more than 500 miles away at a time when The Bon faces its first real competition. With the opening of the Southgate Mall, two large and aggressive department stores entered Missoula. With central offices in Billings, Hennessey's and Hart Albin have access to surveys done before the Mall opened and they have better parking. In addition, Hennessey's is a frequent and strong advertiser, while The Bon has reduced its advertising. Bauer thinks the new stores have spurred

business throughout Missoula and that they have not hurt The Bon. The actual effect of the competition remains to be seen.

Sales at The Bon fluctuate with the seasons, building through spring, back-to-school time and into Christmas. Advertising follows the trend of sales to some extent but with less consistency since Reid retired. All Bon stores have a standard schedule with less attention paid to local events that create non-seasonal peaks.

Based on my study of The Bon's advertising department and program, I would recommend the following:

--The advertising manager should become more involved in determining advertising needs.

--A local survey could help identify advertising needs.

--The print ads, which resemble those of other Missoula department stores, should be distinctive. They should be recognized instantly as Bon ads.

--Advertising success should not be measured only by sales volume, which indicates little more than the desirability of the advertised item. Advertising also attracts customers who do not buy the advertised item but do buy other merchandise. Sales persons could ask customers what brought them to the store, and the responses could provide a general but useful measurement of advertising success.

From interviews with Reid and Bauer, it appears as if some of the changes were good for The Bon. The remodeling and merchandise changes gave the store a "younger" look, appealing more to the young adult and less to the middle-aged and elderly. But sacrifices were made in organization, particularly in gauging the local market. The full effect of those losses will not be known for several years. Meantime, the advertising department should watch the new competition closely and The Bon should make parking easier for its customers.

CHAPTER IV

K-MART

When Missoula's K-Mart opened in 1972, it had an advertising department and advertising manager. This is typical of new K-Marts, which give the department the authority to plan and schedule local advertisements. Although most K-Mart managers advertise according to rules set forth by the parent company in Troy, Michigan, the Missoula manager, Martin Leibenguth, is more independent. Referring to himself as a "maverick" in an October 1978 interview, Leibenguth said he sets his own budget and uses prepared ads from Troy when they fit. Leibenguth works closely with ad manager Jane Lloyd, meeting weekly to plan advertising for two or three weeks later. Overall planning is done far in advance, usually when merchandise is ordered.

Lloyd takes telephone calls, keeps written records and files on advertising, confers with all advertising representatives, communicates with the central office, and keeps records required by Troy.

The K-Mart ad staff has not grown, although Lloyd says she now has more responsibility. The department has its own budget, which Leibenguth considers a separate entity.

Communication with the parent company involves correspondence and frequent required reports about local advertising and results. The reports list items scheduled for sale in a specific period. Spaces are provided for "number on hand before advertised," "number that arrive during sale," and "number on hand after sale," as well as price, amount of markdown and total "loss" (from the markdown).

Lloyd keeps a scrapbook of print ads and marks them according to sales results. The records are used in planning subsequent ad campaigns.

K-Mart print ads are styled to appeal to "bargain seekers." Headings are large and bold, prices are emphasized, and illustrations are line drawings with little descriptive copy. The borders are bold to draw attention. They are designed to be readable, but not necessarily attractive. K-Mart also runs preprint inserts about every other week. Although these are four-color pieces, illustrated with color photographs, the emphasis is still on price.

The firm's radio advertisements usually refer to specific departments and include the jingle, "K-Mart is your saving place." Radio spots tie in with print advertisements, and Lloyd gives a list of items from the print ad to the radio representative. The spots, approved by telephone, are duplicated for the other radio stations.

K-Mart's products range from clothing to hardware and from photography equipment to automotive supplies. Many items are national brands, but K-Mart also has its own brand on many items. The central selling point is price, made possible by volume buying. K-Mart is a serve-yourself operation, and the stores have a liberal exchange policy.

K-Mart tries to meet the lowest prices in town. There are no other major discount stores in Missoula, but several smaller or slightly different stores create competition. Skaggs and Osco Drug sell some of the same items, but lack the variety. Three smaller stores, Tempo, Gibson's and Sprouse-Reitz, carry a smaller selection of products and do not match K-Mart's sales volume.

K-Mart's market area was defined by Leibenguth as Missoula and Ravalli counties and parts of Lake and Mineral counties. Leibenguth uses sales to measure the market and the results of his advertising. This is inexact and fails to give data about where customers come from or what attracts them. The only media measured are print, the Missoulian and the Messenger. Each carries different items. However, ads may bring in customers who do not buy or buy something not advertised. Such customers respond to the ad but are not noted in sales results. It is difficult to measure such turnout, other than by a costly face-to-face survey.

Except for the Missoulian, media representatives

call on Lloyd at least weekly. (The Missoulian sends a dispatch messenger, since Lloyd already has layouts done and there is little chance of selling additional space.) The Messenger receives a large amount of business from K-Mart, inserting preprints and locally made-up tabloid sections each week. Because of the Messenger's appeal to bargain seekers, K-Mart finds it useful. Leibenguth says the inserts have been successful.

Representatives from radio stations call on Lloyd for schedules. Television advertising is produced by one station and dubbed for the other. The store uses the Missoulian, the Messenger, KYLT and KYSS radio, and both television stations. K-Mart discontinued KGVO radio spots when rising ad prices caused cutbacks. Leibenguth thinks print ads have the most impact because of the nature of his advertising. "When people come to a sale," he says, "they like to have the prices in their hands."

Leibenguth thinks the advertising department's main purpose is to organize the advertising program. "If it is all in one place, with one person responsible for it, it is easier to stay organized," he noted. Lloyd agrees: "This way, if department managers have any questions or suggestions, they have someone to talk to. If the store manager were doing it alone, it could take a great deal of his time to be accessible to everyone, including media people."

Leibenguth bases his budget on the previous year and projected sales. He declined to give figures, but said he keeps the budget flexible so each department can make changes. The ads are distributed to media according to the impact he thinks each has had for the store in the past. The distribution: print media (Missoulian and Messenger), eighty-five percent; television, nine percent; radio, six percent. Broadcast media are used to back up print advertising.

The preparation of advertisements is the advertising manager's responsibility. Lloyd receives from the central office "kits" that contain advertising materials for items the store has ordered. These are shown to department managers for approval and prices, then are used to make up print ads. If items do not arrive, Lloyd substitutes new items.

The print layouts show what item is on sale, the copy tells a few pertinent facts, and the price is large and readable. Because of the practice of "cutting up" the original ad material from Troy, production departments at the papers are not always as neat as they should be in paste-up, and the ads do not always look polished. However, those problems are minor, and Lloyd usually corrects them in newspaper proofs.

The advertising of the three major competitors (Gibson's, Skaggs and Osco) is similar in bold prices and

line-drawing illustrations, but K-Mart's ads remain recognizable. Tempo and Sprouse-Reitz ads use light-face type and borders and more closely resemble the advertising of department stores.

K-Mart has firmly established its place in the Missoula market, and Leibenguth likes to point out that increases in each year's sales prove "we must be doing something right."

CHAPTER V

VANN'S APPLIANCE

Pete Vann has owned and managed Vann's Appliance for seventeen years. What began as a single store in Missoula has expanded to include outlets in Hamilton and Bozeman. Vann managed all advertising, but since the addition of the Bozeman store, he began to consider a formal advertising department. In effect, he had established such a department, but he did not have an employee to perform the work.

Vann's sells a variety of major appliances, televisions, vacuums and mattresses. Most of these products have programs of cooperative advertising to pay a portion of advertising costs. Van uses these funds skillfully, and he wanted his advertising department to keep the paperwork on these funds organized to make sure all co-op was used.

Vann's major competitors are Estes Appliance and Montana Television and Appliance. Estes has two Missoula outlets, but does far less advertising than Vann's. Montana Television and appliance advertises as much locally, but does not have out-of-town branches.

The advertising often has a personal touch, frequently including pictures of Pete Vann and always including a standard logo. Vann's lists its many services in the logo, which helps prevent cluttering the ad. Vann appears in most of his television commercials, again to give a personal air. He thinks people are more likely to realize the company is locally owned if he is seen in his ads. He also has a standard repertoire of commercial promotions throughout the year, including seasonal ads.

The advertising budget is "rough and flexible," according to Vann. He projects sales and varies the percentage allotted to advertising according to available co-op funds, then breaks down the total by media. The results: fifty to sixty percent for print (Missoulian and Messenger); fifteen to twenty-five percent for radio (divided among three or four stations); and fifteen to twenty-five percent for television (both stations). Radio is used heavily in the summer, when Vann says people spend more time in cars and less watching television. He runs spots on all local stations, with a morning block on KGVO to appeal to the housewife. Limited advertising is done with FM radio. One station usually produces spots and cuts dubs for the others. Vann meets with radio sales representatives every three months and tries to schedule ads this far in advance. Special promotions are inserted later as they are prepared.

Vann presents new products by radio and television, because he thinks it is more difficult to convey ideas in print. He considers print ideal for price advertising.

Vann's print style is distinctive, with large illustrations and more copy than he used in the past. He noted that the consumer movement has made customers more cautious, and they want to know more before they buy.

When preparing advertising for his out-of-town stores, Vann studies the market by talking to merchants in the area. He does not obtain facts and figures from out-of-town chambers of commerce. He opened the Bozeman store in the fall of 1978 after twelve years of selling appliances to people in that area through the Missoula store. He felt familiar with the market and decided he did not need to conduct research.

Van seeks opinions from his out-of-town managers, but the advertising is directed from the Missoula store. He is convinced this helps eliminate duplication of effort.

During the several times I interviewed Vann, it was apparent that he should establish a separate advertising department. He decided to put his wife in charge of advertising because he did not want to pay the salary of another full-time employee. He also did not want to end his involvement in advertising: "I've handled the advertising for so long it would be very hard for me to stop and let someone else do it all."

He did not know what qualifications to look for. He was considering increasing television advertising and did not know if he would need someone with a stronger print or broadcast background.

"I finally decided to hire my wife for the job because I can train her to work with whatever medium I decide to go with," he said. "The only problem will be that the advertising department should handle scheduling because I am often gone. If that's the case, there will still be a gap in this area, since my wife frequently accompanies me."

Vann believes that making his wife responsible for advertising will save money: "She will be able to take the time to make sure the ads aren't larger than we intend them to be, and she can keep track of co-op funds, too. I want to be sure we use every cent of co-op money we have coming. If she does all this, it will save a lot of money."

Though his wife has no background in advertising, Vann believes she can learn all she needs to know from media representatives and that she can rely on his experience, also.

With many brand names and a variety of cooperative advertising programs, Vann's has little advertising in any medium that is not eligible for co-op moneis. Vann's advertising is included in the total store budget, with no department separation.

Vann's advertising department has a large file area, a long layout table, and a large cabinet for storing the big scrapbooks and clip art services used in assembling ads. However, the department is situated inconveniently in the conference room, which is also Vann's office:

"This is another reason why it is good for my wife to be the one working here. It would be hard to move all this equipment, and it would be tough for me to share the area with someone else."

Vann confers often with all his employees. He makes many telephone and personal contacts with out-of-town stores and he is involved in all aspects of his business, including selling. He has much contact with sales and district representatives of product manufacturers. He meets with sales employees to permit them to exchange information and complaints with him.

Vann communicates with the media through sales representatives. Although he sees radio representatives less often, he meets with print and television sales personnel at least weekly.

Preparation of the ads is done in rough form by Vann and his wife. Art supplied by manufacturers is selected, and the general layout is sketched in. This is given with prices and copy to print media representatives, who supply additional art, borders and boxes. Radio staff produces spots, and television commercials are produced by

local film crews, often in Vann's store. Vann says this is easier than transporting appliances or televisions to the television station.

An overall examination of Vann's advertising department indicates that it will need more organization. It is in the preliminary stages, and several of its duties are now performed by accountants and other store personnel. Because Vann has treated advertising as a separate function, it is more coordinated than in many retail stores. His move to make one person responsible should pull together some of the loose ends.

Vann has done a creditable job of managing all the advertising until this time, but the continuing growth of his business makes it necessary for him to spend more of his time in other activities.

Vann measures his market and checks his stores deliveries and service. He files print advertisements and notes sales totals on ads to remind him of the success or failure of a promotion. He also sends a stamped inquiry card to customers, asking their opinion of delivery and service. Included are questions about the advertising that brought the customer to the store, what kinds of advertising the customer prefers, and other media in which the item had been advertised. Records of responses are helpful in his advertising planning. They give him a strong cross-section of customers, but they do leave some questions.

From interviews with Vann, it appears as if the appointment of his wife as advertising manager is a good stop-gap measure, but as more stores are added, he will have to re-evaluate. As duties of the department expand, it will demand a strong advertising and marketing employee to keep it organized.

CHAPTER VI

SOUTHGATE MALL

Southgate Mall, Missoula's first major shopping center, opened August 2, 1978, after five years of planning. The building and parking area cover sixty-eight acres. It is owned by Southgate Mall Associates, whose members are Leonard and Bonnie Hamilton, Ella, Robert and Don Delaney, George and Dan Lambros, Dick and John Pew, and Bill and Mary Blair, all of Missoula.

The developers went through seventy-one public hearings and met stringent regulations in planning. They were required to install and pay for traffic signals on two major south Missoula thoroughfares -- Highway 93 South and South Avenue -- and they met landscaping and sanitary regulations.

The first phase has sixty-one stores, including three major department stores that "anchor" the others -- Hennessy's and Hart Albin, both with parent companies in Billings, and Sears, headquartered in New York. The second phase is scheduled for completion in 1980, and its anchor store will be J.C. Penney, which will move from Missoula's downtown. There will be thirty stores in the new phase.

When management for Southgate Mall was considered, the developers decided to follow the example of other major shopping malls and include a promotion office. The promotions director works closely with the mall manager, Les Kinsey, and Kinsey provides training, since he had much experience in mall promotions. When this study was being done, the first promotions director had resigned, and Kinsey was trying to find a person to fill the position. Interviews were conducted and Becki Gittings was selected. Kinsey, who sought someone with a "retailing or merchandising" background, said the prime responsibility of the job was to "sell the center" to the community by convincing residents that the mall is part of the community. To develop a continuous flow of shopping traffic, "events" are scheduled in the mall. At the time this study was completed, these had included an auto show, elaborate decorations, live choral performances and a winter sports show.

Kinsey supports the arrangement whereby the mall manager and promotions director are employed by the developer and not the merchants' association. Since the promotions director reports to the tenant group and the developers rather than the individual merchant, he should have the freedom to do the job as he sees fit.

In Shopping Center Promotions, author William W. Callahan defines this arrangement in more detail:

Experience has indicated that when this position is filled by the developer's employee, he is almost always a qualified individual, particularly because this high-paying job can attract skilled candidates. In addition, many developers encourage their employees to attend International Council of Shopping Centers meetings, schools and conventions, to broaden their knowledge and experience in their position.

The center's promotional director should also be active in local advertising, press and public relations clubs so that he becomes well integrated into the spheres of influence in his profession. The expenses (and they are sizable) for these extracurricular activities are usually borne by the developer.²

However, the Southgate developers made the job a trainee position at first. They did not pay high wages, and they selected a person with no retailing or advertising background. This proved frustrating to the promotions director, who resigned four months after starting work. This job is demanding. It includes setting up mall "events" and working with the merchants' association on mall promotions. Because tenants are a varied group with many kinds of stores and levels of experience, they do not always agree on what is best. Consequently, the promotions director occasionally serves as a referee and arbitrator. Most of the local merchants have had little or no experience with large shopping centers or mall operations and want to conduct business as if they were alone and not part of a group.

²William W. Callahan, Shopping Center Promotions: A Handbook for Promotions Directors (n.p., International Council of Shopping Centers, 1972), p. 19.

To help resolve the problem, a merchants' "promotions committee" was formed by the Mall Merchant Association. Members of this group are store managers and owners: Art Lindstrom, Photo Factory, chairman; Mike Davis, Monarch Clothing; Dixie Hansen, The Altogether; Lee Morrison, Magic Mushroom; Randy Kindel, Kaufman's Men's Clothing; Jani Bostwick, The Closet; Vaughn Latour, Naturalizer Shoes, and Barry Whitmore of Bo-Legs. (Whitmore is president of the merchants' association.) The committee selects promotions and sale events for the year (the mall's fiscal year, February 1 to January 31) and presents them to the Board of Directors for approval.

All committee members are small-store managers, many of whom feel overwhelmed by the advertising of the three major department stores. The small stores want a voice in what events are presented. Before the formation of the committee, the entire tenant group went along with promotions planned by the major stores.

From the grand opening in August until December, when the committee started meeting, little planning was done. The promotions committee's first meeting was spent roughing out a proposed calendar. Such planning will be helpful, because many of the stores must get advertising decisions and funds from parent companies outside Missoula. In some cases, advertising departments need from two to six weeks' notice to prepare materials.

The promotions committee was new when this study was

done, but its purpose was not to replace the promotions director. It was formed to work with the director and make his job easier. There was some question about how much it could accomplish, for the mall manager allocates the promotion budget and the board of directors must approve all promotions.

The advertising budget is about \$50,000 a year. It was slightly higher the first year, with the grand opening, and the opening of Phase Two in the second year may affect it, also. The promotion department works closely with the media, and most expenditures are with the local newspaper. The Missoulian responded with numerous news articles and photographs. Some radio advertising supplemented the print ads, and the spots included the jingle, "Southgate Mall . . . We're in your neighborhood," to remind listeners that the mall is a local business.

Television spots encouraged people to visit the center. Media ads were not coordinated, but coordination was displayed in special sections of the Missoulian, with cover pages purchased by the Mall Association and inside pages filled with ads from the mall stores. The cover pages usually included original art by the Missoulian staff artist, because Kinsey wanted to avoid any chance of duplication.

Working with the mall promotion office has been a new experience for Missoula media representatives. The other area shopping centers do not have such an office. Those that

have held center-wide promotions have organized them through their merchants' associations.

The other shopping centers in Missoula are:

-- Tremper's, with eight stores in its building and nine stores in the immediate area that participate in its promotions.

-- Holiday Village, with nineteen stores in its building and ten outside participants.

-- South Center with thirteen.

-- Gibsons, four.

-- East Gate, three.

Only Tremper's and Holiday Village conduct center promotions.

At Holiday Village, the merchants' association meets monthly, and its advertising committee meets a week later. The center conducts four major annual promotions -- Washington's Birthday, Crazy Days, Back to School and Christmas. The center likes to bill itself as "the original complete shopping center," basing this claim on the fact that it opened in 1962 and contained more stores than did Tremper's. The media representatives do all the promotion work.

At Tremper's, even the fliers are done by its newspaper representative. Clayton Floyd of the Missoulian, who has worked with the Tremper's account for eighteen years, sends out the flyer, attends the association meetings, does presentations, and even makes recommendations about other

media. The six Tremper's promotions are Washington's Birthday, Halloween, Christmas, July Coupon Days, Back to School, and the biggest, the anniversary sale in April. The underlying theme of all Tremper's ads is, "shop at the stores where you can park at the door," a small jab at Southgate Mall where much of the parking is far from the stores.

Neither center was prepared for the impact of the Southgate Mall. Some Holiday Village stores moved to the mall, and one Tremper's merchant opened a branch there. Southgate's advertising was frequent and impressive and its effect on the older centers is yet to be measured.

The impact of the mall was observed quickly at South Center, behind the Holiday Village. The center is not on a main thoroughfare and its group advertising has not been successful. One store, Country Legend, went out of business, and in 1979 there were rumors about other liquidations.

In downtown Missoula, merchants conduct several group promotions organized by the Missoula Downtown Merchants' Association. They are the May Street Spectacular (an event the downtown merchants consider their own, but which south side merchants usually run promotions parallel to), October Spooktacular, Back to School, Crazy Days and Christmas. The association often sponsors a section in the Missoulian, backed by radio spots and sometimes television. During the May Street Spectacular, the downtown area discourages the south side participation, and this has caused hard feelings.

None of the associations has hired a promotion director or advertising manager.

At the mall promotion office, there is really only one product -- the Southgate Mall. Because the mall was a new idea in Missoula, the developers constantly remind residents that it is there. The advertising is intended to reach outside the Missoula trade area, because the developers think it has so much to offer that people will drive farther to shop there. Advertising is purchased in publications at Kalispell, Hamilton and other towns.

Although community activity is encouraged in the mall area, the bylaws state that "The Association shall be a non-partisan, non-sectarian and non-profit organization. It shall not take part in nor lend its influence or facilities directly or indirectly to promote the candidacy of any individual for public office nor shall it sponsor or participate in meetings of a political nature."³

Kinsey noted that political activities tend to disrupt and displease some shoppers, and that the mall is there for shoppers first. There is no area where notices can be posted and partisan groups are politely refused use of the mall area.

³Southgate Mall Association, "Bylaws," Missoula, Montana: August 1978, p. 1.

This spurred some negative comment on the Missoulian editorial page.⁴

In Missoula, the mall promotion office is also responsible for publicity. It may send news releases to the media to obtain as much free space or time as possible. This is part of the purpose of mall "events" and activities. (For example, if the mall conducts a new car showing, the management expects the participating dealers to mention this event in their advertising.)

The promotion department communicates with mall merchants through meetings of the Mall Association and its board of directors. A newsletter -- "S'Mall Talk" -- is sent out periodically to keep merchants informed of upcoming events and sales. The promotions director and the mall manager also spend much time in the various stores.

The means of communicating with the public are varied. Most of the mall advertising is in the Missoulian. Ordinarily, it is done as a special section, as mentioned previously. The mall also runs radio and television institutional advertising.

The objective of the promotion department is to "sell the idea of the mall" to the Missoula community. Kinsey thinks Missoula-area residents need "to feel the mall is a

⁴Karen Walker, "Synapses," The Missoulian, August 28, 1978, p. 4.

part of their life. It's all new to them and they should be reminded that it is here."

There are occasional problems with mall merchants. Some stores do not advertise. Others consider such merchants "leeches" who glean their business from traffic created by the others' advertising. There is also occasional misunderstanding between merchants and developers and mall management.

Local merchants in the mall have had little previous experience with mall operations and try to conduct business as they did before. Kinsey thinks these merchants need time and help to learn to be mall stores.

The promotion department does little preparation of advertisements. Ideas are given to media representatives who create the advertising image for the mall. Mall advertising is institutional, like the cover pages for sections or the grand opening print advertisements which listed the stores and store hours. It is low-key and never advertises any individual stores.

Kinsey noted that long-range planning had been difficult without a promotions director and that advertising was so intense during the grand opening and Christmas that there was little time for long-range planning. Art Lindstrom of the promotions committee observed, "It will be a lot easier to get stores to participate in promotions if we have more lead time on plans."

To measure advertising influence, mall traffic is observed. The management and store owners contribute opinions about how well a promotion worked. Because the mall promotions are not just for one store, the sales of any one store cannot be used as a determinant. Although studies and surveys are available for the time before the mall opened, such studies are not being conducted on a continuous basis.

There continues to be discussion of how the mall will influence other merchants in Missoula. During the Christmas season, some of the downtown merchants were optimistic. Diana Bauer of The Bon said, "So far, the only impact we have felt from the new mall is increased traffic. The people who come from out of town to shop there stop at our store, too."

Kinsey thinks the mall might have an initial adverse effect on the downtown area, but eventually it will add value to all community property. He considers the mall a regional center and agrees with Bauer that it will create more business for all Missoula merchants.

CHAPTER VII

T & W CHEVROLET

T & W Chevrolet is the largest of seven companies in the J & M Investments corporation. The president and major stockholder is Joe Taylor of Missoula. The other companies are Sportland of Missoula, a snowmobile, motorcycle and boat dealer; Bitterroot Toyota-Volvo-Fiat, Missoula, an import automobile dealer; and Northern Leasing, an automotive lease company in Missoula with outlets in Helena and Great Falls and Pocatello, Idaho.

Until November 1976, the company managers planned and executed their advertising. They did not work within an advertising budget, and most were not fond of their advertising duties. In November 1976, the corporation set up and staffed an advertising department to centralize advertising and to establish budgets to control spending problems, including overspending and hasty decisions.

The advertising office is part of J & M Investments, which can use the combined buying power of the companies to negotiate for lower rates. At annual meetings with each company manager, budgets are set and advertising goals are projected for the year. The automotive dealers and lease

do little detailed advertising planning because shipping problems and ordering changes make the inventory unstable and unpredictable. Moreover, the automobile business is easily affected by the unpredictable -- gasoline shortages, weather, interest rates and job layoffs. Unlike retail stores with seasonal fluctuations, anything can happen at any time in the automotive trade. So budgets prepared by the central advertising department have the usual categories for media, with fluctuations anticipated in a miscellaneous category for emergency expenditures.

The advertising department is involved in production and planning in each company promotion. Radio copy is written by the advertising manager to tie in with advertising in the Missoulian and the Messenger. Print advertising layouts are prepared for the managers. In some cases, the managers remain involved in their advertising. For example, Erik Ogren, manager of Bitterroot Toyota-Volvo-Fiat, appears in his television advertisements, and he auditions the radio spots. In contrast, Al Trautman, manager of Northern Leasing, is happy to have someone else do all his advertising. He describes the items he plans to include in the weekend's promotion, then gives the list to the advertising manager to produce the ads. The involvement of each manager depends on how much he wants to do.

Advertising production for the out-of-town outlets requires additional planning. Ideally, the advertising

manager visits each company every other week, and the rest of the work is done by telephone. (The Great Falls and Helena companies have direct telephone lines to Missoula.) The advertising department makes up a kit of print ads, tie-in radio spots and television copy for the month, with managers requesting special event advertisements.

Initially, the department produced only the advertisements for T & W Chevrolet. It gradually took over the advertising for the other companies. The staff did not increase, but access to the secretarial pool relieved the work-load. The department also designs the yellow page advertising, billboards, and some of the signs and displays.

The hundreds of charity advertising salespeople are referred to the department which refuses such requests. The managers think this maintains their "good guy" image because the sellers do not think the managers are the ones who say no. Each J & M company chooses only one or two causes to support each year, instead of trying to support all. This policy saves money.

The advertising department has its own budget for personnel, equipment and materials. Each company contributes to a central fund for services provided by J & M Investments, which also supports the central computer, the comptroller's office and the used car purchasing agent. Employees in those departments (and the advertising department) are the only ones paid salaries by J & M Investments.

The central fund is based on a per-unit formula. A dealership pays a certain amount per unit sold. Consequently, the advertising department must "please all the people all the time." For the most part, the managers have equal influence in J & M activities. If they are satisfied with the J & M departments, things go smoothly.

After the first three months, the advertising department set up advertising styles for each company. The goal was to create a special border, type style and logo for all print advertising and to select a musical jingle to accompany each commercial.

At first, T & W Chevrolet experimented with a single spokesperson to give even more identification to television ads, with a potential tie-in with pictures in print ads. A former weather girl for KGVO-TV did commercials for four months, but they did not have the desired impact.

Northern Leasing and T & W Chevrolet television ads often include sales personnel. Like Ogren, the T & W management believes this personal touch outweighs the lack of camera presence these people may have.

While radio ads are written to coordinate with the print ads, television advertising is mostly institutional, showing the product in full color and occasionally in motion, without prices. Radio advertising usually has the same theme as print advertisements, but neither radio nor television is usually used to sell item and price.

For the two new- and used-car dealerships, the products and the service are advertised. The lease companies emphasize the ease of leasing and the low down payment. The snowmobile and boat dealership carries some highly ranked brand names and relies heavily on national advertising to help project an image.

Because each dealership is the only one in Missoula carrying its particular brand, and because of large inventories, they are able to meet the needs of their customers.

The lease companies are not much different from other automotive lease companies. Many customers were not sure of service availability, so the Northern Leasing companies added a program to insure service under warranty, plus medical and inability-to-pay coverage. (If the lessee is laid off or unable to work, the policy makes the payments.) The general manager, Al Trautman, thinks the companies meet all the needs of their customers.

All the J & M companies have sales fluctuations. In the automotive business, the highs are in June, July and November. In the snowmobile and boat business, fluctuations depend on the season and weather.

The market served by the Missoula companies is the general Missoula trade area described earlier.

The market served by the Helena Northern Leasing Company includes Helena, the state capital, and about a one hundred mile radius.

The Great Falls Northern Leasing Company serves the largest area, for Great Falls is the only major city serving numerous small towns along the Montana-Canada border for three to four hundred miles. Malmstrom Air Force Base is situated in Great Falls, and provides additional customers.

Pocatello's market area, with about a one hundred mile radius, has a thriving economy. The 30,000 residents of Pocatello have five major sources of employment: Bucyrus-Erie, a manufacturer of earth-moving machines with a large factory in Pocatello; Union Pacific Railroad, employing about 4,000; Kraft Foods, whose Pocatello factory manufactures all Kraft cheese made west of the Mississippi; two large phosphate plants making detergent and fertilizer; and a large agricultural community. The unemployment figures for Pocatello usually vary from two to three percent most times, compared with more than twice that for the rest of the country. When the Pocatello Northern Leasing Company opened in 1977, it was the only automotive lease company in the city. It advertised extensively to explain auto leasing to the community and to make potential customers aware of its existence. The company got a strong start, and it has remained strong in the market.

Market restrictions are few for the J & M companies. Federal laws governing automotive sales and lease advertising do exist, but the major market restriction is a self-imposed one. The two new car dealerships, Bitterroot and

T & W, do not advertise in a community where there is another Chevrolet, Toyota, Volvo or Fiat dealer. Deceptive advertising is prohibited by law. The Automotive Leasing Act of 1977 requires disclosure of the amount of down payment, amount of monthly payment, number of monthly payments, total of all payments, and what penalties, if any, exist for use beyond the estimated amount in the lease or condition of the vehicle. While such facts are occasionally left out of J & M print advertisements, other lease companies watch for such omissions. If they persist, a competitor will report them to the consumer protection division of the county attorney's office.

The J & M advertising department does not conduct accurate measurements of the market. Although the sales forms include a space for salesmen to note what form of advertising attracted the customer, such reports are not made. The management considers the information unimportant. As a result, much advertising money is spent with no direction. The company should use this or another form of measurement, for salesmen spend much time with each customer, including those who do not make a purchase. The customer usually remains on the premises while credit is checked and forms filled out, and this would be an ideal time to do a survey.

The J & M companies also should arrange an independent survey in the Missoula area to identify potential buyers.

The J & M advertising manager, Rick Bice, obtains material from company managers, prepares it for publication or production and sends it to the media. T & W Chevrolet and the other six companies spend the largest portion of the advertising budgets with daily newspapers and weekly shoppers with television a distant third and radio fourth. The total spent in 1978 was more than \$325,000. T & W Chevrolet's local budget was \$115,000, with more than fifty-five percent spent with the Missoulian. Sportland had the lowest budget in 1978 -- \$23,000.

The four Missoula outlets use all of the major media: the Missoulian, the Messenger, KECI and KPAX Television, KGVO, KGRZ, KYLT, KDXT, and KYSS Radio, Hardenburgh Outdoor Advertising, Yellow Pages, movie screen advertising, and some charity advertising.

In Great Falls, the major media are the Tribune, the Consumers Press, KFBB and KRTV Television and KMON and KEIN Radio.

In Pocatello, the Idaho Journal is used extensively, with backup from radio and television stations, including some in Post Falls. The Pocatello leasing outlet, which completed its first year of operation in 1979, often experimented with its advertising.

The Helena Northern Leasing Company spent the greatest part of its budget with the daily Independent Record. Other media used were the Adit (a shopper), KMTX, KBLL and

KCAP Radio and KCMT Television.

A fifth Northern Leasing firm planned in Billings will spend most of its budget with the Billings Gazette.

The J & M Companies spend little money on Yellow Page advertising, running very small display ads or single listings. The managers think a customer who looks in the Yellow Pages will find their names. One company manager was oversold (about \$500 a month for large display ads) on Yellow Pages in 1975. The company tested results by inserting an extra telephone number listed only in the Yellow Pages and recording the number of calls for one year. The managers decided the results did not merit the investment.

The managers believe the J & M department has helped them save time and has given them access to a person who understands advertising. The department acquired other responsibilities, such as sign design and production, organization of promotions, and bookkeeping for cooperative advertising funds. Bice thinks his department is responsible for consistency and organization. He also serves as the corporation's specialist on expenditures and planning. The media representatives say a central department enables them to make one call instead of four, although Bice's schedule of out-of-town travel is so sporadic that they may have to make several calls to find him in.

The advertisements are prepared by Bice, who does rough layouts and writes radio or television copy for the media representatives. He supervises filming of television

commercials and photographing of automobiles for print ads, and he approves radio spots.

The firms' advertising styles are designed for clarity and readability. Ads for the automotive dealers and lease companies usually contain a photograph or illustration of several vehicles, with bold headings, light fact small point-size type for description and a bold price. Each company has a special border and logo, which are supposed to be used consistently. During 1976 and 1977, T & W Chevrolet used yellow with black exclusively in its advertisements, since research had shown the combination was the most visible one for display advertisements. In 1978, the color was changed to red and blue with black to coincide with the national style of Chevrolet advertisements. Later, T & W made more changes in color style.

Since Bice became advertising manager in November, both Northern Leasing Company and T & W Chevrolet have reduced the use of color and increased the amount of reverse type in the classified display ads. There is more sporadic use of borders, eliminating the consistency of style. Print ads are still complemented by radio spots and television commercials. Television ads are more price oriented, and this is an improvement, although this is only done during special promotions.

Bice has also made more out-of-town on-site visits to Northern Leasing companies, but this costs time locally.

CHAPTER VIII

A COMPARISON: STRENGTHS AND WEAKNESSES

What is an ideal advertising department?

In Advertising in America, Stanley M. Ulanoff observes:

The advertising department in a retail establishment . . . performs most or all of the advertising job. Usually, retailers do not use advertising agencies. Hence, the whole burden of the company's advertising falls on the advertising department, which writes copy, prepares artwork, handles production detail, purchases space and/or time, places advertisements, and checks results. In addition, it may assume many of the responsibilities for functions performed by non-retailing advertising departments -- producing catalogs, handling direct mail, and so on.

Three major reasons contribute to a retailer's not using an advertising agency, (1) The nature of his business is such that a company-operated advertising department is better adapted to the tempo than an outside organization; (2) Much retail advertising is not commissionable; (3) Local advertising rates are usually lower than national rates.

The retailer requires more day to day change in his advertising than does the manufacturer. Sales and special events, one-time or short-term offers, leader merchandise, offers to meet a sudden competitive situation, changes in offers or cancellations of advertisements because of sell-outs or inability to replenish stocks, tie-ins with local events, even changes dictated by the weather -- all are a regular part of the retailer's advertising calendar. The retail advertising department is geared to such change and speed; many agencies are not. Also, operations are made easier by the proximity of the retail

advertising department's staff to the merchandise to be advertised and to the store's buyers, who must approve copy and illustrations.⁵

The purpose of advertising departments has not changed much since this 1959 description:

Many stores . . . have established their own advertising departments. They have taken this step for several reasons. First they understand that it is necessary for the people who prepare advertisements to maintain close contact with customers.

Close contact with the merchandise is fully as important as close contact with the customers. Even the smaller retail stores handle such a variety of articles, each of which represents a special selling problem, that the advertising staff should be on the spot in order to be constantly informed about new merchandise developments.

The timeliness of retail advertising so largely determines its success or failure that most of it must be produced on a short-time schedule. Many advertisements must be rushed through with little or no advance notice.

Many stores find that they can effect worthwhile savings in advertising costs by employing their own full-time advertising employees on a salary basis, rather than paying the fees of outside organizations for professional services.

Each store has its own peculiar selling problems. Each has individual characteristics which distinguish it from all other stores. Many retailers therefore prefer to hire advertising specialists who devote their entire time to preparing advertising that reflects the character of their stores.

Every advertising department, whether large or small, must establish budgets, formulate plans, write copy, draw layouts, prepare (or buy) illustrations, designate type and perform numerous other indispensable functions.⁶

⁵Stanley M. Ulanoff, Advertising in America (New York: Hastings House, 1977), pp. 193-4.

So, the retail advertising department usually handles the production and budgeting for the store's advertising. It is better suited for that task than is an agency. The immediacy of retail advertising demands quick decisions and short lead time, and the retail advertising department is best equipped to work with those constraints.

Recognizing these traditional duties of the retail advertising department, we can examine the strengths and weaknesses of the five departments studied.

All five departments in this study have effective lines of communication with department heads and store managers. Each advertising manager or promotions director has frequent meetings with his manager, and most confer often with media representatives.

Because the Bon's advertising department must follow the directives of a parent company, advertising decisions often are made without consideration of local conditions, adversely affecting timing in some cases. K-Mart's advertising has less outside intervention than does the Bon's, for this is diminished by the strength of the current manager.

The advertising departments at T & W Chevrolet and Vann's and the promotions department at Southgate Mall are actively involved in preparing the budgets for local advertising. The Bon and K-Mart advertising managers participate in discussions of the budget, but they have little

influence on final decisions.

One major weakness in all of the departments is the lack of an effective method to measure advertising results. The Bon, K-Mart and Vann's keep records of sales related to specific advertisements. However, such records measure only the response of those who bought and not of those who saw the ad, went to the store and did not buy anything or bought something not advertised. Such records reveal little more than the salability of the item in the ad. The ad's appeal or influence is not known.

The J & M central advertising department makes no attempt to measure results. The method of doing business with the J & M companies lends itself well to customer surveys, but the company considers them unimportant. Used car manager Tom Charlton says, "Because of all the forms the government wants us to fill out, it is impossible to ask the sales force to fill out one more thing."

Salesmen, if asked directly, will give their opinion about the success of a particular sale or promotion, but few will even guess at which medium attracted the customers.

There is no doubt that T & W Chevrolet and the other companies spend more money than they need to for advertising, but until they invest in an independent survey or require salesmen to ask questions, there is little chance for effective use of advertising funds.

The advertising managers and company managers recommend how the advertising budget should be spent, but lacking local information they must base their decisions on national figures and averages.

The Southgate Mall made some market measurements early in its planning stages, but Les Kinsey notes that it is difficult to measure results of the kind of advertising it does. Since most mall advertising is institutional -- covers or television commercials -- results seldom can be measured by sales. Face-to-face surveys would be revealing.

The parent companies for the Bon and K-Mart, the ad department at Vann's, and the promotions department at Southgate have created a consistency in style for their advertisements. The print ads have borders, illustrations and type faces that make them recognizable. Television and radio commercials are consistent in style for the same reason. T & W Chevrolet's ads have changed, and the T & W, Bitterroot, Northern Leasing and Sportland print advertisements now look different each time they run. The logos remain constant, but borders, type faces, illustrations and mortices are altered so radically that the reader must wait to see the logo to identify the advertisement.

Since the consistency of style is important to reassure the customer that the company is dependable, and to provide recognition. T & W and the other firms should develop a strong style and stay with it.

Some of this instability may be linked to the fact that J & M does no long-range planning. Sales managers do not plan sales events more than a week ahead. It might be better if a general plan were prepared quarterly, with an understanding that changes could be made as needed. With this lead time, the advertising department could do advance work-ups of sales promotions with the opportunity for corrections and changes. Such planning would make it easier for the advertising manager to achieve consistency in style.

The advertising managers of the Bon, K-Mart, and Vann's had no advertising background when they were hired. The first promotions director, Becki Gittings, has a strong broadcast background. The advertising manager at T & W Chevrolet has a strong print background but is weak in broadcast advertising. In each case, the companies should provide additional training for advertising personnel through seminars, classes or on-the-job training at other similar companies. Though it might cost money initially, it would bring a return in quality and savings.

The physical structure of each advertising department seems adequate. At the Bon, Vann's, T & W Chevrolet and K-Mart, there is layout space, file area, and telephones and intercoms. Each office is centrally located, so the advertising manager can reach management easily. At T & W Chevrolet, that is true only for the Chevrolet dealership. The lease companies, Bitterroot Toyota and Sportland require

driving out of town or across town for visits. The Southgate promotion office does not have an area for layout, since it relies on media personnel to produce print and broadcast materials. Its central location provides direct access to the managers of all mall stores, and the promotions director visits them periodically for purposes of public relations and information. All of the advertising departments except Vann's are separate and private. (Vann notes that this may change as the duties of the office expand.)

Each advertising office has just one staff person, and each of these has one main supervisor. At Vann's, Pete Vann is Pat Vann's supervisor; Rick Bice is responsible to Joe Taylor, owner of T & W Chevrolet; Diana Bauer's supervisor is Dan Palmer of the Bon; Jane Lloyd answers to Martin Leibenguth, and Les Kinsey, mall manager, supervises Becki Gittings.

The Bon and K-Mart have parent companies out of Missoula. Vann's and T & W Chevrolet's advertising departments are situated at the parent companies, and Southgate's promotions office is in Missoula.

In all cases, an internal advertising department is a practical solution to the advertising problems of the company. Each company produces advertising on such short notice that it would be difficult to have it prepared by an advertising agency. The communications are more direct,

and advertising can be produced or altered quickly. Agencies offer a professional staff, but a good advertising manager knows which media specialists can do the same job at little or no cost.

The advertising manager can monitor and remember items advertised and expenditures and he can make sure bills are correct, co-op monies are requested, and credits are issued when owed by the media. The fees to an agency for handling the volume of advertising done by each firm in 1979 would exceed the expense of maintaining a department.

	The Bon/ Msla. Merc.	K-Mart	Vann's Appliance	T & W Chevrolet	Southgate Mall
Parent Co. loc.	Seattle, Washington	Troy, Michigan	Missoula, Montana	Missoula, Montana	Missoula, Montana
Kind of Store	Department	Variety	Appliance /furniture	Auto sales & lease	Shopping Center
Date Opened	Late 1800s	1972	1961	1966	August 1978
Date Ad Dept.	1945	1972	1978	1976	August 1978
Intended Purpose of Ad Dept.	Organiza- tion of parent co. materials	Organiza- tion of parent co. materials	Organiza- tion and production	All aspects of adver- tising	All aspects of promo- tion and P.R.
Extent of in- volve- ment in budget, planning produc- tion	Budget set by parent co. & store mgr. broken down by medium	Budget set by store manager, who informs ad manager, who pro- duces it	Pete Vann sets budget roughs lay- outs, ap- pears in TV spots, schedules	Ad mgr. writes & budgets, does pro- duction, layout and schedules	Involved in budgeting, turns over production to media personnel
Does Dept. have budget?	No-part of co. as a whole	Yes-like any other store de- partment	No-part of store as a whole	Yes-shared with J & M Investments	Yes-shared with mall management
Uniform- ity, co- ordina- tion of ad style	Dictated by parent company	Dictated by parent company & mgr.	Yes-with strong tie-in	Not in de- sign but good tie- in	Yes, with strong tie-in
Market Area	Missoula, Mineral, Ravalli Co. part of Lake	Missoula, Mineral, Ravalli Co. part of Lake	Missoula Mineral, Ravalli Co. Bozeman	Missoula, Mineral, Ravalli Co.	Missoula, Mineral Ravalli Co. Lake and farther
Market Measure	Sales Count	Sales Count	Sales Count	None	None
Channels of media communi- cation	Sales reps. call regularly	Sales reps. call regularly	Sales reps. call regularly	Sales reps. call regularly	Sales reps. are called as needed
How bud- get ap- propria- tion is set	Assigned by parent company	Set by store mgr. based on projected sales	Set by Vann based on projected sales and avail. coop	Per unit based on projected sales	Assigned by board of directors
% to ea. medium	70% print 30% broad- cast	85% print 15% broad- cast	50-70% print 30-50% broadcast	60% print 40% broad- cast	70% print 30% broad- cast

CHAPTER IX

INTRODUCTION TO RESEARCH SECTION:

ADVERTISING HANDBOOK BACKGROUND

Most employees of the departments studied had little advertising experience and relied on judgments of store managers for planning and budget decisions. But in many cases, store managers do not have time to prepare detailed plans.

Shortage of time has created a larger problem for stores without enough budget for an advertising department. Advertising decisions are made on the spur of the moment, with little or no advance planning. Many say they do not like to plan and prepare advertising, though they recognize its importance to their company.

In Missoula, two advertising agencies, Nordbye Advertising and Jacobsen Agency, sell services to local merchants. Retailers can depend on the agencies for help in budget decisions and advertising design. However, the service is costly, for the agency must be paid from money set aside for advertising. Unlike national agencies, the small Missoula agencies usually work for a fee or retainer. If they worked on a commission basis, collecting from the

media, the advertiser still would pay an additional cost because he would not be eligible for lower local rates, which are not commissionable. The national or commissionable rate is much higher, so the retailer pays more under the fee or retainer system or under commissionable rates. The small business may not be able to afford such service and buy its advertising, too.

The remainder of this paper offers guidelines for those seeking answers to questions about advertising. The recommendations appear first in research-paper form, then in simplified, handbook form in the appendix. The goal of this background and of the handbook is to help eliminate questions created by frequent calls by media representatives who assert that their medium is the best and even the only one that should be used. Much of the information has a potential for bias, produced by special interest organizations like the Newspaper Advertising Bureau, the Radio Advertising Bureau and the Television Bureau of Advertising.

Each organization distributes written materials, films and tapes designed for sales. Even if media mix is discussed, they emphasize a particular medium.

The manufacturer of the product sold by the local merchant may supply guidelines for advertising. Such guidelines, while helpful, have a major weakness: They do not take into account the characteristics of different cities.

CHAPTER X

WHY ADVERTISE?

Small retailers often ask media representatives why they should advertise. Sometimes advertising seems to cost more than the benefits it returns. With rising prices, advertisers worry about how much good it does. Some merchants believe advertising is not necessary if they have been in the community for a long time or if they are in a shopping center where advertising by other stores creates customer traffic for them.

There are fallacies in such reasoning. The purpose of advertising is to tell the public the firm is doing business and what it has for sale, as well as where it is situated. It reaches more people than the store could by sending a salesperson to every door or by attempting to reach them by mail or telephone. The store owner who thinks advertising is not needed because he has the only business of its kind in town is forgetting several facts.

First, the population of many communities is mobile, and a high percentage may move each year. Some new residents may never know about the store unless they see or hear something about it. Even if the firm is the only one of its

kind in town, it should take note of utilities and corporations that run institutional advertising for good will.

Second, many stores that think they have no competition forget customers may shop out of town or by mail.

Large retail chains recognize the value of advertising and regard it as an important investment. Milton Perlmutter, president of Supermarkets General Corporation, has said:

Just like our customers, we tend to be critical about the things we buy. So as a consumer of advertising, rather than a seller or practitioner of the craft, we like to feel that we are getting our money's worth. And for our purposes, we find that advertising serves four basic functions:

1. It helps us achieve the kind of merchandise turnover we need.
2. It helps us move the special or featured items.
3. It is a channel of communication with our employees.
4. It offers a medium of communication with our customers about many subjects other than prices.

We recently commissioned a study which involved depth interviews with 895 shoppers, divided about equally in three different regions. A total of 585, or 65 percent, said they usually checked newspaper ads for food prices before going shopping.⁷

Perlmutter also noted that his corporation discontinued all advertising for one group of stores for up to three months. The first two weeks showed some drop in sales, but the decline increased as long as no advertising was run.⁸

A firm also should be aware that advertising creates a mass demand for products and services and mass production

⁷Robert J. Moskin, ed., The Case for Advertising (New York: American Association of Advertising Agencies, 1973), p. 70.

⁸Ibid.

results in lower prices. Advertising encourages competition by providing an avenue for new products and services to reach potential consumers. In this way all business gains from a steady advertising program.

CHAPTER XI

COORDINATING ADVERTISING WITH OTHER SELLING AND MARKETING ACTIVITIES

Since advertising is only a part of marketing activities at a store, its effectiveness depends on how well it relates to and complements other sales projects.

Littlefield and Kirkpatrick say this in Advertising:

No matter how much persuasion is built into an advertisement and no matter how expertly the advertisement is scheduled, its performance will be increased by support from the retail salesperson and the store's display facilities, particularly the windows.

One of the universal and chronic problems of retailers is that of how to get a store's selling employees to read the store's advertising. Sales people certainly cannot recommend, support and be enthusiastic about the advertised merchandise unless they read the advertisements.⁹

Sometimes an advertising runs a brilliant campaign and sales decline. Or a poor campaign can result in increased sales. The reasons probably are related to other marketing factors. The price may be too high. The product may be inferior. The distribution process may be inefficient. The sales technique may be poor.

⁹James E. Littlefield and C.A. Kirkpatrick, Advertising: Mass Communication in Marketing (Boston: Houghton-Mifflin Co., 1970), p. 402.

An advertising campaign is the most efficient way to tie together marketing activities and establish a theme for the sales effort.

An advertising campaign, through sheer force of frequency and repetition of appearance, keeps the public constantly reminded of a product or service. And, ads that are a part of a total campaign have a greater synergistic effect than the same number of single, non-related ads -- it's an extra benefit for which you don't have to pay. In addition, campaigns can be very cost effective compared to the expense involved in constantly changing individual ads. With a campaign, you can repeat artwork, format, borders, photography, topography, etc.; It's a great way to amortize production costs and you should take advantage of it.

Plan your campaign months ahead, to eliminate the need to rush through ads at the last minute.

Be sure you budget enough money to do the total job; it's painful to plan a trip and wind up with only enough money to get halfway to your destination.

Your campaign should be a totally integrated effort. The central theme or visual device should be incorporated into all forms of advertising such as newspapers, magazines, radio, television, etc. It should be easily identifiable wherever it appears; all in-store signs, displays, banners, buttons, etc., should carry the same message. This is called the "total look" of the campaign.¹⁰

Preparing a campaign is not as difficult as it might sound. A good campaign is easier to produce than a collection of different ads, and a good campaign can run a long time. Quality, not quantity, makes the campaign successful.

Promotion decisions must be integrated and

¹⁰Hal Betancourt, Advertising Basics (New York: Condor Publishing Co., 1978), pp. 28-9.

coordinated particularly well with product/brand decisions.¹¹

The overall objective is to create an organized and integrated program. The goal is to maximize long-run return on company investment, and this is achieved through a mix of marketing efforts that requires the most profitable allocation of company resources.¹²

¹¹David W. Cravens, Gerald E. Hills and Robert B. Woodruff, Marketing Decision Making: Concepts and Strategy (Homewood, Ill.: Richard D. Irwin, Inc., 1976), p. 606.

¹²James F. Engel, Hugh G. Wales and Martin R. Warshaw, Promotional Strategy (Homewood, Ill.: Richard D. Irwin, Inc., 1975), p. 12.

CHAPTER XII

RESEARCH: PROVIDING DIRECTION FOR ADVERTISING

To unify advertising and marketing efforts, the merchant must determine an image for his store and how to project it.

The successful local merchant literally becomes a landmark. This "landmark" reputation doesn't just happen. It is built up over a period of time and nurtured through thousands of transactions over the years. The respect, the feeling, the affection even, that the local community has for a retail store becomes its greatest asset. The store's image or personality is far more precious than its location, or its square feet of floor space.

This precious store image is built up by every single function of the store's operation -- of which advertising naturally is an obvious and ubiquitous part. To maintain this image, the first rule every retail copywriter must learn is this: Never, ever write advertising that does not fit the store image.¹³

For retailers who sell specific manufacturers' products, advertising makes the store known as the home of those brands. The store often can benefit from national research done by manufacturers in test markets.

Because of their continuous use of advertising, and also because they concentrate the great bulk of their advertising in local newspapers, larger retailers are in a position to achieve advertising identity more quickly and more certainly than do manufacturers. The

¹³Keith W. Hafer and Gordon E. White, Advertising Writing (St. Paul, Minn.: West Publishing Co., 1977), p. 180.

goal of many a retail merchant is for consumers to be able to identify his advertising even with the name and address of the store masked. This goal is understandable when one realizes that readership rises as more and more customers recognize instantly who the advertising retailer is. This desire for advertising identity can lead to advertisements which have a single, consistent personality, an unmistakable, distinctive individuality of their own. Care must be exercised, of course, in fitting the type and character of advertising to the store, so that the advertising and the store have the same personality. Either substance or style can be employed to achieve advertising identity. Among the style elements used are layout, artwork, type, copy format and logotype.¹⁴

It follows that a style in print advertising also should be used in television and radio advertising. If the character of the store is dignified or lively, the broadcast jingle and copy delivery should follow suit. Consistency of style is important. Small retailers tend to change the style too frequently, confusing the customer and lending an air of instability to the store image. The listener or reader or viewer of advertising is reassured when the advertisement is recognized as belonging to the store. In addition, the coordination of advertising elements intensifies the impact on the audience.

An early step in creating the store image is the selection of a logotype (logo) design.

Unlike other forms of advertising which have a short lifespan, a trademark/logo is intended to last a long period of time. When choosing a design, it's extremely important to pick one you can live with for many years. Here are some ideas which may help with your selection:

¹⁴Littlefield, p. 391.

1. Keep the design clean and simple. It will appear in many forms and sizes during its lifetime and it should reproduce well in all kinds of media and printing.
2. Include the company address and phone number as an integral part of the artwork, if possible, so this information doesn't have to be set in type each time it appears in print.
3. Avoid lettering that has thin lines. A thoughtfully prepared design should be bold enough to reproduce in business card size and still be legible. Lines should not break or letters like "a" and "e" should not fill in when they are reduced.
4. Stay away from tints (shades of black or color) in your design. It will continually cost you extra to have the tint properly screened.
5. Slogans are fine, but unless you can really come up with a winner, forget them.
6. Don't use exotic typefaces which are popular today but will look outdated in a short time; stay with the classics.¹⁵

Besides advertising, the logo will be used in business cards, letterhead and signs. It should reflect the character of the business and the people who run it.

Many factors affect a customer's choice of store, but his first ideas about it usually come from the advertising. Store choice is a complex process involving comparisons of perceived store characteristics and evaluation.¹⁶

¹⁵Betancourt, p. 52.

¹⁶Roger D. Blackwell, James F. Engel and David T. Kollat, Consumer Behavior (Hinsdale, Ill.: Dryden Press, 1973), p. 465.

If the customer has not been in the store before, he must rely on its image to guide his impressions.

If the mainstay of a merchant's business is the sale of one or several national brands, his image is automatically tied to the image projected by the national advertising of the manufacturer.

There are significant differences between retail and national copy:

1. The manufacturer is concerned with brand image. The retailer is concerned with store image.
2. Retail copy stimulates immediate buying action. National copy usually can produce only a long-range effect.
3. Retail advertising puts great emphasis on price. National advertising puts little or no emphasis on price.
4. Retail copy tends to be detailed and specific about merchandise. National copy often waxes emotional, using psychological appeals.
5. Retail advertising receives immediate feedback. National advertising rarely does, unless it is direct response advertising.¹⁷

In spite of massive national brand advertising, the final exposure of the customer is at the store level. The image projected should reflect the brand but should not be submerged by it. The store has its own personality, a reflection of the owner, the staff and the community. This should show through the advertising and the logo.

¹⁷Hafer, p. 190.

CHAPTER XIII

PLANNING AND OBJECTIVES

After selecting an image for the store, the retailer should determine how to communicate it effectively. Advertising will be the main means of presenting the image, and objectives must be set. However, there can be difficulties:

One of the main difficulties reported by all writers on this subject is that of differentiating between marketing and advertising objectives. We advocate the sequence of first setting marketing objectives (those which do not necessarily rely on advertising for their success, and in any event, could not be achieved by advertising alone) and then determining the contribution that marketing communication can efficiently make. In this way advertising as distinct from marketing objectives and their respective roles can be specified. We advise that an advertising objective is one that advertising alone is expected to achieve.¹⁸

Setting goals is a good idea for both large companies and for smaller businesses that have few advertising dollars. Such goals help executives determine where money will be spent and what it is expected to accomplish. If advertising does not achieve reasonable goals, they provide a standard against which to evaluate it.

¹⁸David R. Corkindale and Sherril H. Kennedy, Measuring the Effect of Advertising (Lexington, Mass.: Saxon House Lexington Books, 1975), p. 15.

The planning should begin with an examination of the forthcoming year. The planners should consider seasonal trends and projected changes in inventory, equipment, facilities and staff. A rough calendar for the year should be made up with a detailed calendar for the first three months. While some might argue that their business year is more unpredictable than this, all have trends, specific annual events (such as anniversaries or holidays), and known customer traffic variations. Community influences such as major paydays should be considered.

After setting goals and studying the calendar, the retailer should take the following steps:

Identify the market. This can be particularly useful, because the reasons the target customers do or do not patronize the store will give the planner information on why the approach being used is weak or strong. There are many sources from which to get such information. An examination of charge records for the store, information from the local chamber of commerce and customer questionnaires can provide many needed facts. This kind of information helps the advertiser find out whom he is trying to reach and where they live.

Plan the creative strategy. This should be directed at the target market and can appeal to people planning to buy or those who were not previously planning to buy. Once the form of appeal has been determined, creativity is needed.

Choose the media vehicles. The media choices should be keyed to the goals. The advertiser should examine available information to try to learn just how many prospects each medium can be expected to reach and to plan the combination accordingly. The cost per delivered prospect is important as are the concepts of reach, frequency and impact.

Plan the appropriation. This should be set according to market needs and will be discussed in greater detail in Chapter XIV.

Evaluate the results. Although this is done after the advertising has appeared, it is important in on-going planning. Evaluation methods will be discussed in Chapter XVII.

CHAPTER XIV

THE ADVERTISING BUDGET

When preparing a budget for local advertising, a confusing array of myths and facts makes the task complicated and frustrating. First, the advertising appropriation must be set, and several methods are used.

The budget build-up or task method has gained popularity in recent years. It involves determining what the retailer wants his advertising to accomplish and appropriating the amount needed to achieve it.

The arbitrary-appropriation method, at the other extreme, is based on the idea that the appropriation should be the result of sales and not the cause. It has been popular because it is relatively simple. The merchant bases appropriations on his own opinions, not on market research or planning.¹⁹

The percentage-of-sales (either past or projected) method is another popular approach, because the figures are easy to obtain. Appropriations are based on a given

¹⁹Maurice I. Mandell, Advertising (Englewood Cliffs, N.Y.: Prentice-Hall, Inc., 1968), pp. 259-60.

percentage of past sales or projected estimates. The percentage often is taken from national figures for the industry.

The fixed-sum-per-unit, which is similar to the percentage-of-sales method, is based on number of units sold, rather than gross or net sales figures.

The all-available-funds method often is used to introduce a new product or service or when the advertiser believes more advertising will bring more profits. The retailer uses all the advertising money he has available to complete a single campaign.

In the competitive-parity method, the advertiser sets his advertising budget according to the amount his competition is spending. This is usually a defensive stance to maintain one's position in the market.

There are disadvantages to many of these methods, including:

The all-available-funds method may be used because the advertiser believes more expenditures bring more profits, and this may be true to a point. However, a point of diminishing returns will be reached, and the retailer will spend more than is needed to accomplish his goal.

In the competitive-parity method, errors made by the competition will be reflected in the merchant's program.²⁰

²⁰Ibid., pp. 260-4.

The percentage-of-sales method assumes that needs are equal throughout the industry and that all influences will remain the same year after year. Since that is unlikely, this method should be used only if changes in the market are monitored constantly. This is also true of the fixed-sum-per-unit method. To use it effectively, the retailer should determine the budget by the task method, then set the appropriations per unit.

In Advertising, Maurice I. Mandell offers this observation:

Determining the size of the advertising expenditure is vital to the maximum effectiveness of advertising. Care should be taken to charge only legitimate advertising expenses against the advertising account. The sound approach to determining the advertising expenditure is through budgeting, and the sound plan for setting the budget is through the budget build-up method. This method is difficult and time consuming; but if the philosophy of advertising and marketing planning discussed in this section is accepted, it appears to be the only logical method.²¹

As Mandell points out, the task method is difficult and could be too costly in the early years of the business. Consequently, it may be necessary to consider the other methods. Much consideration should be given to all influences on the local market. Some consideration should be given to the competition's expenditures, but only for comparison.

²¹Ibid., p. 265.

The advertiser should avoid being arbitrary in his appropriation, but if it is necessary to appropriate by the percentage-of-sales method or fixed-sum-per-unit, then frequent checks of national percentages should be made from sources such as business periodicals and industry publications. An example of such published percentages is shown in Table 2. The local advertiser may respond that research takes time, but most merchants receive business periodicals and can follow the trends and developments reported in them.

The retailer should remember that these national figures may not be totally accurate for his locale, and common sense should be used in determining the percentage of sales or fixed sum per unit for his store and its products. He also can get useful suggestions from his product representative, who knows the market served by his accounts. The product representative will gain from successes achieved by his accounts, so he will be eager to provide such information.

Besides national figures like those in the table, retailers should consider several other components in planning the advertising budget. Dunn and Barban list the following as important in Sales and Marketing Management:

Age of the store -- In general, a new store must invest more in advertising than an older, well-established one. During its first years, the store must

Table 2 -- Estimated Advertising Percentages in Selected Industries²²

Industry Sector	Advertising as % of net 1976 sales	Industry Sector	Advertising as % of net 1976 sales	Industry Sector	Advertising as % of net 1976 sales
FOODS		Books	4.7%	COMMUNICATIONS	
Packaged Foods	2.8%	Greeting Cards	0.7	Radio-TV	
Meat Packers	0.5	CHEMICALS & ALLIED PRODUCTS		Broadcasters	2.2%
Dairy Products	1.9	Chemicals	1.1	CATV	1.1
Canned Foods	2.9	Industrial in-		WHOLESALE	
Flour & Corn Mill	0.9	organic chem.	0.5	Auto Parts	1.6
Animal & Pet Feed	3.6	Plastics	0.6	Drugs	0.7
Bread, Cake & Cookies	1.6	Ethical Drugs	5.5	Food	1.1
Confections	3.5	Over-the-Counter Drugs	10.7	RETAILING	
Beer & Brewed Beverages	4.3	Hospital Supply	1.5	Lumber	1.5
Dist. Alcohol Beverages	5.3	Laundry & Household Clng.	3.2	Mobile Homes	0.7
Soft Drinks	5.9	Cosmetics	9.3	Dept. Stores	2.5
TOBACCO PRODUCTS		Paint	1.7	Variety Stores	2.3
Cigarettes	4.9	PETROLEUM & COAL		Mail Order	16.1
Cigars	1.6	Refining & Sales	0.2	Food Chains	0.7
TEXTILE MILL PRODUCTS		Bldg. Materials	0.8	Restaurants	2.5
Textile Products	0.5	RUBBER		Automotive	
Carpet & Floor Covering	1.1	Tires	1.0	Parts	2.4
APPAREL PRODUCTS		Shoes & Footwear	1.8	Apparel	2.4
Textile Apparel	1.5	STONE, CLAY & GLASS		Shoes	1.5
FURNITURE & FIXTURES		Glass Products	0.3	Furniture	4.8
Home Furnishings	1.6	Pottery & China	3.7	Household Appliances	5.0
PAPER PRODUCTS		INSTRUMENTS & RELATED PRODUCTS		Jewelry	2.7
Paper Products	0.4	Photographic	2.1	Fabrics	2.8
PRINTING & PUBLISHING		Watches & Clocks	3.7	FINANCIAL	
Publishing	2.0	MISC. MANUFACTURING INDUSTRIES		Savings & Loan	0.8
Newspapers	0.8	Jewelry	3.9	Consumer Finance	0.9
Periodicals	4.0	Musical Instr.	1.9	Financial Services	1.4
		Toys & Games	4.2	MISCELLANEOUS SERVICE INDUSTRIES	
				Hotel & Motel Chains	1.8
				Motion Pictures	7.0

²²"Estimated Advertising Percentages in Selected Industries," Sales and Marketing Management, 27 February 1978, pp. 104-5.

win the confidence of customers and make the store and its merchandise known in the community by advertising.

Location of the store -- A store located on the periphery of a main shopping area will need more advertising to attract people to its less convenient location. Often, however, these higher advertising investments are balanced by lower rent

Merchandising policies -- Promotional (bargain appeal) stores depend heavily on rapid turnover at low price. Consequently, they need a higher advertising investment than do stores enjoying a steady business in regular price merchandise.

Competition -- If competition is keen in a community, a store manager must tell his story consistently and favorably to his customers and exert continuing efforts to attract new customers. A store manager will also profit from watching the success or failure of competitor's ads.

Type of media available -- Communities vary widely in the number and quality of media and in the advertising rates that the media charge. Retailers in a one-newspaper town -- a more and more common phenomenon these days -- will not have to spend as much as those in a multipaper town.

Scope of the trading area -- The larger the store's trading area, the more money it will normally need for advertising. The dominant department and specialty stores in an area attract customers from the city's entire trading area and spend substantially more than the smaller stores that can capitalize on the drawing power of their big neighbors.

Type of merchandise handled -- Variety stores depend on impulse buying of low-cost, high turnover items for the bulk of their business. Consequently, the advertising does not play as important a part in their marketing program as it does in the program of a furniture or jewelry store. In the latter two stores, buyers shop around for merchandise, in the pages of their newspapers, as well as in the stores themselves.²³

The appropriation might be influenced in other ways.

²³S. Watson Dunn and Arnold M. Barban, Advertising: Its Role in Modern Marketing (Hinsdale, Ill: Dryden Press, 1974), p. 263-4.

For example, the opening of a major shopping center in a city that had none may cause existing stores to change the amount spent on advertising. Although this would fall under the "competition" category, it would also be included under "changes in the market."

Once the appropriation is allocated to the media, an annual budget should be determined. It can be in final form for the impending quarter, with tentative amounts for the remaining quarters. Below is a suggested form for such a budget breakdown, to be altered according to needs:

Month	Tele- vision Station 20%	Radio station "A" 10%	Radio station "B" 10%	Out- door Signs 10%	News- paper Ads 30%	Misc. Media Ads 20%	Annual Total 100%
Jan. 8%							
Feb. 7%							
Mar. 8%							
Apr. 10%							
May 10%							
June 10%							
July 10%							
Aug. 9%							
Sept. 9%							
Oct. 8%							
Nov. 9%							
Dec. 3%							

Percentages indicate the portion of the total appropriation needed for each month and each medium's share of the appropriation. The "miscellaneous" category is not necessary, but it gives some flexibility for unforeseen advertising expenses. The monthly percentages, if set by the task method, would be based on the retailer's assessment of the amount needed to accomplish that month's advertising goals.

Understanding Media Rates

While the merchant has some idea of media costs, the media rate structures are more complex. The following is a brief account of how they are set:

Newspaper rates, set by the line or column inch, are based on circulation. To compare advertising costs between newspapers, the advertiser can use a theoretical figure called the milline rate -- the cost of delivering one line of advertising to one million circulation. It is determined by multiplying the line rate by one million and dividing by the actual circulation. The advertiser is never billed by the milline rate, but it forms a good base for comparison.

The actual rates will be the figures most often used by the advertiser. The newspaper line is one-fourteenth of an inch deep by a column wide. Discounts, if available, usually are based on frequency or size, and

there is usually an extra charge for production work on photographs and for color. Some newspapers have discounts for repeat lineage and premium prices for position.

Radio and television rates are usually for thirty- or sixty-second "spots," although the advertiser can sponsor an entire program. Discounts are earned by total volume or frequency, and some discounts are available in "package" form. Television production charges are additional, but radio production costs depend on complexity. Some stations do simple production for no charge.

Outdoor advertising rates depend on the location of the posting, the size of the poster and the complexity of design. The merchant usually rents boards by the month.

Magazine rates are quoted on the basis of a page or fraction of a page. Premium rates are charged for color advertisements, and discounts may be given for frequency. Rates are based on circulation. Local media have variable rates, but most follow the rate patterns described above.

To assure eligibility for discounts, many media representatives encourage clients to sign contracts committing the firm to a certain amount of advertising in a given period for a lower rate. The contract guarantees the medium that the advertiser will run a minimum amount of advertising and it assures the advertiser of a lower cost.

Advertising budgets can be expanded by using cooperative funds from the product manufacturer. Dun and Barban

define cooperative advertising in this way:

The name "cooperative" comes from the fact that the cost is shared by the manufacturer and the retailer. This advertising is controversial because manufacturers in many fields complain about its abuses and ask themselves whether they should use this type of advertising. Although many retailers favor it, some are quite critical. The media generally favor cooperative advertising.²⁴

While some manufacturers invest only in national advertising, promoting only the brand, many place greater emphasis on cooperative advertising. Often a manufacturer will combine all or part of his advertising effort with that of the retailers. In such cases the manufacturer and the retailer share the cost of advertising on some predetermined basis. In cooperative advertising of this kind, the retailer places the advertising and is billed by the media. The retailer then bills the manufacturer for his share.²⁵

The major medium for cooperative advertising traditionally has been daily and weekly newspapers. But co-op marketing strategies of manufacturers have changed in the past five years because competitive media are aware of the revenue and have developed their own co-op plans.²⁶

²⁴Ibid., p. 578.

²⁵Walter A. Gaw, An Outline of Advertising (Totowa, N.J.: Littlefield, Adams and Company, 1966), p. 24.

²⁶"Dealers Found Unhappy with Co-op Ad Plans," Editor and Publisher, 4 February 1978, p. 11.

In spite of this added interest in co-op advertising, the newspaper remains the major co-op medium.

Most of the nearly 200 manufacturers surveyed by the Newspaper Advertising Bureau in 1978 said they were not satisfied with dealer use of co-op funds, and thought better co-op marketing plans were necessary.²⁷

²⁷Ibid.

CHAPTER XV

MEDIA SELECTION AND SCHEDULING

Once the total advertising appropriation is set, funds are allocated among the media.

National figures of average expenditures for each medium should be examined as a guide. There are other sources, and retailers should seek the most recent statistics. The following is an example of the published information available:

Advertising Volume in the Major Media in 1971²⁸

(In Millions of Dollars--Percentages Mine)

<u>Medium</u>	<u>Advertising Volume</u>	<u>Percentage of Total</u>
Newspapers	\$6,215	30.3%
Television	3,520	17.2
Direct Mail	2,950	14.4
Magazines	1,405	6.8
Radio	1,380	6.7
Business Press	705	3.4
Outdoor	260	1.3
Regional Farm Pub.	28	0.2
Miscellaneous	<u>4,037</u>	<u>19.7</u>
Total	\$20.500	100.0

²⁸Robert J. Cohen, "Ad Volume Increases 4.6% to \$20.5 Billion in 1971," Advertising Age, 3 April 1972, p. 41.

Again, the figures summarize only the national averages. For the local retailer, advertising in magazines and the business press might not be as practical as advertising in regional farm publications.

Many retailers do not know how to define advertising media. This list is a reference in selecting media:

These charges belong in the advertising account:²⁹

Paid advertising, including that appearing in:	Point of purchase Novelties Directories Direct advertising	Dealer helps Reprints of ads for mail or display Radio
Newspapers	Cartoons, labels	Television
Magazines	Catalogs	Art work
Business papers	Package inserts	Typography
Class Journals	House magazines	Engraving
Car Cards	Export advertising	Photographs
Outdoor Production	Motion pictures	Mats
Slides		

These are borderline charges, sometimes belonging in advertising accounts and sometimes in others:

Samples	Telephone and other overhead expenses of Adv. Dept.	Testing bureaus
Demonstrations	Advertising autos	Advertising portfolios
Fairs	Premiums	Contributions to special advertising funds
Canvassing	Membership in associations and other organizations devoted to advertising	Display signs for factory or office
Rent		Research and market investigations
Light		
Heat		
Depreciation of equipment used by ad department		
Salesmen's catalogs		
Testing bureaus		

²⁹Dunn, p. 265.

These charges do not belong in the ad account:³⁰

Free goods	Picnic and bazaar	Charitable, re-
Other expenses	programs	ligious and
for goodwill	Cartons	fraternal
purposes	Labels	donations
Instruction	Package manufac-	Price lists
sheets	ture	Motion pictures
Press gentry	Stationery used	for sales
Salesmen's	outside the	use only
calling	advertising	Entertaining
cards	department	customers
House magazine	Bonuses to trade	or prospects
for employ-	Membership in	Sales expenses
ees	trade organ-	
Special rebates	izations	
Annual reports	Demonstration	
Showrooms	stores	
Sales convention	Welfare activi-	
expenses	ties	

These points should be considered in selecting media:

1. The nature of the market. Newspapers may be selected for the local concentrated market, special interest magazines for small target groups with a common interest.
2. The nature of the distribution system -- density and location.
3. The nature of the product -- what it does and who needs it.
4. The nature of the medium -- if the product needs to be heard, print obviously will not be the right medium.
5. Message requirements -- some media are more suitable than others to certain types of copy.
6. Need for speed and flexibility -- longer deadlines are not good when the message requires speed.³¹

³⁰ Ibid.

³¹ Dorothy Cohen, Advertising (New York: John Wiley and Sons, 1972), pp. 496-97.

7. Size of the advertising appropriation -- costs may affect choice. Television is often too expensive for the smaller retailer.
8. Competitors' activity in the media -- may wish to follow the competitors' choices or dissociate from the competitors' chosen media to be distinctive.
9. Media availabilities -- if time or space is available when needed.³²

Any advertising media must deliver the message in an appropriate form to the proper audience. So media selection takes into account those characteristics that relate to the message needs and to audience requirements

This is the point at which the retailer should look at the major advantages of each medium. In Advertising Campaigns, Leon Quera lists them as follows:

Television

Advantages	Disadvantages
1. Combines sight, sound and motion attributes	1. Message limited by restricted time segments
2. Permits physical demonstration of the product	2. No possibility for customer referral to
3. Believability due to immediacy of message	3. Availabilities sometimes difficult to
4. High impact of message	4. High time costs
5. Good identification	5. High production costs
6. Popular medium	6. Waste coverage
	7. Poor color transmission

³²Ibid., pp. 498-9.

Radio

Advantages	Disadvantages
1. Selectivity of markets	1. Message restricted by limited time segments
2. Good saturation of local markets	2. No visual appeal
3. Ease of changing copy	3. Waste coverage
4. Relatively low cost	4. No possibility for consumer referral

Magazines

1. Audience selectivity	1. Usually cannot dominate a local market
2. Reaches more affluent customers	2. Long closing dates
3. Offers prestige to advertisers	3. No immediacy of message
4. Good color reproduction	4. Sometimes high production costs

Newspapers

1. Market selectivity	1. Shortness of message life
2. Ease of changing ad copy	2. Waste circulation
3. Reaches all income groups	3. Poor color reproduction
4. Ease of scheduling	
5. Relatively low cost	
6. Good medium for manufacturer/dealer advertising ³³	

³³ Leon Quera, Advertising Campaigns: Formulation and Tactics (Columbus, Ohio: Grid, Inc., 1973), pp. 71-4.

Direct Mail

Advantages	Disadvantages
1. Extremely selective	1. Often has poor image
2. Message can be very personalized	2. Can be expensive
3. Little competition from other ads	3. Many restrictive postal regulations
4. Provides easy means for consumer action	4. Problems in maintaining mailing lists
5. Easy to measure effect	

Point of Purchase Displays

Advantages	Disadvantages
1. Presents message at point of sale	1. Apathy about installation
2. Flexibility for creativity	2. Long production period
3. Ability to demonstrate product in use	3. Space problems
4. Good color reproduction	
5. Repetitive value	

Outdoor Posters

Advantages	Disadvantages
1. Market selectivity	1. Often has poor image
2. High repetitive value	2. Message must be short
3. Large physical size	3. Waste circulation
4. Relatively low cost	4. Few creative specialists
5. Good color reproduction ³⁴	

³⁴Ibid.

The retailer can ask advertising representatives for circulation or survey figures on the reach of media in his market area, but such reports give only part of the picture. Retailers should talk with businessmen in similar fields to get opinions on which media work best; then facts and opinions can be studied for a workable combination. Problems exist in comparing different media:

Although all media and most media vehicles offer a wide variety of data to indicate that they reach "more" of the "right" kind of people than their competitors, comparisons are difficult -- even when figures are broken down to dollars per thousand.

Print media offer guaranteed circulations, but cannot guarantee that their publications or the ads in them will be read. The audience for a given television program is affected by concurrent programs on competing stations, as well as by the programs that precede and follow it both on its own and rival channels.

Across media, comparisons become even more difficult. People do not bring the same expectations to TV that they bring to their newspapers, nor do they make the same use of messages brought to them by these two media, even though the words used in the two messages might appear identical.³⁵

Herbert Greenwald, an advertising and sales promotion consultant, pointed out in a speech at an advertising seminar for National Retail Merchants' Association members:

. . . retailers using small-space ads must prepare the ad to ensure that it does not get lost on the page. Often small space ads are placed next to

³⁵Edgar Crane, Marketing Communications: Decision Making as a Process of Interaction Between Buyer and Seller (New York: John Wiley and Sons, Inc., 1972) p. 371.

other small space ads and get lost on the page in the clutter.

Greenwald suggested that retailers "protect" their small-space ads by using a wall or border around them. He said white space around the ad could be used effectively. Dominant art and a consistent creative policy also are important to ensure wide readership of small-space newspaper advertisements.³⁶

Ads can help define the store's image. Each should contribute to establishing the store's character. The Newspaper Advertising Bureau provides this description of the various categories of retail advertisements:

Promotional ads: The purpose of these ads is to offer the customer a concrete saving.

Semi-promotional campaign: Powerful, mostly clean-cut, and they have a punch that generates action. They are a balanced mix of regular price and sale ads.

Non-promotional ads: Many a modest-size store has adopted the policy of no sale ads. Ordinarily the price is played down in size (in print), the ad is orderly, the type dignified and the art high caliber. There must be desirable merchandise, stressing uniqueness or exclusivity -- an appeal over and above price.

Assortment ads: This is an image-building approach. They don't expect the customers to break down doors, but complete assortments plus exposure combines for success.³⁷

³⁶"Newspapers Influence Shoppers More Than Television," Editor and Publisher, 24 January 1978, p. 24.

³⁷The "I-Wonder-How-to-Set-Up-an-Advertising-Program-and-How-Much-to-Budget" Book (New York: Newspaper Advertising Bureau, Inc., n.d.), p. 5.

Omnibus ads: There are two general types of these:
 1. Related items -- This kind of ad might feature related men's items, for example, shirts, sport shirts, suits and accessories. 2. Non-related items -- This kind of ad features a mix of items from different departments.

Institutional ads: There's no reason why any type of store cannot run occasional non-merchandise ads just telling about some unique character or service. But be sure it tells a story of importance to customers.³⁸

For the retailer who is not sure when to advertise, clues should come from product representatives. If the product is seasonal, the time to advertise it will be obvious; otherwise, attention should turn to kinds of advertising schedules and a choice made from among them. Basically there are six kinds of advertising schedules:

1. Steady -- every month, every week or every day.
2. Seasonal pulse -- media schedule is pulsed to provide for heavy advertising during high sales seasons.
3. Periodic pulse -- pulses at regular intervals, not necessarily related to seasons of the year.
4. Erratic pulse -- advertising is placed at irregular intervals.
5. Start-up pulse -- spending heavily at the beginning of a new campaign or new season.
6. Promotional pulse -- heavier advertising during promotional periods.³⁹

Other sources of information that will help in deciding when and where to advertise include records of sales

³⁸Ibid.

³⁹Kenneth A. Longman, Advertising (New York: Harcourt, Brace, Jovanovich, 1971), p. 371

and advertising and projections for the next year. Using these as a basis for scheduling decisions, however, requires careful monitoring for changes that might affect results. Once these decisions are made, actual costs must be taken into account:

The ultimate measure of efficiency for a single medium would be the cost per motivated consumer. But there is no direct means for measuring this, so other measures are commonly used -- for instance cost per thousand people in audience delivered.

Cost, however, is not a variable that can be simply defined. Most media have fairly complex rate structures. Obviously, there are differences in costs depending on the time or space units used. The cost efficiencies of different media can change as different units are used. More important to vehicle selection, the prices charged by the media also vary with the amount of money the advertiser is investing in the medium. Most media discounts are calculated not on the basis of the amount spent for a single brand, but on the basis of the entire advertising investment in that medium.⁴⁰

Each advertiser faces many influences in media selection, and the choice is unique in each case. Changes in population distribution and media are frequent, and the advertiser must stay abreast of them -- the more up-to-date the planning, the more effective the advertising.

⁴⁰Ibid., pp. 353-4

CHAPTER XVI

PREPARING THE ADVERTISEMENT

In preparing advertisements, several important decisions must be made.

Each merchant has to decide how involved he wants to be in producing his advertising. In most small cities, media sales representatives or other specialists can help with production. Even if the retailer does not participate in advertising production, knowing what is involved in production can save money and can help get precisely what is desired in the final product.

In addition, the retailer should keep abreast of new advertising ideas, often discussed in professional and product publications. Keeping current on this subject can put the retailer several steps ahead of competitors who do not.

The media differ markedly in the types of messages they can transmit. While print advertisements can be ignored more readily, one also can study them and return to read them again. The retailer must understand each medium and what it can accomplish for him.

Even more important, the merchant must know what the medium cannot do, so he will not have the wrong expectations. He should not purchase time or space that accomplishes less than it could.

Print Media

Although print media include fliers, direct mail, newspapers and magazines, newspapers are used most commonly by local retailers. There are daily and weekly papers and free shopping papers in two standard sizes (with some variation): Journal (from six to nine columns wide from twenty to twenty-two inches deep) and tabloid (from four to six columns wide, fourteen to sixteen inches deep). The column width may vary greatly. Some journal-size papers print tabloid sections for insertion into their total package. In previous years, many papers were printed by letterpress, in which raised metal letters (cast from hot lead) were inked and the impression printed on paper. The most prevalent process today is offset, which involves a photographic process whereby nearly any black and white illustration of type can be reproduced without the time-consuming efforts involved in engraving.

Even if the merchant is not directly participating in production, he should note these suggestions:

The layout should have a minimum of elements and should display symmetry and balance. Ads with many different elements, lengthy headlines and a great

deal of scattered copy are likely to be poorly noted.

In writing an advertisement it is important to realize that you are talking to someone, not just putting some words about the product down on paper. You are trying to convey a message to real people, and in order to do this, it is sometimes helpful to imagine that you are writing specifically to some real or imagined person. To determine who that person should be, study carefully what is known about the prospects for the brand or the store.

Identifying the person to whom you are talking can greatly help you avoid the many "sins" of copywriting. You will not be tempted to be "cute" and entertaining (in a conversation, after all, you are usually not an entertainer).

Another thing to remember in writing an advertisement is that you must be true to the product. This is a matter not only of honesty but also of consistency.

In any ad, it should be clear just what is being advertised. In print ads, the package you want the consumer to find in the store should be shown and the brand name should, if possible, be included in the headline and repeated frequently in the copy.

Print advertising poses some special problems for the copywriter because most people attend only to a small portion of each advertisement they see. About five times as many people will read the headline as will read the body copy, and a somewhat larger number will note the picture. This suggests that the headline and illustration should be capable of doing the selling job all by themselves. . . .⁴¹

The advertiser who plans to his own print advertising layouts should consider these guidelines:

1. Keep your layout simple; a single large picture is better than several smaller ones.
2. Decide on a strong focal point to attract the

⁴¹Longman, pp. 312-5

attention of the reader: It can be a large headline or a strong illustration.

3. Use photographs which have high interest appeal; they should lure the reader into the ad.
4. Keep your copy as long or as short as it takes to say what you need to say, then stop!
5. Avoid setting copy in less than eight-point size type; It's too hard to read. It's better to cut a few words.
6. Once you have developed a layout format that works, carry it through for all your print advertising. The repeated use of it will increase recognition of your company and its products.⁴²

Using the above rules, the advertiser can judge his own ads and those of his competitors for effectiveness. Further evaluation can be done by looking for these elements: The ad must 1. offer a benefit or reward for reading, 2. be capable of instant and complete understanding by the audience addressed, 3. be honest and believable, 4. inform and motivate, and 5. be memorable.⁴³

Most newspapers are willing to bring a "proof to the advertiser. This photocopy of the final ad gives the advertiser a chance to catch errors in spelling, prices or facts. Some papers have a limit on the ad size that qualified for this service, and massive corrections are discouraged. The proof provides an opportunity to check for accuracy, not recreate the ad.

⁴²Betancourt, p. 43.

⁴³Hafer, p. 4.

A layout will be of higher quality if it is not turned in just before the deadline.

If the newspaper recommends that photographs be black and white instead of color, there is a reason and it should be respected.

The advertiser who prepares his own ads should be sure the layouts are the right size. Most papers will provide layout sheets and, for a small charge, copies of the advertiser's logo in appropriate sizes.

Radio Copy -- Making Sure You Are Heard

In radio advertising, the cost per unit is reasonable. Radio gives a sense of immediacy to a campaign. Most small businesses use radio but sometimes are confused about the content of the commercials.

A radio commercial can be delivered in two ways: live and prerecorded (transcribed). They may also be combined. The live commercial is delivered directly by an announcer or station personality. Sometimes a musical introduction and/or a musical sign-off with the store name (musical logotype) is used. The live announcer may have a popular following and listeners may more readily accept what he tells them. The prerecorded or transcribed commercial can be as simple as a delivery by one announcer or as complex as having more than one announcer with singing, sound effects and orchestra.

A musical jingle or logotype can be obtained in several ways. Some studios specialize in setting an advertiser's name to music and words. Some charge little and restrict sales of the same jingle to one buyer per "market area." This is an inexpensive way to buy a jingle, but the advertiser should "shop" the various studios for quality and price. Local radio personnel usually can provide addresses or telephone numbers of such companies.

A retailer also can have a musical logotype composed. This is expensive, but a good logo can be used for many years. This is also worthwhile for the advertiser who owns several stores in different towns. The advertiser must understand the restrictions on the use of such material, and he must know how long he has exclusive rights.

Musical logos should be provided in varying lengths for use in commercial production. The finished product requires an introduction and an ending, and it is a good idea to record music that can be played behind the commercial announcement. A tape with the introduction, the background music and the ending is known as a "donut" because it has a "hole" in the middle for advertising copy.

Radio commercials may be classified by the kind of copy that is used. "Straight" commercials are announcements about the merits of the product, delivered by an announcer without the aid of special effects or music. "Dialogue" commercials are a conversation about the product by two or

more persons, one of whom is usually the announcer. "Dramatic" commercials are playlets with brief story plots, generally employing professional actors. In "singing" commercials, the message may be used as part of a straight commercial.⁴⁴

Advertisers who do their own announcing should work closely with the radio sales representative and be sure they understand what is required to make the copy sound good. For example, the advertiser needs to know how many words can fit into the commercial. The average count is: ten seconds, twenty-five words; twenty seconds, forty-five words; thirty seconds, sixty-five words; sixty seconds, 125 words.⁴⁵

For the market with more than one radio station, consistency can be emphasized by using duplicates or "dubs" of commercials for all stations.

For the advertiser who writes his own radio copy, Hafer and White give this worthwhile hint:

The most important factor to remember about writing radio copy is that you are writing to be heard. It is not at all satisfactory to scan a few typewritten lines with your eyes when you are finished. The copy must be read aloud to be evaluated sensibly.⁴⁶

⁴⁴Mandell, p. 502.

⁴⁵Otto Kleppner, Advertising Procedure (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1973), p. 446.

⁴⁶Hafer, pp. 124-5.

To get the best results, radio commercials should be repeated according to a regular schedule. The advertiser should watch for words and phrases such as "on sale today" and "tomorrow only."

The advertiser who is unsure about scheduling radio commercials might consider sponsoring a program such as news or wather or road reports. That choice probably would affect the type of copy. Some sponsorship commercials are done live, leading into the sponsored program, and some are transcribed. Such decisions should be discussed with the sales representative, who wants to help his client and knows enough about his medium to make good recommendations.

Television Production

Some rules for radio apply to television production. The sales message on both radio and television is usually shorter than print messages. Also the reader of the printed page sets his own speed of absorption of message content. If he does not understand a point, he can reread that portion of the message. The broadcast media set the speed at which the listener or viewer mus absorb and comprehend, and he either comprehends or does not.⁴⁷

Local television stations usually have production personnel who help advertisers create television commercials.

⁴⁷Gaw, p. 83.

Some of these departments are limited in equipment and staff, and unless the advertiser is sure they can do complex production, he should use a simple format.

One effective use of the television commercial is to show the viewer what the business and staff look like. Since no other medium can provide motion, some movement should be included in the commercial, even if it is the announcer walking along a display of products or using gestures to point out certain product characteristics.

These inexpensive television commercials are the most commonly used:

In the "straight" commercial, similar to radio, an announcer stands in front of the camera and makes his pitch, usually pointing out features of the product or showing what it looks like. "Dramatization" commercials use episodes that imitate real-life experiences. "Demonstrations" show the merits of the product in action. Any of these commercials can be done in the retailer's store or in the television studio, usually with little expense or effort.

"Production commercials should be considered only when the local station has the talent and equipment to do them. Because of the additional expense, the advertiser should get a cost estimate. "Production" commercials involve music, lyrics and action.

In Advertising Procedure, Kleppner says this about production costs:

. . . a formula that is simple and seems to be reasonable from a standpoint of costs vs. air time. Simply, it is a four or five to one ratio. That's if your commercial production for one spot costs you \$500, you should spend about \$2,000 to \$2,500 minimum on air time.⁴⁸

In other words, great expense for a spot that runs only once or twice is not a wise use of advertising funds. The advertiser should be sure the expensive spot runs for some time. If a spot must be prepared quickly for an unforeseen event, it should be done simply, since neither planning time nor number of times run will merit the expense of producing something elaborate.

Billboard Design

Billboard or outdoor advertising is available in most small communities. Space usually is purchased from a local office that maintains boards and puts up new posters. The sales representative usually will order the posters from a production company, although posters also are provided occasionally by product manufacturers.

However, if the advertiser decides he wants to help produce the posters, he can provide the copy, with sketches or suggestions for illustration. According to Hafer and White, effective poster copy presents a brief, clear, understandable message; it shows the product, attracts attention in a favorable way, develops or extends an advertising theme that is memorable and believable.

⁴⁸Kleppner, p. 631.

Because the outdoor advertising audience is in motion, the message must be especially distinct. Colors should be bright, and should contrast. Pastel colors should be avoided, as should colors with similar values (such as orange and red or blue and purple). Illustrations should be big and bold, taking maximum advantage of the space available. There is no rigid rule about how many words a billboard should contain, but probably there should be few words and they should be short.⁴⁹

A proposed billboard's visibility can be determined with a quick experiment. A rough sketch, proportioned one by two and a half, can be viewed at a distance that will approximate highway conditions. For example, a four- by nine-inch layout viewed at twelve feet will convey the same image as an actual twenty-four sheet poster viewed from about 300 feet -- the maximum distance at which posters are expected to be read.⁵⁰

Since complicated designs cost more, the merchant should consider whether the duration of the display will merit the cost. Also, if the design is too complex it may fail to hold the readers' attention.

⁴⁹The First Medium (New York: Institute of Outdoor Advertising, 1975), p. 24.

⁵⁰Ibid.

Production for Other Media

Media such as telephone directory yellow page advertising usually charge little or nothing for production, although such costs are written into the total space charges. If the advertiser wants to use a certain picture, he can give it to the sales representative; otherwise, the art will be supplied.

Direct mail production costs depend on complexity of design and use of color. Another production cost is addressing the envelopes, particularly if they are not general ("occupant").

The best approach with all media is to check carefully with the sales representative, explaining what is desired in the advertisement and asking for a cost estimate that includes production charges. If the advertiser is involved in production, he should determine the hidden costs of his time.

CHAPTER XVII

ALTERNATIVES: WHEN ADVERTISING GETS TOO BIG FOR THE RETAILER TO HANDLE

In many cases, the small-store proprietor, with or without the aid of an assistant, performs all the advertising functions if he promotes his business successfully. At various times he is "advertising manager," "merchandise manager," "buyer," or any of the other staff members larger companies have. Above all, he must remember that proper planning is as vital for the small store as for the large.⁵¹

As the small business grows and takes on more employees, more products or a greater volume of the same products and adds to its physical plant, the owner must determine who will be responsible for the advertising and the future role of the manager.

There are three popular arrangements, depending on the characteristics of the firm:

⁵¹Charles M. Edwards, Jr. and Russell A. Brown, Retail Advertising and Sales Promotion (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1959), p. 154.

The advertising can be turned over to an advertising agency, an assistant manager or an advertising manager.

An agency charges a specific price, whether it is collected by commission or by set fee. The local rate the advertiser has been paying the media usually is not commissionable, so he probably will be charged a fee.

If the firm is small enough, an assistant manager can take care of the advertising, but the manager or owner usually continues to be involved.

Hiring an advertising manager and setting up an advertising department usually is recommended for only larger companies. This involves a major investment and should be done only if the advertising volume merits such a change.

An agency can be used in many ways:

In addition to the normal functions of copywriting, art layout, production and placement, today's agency may provide some marketing services. These include public relations, publicity, package design, creation of trademarks, sales and market research, sales training and more. The media prefer to work with the advertising agency rather than directly with the advertiser. The agencies are professionals and relieve the media of a large number of tasks for which the media allow a customary commission of fifteen percent.⁵²

When an agency buys time or space, the medium pays a commission or percentage of the purchase price to the advertising agency. Charging fees to advertisers as a supplement to commission has become increasingly widespread.

⁵²Ulanoff, p. 195.

As the advertising-agency business has matured, it has expanded its services and increased its costs; hence, the additional charges to the advertiser.⁵³

There are disadvantages to agency affiliation:

The major reasons for a retailer not using an advertising agency are (1) the nature of his business is such that a company-operated advertising department is better adapted to the tempo of the operation than an outside organization, and (2) much retail advertising is not commissionable.

The retailer is engaged in more day-to-day change in his advertising than is the manufacturer. Sales and special events, one-time or short-term offers, leader merchandise to meet a sudden competitive situation, changes in offers or cancellations of advertisements because of sell-outs or inability to replenish stock, tie-ins with local events, even changes dictated by the weather are a regular part of the retailer's advertising calendar.⁵⁴

The smaller business can appoint an assistant manager or other employee to handle advertising in the interim when the responsibilities shift from the store manager or owner to an advertising department. However, that employee should receive some training. He should confer with advertising sales representatives, and he should tour media facilities to observe production activities. He should

⁵³David W. Nylén, Advertising: Planning, Implementation, and Control (Cincinnati, Ohio: South-Western Publishing Company, 1975), pp. 98-9.

⁵⁴Walter A. Gaw, Advertising: Methods and Media (San Francisco: Wadsworth Press, 1961), p. 199.

participate in advertising budget discussions and attend meetings with product representatives in which cooperative advertising funds are discussed. Space should be provided for files and preparation of ads.

CHAPTER XVIII

CHECKING ADVERTISING EFFECTIVENESS

After planning, production and understanding the costs, the advertiser may ask, "Just what does all this mean?" Dollars may be spent as wisely as possible, advertising may be run with the media most likely to reach the desired customers, but the final question is whether all this did any good.

It is not just a question for local merchants. Many national firms with millions of advertising dollars have spent portions of those budgets to try to determine what their advertising has accomplished.

In Risk-Free Advertising, Wademan defines the problem:

The measurement of advertising's results -- at a time when the enormous consumer, economic and organization change leads the American businessman to an all-time peak interest in those results -- still is a very imprecise process, and some would argue, not measurable at all.⁵⁵

⁵⁵Victor Wademan, Risk-Free Advertising: How to Come Close to It (New York: John Wiley and Sons, 1977), p. 5.

But for all the pessimism in that statement, there are numerous methods to help advertisers gauge results.

Imperfect though they are, they provide the best approach we have thus far for finding out whether our ads are communicating -- and sometimes why. Testing need not inhibit the best creative efforts of advertising people: Instead it should make the effort more productive.

Advertising testing methods may be divided into pre-testing (those used before the ad is placed in the media) and posttesting (those used after placement). The most commonly used methods of pretesting are consumer opinion and attitude tests, direct mail tests, sales experiments and mechanical tests of various types. The most important types of posttesting are readership (recognition), unaided recall, attitude, sales and inquiry tests.⁵⁶

Some methods are complex and too expensive for small businesses. In some cases, small businesses that sell national brands benefit from research by the manufacturer, who includes the cost in the price of the product.

The commonly used measurement for most small retailers is sales. Specific items are advertised, then sales are analyzed. This is a convenient and inexpensive measurement, but it has drawbacks:

In essence, current sales figures are not the final yardstick of advertising performance unless one or more of these factors are present:

1. Advertising is the single variable.
2. Advertising is the dominant force in the marketing mix.
3. The proposition calls for immediate payout (such as in mail order advertising).

⁵⁶Dunn, p. 389.

Today's advertising may pay off next week, next month, or several years from now. Obviously it is unrealistic to charge the cost of creating a new steady user to the particular accounting period in which the first sale occurred.⁵⁷

For many years, a debated issue has been whether advertising should be evaluated according to sales or communication. Communication measures are favored by agencies, sales measures by retailers. Objections to sales measures are based on the fact that sales may result from other uncontrolled influences. Charles Raymond notes:

While the argument still simmers, many advertisers and agencies have agreed that measures of both communication and sales are necessary. Without sales measures, no guidance can be had to profitable combinations. Without communications measures no guidance can be had to improve the advertising itself toward provably motivating copy and media.⁵⁸

The small advertiser can study national advertising surveys. Such surveys, costing millions of dollars and conducted by experts, can give him answers and ideas about his own advertising. An excellent example is the John Morrill study, published by the Harvard Business Review and the McGraw-Hill Company. The study, comprising more than 100,000 personal interviews and covering some 1,000

⁵⁷Russell H. Colley, Defining Advertising Goals -- For Measured Results (New York: Association of National Advertisers, 1961), p. 12.

⁵⁸Charles Raymond, "Measurement of Sales Effectiveness of Advertising," in Handbook of Advertising Management, ed. Roger Barton (New York: McGraw-Hill Co., 1970), pp. 22-3.

industrial companies in ninety-odd-end-use markets, reported the following:

Given adequate frequency, most advertising is extremely profitable. The total cost of selling to customer groups consistently exposed to advertising does, in fact, drop ten to thirty percent.

There are few markets in which advertising is not profitable. This includes situations in which sales coverage is already intense; where sales are primarily negotiated by top management; and even where product differences are small and great emphasis is put on price to make a sale.

The non-advertiser stands at a serious disadvantage in any well-advertised market. His cost of selling to customer groups exposed to his competitors' advertising may actually increase twenty to forty percent.⁵⁹

Facts like those would cost too much for local retailers to obtain for themselves. The local businessman should take advantage of such published studies.

If a local survey or evaluation is planned, the method chosen should be examined for strengths and weaknesses and the advertiser should know what can be expected from it.

Such an evaluation will help the advertiser set objectives for his store and its advertising. Colley says:

. . . starts with the simple statement that to measure the accomplishment of advertising, a company must first have a clear understanding of the specific results it seeks to accomplish through advertising.⁶⁰

⁵⁹Wademan, p. 5.

⁶⁰Corkindale, p. 15.

Another frequently used technique is coupon advertising. A newspaper advertisement announces a money-saving offer requiring a coupon with the payment. When the offer expires, the coupons are counted to determine response to the ad. Similar offers can be made on the air ("Tell them you heard about it on this station and get an extra dollar off."). Coupons provide immediate feedback. Unfortunately, some advertisers do not seem to understand that only a good offer will get people to respond. Unless it features a desirable item at a substantial price reduction, the response will not be overwhelming.

Promotional Strategy discusses the use of coupons and concludes:

Inquiry tests measure advertising effectiveness on the basis of return of coupons from advertisements run under normal conditions in printed media.

The advantages are apparent in that no interviews are required and quantitative analysis of the data usually presents no problems. This approach, however, suffers from crucial limitations. First the presence of a coupon attracts attention to the copy for this reason alone, and true differences in creative treatment can be obscured. Second, many people may read the copy and not return to the coupon. Finally, coupon return bears no special relationship to advertising effectiveness, for attitude change, changes in awareness, the communication of copy points, and a host of additional responses are not tested.⁶¹

In spite of those disadvantages, the coupon method remains useful for many local and national advertisers.

⁶¹Engel, pp. 341-2.

In choosing a method to measure advertising results, a good standard for comparing results is important. This fact is recognized by the largest advertisers. The retailer should rely on a neutral source for recommendations. Suggestions received from media representatives may not be totally objective.

CHAPTER XIX

THE LEGAL SIDE OF ADVERTISING

Local advertisers should be aware of state and federal laws that regulate advertising, regulatory agencies and changes in the laws.

State laws tend to be more specific than the federal ones, directing the controls to one or more designated practices or industries.

The result has been a hodge-podge of state mandates on such subjects as liquor, bedding, stockbrokers, banks, loan and credit companies, employment agents, business opportunity brokers and real estate brokers.

The list also includes socially disapproved services and commodities -- dealing with sex and obscenity, lotteries and gambling, fortunetelling and crime publications -- and the use of state and national flags for advertising. It also covers professional and occupational advertising by lawyers, real estate salesmen and others.⁶²

The first basic state statute to regulate advertising was the Printer's Ink Model Statute of 1911, originated by Printer's Ink magazine. It existed in original or modified form in forty-four states in 1979. The original law:

⁶²Kleppner, p. 684.

Any person, firm, corporation or association who, with intent to sell or in any way dispose of merchandise, securities, service, or anything offered by such person, firm, corporation or association, directly or indirectly, to the public for sale, or distribution, or with intent to increase the consumption thereof, or to induce the public in any manner to enter into any obligation relating thereto, or to acquire title thereto, or interest therein, makes, publishes, disseminates, circulates, or places before the public, or causes directly or indirectly, to be made, published, disseminated, circulated, or placed before the public in this state, in a newspaper or other publication, or in the form of a book, notice, handbill, poster, bill circular, pamphlet, or letter, or in any other way, an advertisement of any sort regarding merchandise, securities, service, or anything so offered to the public, which advertisement contains any assertion, representation or statement of fact which is untrue, deceptive or misleading, shall be guilty of a misdemeanor.⁶³

While the legal language might be confusing to a layman, the content is simply this: If an advertiser uses his ads to mislead, lie or deceive, he is guilty of a misdemeanor. Many state laws have been based on this legislation, and, depending on funds available, prosecution for violations is quite vigorous in some states -- partly because of increased consumer awareness and action.

Because of the consumer revolution, most states have increased the number of advertising laws. However, some are difficult to enforce, so the strength of the law varies with the state.

⁶³ Don R. Pember, Mass Media Law (Dubuque, Iowa: William C. Brown, Co., 1977), p. 355.

If the advertiser has a question about the advertising laws in his region, he can call the city or county attorney or the state attorney-general.

Most federal legislation cited by consumer advocates is more than fifty years old. The major regulating body, the Federal Trade Commission, was created in 1914.⁶⁴ It is empowered to identify violations and to issue orders to cease and desist. Beyond that, under the basic legislation, it is powerless. The Justice Department prosecutes violations of cease-and-desist orders and only at that stage does a violation result in a penalty beyond having to desist from the practice challenged.⁶⁵

In many instances, the advertising media representatives understand the laws that affect their media. Roman and Maas list these broad legal recommendations, which should help keep advertisements within the law:

1. Tell the truth, show the truth. Your product must be shown exactly as the consumer buys it -- in all material respects. Use products straight from the production line.
2. Be sure the general impression is truthful.⁶⁶

⁶⁴Kenneth Roman and Jane Maas, How to Advertise (New York: St. Martin's Press, 1976), p. 131.

⁶⁵George J. Alexander, Honesty and Competition (Syracuse, N.Y.: Syracuse University Press, 1967), p. 4.

⁶⁶Roman, p. 131.

3. Ban "weasels" and dangling comparisons (sly turns of phrase that mislead).
4. Substantiate all product claims. If you say your product is "more beautiful than the other leading product," you must be able to prove it.
5. Testimonials must be backed by research.
6. Regulate your own advertising, don't wait for the government to do it for you.
7. Try to protect the consumer.⁶⁷

Over the years, some ground rules for application of the FTC law have emerged, based largely on the rulings of the Federal Trade Commission and court decisions. Important among these are:

Total impression. The courts have held that the overall impression that an advertisement gives is the key to whether it is false or misleading. If an advertisement has even a "tendency to deceive" the FTC may find it illegal.

Clarity. The statement must be so clear that even a person of low intelligence would not be confused by it. The tendency of the law is to protect the credulous and the gullible. If an advertisement can have two meanings, it is illegal if one of them is misleading.

Fact vs. puffery. The courts have held that an advertiser's opinion of his product is tolerated as the legitimate expression of a biased opinion, and not a material statement of fact. However, a statement that might be viewed by a sophisticated person as trade puffery can be misleading to a person of lower intelligence.

The question of taste. The courts have held, "If an advertisement is not false, the defendants have a constitutional right to use it even though its

⁶⁷Roman, p. 132-3.

content and blatancy may annoy both the Federal Trade Commission and the general public. The issue is falsity."

Demonstrations. Demonstrations of product or product performance on television must not mislead viewers. The FTC requires literal accuracy in nutritional ads, both audio and video.

Guarantees. Any guarantee used in advertising must clearly and conspicuously disclose the nature and the extent of the guarantee, the manner in which the guarantor will perform and the identity of the guarantor.

"Free." This is a popular word in advertising, along with related words. If there are any terms or conditions for getting something free, they must be clearly and conspicuously stated with the word "free." If a purchaser must buy something to get something else free, what he buys must be at the lowest price for which it has been offered (same quality, same size) in thirty days. A "free: offer for a single size may not be advertised for six months in a market in any twelve-month period.

Lotteries. Lotteries are schemes for distribution of prizes by chance. If a person has to pay for entering a lottery, it is held illegal by the U.S. Postal Service, and banned from the mails. If advertised in interstate commerce, the FTC also holds it illegal, and will enter to stop it. The giving of prizes in the many "sweepstakes" advertised is allowable, because they do not require a person to pay money to enter.⁶⁸

If a retailer accidentally violates one of these laws, he should voluntarily run corrective advertising. If this is not done, the FTC can order it, sometimes over a specific period of time to "dissipate the effects of that deception." This has served as a meaningful deterrent to most advertisers.

⁶⁸Kleppner, p. 678-9.

The retailer should not ignore customer complaints about advertising. The consumer movement is growing stronger each year, and consumers are not afraid to express their dissatisfaction. A statement by Louis Harris, president of a major research organization that polls American consumers, reflects this:

. . . consumers feel cheated on a mass basis. Majorities of the public express real worry, in health terms, about their soft drinks and the food they eat, the safety of their automobiles, the dangers of birth control pills, the dangers of taking tranquilizers, sleeping pills, pep-up pills, and a plethora of other instant curatives.⁶⁹

The advertiser should remember that a single dissatisfied customer can go to the city or county attorney or to the state attorney-general. Obviously, the merchant should maintain the good will of the consumers.

The retailer also should stay abreast of new developments in advertising law as they relate to him, remembering that "legal ramifications are implicit in every facet of the advertising process. They generate in the relationships and activities which develop among advertisers, agencies and media. . . ." ⁷⁰

⁶⁹"Business Responds to Consumerism," Business Week, 6 September 1978, p. 108.

⁷⁰Gilbert H. Weil, "Managing the Legal Aspects of Advertising," in Handbook of Advertising Management, ed. Roger Barton (New York: McGraw-Hill Book Co., 1970), p. 32.

CHAPTER XX

CONCLUSIONS

In examining five Missoula companies that have established advertising departments and in the research for the advertising handbook, several areas of concern appear common to most small retailers. Understanding media rates, production and scheduling were major concerns, and evaluating advertising results followed closely. The first are easy to deal with by setting up a strong working relationship with media sales representatives calling on the company. The retailer or his representative should ask media sales people for literature on advertising in their medium.

Evaluating the results of advertising is difficult for the small advertiser with limited funds. However, he should try to learn as much as possible about what his advertising is accomplishing. The easier methods such as coupons and small surveys filled out on part of the sales slips can help. Or he can arrange for a simple survey by an individual or a group such as a high school or college marketing class. Such surveys can serve as guidelines and give the merchant an idea of what his advertising achieves.

Advertising appropriations often are made arbitrarily, and allocations to media frequently are based on personal likes and dislikes and not on circulation facts.

Although the advertiser should assign his funds according to the budget-build-up method (deciding what the advertising goals are, then budgeting the amount needed to achieve them), this research indicates that most prefer the percentage-of-sales method if they do any planning. If this method is used, it should be monitored several times annually and a miscellaneous category should be included for unforeseen expenses.

Many advertising decisions will depend on specific circumstances in a local market. Some facts will be learned from the advertising of his competitors and national ads.

Small-business advertisers must realize that advertising is not simple and there are no easy answers. Unless time and effort are invested in the process, the money spent will be wasted.

General sources of advertising information such as the following may be helpful with many advertising questions:

American Advertising
Federation
1225 Connecticut Avenue
Washington, D.C. 20036

American Association of
Advertising Agencies
200 Park Avenue
New York, N.Y. 10017

The Advertising Council
825 Third Avenue
New York, N.Y. 10022

Advertising Research
Foundation
3 East 54th Street
New York, N.Y. 10022

APPENDIX

ADVERTISING CHECKLIST FOR THE SMALL RETAIL STORE

The small business provides its owner and/or manager with freedom and an opportunity for self-expression. If you are currently managing a small retail operation, you are able to make decisions freely, and you are probably well qualified. However, if you are like many small retailers, you may feel a little confused by the multitude of advertising choices you face each week. Even smaller cities frequently have several radio stations, a television station or two and from one to many print outlets. Each considers itself the best (possibly the only) medium and brings you written and oral "proof" of this. If you are new to advertising this can be disconcerting, and even seasoned managers find such arguments influential.

This section is in checklist form to provide a clear-cut, unbiased guide for small business advertising decisions. You should find it adaptable (with some variation) to your situation, and its simplified form should make it easy to use.

Unifying Your Advertising

Advertising should not be thought of as a separate activity. It is the beginning of the sales process and part of the marketing chain.

When you set up an advertising program, you should make an intelligent appraisal of what you will expect from your advertising.

Close cooperation should be the aim of your entire store. The clerks, the interior and window displays and the prices should reflect the current advertising campaign. Attempts should be made to tie in your local advertising to the national advertising of the manufacturer whose products you sell. You should also plan your ordering in each department for the same purpose.

Be sure that:

1. Merchandise is wanted by your customers.
2. The timing of your advertising is correct.
3. The advertised merchandise is backed up by the entire store.
4. Advertised merchandise is not shown continuously.
5. You know your advertising budget and plan to check advertising results.

Your advertising should take the "whole store" approach. Retail advertising requires total coordination for the best results. This is not always easy, but here are some major steps to follow:

1. Make sure you have a complete stock of the advertised items.
2. Make sure it is easy to find the advertised item in the store. This includes making sure all employees know where it is.
3. Display the print advertisements. A customer probably will not carry the advertisement with him, but may wish to refer to it once he is in the store.
4. Change the prices on the items if you have advertised a sale price.
5. Look for ways to have the different departments work together on the advertised items. Related items from different departments can be advertised at the same time. If this is done, be sure the employees in the different departments are aware of such tie-ins.
6. Arrange for interior and window displays in the same theme as the advertisement.
7. Just before the sale is to start, hold a meeting with all involved store personnel to make sure they understand the sale and what is expected of them.
8. To help increase employee interest in the event, it is often a good idea to establish a sales contest or some other reward system for the staff.

The last, but most important element of coordination of your advertising is this: Once you set a plan, stick with it. Wavering will only serve to make the store image less secure in the mind of the potential customer, and it will make it far more difficult for you to check results. Be consistent.

Advertising Research

If you are like many other small retailers, you do not have the budget for detailed advertising research. However, there are a number of ways you can obtain the market information you need to proceed with your advertising. If your company is well-established, examine where the products are now being sold, and consider the market areas where you think the product could be sold. The following is a checklist of things you can do yourself to research your market.

1. Talk to other people in the firm or in the industry. Read all available trade publications and material distributed by the local chamber of commerce or merchants' association.
2. Talk to your salespeople. Often they know much about the customers your company attracts.
3. Maintain good communication with your media sales representatives. They know about your trade area and about business trends.
4. Check bills and receipts periodically. Addresses on checks and charge records give you valuable information about who your customers are and where they come from.
5. Include space on receipts or sales agreements for staff to record customer facts. These could include what media brought them, and why they like or dislike your store and its advertising. Make sure your employees understand the importance of this procedure.
6. Check with major employers in your community to learn when paydays are. They can have a strong effect on shopping patterns.

All of these do-it-yourself approaches may sound like a lot of work, but they are inexpensive. The knowledge you gain in this way will help stretch your advertising budget. If you really feel you cannot spare the time, consider having a high school or college marketing class conduct a survey. This may cost a nominal fee, but not as much as hiring a major research firm.

Detailed Advertising Planning and Objectives

An advertising plan is important if you want the most from every advertising dollar. Nearly every advertising plan has certain elements. It relies on experience, either yours or others'. It keeps track of business trends and buying patterns, and it estimates future conditions. It is based on consistent advertising. You have nothing to lose except some time if you set up a plan, and you can lose a lot by advertising impulsively. These elements should be included in advertising planning:

1. Decide when to advertise. Timing of advertising is too important to be left to chance. You can pinpoint peak periods during important shopping events, by the season, the month, the week or day.
2. Decide how often you should advertise. For most retailers it is better to advertise more often, even if the advertisements have to be smaller. Even special promotions will have a better turn-out if there has been consistent advertising leading up to them.
3. Decide what to advertise. Make sure the advertised items are current and priced right. If your merchandise is seasonal, advertise it at the right time.

4. Learn how to advertise. You should decide what kind of store you want, and aim all your advertising at creating that image. Make sure the image you choose is geared to the market served by your store, and work out a creative approach that will project this image.

The store-wide promotion is a strong way to unify your advertising plan. But if you conduct one, you should utilize a checklist similar to the following to be sure it is coordinated:

1. Pick an opening and closing date for the sale.
2. Come up with a name for the sales event, and it should help tell the customers the reason for the sale.
3. Select the merchandise you plan to feature. Again, this should be current and priced right to attract customers.
4. Consider how much you want to spend to advertise this event, then divide it between the respective media. (More on this in the section on budget.)
5. List the expected advertising expenditure by days during the sale.
6. Arrange for window and interior displays to back up the event.
7. Make sure price tags are changed if necessary.
8. Hold a meeting for all employees to explain the sale and answer any questions they may have.
9. Stick to your plan.
10. Stick to the store image.
11. Carry the sale theme through across all your advertising media.

Advertising Appropriations and Budgets

Setting up the advertising budget is probably the most important thing you will do in planning your advertising. Your advertising budget represents the total amount of money you intend to invest in advertising, and it works as a guideline for where to spend it.

There are several kinds of advertising budgets, and you will select the one that works best for your store and circumstances.

The simplest and most common is the "percentage of gross sales" method. It sets aside a figure, usually two to five percent of the previous year's gross sales or of projected sales for the coming year, to be used as the total amount of advertising budget money.

Another, similar, method is the "set amount per unit" budget. In this method, money is drawn from a set amount per item sold, or projected to be sold.

A third method, which has been gaining acceptance in recent years, is the "task" method. It is based on sales objectives. You decide on a goal and the advertising strategies you will use to achieve it. Then you determine the amount required to implement the advertising. This method is flexible, changing with fluctuations in the market, and it can be used in conjunction with the the two above-mentioned methods.

Other factors contributing to determining the advertising appropriation are in this checklist:

1. Type of product or service sold by the store. Some products or services demand more advertising than others. Those which are competitive (usually of frequent consumer use) will require a larger advertising budget than non-competitive ones.
2. Location of the business. If the store is located on the outskirts of town, or if it has nothing special to offer, it requires more advertising than one in a heavy consumer traffic area.
3. Availability or quality of local media. If you are in a city with few media, you will need to do less advertising than in a location with many competing advertising vehicles.
4. Pulling power of your advertisements will influence how much advertising you will need. If your copy is forceful, and the illustrations attract attention, you will get more pull per advertisement, and you will need to spend less.
5. Length of time you have been in business. If your store is new, or in a new location, you will need to do more advertising than the long-established business. The established store cannot just rest on its reputation, but it does not need to use its advertising to tell the public it is there.
6. Size and image of the store. If your store is one which operates on a fast turnover basis, you will need to do more advertising than you will if you are operating on a slow turnover, high quality basis.

Whatever budget plan you use, you will want to write some flexibility into it so you can accommodate unforeseen events. It is a good practice to set aside an extra amount in a "miscellaneous" column, after allocation to the media, providing for such events.

The remainder of the budget will be allocated to the various local media, with each allotted the amount of the budget you feel it merits in your plan. For example, if newspapers bring in more of your customers than radio, then newspapers should be scheduled for a larger portion of your budget. The following is an example of how an annual budget might be set up, with percentages allocated to various media, and percentages appointed to each month, depending on the amount of business you expect to do in that portion of your sales year:

	Local News- paper Ads 30%	Radio Sta- tion "A" 15%	Radio Sta- tion "B" 15%	Tele- vision Station Ads 17%	Yellow Pages Ads 3%	Mis- cel- lan- eous 20%	Total for the Adver- tising Year 100%
Jan. 7%							
Feb. 7%							
Mar. 8%							
Apr. 9%							
May 10%							
June 8%							
July 9%							
Aug. 8%							
Sep. 8%							
Oct. 9%							
Nov. 9%							
Dec. 8%							
Total							

Though you will set up your budget for the entire year, it is best to confirm a quarter of it at a time. Because business conditions are subject to change, you should allow yourself this option, and complete each quarter's budget as the quarter approaches. This can be refined to a monthly approach, and the following checklist should be used as this is done:

1. How big do you expect this month to be in your entire merchandising year?
2. What is the month's planned sales goal?
3. What percentage of sales should be invested in advertising? (Or, how much is needed to accomplish the month's advertising task?)
4. What is the month's advertising budget?
5. What items in your store stock offer the best sales opportunities?
6. How should advertising space and time be distributed among the selected items? Which items will be the features of the sale, and which will be supporting elements?
7. What prices should be features? If you plan a coupon, you will want to make sure that the prices on the coupon are the biggest savings in your total advertisement.
8. How should space and time be distributed throughout the advertising month?
9. Are there local events planned in your market that you may wish to participate in? If they have a theme, will you want to use it, too?
Will there be a fee for participation?
10. Will you need extra advertisements because of a new product or service?

When planning the entire year's budget, this checklist should be used:

1. When are the important holidays?
2. When are the major national advertising campaigns for the products your store carries?
3. Watch for additional costs for production, supplemental materials, etc.
4. Be careful not to try to do too much with the money you have available. If you try to buy time and space in every medium with a small advertising budget, you may spread yourself too thin, and end up with fewer results than you might have had with intensified advertising on fewer media.
5. Do not sign a contract with any medium until you evaluate the job it does for you.
6. Remember that the fact you like a publication or broadcast medium does not necessarily mean your customers do. Find out what gets and keeps your customers' attention, then use it.
7. Do not allow yourself to be pressured into advertising by high pressure sales presentations.
8. If a new advertising medium appears in your market, do not buy time or space with it until you have time to analyze its impact.
9. Choose a few charity publications and buy space in them, but do not buy in all that come your way. They do not pull customers, and should be regarded as a donation, not as advertising.
10. Get acquainted with any cooperative (co-op) advertising funds available to you. Ask your product representative about co-op programs, and ask periodically. (Some products have sporadic programs.) If you learn one is available, have the representative explain it thoroughly, so you understand how much the manufacturer pays, and what your responsibility will be in the co-op arrangement.

Do not try to run advertising without planning a budget. It is important and allows you control, providing a standard against which to check expenses. It can serve as a guide for evaluating sales, also.

Media Selection

Once you have researched your market and set a budget, you are ready to allocate your budget to the different media. I have explained how this allocation fits into the overall budget, but this section will give you some guidelines for deciding what portion of your budget each local medium is to receive.

There are a number of basic considerations in selecting the right media for your advertising plan. Remember, the media combination that works well for other kinds of stores may not be the best combination for yours. Here again, you will need some preliminary study to determine the most cost-efficient program.

Here is a checklist to use as a guide in selecting advertising media:

1. Find out the type of media available in your market area.
2. Know the advantages and disadvantages each medium has for your business.
3. Set a standard of expectations for each medium so you can evaluate results.
4. Develop a rough media plan, and lay it out on paper for reference throughout the year.

5. Allow yourself some flexibility in the plan to provide for changes in media throughout the year. (A new radio station may begin operation in your area, or a television station may change ownership and management policy. Any of these things could make you decide to change your advertising approach.)
6. Finalize the plan, if not for the entire year, then at least for the immediate quarter, with a rough plan for the remainder of the year. (If you know what you plan to do, you can schedule advertisement placement in print or broadcast media. The farther ahead you can schedule, the better your chances are of getting the exact schedule you desire.)
7. Once the final plan is set, stick with it. The flexibility you have written into it will make it possible for you to experiment, but you should avoid wandering away from the plan you have set.

In accordance with number 2 above, a knowledge of the advantages and disadvantages of each medium is important in making your media selection. The following is a checklist of some of the major good and bad points of each medium usually available locally:

Newspapers

Advantages	Disadvantages
1. Wide market coverage.	1. Readers of the paper might not be your best prospects.
2. Readers are looking for information.	2. Frequency of delivery might not meet your needs.
3. Ads can be cut out and saved.	3. Competition is keen for attention.
4. Subscribers usually trust their paper.	

Newspapers (Continued)

Advantages	Disadvantages
5. You can request a specific section to attract certain readers.	4. You have no control over who reads your advertisements.
6. Items can be shown as described.	
7. Wide choice of ad sizes.	
8. Ads can be changed on a few days' notice.	

Newspaper space is usually purchased by the line (one-fourteenth of an inch) or by the column inch. Rates are based on circulation, and most newspapers make lower rates available to regular advertisers. Some lower rates are offered to those who run a certain number of column inches in a given period of time, also.

When you purchase advertising in a newspaper, you will be working with a deadline, and there is often a chance for you to examine a proof of the advertisement before it is run. There is usually an extra charge for photographs and art work, and this should be taken into your consideration when selecting the media and figuring costs.

Ask your newspaper sales representative to go over the rate card with you so you understand what your requirements will be.

Radio

Advantages

1. Stations can be selected to reach a specific audience.
2. Copy can be changed almost up to air time.
3. Low cost of preparing commercials.
4. Cost per spot is quite low.

Disadvantages

1. It may take several stations to cover a market.
2. The ad can only talk about the product, it cannot display it.
3. Listeners may tend change from one station to another.
4. Unlike print, the commercial cannot be kept and referred to.

Radio is an immediate medium. On-the-spot remote broadcasts from your store can give the customer the idea that the sale is happening now, and that he should get over to your location right away. Music and sound effects can be used to help make your ads attract more attention and have more impact.

Television

Advantages

1. Offers sight, sound, action and color.
2. Viewer recall is high.
3. Excellent vehicle for demonstrating product.
4. The medium is flexible, and although you need to schedule in advance, you can do production close to air time.

Disadvantages

1. Production and talent costs can be high.
2. Commercials are best prepared by agencies.
3. Overall costs may limit your use of this medium.
4. You may not always be able to get your desired time slot.

Television (Continued)

Advantages	Disadvantages
5. Reasonable cost per viewer.	5. Many viewers may not be in the immediate locale of your firm.
6. This is the closest approximation to face-to-face contact.	6. Competition for viewers' attention may be intense.

You will do well to purchase television time on either side of prime time. Prime viewing hours are the most expensive times to buy commercials and most of the viewers who watch during prime time are there a little before and a little after these hours. If your commercials are locally produced, it will save you time and money if you keep them as simple as possible. Simplicity will actually make them look more professional.

Outdoor

Advantages	Disadvantages
1. Constant repetitive display -- seven days a week, twenty-four hours a day.	1. Inflexible scheduling: you are committed to one month at a time.
2. Large coverage potential.	2. You may have to wait for availabilities -- limited to existing board locations.
3. Large image area for display.	3. Subject to weather damage.
4. You can localize impact area by selecting location.	4. Amount of copy limited -- too much will not get read.

Magazines

Advantages	Disadvantages
1. Ads can be full color.	1. Ad must be submitted far ahead of publication date.
2. Ads reach a specific group of readers.	2. If it is a national magazine, regional circulation is costly.
3. Copies can be and are read by more than one person.	3. Lacks the immediate impact of local media.
4. Percentage of potential buyers is high.	

Unless you are dealing with regional editions of national magazines, or with locally produced and distributed magazines, this is probably not your more most efficient advertising medium. If you decide to run advertising in a magazine, anticipated results should be analyzed carefully.

Direct Mail

Advantages	Disadvantages
1. Can be selective.	1. It is difficult to maintain an up-to-date mailing list.
2. No length limit.	2. High cost per reader.
3. Can be addressed to a specific person.	3. Some people resist direct (junk) mail.
4. Can be sent at your discretion -- no deadline or closing dates	4. Competition for readers' attention.
5. It can be personal -- a good way for you to maintain customer contact.	
6. Can be in full color.	
7. Minimum dollar waste.	

Yellow Pages

Advantages

1. Prospects are already looking for a place to buy.
2. Variety of sizes.
3. Can be referred to many times.
4. Good source of new customers.
5. May be read by more than one person (as in a telephone booth).

Disadvantages

1. Long commitment (one year).
2. Long deadline.
3. Ad cannot be changed for entire year.
4. May be waste coverage out of your market.
5. Competition can be keen for the customer's attention.

Movie Advertising

1. Low cost per exposure.
2. Easily produced.
3. Bigger than life screen offers impact.
4. Captive audience.
5. Reaches prospects in your market area.

1. Number of exposures is limited.
2. Type of movies should be checked to protect store image.
3. Not all moviegoers are prospects.
4. Difficult to determine how ad "pulled."

Novelty Items (Calendars, pens, etc. with name imprint)

Advantages

1. Relatively long life.
2. Has "gift" quality.
3. High repetitive value.
4. Unique presentation.

Disadvantages

1. May be subject to fads.
2. High cost per exposure.
3. Message must be short.
4. Difficult to measure effectiveness.

Preparation of Advertisements

You may or may not wish to be involved in the preparation of your advertisements for local media. However, you should understand a little of the procedure for each medium to make sure you do not spend more than is needed on production.

Remember that your media representatives are more than willing to answer any questions you have about their media, so do not hesitate to ask. The following are checklists to help make your advertising production carry the message the way you want:

Newspaper

1. Make sure you have a dominant illustration or headline that instantly gets the message across to the reader.
2. Make sure the advertisement is suitable for good newspaper reproduction. Talk to your media representative about the use of color photographs from brochures and other possible problems before you submit the advertisement.
3. Make sure your newspaper has a standard style for your advertisements that projects the image of your store. You should find a consistent, distinctive format for instant recognition.
4. Make sure that your logo is recognizable and distinctive. The logo should be standard throughout all your printed material (stationery, business cards, billboards, etc.) and should reproduce well in all sizes.
5. Make sure your advertisement is well organized. It should not be difficult for the reader to make sense of it. If your advertisement is poorly organized, it may not hold the readers' attention.

6. Make sure the advertisement does not look cluttered. You may have been told about "white space" before, and it is important to remember it can make your advertisement easier to read.
7. Make sure the illustration is large enough. It is a common mistake among retail advertisers to use illustrations that are small, just fitting the space. A larger illustration is more dynamic, even if the type has to be a little smaller.
8. Make sure the headline is aimed at the people you want to reach.
9. Make sure the headline has "news" quality or that it describes a benefit. If the headline doesn't give the reader a reason to read more of the ad, he may not take the time to finish reading the ad.
10. Make sure the copy is complete and specific, but also make sure that it only says what you want it to say and no more. Keep the language simple and direct, very much as you would speak to the customer.
11. If you use prices, make sure they are clear and visible to the reader.
12. Make sure the advertisement will inspire the reader to act.

Radio

1. Make sure the words you use are short and easy to understand. Make sure they are easy to say, too. Remember that the announcer has to contend with those words.
2. Try to create a mental picture. Remember, radio does not show the customer the product, so he has to imagine it. Your radio copy can help him do it.
3. Stay with a single theme. Radio commercials are short and should be uncluttered.

4. Your radio copy should talk directly to the listener as if you were in a face-to-face conversation with him. If you are doing the announcing, make sure the copy comes across as warm, sincere and friendly.
5. If it is at all possible, make sure the name of your business is mentioned at the beginning, somewhere in the middle and at the end of each radio spot. It is the best way to try to assure that it will be remembered.
6. Make sure that your commercial is directed to the specific group of listeners you wish to reach.
7. Make sure the commercial urges the listener to take action. Phrases like "come in today," are good for this.
8. Try to make sure the station has more than one commercial available for use. It helps to keep any one commercial from becoming too repetitive.
9. If you purchase a radio jingle to be used with all your commercials, make sure that it fits the image of your store, and that it reflects the character you want.
10. If you are using more than one station, it is a good idea to have copies of each commercial made for use on all stations. It adds consistency to the sound of your advertisements, and makes it easier for the listener to identify, even if switching stations.
11. Tie in the sound (jingle, voice) with your television commercials for the same reasons of conformity in advertising. The more you can do to create the same image, the better.
12. Plan your scheduling far enough ahead to give yourself time for production arrangements.

Television

1. Feature a single idea. Again, television commercials are short and the viewer cannot refer to them again at will.
2. Be sure your television commercials are easy to understand. Do not use complicated words or sentences.
3. Make sure the copy speaks directly to the listener or viewer. This is the closest you can come to a face-to-face presentation, and you should take advantage of this fact.
4. Make sure the commercial "grabs" the viewer immediately. If you don't get his attention right away, you may not get it at all.
5. Tie in with the theme of your other advertising. You will get the most for your money this way.
6. The name of your business should be mentioned at the beginning and end of the commercial, and it should be shown as well, preferably in logo form.
7. Let the picture part of the commercial put your message across. If you possibly can, take advantage of the fact that television can show motion. This is the only major medium you can use this way.
8. Use close-ups. This is similar to the large illustration in print advertising. Close-ups have more impact.
9. Remember that television is a good place to demonstrate your product. Take advantage of this fact.
10. Avoid the use of special effects unless there is a real reason for them. They can be distracting for viewers.
11. Work within the limits of your local television station's production staff and equipment. Do not try to do something that is too complicated if abilities are limited.

Direct Mail

1. Use stuffers in your monthly statements being sent to present customers. It saves postage and envelopes, and it addresses people who have already bought from you.
2. Make your direct mail personal. Address the recipient as "you" and speak directly.
3. Give the reader solid information. Avoid any gimmicks.
4. Make it easy for the prospect to place his order. Include the order form or card, and point it out to the reader in the advertising copy.
5. Stay with standard sizes of paper and envelopes. Odd sizes and shapes can cost you money, and may cost you time if they are difficult for the postal service to handle.
6. You can save money if you have several direct mail pieces printed at the same time in the same colors.
7. Make sure you know what weight the piece will be. Otherwise, the postal costs can be more than you expect.
8. Plan ahead and do not try to rush on a direct mail piece. This can cost you money, also.

Yellow Pages

1. Make sure the ad tells what brand names your store carries and the selection available at your store.
2. Keep your copy tight and simple. Do not be too wordy.
3. Tie in your Yellow Page advertising with all your other advertising. Use the same logo and border, if you have a standard format.
4. Make sure your ad tells the reader what communities you serve.
5. Use large illustrations for impact.

6. If you offer repair service, you should make sure your advertisement says so.
7. Indicate which credit cards you will accept.
8. Include your store location and hours. If your store is difficult to find, include a map in your ad.
9. You may wish to run your ad in surrounding communities' directories, if they are in your market area.
10. If you decide on a large Yellow Page advertisement, make sure it is necessary.

Outdoor Posters

1. Limit the number of words in your copy. Between six and ten words is about right.
2. Again, tie in this advertising with the format used in your other print advertising.
3. This is the place for you to take full advantage of the impact of a large illustration. Small illustrations are out of place on an outdoor billboard.
4. Use bright colors with plenty of contrast.
5. Use bold, easy-to-read type for your message. Remember that the people who will read this will probably be in motion, and many of them will be the driver of the car, subject to other distractions. Make it easy for your message to get across to them.
6. Make sure your name and address are prominent on the poster. Telephone numbers are not necessary, because it is unlikely the driver of a car will be able to write them down or remember them.
7. Use common sense and good taste. There are many people who do not like billboards, and you should avoid offending the general public with your ad message.

Evaluating Advertising Effectiveness

The easy way to evaluate the effectiveness of the media you have chosen is to ask your customers what attracted them to your store. You can have your sales staff do this for you, and compile the results after a certain period of time. If an advertisement or commercial did not pull, you should evaluate it with your medium sales representative to determine the reason. Keep a scrapbook of your advertisements with notes on how many sales were made and other factors, as well, such as the weather during the sale. If you have effectively tied in the various media, you can find out how the entire campaign worked. But use some caution here. Remember that an advertisement may bring a potential customer into your store, but it cannot make him buy. He may come in and not buy anything, or he may buy an item that was not included in your advertisement, so sales will be only a part of the total picture.

Whatever records you keep on advertising, you should record other business factors such as paydays, other sales in town and weather. Any of these things could affect sales. Review this material as you plan for the coming year. Evaluation is important, and it can save you money when you plan future advertising. Remember, evaluation can only help if you pay attention to what it tells you.

Evaluation Checklist

1. Make advertising evaluation a regular practice. Sporadic checks will not tell you as much as regular, planned surveys.
2. One good way to find out what advertising brings customers into your store is to have your sales people ask them. An easy method for this is to make space available on the sales slip or sales agreement for the salesperson to check off the customer's response. Make sure you explain to sales personnel why this is important, and ask for their suggestions on the easiest way to do this.
3. If your store is more of a self-service operation, you can check through premium offers. Coupons work well in print, or broadcast media can use a statement like "tell them you heard it on this station and get an extra twenty percent off." To use such a method, remember that the offer must be for a desirable item at a substantial savings to inspire action. If the offer is not a good one, your premium will not provide the results you need for a test, and it will not be the fault of the medium.
4. Though checking sales of advertised items can provide valuable information to your store, remember those customers who come in and do not buy the advertised item. If you do have sales people on the floor, it might be worthwhile to have them do spot checks with customers. Most people do not mind being asked what caused them to choose a particular store, and you might find out more about what items to advertise.
5. Even though it is a temptation to place different offers on the various media to "test" them, be careful not to make this practice confusing to the prospect. Your advertising must tie together for the best results. If it is competing against itself, you will cut back on the effectiveness you are trying to "test."
6. Do not consider any evaluation to be the final word. The market is a constantly changing entity, and your efforts to evaluate it should be continuous.

Advertising Law Checklist

Federal, state and local advertising laws vary, so it is worthwhile to have someone who is knowledgeable about advertising and the law review your advertising before it runs. Your media representatives should be current on the law, and you should check with them. You can also protect yourself by:

1. Making sure everything your advertising says is true, especially price information, standard and optional equipment, warranty and return policy information.
2. Carefully check each advertisement for any statement that could be misleading.
3. Do not ask your media to run advertising for any lotteries. They are illegal as far as the Federal Communications Commission and the postal service are concerned. For this reason, neither your radio and television stations nor your print media can advertise them.
4. If you have any questions that you do not feel your media representatives have answered to your satisfaction, check with your city or county attorney. If they do not have the answer, they will know who to refer you to.
5. Do not use the word "free" unless you really mean it. If you give something free with the purchase of an item, the merchandise should be sold at its regular price or below, and you should not add to the price to pay for the "free" item.
6. If you make any claims about your product, be prepared to document them. You should have proof to back them up.
7. If you demonstrate the product, make sure the demonstration is honest and not deceptive.
8. Use only honest testimonials.

9. Remember that consumer protection regulations and legislation are constantly changing. Keep up with it. Often trade publications carry the information you need.

More Information

If you are really interested in being involved in your advertising, it will take more in-depth information than these checklists give you. There are many sources from which to obtain further information on advertising in general and on specific media.

An easy way to learn a great deal about your local media is to set aside time to take tours of the facilities of each one. If there is more than one radio or television station or print outlet, tour them all. It is not uncommon that they differ. Spend time with each of your media representatives. Tell them you want to know everything they can tell you about their particular medium. Most do not mind taking the time to explain, and they are the people who can help you understand their rates and restrictions. This assistance requires only your time, and the time invested in this way will save you money later. There are also a number of publications which can help you. A bibliography of some of them is included with this paper, as is a list of organizations and associations which publish helpful advertising information.

These are general sources of information that may be helpful with many advertising questions:

American Advertising
Federation
1225 Connecticut Avenue
Washington, D.C. 20036

The Advertising Council
825 Third Avenue
New York, N.Y. 10022

American Marketing
Association
230 North Michigan Avenue
Chicago, Ill. 60601

National Retail Merchants
Association
100 West 31st Street
New York, N.Y. 10001

American Association of
Advertising Agencies
200 Park Avenue
New York, N.Y. 10017

Advertising Research
Foundation
3 East 54th Street
New York, N.Y. 10022

National Better Business
Bureau
230 Park Avenue
New York, N.Y. 10017

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