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EFFECTIVE MARKETING

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EFFECTIVE MARKETING

BY
L. ROHE WALTER

FIRST EDITION

McGRAW-HILL BOOK COMPANY, INC.
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To

I. M. W.

M. B. W.

PREFACE

THE author does not claim to be an economic prophet or philosopher—nor a discoverer of new truths, magic formulas, or short cuts to marketing success. He is only a businessman.

All his business life, during the past two decades, has been devoted to helping sell a variety of products in every important market. A large part of his time has been spent in the field among grocers, druggists, building-material dealers, filling-station operators, retailers of all types, salesmen, and consumers. Through working directly with these people he has gained a better understanding of their selling problems and he continues to deal with the intricacies of marketing, day by day, in the earning of his livelihood.

Throughout this book an attempt has been made to interpret marketing procedure in the spirit that business exists for society, not society for business. The full implications of this statement are recognized by the author, for he believes that, critics to the contrary, today's successful business is not a kind of commercial warfare in which anything goes in a mad scramble for profits.

It is the author's further conviction that our present distribution methods, which form a major factor in our social system, will not provide the most abundant benefits for all concerned—producers, distributors, consumers—until businessmen achieve

greater skill in the sound planning and execution of marketing operations. Then the security of a business and its employees will be not a phenomenon but, like health in a normal human being, a natural condition.

This book has been written in an endeavor to show the modern marketer in action, to explain the how and why of successful methods, and to classify the marketing processes in a workable plan of proved utility.

Much of the material has been contributed—either directly or unknowingly—by outstanding marketers with whom it has been the author's good fortune to work closely. Many of these men direct complex nation-wide merchandising operations; some function effectively as department-store executives and heads of automobile dealer agencies; others serve their fellows through the medium of the corner grocery or the neighborhood drugstore. To them—the listing of whose names would carry this acknowledgment beyond practical limits—the author pays grateful tribute. And to Mr. Lawrence Brennan, the creator of the original drawings which visualize the seven marketing principles, he is especially indebted.

L. ROHE WALTER.

NEW YORK CITY,
December, 1938.

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"All the problems in the World could be settled easily, if men were only willing to think."

—Nicholas Murray Butler

EFFECTIVE MARKETING

I

The Seven Marketing Principles

T. O. M. SOPWITH's Endeavor was probably the fastest and best equipped of the long line of distinguished British yachts ever to challenge for the America's cup. Yet she lacked one of the most important sails a modern yacht can carry—a Genoa jib! She had to borrow one from the Yankee, and before the series was over, have one made here in the United States.

It was an astonishing omission, one of those unexplainable mental lapses the newspapers write about; and yet these omissions of essentials in every phase of human activity are almost the rule rather than the exception. They are responsible for most failures. They trap criminals. They wreck trains on land and ships at sea. They change the course of history.

In marketing, too, the lack of a "Genoa jib" all too frequently turns success into failure. To market a product profitably, certain major objectives must be clearly defined. To attain these objectives, basic marketing principles, functional in character, must be followed as faithfully as the experienced mariner follows the chart of his course. Neglect or failure to understand the importance of these principles and their interdependence will seriously handicap or com-

pletely wreck anyone who attempts to sail to victory in the marketing race.

The business world never stands still. From year to year and generation to generation new inventions, new fads, new fancies, new ideas take their toll of established custom. Constant change is the law of life, as any museum will attest. Big boy dinosaur was great in his day, but he has long since been the victim of his own wheel base. He demonstrated the utter futility and uselessness of mere size, and then he went away!

Similarly, our museum of business is filled with warnings to the wise—relics of vanished industries and bygone business methods that failed to adjust themselves to shifting environment. There we find the whipsocket manufacturer who did not hear the horn of the approaching automobile; the retail storekeeper who went down before the advance of the enlightened merchandising methods of the chains—and all the rest of that unhappy crew of business mariners, betrayed on their marketing voyage by unheeded tides of new inventions, unforseen fashions, shifting conditions, changing buying tastes.

One of the most important of the changes in the business world is the shift from the early emphasis placed on production to a growing recognition of the need for more efficient distribution. The case of the corner grocer illustrates the point. Originally he was a "storekeeper" and he was just that—the keeper of a place where goods were stored. Today the alert retailer finds it necessary to take a broader view of his place in the marketing picture. To survive in the face

of the new competition, the former storekeeper must now adopt the methods of his more progressive competitors, accept new concepts of his economic relationships, and become a real merchant.

SELL TO SURVIVE

The kaleidoscopic changes which characterize modern business have not altered the fact that the ability to sell profitably is the cornerstone of any sound venture that hopes to survive and progress in a profit-and-loss economy.

Laborsaving devices and the availability of large blocks of capital have made possible such a flood of goods that every known market is being combed over and new markets are eagerly sought. Products must be sold. More and more energy must be devoted to the task. All this sales activity is used to speed the flow of products from the factory, the warehouse, and the retail store into the customer's hands.

This increased sales effort, originally limited to a relatively few lines, is speeding up selling in all lines so that the merchandiser finds himself a member of a crowd. Furthermore, if the crowd begins to run, he has to run also, or be trampled on or left behind.

It is an inescapable conclusion that every industry must market its goods more efficiently if it is to survive. The American public has money to spend, more money than have the buyers in any other market, but there are a thousand and one amusing, flattering, thrilling products crying for the consumer's attention and his pocketbook. Naturally the consumer buys first from those concerns that sell him best. And then,

after he has paid for the new car and the wife's new dress and the golf club membership and the vacation trip, if there is any money left, the consumer may spend it for the less exciting products of the less aggressive merchandisers.

ORGANIZED COMMON SENSE

Efficient distribution is vital to every business. And the principles of effective marketing, which underly efficient distribution, are not so very different whether one is selling sun lamps or sun glasses, straw hats or roofing, automobiles or atomizers.

What are these marketing principles? When you analyze them as put into operation by the most successful corporations, you find they are actually the large-scale, systematic application of ordinary horse sense—for the science of marketing is nothing but organized, trained common sense!

The most successful marketing organizations set up these major objectives, at which they consistently aim and which they never overlook:

To sell at a profit
To sell more goods to present customers
To sell goods to new customers
To develop new markets and expand old ones
To improve present products and develop new products

The executives of the successful going business, large or small, give their thought, time, and energy every working day to the attainment of these major marketing objectives. All five are vitally important

and interrelated. No one of these objectives can be long ignored or even temporarily neglected if maximum marketing success is to be achieved.

These objectives are clear and simple. Any businessman understands them and their implications. It has remained for modern business leaders to work out methods for their accomplishment whereby minimum expenditures of money and time assure maximum returns of sales and profits.

It is in the analysis of these principles of effective marketing, thus developed and put into use, that the progressive merchandiser finds the most valuable ground for planning and application.

There is nothing in these marketing methods not easily available to any sales organization and there is no sales organization, no matter how small, which cannot profit by their use.

PLAN FOR SALES

When you see a football team march steadily down the field toward the goal, you can be sure that behind it is a well-organized plan to win. The quarterback doesn't call his plays hit or miss; he plans his attack. He calls one play to set the stage for the second; the second to lead into the third—until the ball is over the line. And his plan always permits him to be an opportunist and take advantage of the unforeseen breaks in the game to score a quick touchdown.

Marketing is no different from football or any other kind of competition. Careful, well-laid plans invariably precede the winning plays in the profitable marketing of a product or service.

Sound planning is essential to marketing success. In a complex procedure including so many ramifications as modern merchandising, it is sheer necessity. Sound planning leads to a clarification of the factors involved and their classification under logical groupings. It correlates all the details so that the final objective, the production of sales at a profit, is more easily attainable.

Marketing operations, for the purpose of simplification and the planning of activities, are grouped under the following major headings:

1. Getting the Product Right
2. Organizing for Selling
3. Knowing Your Market
4. Understanding the Customer's Viewpoint
5. Keeping Ahead of the Parade
6. Planning and Working Your Plan
7. Promotion Programs

GETTING THE PRODUCT RIGHT

The first step in the building of a sound marketing program is the availability and value of a good, salable product or service. No marketing operation can hope to build a permanent success unless the product or service sold satisfies a definite need and performs a desired service satisfactorily.

The basic objective of all marketing and advertising activity is the interpretation of the inherent values in a product rather than an attempt to build values into the product which do not exist. The strongest sales statement and the best advertising is

to tell something about the product that is of real interest to the buyer, which he can prove for himself.

For sound commercial progress it is also essential that the product or service sold be priced equitably so that its sale is a profitable one to everyone concerned—the manufacturer, the seller, the workers, and the consumers.

Boiled down into a simple marketing principle, these facts might be expressed as follows:

> *Effective marketing is based on getting the product right, keeping it so, and pricing it equitably.*

ORGANIZING FOR SELLING

The second step in the development of an effective marketing program is the creation of an organization designed primarily to smooth the way for and make profitable selling possible. All the varied departments of the business—manufacturing, finance, accounting, credit, warehousing, purchasing, traffic, and sales—are geared together to accomplish the organization's major activity, the sale of goods.

This is simple, even elementary. Yet there are far too many business organizations badly crippled in their sales efficiency by faulty organization of their important pre-selling or post-selling business functions. The great need is for proper perspective—to see how important each function is and to give it corresponding attention, no more and no less than it deserves. It is easy to allow personal whims or prejudice or the pressure of relatively unimportant details

to interfere with this clear view. All too frequently we are too close to our jobs to see the broad problem clearly, with resultant disorganization and inefficiency.

The progressive marketer concentrates all his energies, bending them to the all-important task of getting goods sold. He has a well-balanced supporting organization, designed to lighten the load of the sales force and smooth the way for efficient selling by coordinated effort.

We are led, then, to this logical end, which we may accept as the second principle:

> *Effective marketing requires an organization so coordinated that maximum attention is devoted to the all-important task of selling goods.*

KNOWING YOUR MARKET

A third cornerstone of effective marketing is investigation. To market profitably the seller must be in possession of all the important facts about his market. Large organizations apply various terms to this function, such as research, market analysis, field surveys, and pre-testing. Expressed in commonsense terms, the function of investigation is learning what goods can be sold, where sold at a profit, and how best to sell them.

Unless the seller is in possession of current and adequate market knowledge about his product and his competitor's and about the wants and needs of his own customers he will not succeed in discovering his most profitable markets, either present or potential.

There are thousands of examples, all leading to the conclusion:

> *Knowing your market means making it easier for your prospects to become customers. Those who make it easier get more business.*

UNDERSTANDING THE CUSTOMER'S VIEWPOINT

Modern marketing is epitomized in the statement, "Selling is not so much a matter of goods, but a matter of people," as opposed to the older philosophy, "The public be damned!"

This newer attitude is one of adaptation to the consumer's wants, based upon a study of his needs, desires, and idiosyncrasies.

People buy ideas when they buy products. The sale is actually made in the mind of the buyer; the thing he buys is the utility and service he expects to receive from the product. Therefore, consumers are not so concerned with what the manufacturer puts into the product as they are interested in what they can get out of the product in terms of usefulness, satisfied desires, increased happiness, and the gratification of human wants and needs.

Adapting the approach to the customer's point of view requires insight, vision, and a sympathetic understanding of human nature in the mass. Knowledge of these factors is the power that eliminates useless sales effort spent bucking well-entrenched sales resistance and permits greater sales returns by

selling around known sales objections instead of against them.

The spirit of this fourth cornerstone of effective marketing we may express in these words:

> *Understand the customer's viewpoint. Study human nature so that your sales program keeps step with the demand of the buying public.*

KEEPING AHEAD OF THE PARADE

Keeping pace with the modern business parade requires a shrewd anticipation of the direction the parade will take in accordance with the wishes of its Grand Marshal, the Consumer.

In marketing operations, as on target ranges, one must shoot at well-defined targets, and the aim must be constantly shifted to keep moving targets in range. Consequently, the alert marketer keeps pace with changing conditions of the public's attitude toward his product and his sales policies. He is abreast of and understands the implications involved in broad movements and attitudes which bear directly upon his product's acceptance or which give prophetic insight into new and profitable markets in the process of formation. He is eager and willing to make changes that will keep him ahead of the parade.

The fifth principle is:

> *Effective marketing requires a far-sighted anticipation of market trends and changing conditions, and a willingness to meet the changed situations.*

PLANNING AND WORKING YOUR PLAN

The most successful military campaigns are invariably preceded by careful long-range planning and the possession of adequate facts about the enemy's strength and resources. They are further characterized by a close coordination and welding together of the activities of the transportation, supply, infantry, aviation, artillery, and mechanized units of the army.

In like manner, marketing procedure in its most successful accomplishments is always preceded by careful planning, motivated by a close coordination of all the factors involved, and further characterized by the careful attention given to the basic functional principles herewith outlined.

The whole matter of planning may be summarized thus:

> *Effective marketing demands careful planning, the correlation of varied activities, and the vision and courage to put the plan into action.*

PROMOTION PROGRAMS

While investigation will reveal the market, profitable cultivation of the market requires the selection and use of the best selling tools. Sales promotion is needed to precede, augment, accelerate, smooth the way for, and follow personal sales activity. Few business organizations, if any, can afford to maintain a sales force adequate to reach all of their customers and logical prospects. Sales promotion broadens, enlarges, and multiplies the selling force.

Sales promotion includes all aids to personal sales activity. It is an active and effective division of sales management, a characteristic feature of modern selling, embracing

1. The use of intelligence and originality in selecting and devising the best selling tools, and
2. Alert, energetic, and consistent use of these sales tools.

Sales promotion, whether accomplished by consumer or trade advertising, radio, direct mail, display, publicity, dealer training, or miscellaneous creative sales activities, is primarily concerned with producing sales at a profit by properly interpreting the merits of the product to consumers in language they understand.

Our seventh and final principle of effective marketing is:

Cultivate your market and promote sales aggressively by carefully selecting and using the best tools.

SEVEN SALES STEPS

A systematic and common-sense résumé of the philosophy and the principles of effective marketing reaches the logical conclusion that to sell profitably you must follow these seven steps:

1. You must get your product right, keep it so, and price it equitably.

2. You must build your organization to devote maximum effort to sales.
3. You must, by market investigation, learn where, to whom, and how best to sell.
4. You must adapt yourself to the customer's point of view.
5. You must look ahead, anticipate, and prepare for new profitable markets.
6. You must plan carefully and have the vision and courage to work your plan.
7. You must promote sales aggressively by selecting and using the best selling tools.

There is nothing mysterious, exclusive, or original in the principles of effective marketing. No individual or corporation has a monopoly on their use. Any individual retailer or business concern can employ them. Every successful marketing organization does employ them.

This book is largely devoted to showing how these principles are being used by modern merchandisers. It is interesting to note the many variations of productive marketing work in which the soundness of the principles is so effectively demonstrated. The successful marketer may find, too, that his own sales activities are in complete accord with them.

✥ ✥ BIG businesses are not always big because of their size. The degree of bigness depends largely on the success of expert minds in planning and coordinating their complex marketing efforts, which intertwine and interweave all other business functions. Whatever the size of your business you can do big business the "big business way" by applying these seven basic principles of marketing success:

1. Get and keep your product right. Price it to produce an equitable profit.
2. Concentrate your energies on the ultimate job of selling goods.
3. Know what goods can be sold, when and where sold at a profit, and how best to sell them.
4. Understand the customer's point of view. Sell him as he wants to be sold.
5. Look ahead for changes in your market. Prepare for new and profitable sources of sales.
6. Adopt sound, stable sales plans and policies. Then work your plans.
7. Use the modern sales tools best suited to promote the sale of your products. Go after business aggressively and keep eternally after it.

✥ ✥ ✥ ✥

II

Getting the Product Right

"BENE mihi, bene vobis," said my guest at the club, raising his glass in a toast.

"What, in good plain English, does that mean?" I asked.

"That happens to be one of the earliest known toasts of recorded history. It was used by the soldiers of the first Roman legions. It means, literally, 'good for me, good for you!' "

"Good for me, good for you" might well be emblazoned on the shield of the modern marketer. Under this banner and following this precept, he makes his product a worthy, useful contribution to society; he supplies the highest quality attainable at the lowest possible price. His product is priced properly so that its sale is profitable and it renders real value to everyone concerned—the manufacturer, the seller, the workers, and the ultimate consumer.

Without relaxing his efforts to improve manufacturing techniques and thus to produce better products at lowered costs, without diminishing his unceasing program of research, without turning his back on new developments, the modern executive is turning his best thoughts and efforts to making the sale of his products a more efficient, more nearly scientific procedure.

If more men are to be employed in gainful work, more goods must be produced. If more goods are to be produced, they must satisfy known human wants so that they can be sold. Thus sales make jobs. Business is not merely a matter of competitors stealing sales from one another. No business stands alone. Every business has mutual interests with others.

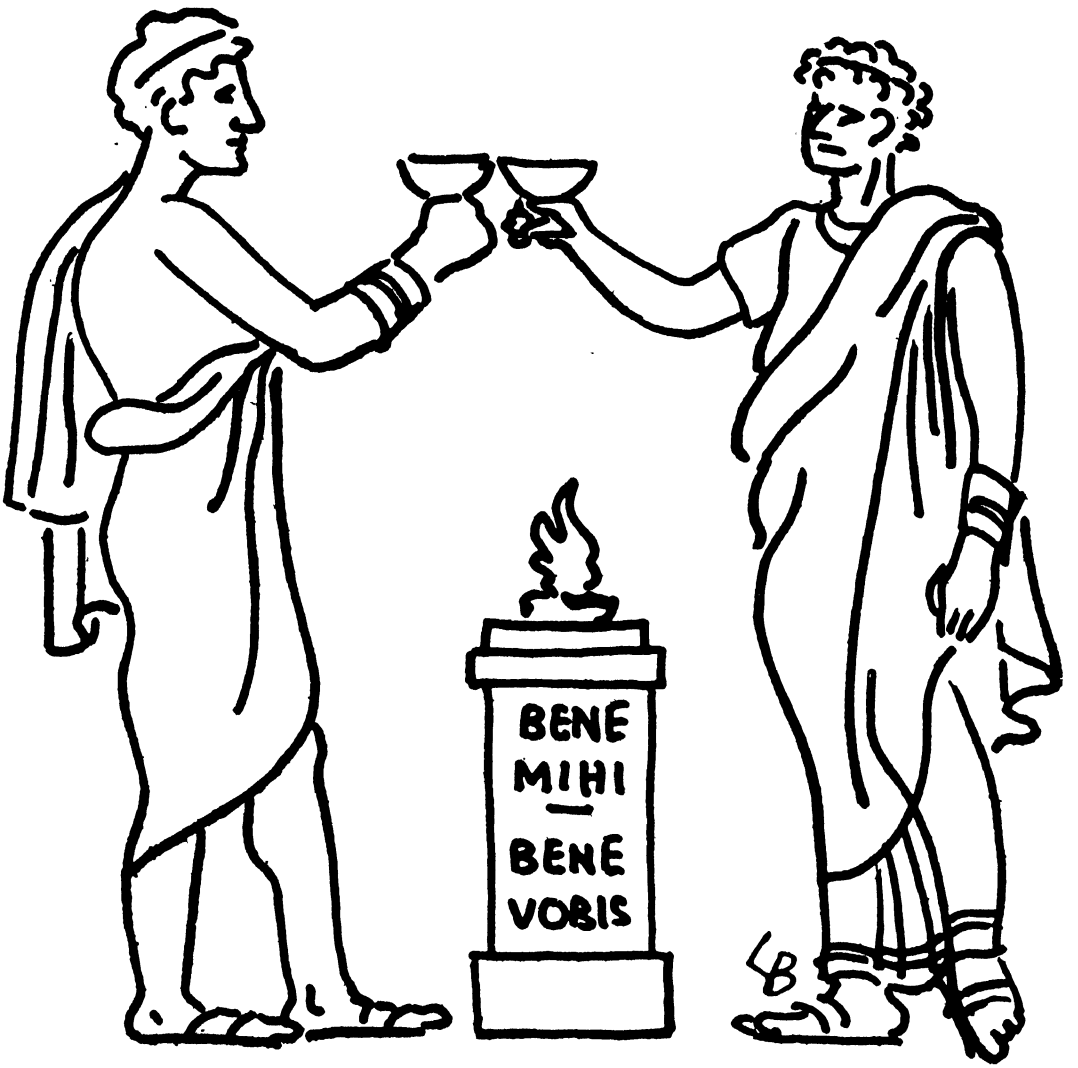
"Sales create sales. The profits of one man quickly find their way to another business man's cash register;" said Mr. James G. Blaine, president of The Marine Midland Trust Company. "Men prosper as their neighbors prosper."

The truth of this statement becomes all the more apparent when one's thinking is divorced from the complexities of large-scale operations and the proportion is reduced to its lowest common denominator —a small town—a motorcar dealer—a clothier and a farmer.

The car dealer sells a car. After paying his salesmen and mechanics and his overhead, he has a net profit.

The local clothier is a salesman, too. He sells the car dealer a new suit of clothes. After meeting his pay roll and overhead, he has a net profit—a surplus to spend with some other businessman.

The farmer, who is not a party to either of the two transactions, now has an increased market for his foodstuffs. The two businessmen, all their employees, everyone with whom the profits from the two sales are spent—and their employees—the workmen who made the suit and the motorcar—the miner who mined the coal that produced heat and light for the two stores—the railway employees who transported



Good for me, good for you.

the suit, and motorcar, and the coal—all have had their buying power affected by those two sales. You speed the wheels of business for everyone, including yourself, when you make a purchase for every sale actually carries with it a chain of effects upon employment so long as to be untraceable; the prosperity of a community or a nation depends almost entirely upon the speed with which goods and services are exchanged within that community.

Everyone, in the final analysis, has something to sell. The banker sells the resources and facilities of his institution; the school teacher sells her training and ability; the boy who mows the lawn sells his energy and initiative; the attorney sells his briefs and precedents; the farmer sells his knowledge of soils and seasons and his labor; and the factory worker sells his skill and craftsmanship. Prosperity is dependent upon the rate of exchange between these and thousands of other groups—upon the speed with which each is able to sell its wares to the others.

This attitude is not a matter of wistful wishing, nor a Pollyannish conception of economics, but rather one of intelligent, enlightened self-interest. Marketing operations need not be, and are not, conducted on a basis of sentiment or emotion in order that they may be mutually profitable.

It is frequently true that laudable sentiments and worthy emotions are an unconscious attempt to comply with sound economics. The golden rule, despite man-made laws to the contrary and numerous attempts to take short cuts, still remains the best basis on which to build a lasting business success.

Effective marketing is based on getting and keeping the product and price right.

THE RIGHT PRODUCT

The conception of the basis for a sound marketing operation just expressed is relatively new. The earlier reasoning assumed that marketing began where production left off; in other words, the manufacturer made his product in the light of his own experience, judgment, or wishes, and then turned it over to the sales department to market.

In too many instances it was found that the product could not be sold profitably in spite of the well-meaning and, in many cases, expert efforts of high-priced and efficient sales and advertising departments. Gradually, then, manufacturers realized that a product, if it is to survive, must serve a real need and give genuine value, from the purchaser's point of view, and that sales efforts and advertising alone cannot make or long sustain an artificial market.

As an outgrowth of this newer, more realistic philosophy, few market organizations today attempt to sell their product until they are certain that it is so designed as to be salable and that it meets a real or latent, but readily aroused, demand from the consumer's standpoint.

At first, this newer point of view found expression primarily in the designing of more attractive packages and the improvement of shipping containers. Important as these points are in the salability of a product, they do not dig deep enough into the problem of producing sustained volume at a profit.

Now, in the more progressive business organizations, the sales and advertising departments are continually active in and frequently originate the preliminary work of product planning and designing. Research, production, sales, and advertising coordinate their efforts and knowledge to produce products that can be sold and that will meet real human wants, the basis of all sustained and profitable product appeal.

SATISFYING A REAL NEED

Why do people buy goods? The right answer to this question is fundamental to an understanding of sound marketing practice.

People buy goods because they serve an obvious, logical need or because the ownership of the goods will satisfy a craving, a desire, or a want.

Under the first of these classifications fall the purchase of a tire by a motorist, a tool by a machinist, or raw materials to be used in the operation of a business.

Under the second you find the sportsman who may spend a hundred dollars for a set of golf clubs, a woman who will buy a scarf that catches her fancy, an art collector who purchases a piece of tapestry that appeals to his highly developed aesthetic sense.

Psychologists in colleges and practical psychologists engaged in marketing agree that the basis of all product appeal is the ability of the product to satisfy human wants. These wants may be numerous as to kind and of varied urgency and persistence. However, relatively few desires determine the majority of purchases by consumers, and familiarity with

these especially powerful forms serves the needs of most marketers.

These are termed *primary wants* because the things wanted are desired for their own sake. The want is immediate, and goods and services are usually required to satisfy the want. Probably 85 per cent or more of all purchases by consumers may be traced to the operation of one or more of these basic, primary human motives:

Self-preservation in the form of food, drink, or shelter.
Comfort in the form of recreation or relaxation.
Approval in the form of social approval from others.
Self-satisfaction in the form of mastering obstacles; gaining superiority over others, aiding the welfare of loved ones, or escaping from pain or danger.
Companionship with persons of the opposite sex.

Many products or services serve human beings indirectly rather than directly. Consumers recognize indirect qualities as desirable, and the importance of these "derived" wants should not be overlooked in the marketing operation. Some of the secondary "derived" wants are: the desire for quality, efficiency, style, beauty, health, economy, education, or convenience.

That these appeals, whether primary or secondary in nature, are strong, powerful influences is readily apparent when one analyzes honest product claims

that afford one or more of these satisfactions. The practical way in which this is done is suggested by advertisement headlines such as:

"Protect your home and loved ones from the dangers of fire."
"Rest and relax here by the sea."
"Come where it's cool and comfortable all summer."
"Why the boss praised Jones."
"French in 10 easy lessons."
"Your wife need never work."
"Ease pain and headache, now, in a few minutes."
"Use the powder movie stars recommend."
"Men admire soft, lovely hair."

It should be emphasized that both the "primary" and "derived" wants enumerated here represent but a few of the many human wants known to practical psychologists. In the study of specific products the marketer will undoubtedly find other product appeals that are equally as important as those here reviewed. The important thing is to search out these primary appeals latent in the product and use them as a basis for the marketing presentation and sales strategy.

Effective selling is the presentation of the inherent truth about a product, in an interesting fashion.

KEEPING THE PRODUCT RIGHT

It is not enough to start with a product that serves a real human need and renders value for the price

charged. The product, obviously, must be technically sound. If mechanical, it must work properly. If it is an article to be consumed, such as a prepared food or a drug, the formula must be correct, the product beneficial. If the product is of the type where the application procedure plays an important part in the service it renders, as does the workmanship used in transforming roofing shingles into a roof, this procedure must be simplified and made clear to the user. Climatic or other conditions which will affect the shipping, storing, or use of the product must be properly controlled.

The product must meet these requirements and in addition be continuously improved to meet changing tastes, new requirements, scientific advancement, the dictates of style and fashion and public opinion.

The E. I. du Pont de Nemours Company has stated in an annual report that 40 per cent of the company's business for that year came from products unknown ten years before! While dramatic, this is not an unusual situation.

In an effort to keep pace with changing consumer demands and reduce the gamble in business, modern marketers use various methods to augment their judgment as producers. One of the most popular of these methods is the survey of the public's opinion, prejudices, likes, and dislikes. Sometimes these studies are made before the product is offered for sale, even before it is made.

It should be noted, however, that the results of these market tests are merely opinions and are not to be taken as conclusive. But they are extremely

Where Product Ideas Come From

The man who thought that the same kind of canvas used for shoe linings would make a nice nonstarched collar for men made at least a million dollars out of the idea.

Van Heusen, who revolutionized the collar business, was a shoe-machinery salesman. The man who invented the celluloid photograph negative was a minister.

Why didn't some wagon or buggy manufacturer invent the automobile instead of leaving the job to a lawyer in Rochester, a bicycle maker in Cleveland, and a stationary engineer in Detroit?

The answer is simple. Revolutionary ideas nearly always come from outside the industry because those in it so frequently think in grooves.

Climaxing the astonishing progress in the field of lighting is the new Mazda 60-watt lamp equipped with its high-efficiency filament. This latest product development gives users 27 times as much light for their lamp dollar as the first 60-watt tungsten bulbs were able to produce. It is significant that this product improvement has been developed within the modern laboratories of this great industry.

helpful and afford an indication of the reception a product or product improvement is likely to receive. Also they give an insight into the actual or potential demand for the product.

Another variation of this method is to interview present buyers to determine what people are going to want. An outstanding example of the successful use of this method is found in the Consumer Research studies carried on continuously by the General Motors Corporation to gauge the movement toward new styles and tastes in automobile design.

This research has a curious objective. It is to keep the General Motors Corporation from making the kind of cars that people don't want. To do this job, the researchers find out the kind of cars that people do want. Eight years and several million dollars were spent asking fifteen million people what they liked and did not like in automobiles. The answers disclosed some very significant facts about who bought cars—and how! For instance:

1. About eight million families, or one-third of the total, buy their cars new.
2. The new-car buyer starts to think about his purchase nine weeks before he buys, seven weeks before he starts shopping.
3. He considers three cars, usually gets demonstrations in only two.
4. And since most cars made today are good cars and good values, the buyer's decision usually rests on three or four minor features—such as the door handles, large

> speedometer face, tone of the horn, wide rear seat. And there are 128 such minor features which may determine the decision, so that the salesman has only a 10,688,000 to 1 chance of guessing the right four unless he is forewarned with the facts from these studies.

Details of market research studies, how they are operated, what questions to ask, and other facts are given in Chapter IV of this book.

TEST CAMPAIGNS

Another accepted method of making certain that a new product or a product improvement is salable is by trial in a preliminary market. Thus a manufacturer of soaps, desiring to add a men's shaving cream to his line, actually sold the new product in carefully selected local markets for a year before introducing it nationally. A specialty manufacturer with an improved product tried it out first with twenty representative dealers scattered across the country before reaching the decision that it could be offered generally.

A variation of this plan for keeping the product right is found in the company-owned retail outlet or so-called "laboratory store." These outlets, operated by large organizations primarily for product-testing purposes, maintain direct contact with the buying public. Data so assembled are frequently of great value not only in product planning, but in assisting in the determination of the sales and advertising strategy.

A food manufacturer, selling a nationally known line of products, has a well-conceived program for keeping his product right. The company maintains a fully equipped research laboratory, an open mind for accepting new ideas, and a program for stimulating their production. Testing is going on continuously. This testing is first conducted in the laboratory until the maker is convinced that the product is practical, not only in the laboratory but in the factory.

The product is then tested among the company's executive group to determine whether or not it should be promoted at the time. If the decision is to go ahead aggressively, samples of the product, with a questionnaire, are sent to thousands of consumers with the request that they try the product in their kitchens under normal everyday conditions.

Frequently three out of four of these "consumer jurors" reply. If the majority of the votes are favorable, the product is then further tested, under the actual marketing conditions, in representative markets. Simultaneous tests are made of advertising and sales appeals to determine how best to promote the product. If the new product shows that it will sell well in these representative test markets, the manufacturer is then ready to spread its distribution. The research and testing period is over; the problem from now on is a sales problem.

If the product fails to sell as anticipated, the manufacturer goes back over his entire data to discover what is wrong and to make improvements that will speed sales. If these do not produce results, the product is dropped, but its failure has had little effect

upon the general prestige of the company because its use has not been widespread.

Sometimes laboratory tests are conducted outside the laboratory itself. An automobile manufacturer takes a new car or truck, runs it about the country, keeps accurate cost records of its oil and gas consumption, and proves to himself just how his product stands up under normal operating conditions.

Independent and impartial testing laboratories, for the testing of consumer goods, have been established by Consumer Research, Inc., and other organized groups of consumers. Marketers can learn much by studying the methods and criticisms of these organizations.

PROPER PRICING

Not only must the product be right and kept so, but it must be equitably priced to produce reasonable profits, if it is to serve as the base upon which a permanently successful business is built.

A proper price does not imply abnormal profit. But since the basic objective of all business operating in a profit-and-loss economy is the production of profit, the product must be sold at a profit if the business is to continue to pay dividends to its stockholders and wages to its employees.

As a boy, the writer remembers the derisive "Get a horse!" shouted to the rich automobile owner as he puffed by in his White Steamer for the Sunday ride. "Get Out and Get Under" would still be a popular song hit, as it was then, if the automobile industry had not made its first machines to sell at a profit.

Automobiles would still be the playthings of the idle rich; dirt roads would be the usual highways instead of the exception, had not this progressive industry produced profits that made its own development and the closely linked development of our national economy possible.

Practically every great industry in this country proves the fact that social benefits accrue from profits —for profits are actually a surplus over and above that which we require for our bare existence and minimum needs. These profits, in the form of goods, money, or time, are the basis for the progress made in our civilization.

The term "profits" may be in disrepute in the minds of some pseudo economists or wild-eyed reformists, but, properly understood, it is to everyone's selfish interests to make certain that all our transactions are conducted on bases that are profitable to all concerned. Since this is as true as the fundamental laws of mechanics, Newton's law of gravitation, and Galileo's law of inertia, it follows that for sound commercial progress it is essential that the product sold be priced properly so that its sale is a profitable one to everyone concerned—the maker, the seller, the worker, and the consumer.

CUSTOMERS SET THE PRICES

Who, finally, sets the price of goods? You do, and I do. We are all inclined to assume that the man who makes the goods sets the prices on them. But that is only one of those half-truths. It is true that a manufacturer states his price, but if that price is higher

than people will pay, the manufacturer will not be able to sell at that price, or will be forced to lower the price.

Ordinarily, businessmen compute the cost of manufacturing efficiently, then add a reasonable profit, and announce the total as the price for the goods. If the price is based on efficient manufacture, and if conditions are normal, the manufacturer will be able to sell a good volume of orders at that price. Of course, there are always competitors who will sell at a cut price, but, under normal conditions, good manufacturers don't pay much attention to competitors who cut prices.

However, manufacturers must pay attention to customer reactions to prices because customers are the people who finally determine the price of goods. Manufacturers pay very little attention to the complaints of those customers who are chronic price buyers because manufacturers cannot make concessions to a few exceptional traders and must stick to the price if it is based on efficient manufacture and reasonable profit. But when a large proportion of the trade refuses to place orders, manufacturers must pay attention and must do something about it.

In 1935 and 1936, the cattle-raising states suffered from droughts. Grazing lands dried up, grasses shriveled and died, thousands of head of cattle starved. Consequently the supply of cattle for the 1937 demand was inadequate, and, inevitably, the price of cattle was quite high.

The cattle raisers could not be blamed for asking high prices for steers under the circumstances. They

had lost many of their herds, through no fault of theirs, and the only way that they could escape serious financial losses was to charge high prices for the steers that were left.

The packing houses had to get beef for their customers and had to pay the high prices or else do without beef. So they paid and priced their beef accordingly. People simply refused to pay the 1937 price for beef. They bought lamb, chicken, pork, cod, and haddock, and left the packers holding their beef and holding the bag. Thus the packers, through no fault of their own, were caught in a tough position. They had a lot of money tied up in beef and they had to sell the beef to free the money for other purchases, so they reduced the price of beef until it was low enough to attract buyers.

Thus the packing houses announced the price of beef in 1937, but they did not *set* the price. The customers set the price which they would pay, and the packers had to accept the price. In doing that the packers lost a lot of money, but if they had not sold the beef they would have lost a lot more money.

> *Actually the price of goods is established in much the same manner that prices are set at an old-fashioned auction sale. The buyers decide how much they will pay and that is all the seller can get.*

If the seller demands more, the buyers will not buy. If his costs will not permit him to sell at the price offered, the seller must find a way to lower his costs or go out of business.

THE FALLACY OF PRICE CUTTING

This message was once flashed on the screen in a newsreel:

> Kansas baker outwits rival in bread price war. Competitor drops price to one cent a loaf. Baker advertises, offering free pennies to customers to purchase rival's bread.

Naturally, the audience howled. Many, no doubt, gave the matter no second thought. Others considered the one baker clever and mentally applauded his astuteness in putting it over on his rival.

The far-reaching tragedy behind this, in itself humorous, anecdote is one of the most insidious plagues of our present marketing setup. In its simplest terms, the reasoning accountable for this stupid blunder runs from the consumer's point of view about like this: "If I or we, either knowingly or unknowingly, can obtain more than our money's worth by buying products, service, or labor cheap, we are smart and profit thereby."

The manufacturer reasons this way: "To get more of this market, or to hold off competition in this market, I'll cut my prices and buy my way in or back. There are too many firms in this industry. Later I'll raise prices and make money."

The good customer of the manufacturer reasons thus: "I'm a big account. I will put on the pressure and get a price cut. If A doesn't grant it, B will and A knows he will. They will be glad to get my business to save overhead."

The retail dealer figures it out along these lines: "I can get more of Bill's trade into my place of busi-

ness if I offer a lower price. I'll cut prices temporarily, get 'em in the habit of dealing with me, and then gradually get my prices back where they belong. The increased volume will more than pay for the temporary loss."

Needless to say, Bill reasons about the same way. Both retailers then proceed to lose money until one is ruined, or good common sense reasserts itself.

There is no doubt but that an outstanding need of business management is a clear conception of the fact that profits make for progress and that there can be no profits or progress unless products are priced for profit. This lack of understanding of the fundamental economic law is at the bottom of many of the difficulties faced by business. That this is a serious problem is attested by the fact that less than 4 per cent of our manufacturing industries carry on for more than thirty years without some form of financial reorganization, spelling loss to the owners of the business.

Such a startling and incongruous fact in a business world whose avowed objective is the producing of profits is an indication of the generally inadequate profit objective established in the minds of those responsible for profit attainment. The marketer, building a program of successful operations, will do well to make certain his product is not only salable, not only acceptable to present consumers, not only adaptable to changing needs, but above all, that the product marketed pays him and his dealers and his consumers profit in value given and received.

To achieve permanent marketing success your product or service must render genuine value for the price charged; it must be kept right; it must be continuously improved to meet changing conditions.

Your business cannot survive unless you sell your product at a profit. Give careful attention to proper pricing to assure profits.

The customer always sets the price; he determines how much he will pay and that is all the seller can get.

Price cutting is an economic fallacy. Its destructive force curtails progress and sound marketing development.

A Product Problem

A NATIONAL manufacturer of ladies' rubber footwear (galoshes) has decided to introduce color and styling into his line. By doing so he expects to move forward and lengthen his selling season and also sell more rubber footwear per customer as milady becomes conscious of her need for several pairs of galoshes in various colors to harmonize with her winter ensemble. He also wishes (1) to take galoshes out of the snow-storm-emergency type of purchase; (2) to make women more aware of his distinctive line, and (3) to educate consumers to specify his brand of galoshes when buying.

Leading style and color experts in Paris and the United States have decided on a line of galoshes introducing seven new color effects. Members of his own manufacturing and sales staffs are agreed on these colors and styles.

Has this manufacturer taken all necessary steps to reduce the hazards in this business venture? Is he now ready to begin production of these galoshes? Is he in a position to decide on his advertising plans which will be largely based on the news value of the improvements made in the product?

Assume you are the president of this company. What would you decide to do? After you have reduced your policy to writing—and not before then—turn to page 367 and see how this manufacturer handled this problem.

III

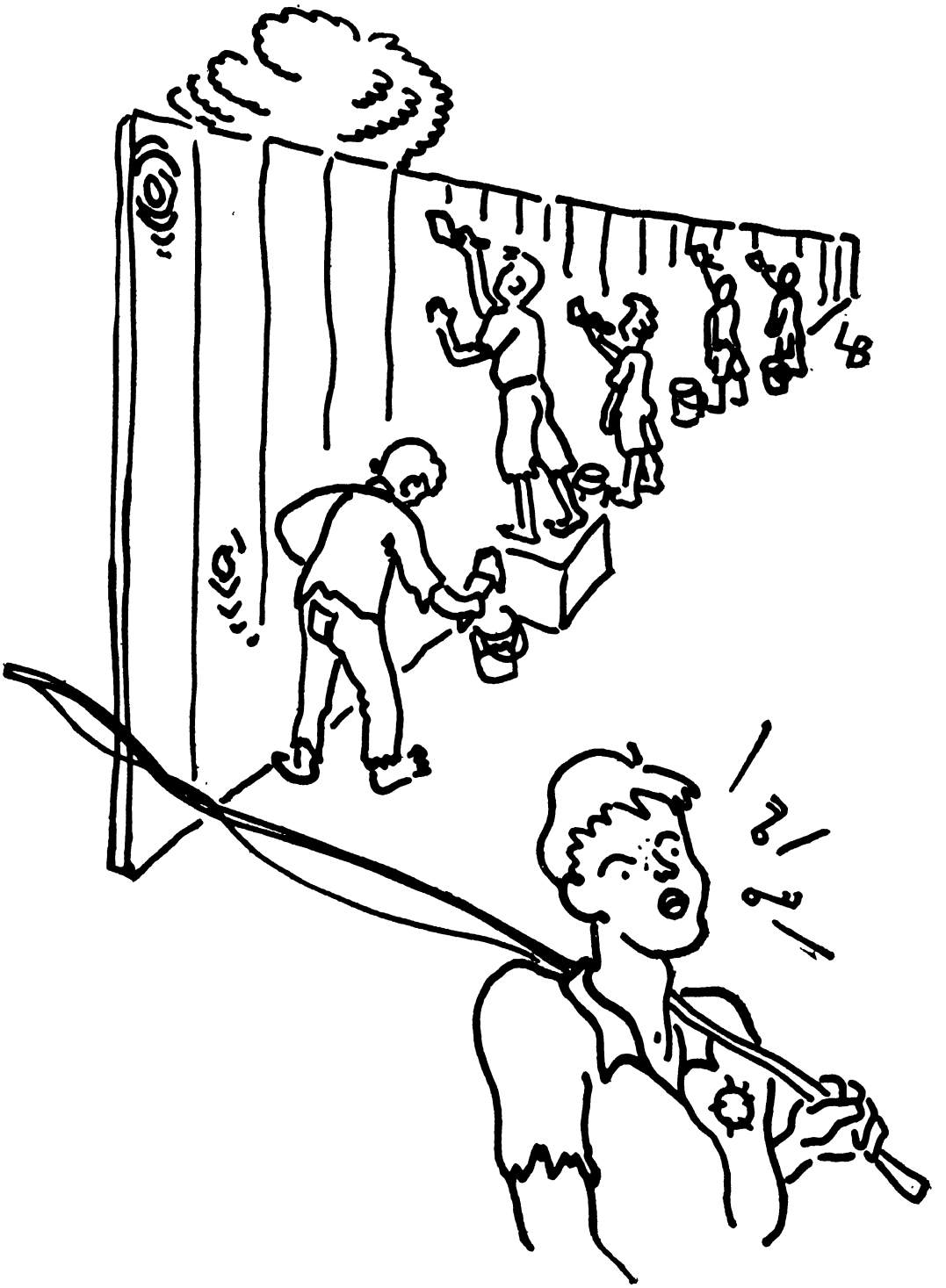
Organizing for Selling

COUNTLESS readers of the Mark Twain classic have chuckled over Tom Sawyer's astuteness in organizing the boys of the neighborhood to whitewash the back fence so that Tom might go fishing when the job was completed, to his aunt's amazement and satisfaction. While Mark Twain did not reveal Tom's future to his followers, the chances are good that had Tom, in adult life, become a marketer, he would have been a superior one, because he early gave promise of skill in organizing effort and in using it to accomplish a major objective.

In similar fashion, the marketer must organize and coordinate the complex features of his business so that maximum attention may be devoted to the major task of selling goods.

The progressive marketer focuses his energies and applies them to the paramount task of getting the product sold. All departments of the business are geared together to accomplish the organization's basic activity, the profitable sale of goods.

This sounds simple and elementary. Like so many other truisms, it is simple and easily comprehensible, and it makes sense to most men. However, like many other basic truths, the difference arises in its application. Some marketers and some businesses apply this



Someone must do the organizing.

formula to their great advantage, while others do so to their confusion and loss of business and, eventually, to their ruin.

A COMPLEX PROBLEM

This question of organizing for selling is a complex one. Review the list of functions herein summarized, the result of *Mill and Factory's* study of the operations of the General Motors Corporation.

Management coordinates the essential materials and services listed here in the production of an automobile:

Factory labor
Capital
Tools
Plants
Power
Machinery
Telephone
Telegraph
Lumber
Oil and gas
Refined metals
Refined farm products
Legal requirements
Raw materials
Raw minerals
Raw chemicals
Rail transportation
Water transportation
Raw farm products
Taxes
Research
Inventions
Semi-finished parts
Finished parts

Management, in so doing, performs these essential functions of industry:

Design
Production planning
Plant engineering
Purchasing
Finance
Materials handling
Inspection and testing
Wage payment
Assembling
Accounting
Shipment
Collection
Wholesale dealer sales
Consumer sales promotion

Parts manufacture	Consumer sales and finance
Labor supervision	Final delivery

Return to investors

In a procedure involving so many intricate divisions and subdivisions as modern merchandising, proper organization is a necessity. Good organization clarifies objectives, correlates details, permits maximum attention to major jobs and concentration on these major, never-forgotten business objectives:

To sell at a profit
To sell more goods to present customers
To sell goods to new customers
To develop new markets
To aid in product improvement and development

TWO MEN'S JOBS

The efficient organization of a business to assure maximum selling returns is usually the responsibility of two men, the president and the vice-president in charge of sales. They must make certain that the goods produced by the factory are sold at a profit. If they do not lick the sales problem with the forces at their command, the business will ultimately disappear. "Without customers, we don't eat," may be an inelegant way of expressing a basic truth that is inexorable in its workings.

The president, as the operating executive of the business, takes his authority from the stockholders and is subject only to their representatives, the board of directors. His primary responsibility is to produce profits in the form of net earnings with the capital

available. His major duties are to see all the parts of the business in proper perspective and to adjust the relationship between the various departments to assure the best results. In so doing, he must delegate important responsibilities for carrying out broad policies and objectives of the business to major departmental heads such as production, finance, and sales.

The vice-president in charge of sales, in the average business, has considerable influence in helping to shape the basic policies of the business. Complete control and operation of the sales program is ordinarily placed in his hands; his major function, stated most simply, is to produce a suitable volume of profitable sales under the conditions imposed on him by his products, the markets he serves, and the broad policies of his company.

A DAY WITH THE S.M.

Sit for a day in the office of a typical sales manager. Watch him work. At the end of the day, ask and answer for yourself the question, "Does effective marketing require organizing effort so coordinated that maximum attention may be devoted to the major task of selling goods?" During nine working hours, the sales manager, whose guest you are, gives some attention to each of the following:

Salesmen: Their training, supervision, and dismissal, either in person or through his division, district, or branch sales managers.

Sales Program: The formulation of the broad program and its daily administration are among his chief duties.

Sales Promotion: These activities, handled by the sales promotion and advertising departments, and the advertising agency, are under his general control or direction.

Direct Selling: The negotiation of important contracts are handled personally, as are contacts with important customers and salesmen. "There is no substitute for the Boss or the appearance of the Boss."

Departmental Activities: The supervision of his staff and general sales department routine is his direct responsibility.

Coordination of Effort: The coordination of effort between the sales, research, and production departments is in his hands.

Sales Strategy: Sales presentations, tactics, and procedure for special situations for which the ordinary sales program does not make adequate provision also demand his attention. So do decisions regarding exceptions to established policies with respect to prices, discounts, terms, advertising assistance, or general service.

Sales Stimulation: The supplying of salesmen and customers with products data, market facts, and suggested creative sales activities to maintain morale and build sales in local markets is a daily task.

Industry and Other Outside Contacts: Meetings or discussions with others in the industry, with trade associations and governmental agencies, to find solutions to common problems.

Sales Objectives: The classification of major sales objectives and the formulation of answers that will help turn prospects' excuses into selling points are put into usable form and released to salesmen and dealers.

Legal Requirements: New problems of price control, sales taxes, and changing distribution receive consideration, in addition to the old stand-bys, such as protection of valuable ideas, sales contracts, price schedules, agreements with salesmen, trade mark infringements, and study of competitors' contracts. The interpretation of new and pending legislation, Federal as well as state, in each of the states in which his company engages in business is another important duty.

Service Policies: Contacts with the credit department to facilitate sales, with the traffic department to expedite shipments, with the sample department to speed sample requisitions also receive attention.

POOR DEALER ORGANIZATION FATAL

In considering this principle of organizing for selling in relation to small business concerns and retail outlets, investigation reveals a surprising variation in efficiency.

Some shrewd dealers, usually the successful ones in their community, have put together a smoothly operating business machine, centered on the object of selling. Every other function of the business is subordinated to that end. While they purchase carefully

and wisely, these dealers do not let themselves become merely purchasing agents or discount hunters. They realize that profits are not made primarily on close buying, but that the road to sizable profits is based on volume and turnover of their capital: the faster their money works, the more profit it collects.

They work out and install a good system of record keeping, but by so doing, they do not become accountants. The financing details of their business are not overlooked, but these dealers never forget that they are merchandisers first, last, and always. All the wheels of their business—purchasing, warehousing, accounting, credit, delivery, location, financing, or other pre-selling or post-selling business functions—are geared together to turn the final wheel—sales.

On the other hand, the retail dealer who is just barely keeping his head above water is usually trying to get along with a business machine that creaks at every turn, that is either too light for its job or so top-heavy and cumbersome that it cannot move.

Every day retailers are failing because they do not know their costs of doing business, yet some retailers have so much system that they have time for nothing else. Some dealers are so intent on saving money by extra-careful purchasing that they upset all the rest of their business to save a few dollars. Others know little or nothing about the cost of handling, delivery, or warehousing of the various lines they handle. Many put too much sales effort behind unprofitable or short-profit items. Some tie up their capital in credit so that not enough is available to maintain an adequate stock of goods.

The great need is for proper perspective, to determine the importance of each function and to give it the attention it deserves. That is true organization, and it is just as important to success in a big business as in a small one.

One of the soundest statements the writer ever heard was made by a prominent banker. It went about as follows:

> *"I have rarely observed or known of a business problem that couldn't be solved by a satisfactory increase in sales volume."*

COMMON SALES FALLACIES

The sales manager's or owner's major function is to produce a suitable volume of profitable sales. That is a legitimate objective, but like every virtue, if pursued to excess, it becomes a vice.

A man, for example, may help himself over an emotional crisis by the use of a narcotic. If he comes to depend on such stimulants to help him out too frequently, he is almost certain to wind up on the shelf or under the sod at an early age. Similarly, a business, abnormally stimulated, if pressed too hard for immediate volume or volume secured at too great a cost, under stress and strain, may finally lie down or crack up altogether.

There is only one way to regard a business if you are sincerely concerned with its welfare and would like to have it continue its useful career after you have ceased to be its active director. That is through a long-range point of view. You must do nothing

today to gain excess volume of sales or to cut expenses to the bone that will take its inevitable costly toll out of the business next week, next month, or next year.

Visit almost any large concern in the United States today and you will find in its research departments and laboratories developments which anticipate needs of three, five, ten years hence. But visit the sales managers of these same concerns and only in rare instances will you find sales planning of a far-sighted kind. All eyes are focused on this month's quota. How does it compare with last year? With the previous month? What can be done to "put the heat on," to build sales during these last few days of the current month?

This situation, far more usual than rare, is the common enemy of American business. Long-range planning and long-range viewpoints are just as necessary and as valuable in sales work as in research or production activities.

Everyone knows stories about actors, prize fighters, and other public figures who are, after a night out, worked on by doctors, handlers, or managers so that they may be put into shape to carry on their assignments. Every sensible man realizes that the lift is temporary and that the person concerned, while appearing to succeed, is actually failing.

Some businesses are like that. They are promoting the sales of their products against the adverse tide of public opinion. They seem to be going ahead despite the fact that disaster has already overtaken them and they are marked for failure. They may be getting

A Salute to Wives

THERE is a whole new untouched field for direct-mail and selling development in the secondary approach to the wives and families of salesmen. Some companies have successfully sounded out the possibilities—many have not.

Authorities have stated that in the process of making sales the product enters into the transaction to the extent of only 15 per cent, and that 85 per cent of the sales transaction comprises other factors and elements aside from the utility of the product itself.

Undoubtedly the greatest of these other factors and elements is *enthusiasm*. Truly, "nothing great was ever achieved without enthusiasm." And enthusiasm, like charity, begins at the center of influence—the home.

The interest of the whole family is undoubtedly a powerful influence that can be harnessed by the manufacturer. A subtle but definite appeal to the home circle will help speed sales. Most wives want to help their husbands succeed. Make it easier for them to help their men folks sell more of your goods. Take the wives into your confidence. Acquaint them with your plans for their husbands' business success. They will help you and their husbands succeed.

business, but at too great a cost in loss of prestige, in price cuts, or in other ways.

Other business organizations are gradually but surely slipping back. At first their loss in volume or profits or accounts may be so slight as to be hardly noticeable. They are not working hard enough at selling. They fail to appreciate the soundness of the marketing law aptly phrased by Kenneth M. Goode: "Every sales organization, to hold its own every year, must actually solicit its own weight in customers."

If a sales organization has 5,000 active customers on its books, it must make a bid for business with 5,000 new customers. This is based on the assumption that many sales organizations each year lose one-third of their old customers and that solicitation of prospective customers will average about one-third successful. Thus the new customers and the lost customers are made to balance. These figures will vary considerably from industry to industry, but the principle is fundamentally right and one that no marketer can afford to overlook.

SALES TRAINING SPEEDS SALES

While enjoying a round of golf, two sales executives discussed a rival's activities.

"Why is it, Tim," asked the first, "that although Bill spends no more on advertising than we do, has no larger sales force, and sells a product that has no real competitive advantages over ours, he outsells us each year?"

His companion weighed the question thoughtfully.

"Jim," he said, "the only reason I can give is that Bill has a longer drive; he seems to go one step farther than you or I do. His men not only push their products to the trade but actually promise to and do help dealers sell the goods. That gives them a doubly effective story which the trade welcomes; and Bill's organization doesn't consider this dealer sales training a flash in the pan; instead they keep everlastingly at it."

"That system makes sense," replied the first golfer, "for in some ways this dealer sales training effort must be very much like golf. You have to keep at it, day after day, to get and keep in the low eighties."

This conversation hits the nub of an important sales activity which all too frequently is overlooked —the matter of selling a product and at the same time helping the dealer to sell. Tim's wise summing up of the situation seems to emphasize the fact that sales training is not a one-flash proposition but rather a continuous activity that should be extended over a long period of time.

> *Selling is conviction made lucid. The best trained dealers and dealers' salesmen will sell the most of the manufacturer's goods. Help them sell more!*

The effective training of manufacturers' or dealers' salesmen is based on five fundamentals:

1. Gather the basic facts from the field by an unbiased investigation so that a clear

understanding may be reached concerning the sales problems actually confronting salesmen in their daily activities.

2. Organize this material, presenting sales situations and the best sales practices in understandable and interesting fashion. Do not worry about giving too many details. Leave nothing to chance!
3. Dramatize the sales-training material in a program of meetings, by film presentations, or in printed releases so that the student salesman may logically solve the problems presented at stated intervals and realize that orderly progress is being achieved.
4. Continue the sales-training program long enough so that the salesmen become trained in developing habits of the proper selling practices.
5. Get the sales-training plan used.

LICKING PERSONAL DEVILS

Sales training, aside from its basic value in equipping salesmen with facts, performs a significant psychological function in helping dealers and dealers' salesmen in overcoming occasional despondent moods.

"Almost every salesman, whether he knows it or not," states the Plymouth sales-training manual, "has a little 'personal devil' that perches on his shoulder and whispers words of discouragement into his ear. Successful salesmen have them, too, but they have learned not to pay much attention to

them. If you really like to sell, you'll brush that devil off your shoulder and go on to success."

This "devil" is *negative thinking*, the guidepost to discouragement and failure. *Positive thinking*, the outstanding characteristic of the effective salesman, is stimulated by constructive sales training that enables salesmen to present the truth in an interesting fashion because they are armed with facts, not theories.

Salesmen need facts. Facts about the product, facts about sales policies, facts to use in overcoming sales objections. And they must rely on the manufacturer to supply them with authentic and complete factual information. There is no other dependable source. The best way to present these facts is through a systematic program of sales education.

Mr. Sidney Carter has aptly stated that a salesman should possess these qualities:

"The *curiosity* of a cat.
The *tenacity* of a bulldog.
The *determination* of a taxicab driver.
The *diplomacy* of a wayward husband.
The *patience* of a self-sacrificing wife.
The *enthusiasm* of a flapper.
The *friendliness* of a child.
The *good humor* of an idiot.
The *simplicity* of a jackass.
The *assurance* of a college boy.
The *tireless energy* of a bill collector."

Other qualities may be desirable, but give a man these, plus *facts* learned through sales training, and you have an unbeatable combination.

The extent to which sales training is used by modern merchandisers is illustrated by this résumé from a sales-training manual issued to dealers selling automobile batteries. Note the detailed instructions given to the salesmen and the ingenious "reason why" for the sales answers.

BETTER BATTERY SALESMANSHIP

In any given sale, one or two points which particularly appeal to this customer are going to get the business. You want to find out, as soon as possible, what they are; and play up to them.

To discover what battery service a particular customer thinks most important, *get him talking*. First, look over his car to see:

What kind it is, the make and model.
How old it is.
How many cylinders it has.
The kind and size of his present battery.
Electrical accessories: radio, extra lights, horns.

What you see gives you an idea of the kind of battery he *ought* to have, and at the same time paves the way to talking about the service his battery should give him. When the customer comes in without his car, you'll have to ask him about these points.

It takes but a moment to look over the customer's car; and even while you're doing it, you can start a conversion about the equipment or the operation of the machine which will break the ice:

"You have a lot of mileage on here for a new car; you must use it a great deal, don't you?"
"A spotlight is a great convenience for night driving, isn't it? Do you drive quite a lot at night?"
"Do you enjoy your radio? Use it much?"

"Do you do much night parking with your lights on?"
"Does your car start easily?"

The customer's replies to such questions show you how his mind is working. The things he talks a lot about or talks about enthusiastically are the ones of greatest interest to him. There's your cue. Seize on those points and explain the importance of the battery in getting these things he wants from his car.

Suppose he tells you that his motor doesn't start as quickly as it once did. You can reply:

"You have a fine motor in this car, but what you get out of it depends on the battery. An ordinary one won't do the trick. It takes a powerful, lively battery to spin your motor quickly and give you the most efficient service."

Suppose he does a lot of night driving:

"Then you appreciate the importance of a battery you can depend on to give you plenty of light."

Such brief remarks that take only a moment or so open the customer's eyes, probably for the first time, to the fact that getting what he wants from his car depends on having the right size and kind of battery in it. They make him realize that there are batteries—and batteries.

And while you are about it, it's a good idea to speak, though not too emphatically, of the danger and discomfort of unexpected battery failure. Perhaps something like this:

"It's important to take stock of what you need from your battery because that's the only way to be sure of getting dependable service. You know, your battery must handle all your electrical accessories—radio, double tail lights, double horns (or whatever the case may be), and still have power for its main job of starting your car and keeping it going.

"You don't want to take any chances on having your battery go dead when you want to get away in a hurry some cold

morning, or on its lying down on you some night on a lonely road, miles from help. That's why I've asked about how you use your car—so that I can suggest the most efficient, most economical battery for your particular needs."

This kind of brief preliminary talk takes far less time to deliver than is used here in explaining it. And it is necessary, even when the customer asks for a battery, in order to get him into the right frame of mind to accept your recommendation of the battery he should have.

TRAINING RETAIL-STORE EMPLOYEES

A national manufacturer who sells tires through company-owned outlets trains retail-store employees continuously by periodic meetings which are presided over by company executives; by the use of sound slide films; and by printed sales manuals. Each sales-training session is concluded by a written test and each salesman's paper is carefully graded and the results reviewed with him by the store manager.

The scope of this sales-training program is reflected in this topical outline.

Your progress with this company depends on *your capacity for progress.*

Better sales mean better jobs for you. Your company is behind you with constant leadership, product improvement, aggressive advertising, and sales promotion.

Study the fundamental retail policy: merchandise, service, credit extension. Offer suggestive selling policy.

Make yourself a valued employee. The company expects of you: good appearance, promptness, courtesy, cheerfulness, alertness, sales-mindedness, observation, economy, interest in self-improvement.

To build a steady trade, your part is to spot the new customer and sell him. Suggest credit terms: how to get new 30-day accounts. Suggest budget terms. Capitalize on free service, given gladly. Sell the customer on your service. Prevent complaints. Learn how to handle and report complaints.

Learn what the customer wants: freedom from worry, safety, economy, comfort. Be prepared to talk results that interest the customer and increase his pleasure and satisfaction.

Recognize opportunities for sales. Every customer needs something else; watch for it when he places his order, when he is getting free service, when he watches his car being lubricated, when he leaves his car. Point out urgent needs first.

Establish in advance a policy on handling objections. Find a point of agreement; direct attention to results; look upon objections as questions, don't take them too seriously. When the customer is pressed for time, show something to arouse interest. When you can't prevent objections to price, be prepared to handle such objections adequately.

Help your customer to buy. Learn to recognize "signals to close": (1) the assumed-decision method, (2) the minor-point method, and (3) the choice method. Take the lead in closing sales.

CREATIVE SELLING

The newspapers in a certain middle western city once included a series of comments on the activities of the local chamber of commerce and motor club in urging the building of a new local viaduct and main traffic highway. There were the usual petitions, mass meetings, public hearings before the city council. A continuous, vigorous agitation was maintained over a period of months.

In every press notice there appeared the name of one man among those leading the fight. He spoke at meetings before the local civic clubs; he was on the chamber's traffic committee; he wrote open letters to the newspapers. Whenever anything was done to further the project, he was always in it. When the bond issue is finally voted and the job gets under way, he will undoubtedly be found supplying the stone, sand, gravel, cement, and other materials.

For this man is none other than a young and progressive building supply dealer, developing business by one of the means that holds great promise of reward.

This method is known as creative selling. Most successful dealers, local merchants, star salesmen are using this method every day in the week. With them, it has become a logical part of their selling activities.

The greatest opportunity any local dealer or merchant has for increasing his business is to get out among the people of his community, find out what they are thinking about and what they might need. Armed with this knowledge, he then sets in motion all the forces at his command and all the additional forces he can create in order to supply the community's needs.

Much of the success of the local housing drives held in various communities under the Federal Housing Administration sponsorship was due to the recognition of the importance of creative selling of this type. Prominent and alert lumber and building materials dealers became the spearhead around which everyone in the community interested in better living conditions rallied to promote housing activity. City officials, realtors, civic associations, women's clubs, public utilities, contractors, builders, architects, newspaper editors, bankers, all banded together to help promote better housing, which meant more sales of the products sold by the lumber and building materials distributor.

In this same industry, many aggressive dealers have developed another type of creative selling to a high degree. Realizing that people buy homes and not raw materials in the form of lumber or shingles, these dealers have equipped themselves to serve as Home Headquarters. Here, in their places of business, prospective home owners can get competent advice and information on land values, plan services, free estimates, samples of materials, and printed information about products. Needless to say, these

dealers because of this helpful service are in a favored position actually to sell the materials used in the homes built by these prospects.

Creative selling, in any local market, to be most profitable must be preceded by a careful analysis of the needs of the public in relation to the product to be sold. This analysis completed, the creative seller then equips himself with convincing sales arguments that will appeal to human desires and civic pride. He proves the need of the product from the standpoint of such matters as the health, safety, and profit to the individual and the community.

Having marshaled the sales arguments, the organizer of creative sales activity then secures the support of as many leading institutions, organizations, and individuals as are necessary to the success of the venture. These include the civic clubs, public officials, influential citizens, dealers in allied lines, bankers, industrialists, labor leaders, newspapers, and other trade groups peculiar to the individual activity, product, or market.

In getting the creative sales story across, every available method is utilized: personal calls, letters, newspaper articles or editorials, personal speakers at club meetings or conventions, and, last but not least, the persistent cultivation of all people whose influence will help.

THE ART OF SALESMANSHIP

Salesmanship as we know it now in its highly organized form was not needed in the days of old when man cared for his own needs, raised his own

food, felled trees for lumber to build his home, and wove his own clothing. Gradually, when it was learned that one member of society excelled in a specific line, specialists were developed in various kinds of work. One man became a little better than his neighbors in making firearms; another was more efficient in making shoes. The producer of firearms offered to make a fowling piece for the cobbler in exchange for a new pair of shoes. Thus surplus production of one man was traded for the surplus output of another.

The more fowling pieces the one man made, the less interest he took in other kinds of work. Finally, the time came when all his neighbors had been furnished with firearms and he was through supplying the demand in his community. But he wanted to keep on with his work. He looked around the country, traveled a bit, became a salesman, and found a settlement where no one had good firearms. He solicited orders for guns and supplied this demand, which pleased everyone. The new community was happy to welcome the firearms man, who brought them better weapons than the amateurish affairs they had made. And the firearms man, by continuing to make guns, was developing a trade, which he nourished with orders by becoming a salesman himself or hiring others to act in that capacity.

CREATES AND SATISFIES DESIRES

Now the salesman occupies an important position in our national life. To him has been given a part of the work of raising the standard of living in the

United States to a point above that of any other nation. His vigor, his foresight, and his earnest zeal have stirred new enthusiasm for products made by others, and a new wish to own them.

This stimulating of the desire to own has not been the single objective of the American salesman. At the same time, he has offered help in getting the means whereby these newly born wishes to own more goods may be satisfied.

By creating a volume demand for certain products, he has lowered their production cost to a point that brings them within the reach of the average man of modest income.

Woolen goods are an example. Today the average American household owns more fine woolen blankets and warm woolen clothing than royalty had four hundred years ago. Why? Because, in bygone centuries, there had not been created a sufficient demand for woolen goods to turn the attention of man to their economical production.

The salesman further provides the means for satisfying the demands which he creates by furnishing the employment which gives a market for products of factory and farm. By selling Connecticut calico in Utah, he provides a market for Utah fruit in Connecticut. The automobile sold in Nebraska provides employment in Michigan for the workman who consumes the products of Nebraska's farms.

Look at the electric refrigerator. The people whose employment is affected by the sale of a refrigerator are: the salesman who sold it, the truck operator who moved it from factory to owner, the railway employee

whose salary is dependent on the movement of freight, and the workers in the manufacturer's factory and offices.

The sale also affects indirectly those who furnish the material that goes into the refrigerator—the miners of tin, iron, and copper; the makers of porcelain, steel, copper tubing, and copper wire; the chemists who supply the refrigerant; the growers of the vegetable products from which insulating materials are formed; the workers in rubber plants; the lumberjacks who felled the trees; and the sawmill operators who prepared the lumber for crates. When a refrigerator salesman closes a sale, he sets in motion a long procession of effects touching the lives of thousands of other persons.

WHAT SALESMANSHIP DOES

Our prosperity and modern civilization, our American standard of living are dependent largely upon the rate with which we are able to exchange goods and services. This prosperity has never been achieved easily; in fact, the only formula is hard work. A great amount of that hard work, in the form of selling pressure, has been required to put our living standard where it is today.

Think of the amount of sales pressure required to persuade Americans to use electric lights instead of kerosene lamps, to abandon the horse and buggy for the automobile. Most of the good things of life were sold to us: we didn't buy them.

Suppose, for example, there were no life insurance agents.

Do you think many people would own life insurance? If there were no salesmen, how many more of the widows and children bereft each year of their natural protectors would be left unprovided for?

While most people admit that life insurance is the easiest means by which a man can protect his family, life insurance is sold, not bought! It is the exception, not the rule, for a man who should be carrying life insurance to seek it. Some one has to hunt him up and show him his duty, and sell him the protection he requires for his individual needs.

There is a great deal of glib talk about supply and demand, but many observers overlook the obvious fact that the consumers did not, really, and do not demand the things that are good for them. They have to be sold. We also often hear of the seriousness of a buyers' strike. But a buyers' strike is as nothing in the way of national calamity as would be a sellers' strike in the United States.

Suppose every salesman were to lose his enthusiasm and throw away his samples; suppose every sales manager were to resign; every advertising and promotion man lose his faith? Suppose, for example, those dogged pluggers for insurance decided not to "come in again"? Suppose all those brisk evangels of all the good things called it a day and quit the country cold?

Then there would be a depression. It is not too much to say that there would be a collapse of civilization. Standards of living would tumble. Obsolescence would rule. Stagnation would take the place of turnover; unemployment and frozen assets would

be the order of the day. This is no overstatement. Salesmanship means just that to progress. The public must have sales pressure upon it if it is to move ahead. We should still be riding over cobblestones with ironbound wheels if it had not been for the energetic salesmen of Detroit and Akron.

Everything we eat, everything we wear, everything we work with in office or plant, everything we enjoy for sport or recreation has had to be sold to us. And any salesman will tell you that it is not an easy job to shake the buying public out of its native lethargy and caution and arouse the purchaser to take what is an ice-water plunge when he buys.

Selling is a force. It is a personal force; a social force. It is, in fact, a universal force. Properly organized and coordinated selling is a force that starts with a definite purpose and ends in its fulfillment, in the delivery of lasting values that produce benefits for all concerned.

✣ ✣ SYSTEMATIZE your business so that major attention is devoted to the selling job. Take these steps:

1. Coordinate all pre-selling and post-selling operations.
2. Organize all departments of the business so that nothing can interfere with the selling activity.
3. Set up clearly defined sales objectives.
4. Arrange for proper sales training of your own salesmen, your distributors' sales representatives, and the retail sales personnel. If you help your dealers sell better, you will build good will and sell more goods.
5. Provide all your sales representatives with facts about your product. No guesswork as to the merits of your product!
6. Strive for increased volume by utilizing all the existing agencies in the community to help create situations where sales will result.

✣ ✣ ✣ ✣

An Organization Problem

A MANUFACTURER of cement, selling a nationally advertised product, wants additional volume. He knows that his distributors follow the general trade practice of splitting orders for cement among several sources of supply. Furthermore his cement has no particular product advantage over that offered for sale by his leading competitors.

An intensive investigation among dealers and a study of trade practices reveals that relatively few dealers are making a normal sales profit, not only on cement but also on the other items they handle. Dealer credit losses are abnormally high; few dealers figure delivery costs properly; accurate sales and cost records are the exception rather than the rule in the conduct of the dealer's business.

What bearing, if any, do these trade facts have on the manufacturer's desire to sell more cement? Can this information be used as the platform for a sales plan to build profitable volume? If so, how?

The way this manufacturer solved his problem is set forth on page 368.

IV

Knowing Your Market

EVERY business has two sides: the inside and the outside. The head of a business, provided he has a good accounting department, usually knows all he needs to know about the inside. He has a clear and balanced picture of his own operations. But how about the outside of the business—the people who can make or break him—his customers, his dealers, his competitors? Of these important factors his knowledge may be wide, but it seldom is as definite, as accurate, or as timely as is his knowledge of the inside factors of his business.

This question is no academic matter. It is a major problem, for experts estimate that in some years businessmen in the United States waste the staggering sum totaling ten billions of dollars by inefficient marketing. This waste is due primarily to a lack of definite market facts, currently adaptable, to the rapidly shifting changes in today's buying trends.

Obviously, then, a cornerstone to less costly and more effective marketing is based on a thorough investigation of the market and the possession, by the merchandiser, of all the important facts about his market. This conception of market research is not confined to the mere gathering of facts, for statistical data, graphs, and charts, as such, are of

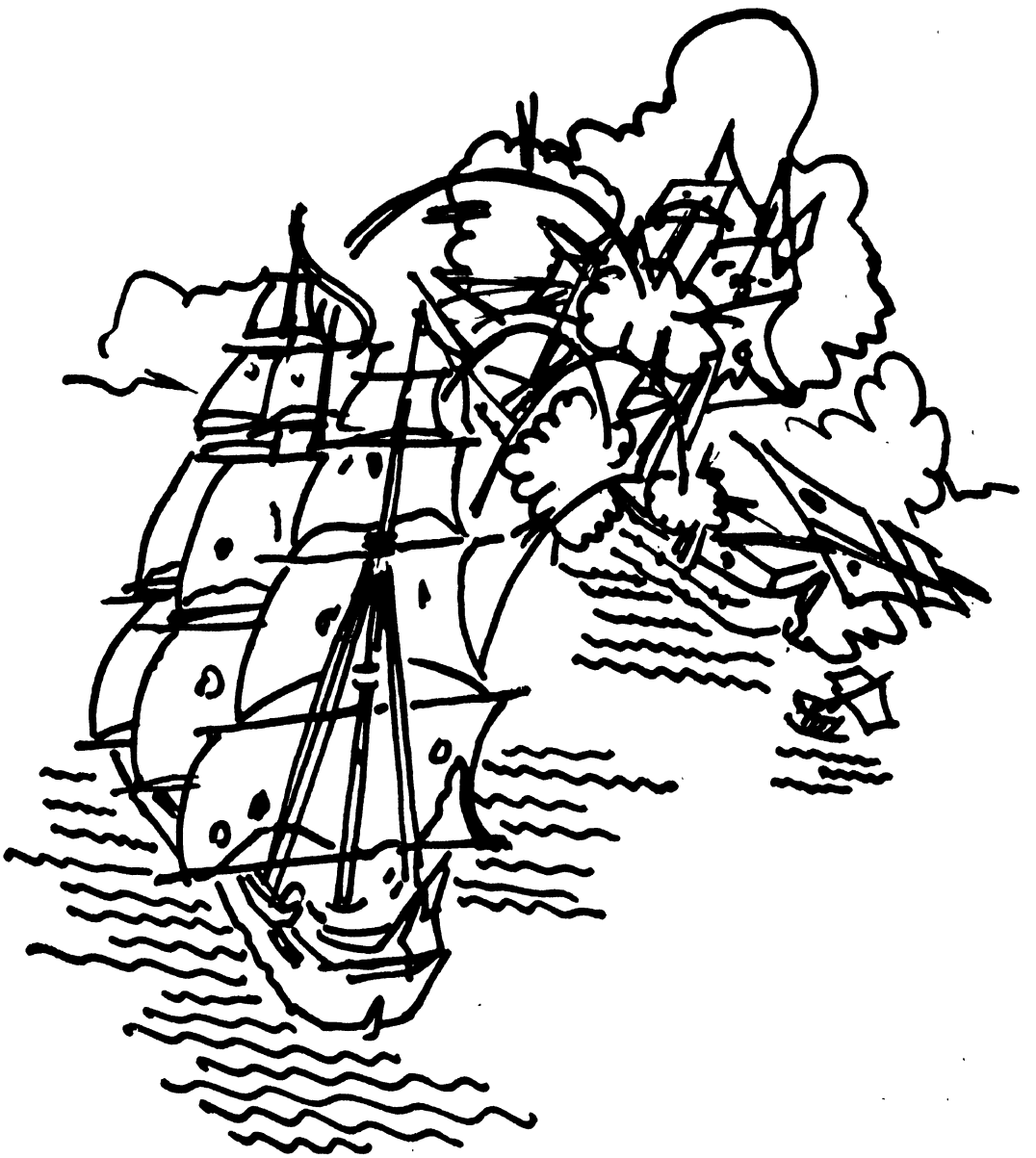
little value. They require proper interpretation by the competent merchandiser; they serve as the basis for a plan of sales action which enables the marketer to sell around known sales resistance and to produce sales returns which more than justify the costs of the compilation of the market data.

Viewed in this light, market studies are not an added sales expense; they are instead a form of "sales insurance," available at premiums ridiculously low in proportion to the large amount of money which might otherwise be wasted in guesswork. Various terms have been applied to this modern merchandising development by large organizations, such as market analysis, research, field surveys, and consumer reaction studies.

> *Market research is finding out what goods can be sold; where sold at a profit; and when and how best to sell them.*

The importance of this phase of marketing is illustrated by the story of a historic naval battle familiar to every American school child.

In the famous sea fight in the War of 1812, the American frigate "Constitution" gained an overwhelming victory over the British "Guerrière." It wasn't because the "Constitution" was better handled by her men, for no braver seamen ever walked a frigate's deck than went down with the "Guerrière." What caused the British sea fighters to be so hopelessly outclassed was their clinging to the old-fashioned belief that all you needed to hit the enemy was "judgment." The "Constitution," for



Shift the aim constantly to keep moving targets in range.

the first time in naval history, had *sights* on her cannon—the "Guerrière" had none!

In marketing activity, as in naval battles, you must have "sights"; you must shoot at well-defined targets, and you must shift the aim constantly to keep moving targets in range. When stripped of the technical verbiage so many marketing experts use in attempting to explain the simple and obvious, that is all market research implies.

COSTLY BUSINESS MISTAKES

For many years, a casual rule-of-thumb approach was the customary method of studying a market; the seller, as in the case of the British sea fighters in 1812, relied on judgment—judgment as to how, and where, and to whom his product could be sold. At times this judgment was correct and profits were great. But all too frequently, some market factor of paramount importance was overlooked and losses resulted.

In recent times, a number of products have been put on the market only to encounter unexpected setbacks which usually could have been prevented by careful analysis. The instance cited, taken from many available, serves also to emphasize a related marketing fundamental; namely, that a product to survive must serve a real need and that advertising alone cannot make or sustain a market.

A cigar manufacturer spent a large sum of money pushing a thin panatella type of cigar in Harlem, New York City's negro section, with slight success, despite the known fact that large quantities of cigars are smoked by its residents. Market investigation

All Abyssinians

SOME years ago an enterprising publisher hugely entertained the advertising profession by running an advertisement headed:

"There Are Ten Million People in Abyssinia. All Abyssinians!"

The sense of that entertaining advertising message was: Numbers Do Not Make a Market—Actual Prospects Do.

For instance, families with an annual income of $5,000 or more, comprising 4.8 per cent of the families of the country, account for 11.8 per cent of the nation's food purchases, 15.6 per cent of furnishings and equipment, and 11.7 per cent of tobacco and spend 15.1 per cent of the nation's total for personal care, according to the government and the National Resources Committee's survey of 376 cities with more than 25,000 population.

The B group, those with an income of $3,000 to $4,999, accounting for 9 per cent of the families, purchase 13.3 per cent of the nation's food, 14.3 per cent of furnishings and equipment, and 13.8 per cent of tobacco and spend 14.9 per cent on personal care. The percentage for the C group ($2,000 to $2,999), making up 19.3 per cent of the families, are: food, 23.2; furnishings, 25.3; personal care, 24, and tobacco, 24.4. The D group ($1,000 to $1,999), 42.5 per cent of the families, shows these percentages: food, 37.9; furnishings, 37; personal care, 35.6, and tobacco, 38.8. Those families making under $1,000, comprising 24.4 per cent of the families, buy 13.8 per cent of the food, 7.8 per cent of furnishings, and 11.3 per cent of tobacco and spend 10.4 per cent on personal care.

then revealed the fact that negro men preferred a thick, large cigar; the smoking of a thin panatella type was considered effeminate!

FOUR TYPES OF MARKET STUDIES

There are four principal types of market studies which will give any businessman as direct, balanced, and trustworthy a picture of the outside activities of his business as he already has of the inside, because these market studies, too, are based on a thoroughgoing assemblage of significant facts. Such studies may be briefly outlined as follows:

1. *A sales analysis*, showing a concern's own sales by products and by customers, gives market facts as reflected by that concern's own operations. This type of study is a part of inside accounting and is now regular practice in a substantial number of businesses. It is mainly useful in the control of inventory and of direct sales costs. The familiar discovery that, say, 70 per cent of the business is done with 12 per cent of the outlets or on 15 per cent of the products is one of the results of such a study. The gathering of additional outside facts is often necessary in order to point a sound way of using this discovery.

2. *A consumer survey* gathers facts to show (*a*) who the typical consumer of a given type of product or service is: his or her annual income, age, sex, family, etc.; (*b*) what products or services in the field investigated the consumer has bought, and when, where, and under what conditions they were bought; and (*c*) what habits of the consumer affect the purchase and use of products or services in the field investigated.

This type of study helps to guide product design and advertising appeal and helps to determine the most favorable place, time, and terms for the ultimate sale. This is the most vital study of all, for it shows what people want and how they want to buy it. Even well-informed guesses made by those who have been in a business for years are often proved to be in error on this subject. In these days, when a careful scrutiny of lines is being made to determine which can safely be dropped and which are the most promising for future attention, surveys of this type are particularly helpful.

3. *A distribution survey* gathers facts to show through what channels, in what volume, and at what expense the products in a given field pass from producer to consumer. This type of study helps to control both direct and indirect sales costs. It is sometimes found, for example, that a uniform distribution policy is unnecessary; that some territories are less expensively covered by manufacturer's agents, others by jobbers, and still others direct. In other instances facts indicate that a readjustment or concentration of distribution may lower the price to the consumer and increase volume without affecting the manufacturer's price in the same degree.

4. *An appraisal of competitive position* adds to the facts learned about competitors' business in the two types of study just outlined the salient facts about competitive resources and policies. Thus, a judgment may be formed concerning the most effective competitive course to be followed. Since the effort of most business is to establish some characteristic quality or

other advantage for its product, thus introducing some degree of monopoly, this type of study, made for a business which has no patent or natural monopoly, shows how a semi-monopoly may be created by developing distinctive characteristics.

There are many other forms of market study, but these four probably are the most common, and in many cases the most useful.

Because market studies are new to many businesses, and because making them offers many chances for errors of judgment in the selection of facts, it is usually advisable that when they are undertaken for the first time they should be handled by those skilled in this work. When the place of market studies in a business is fully demonstrated, however, they become a regular part of its activity.

THE KIND OF FACTS NEEDED

To market a product profitably on a national basis, the manufacturer of almost any product sold to a mass market needs dependable, up-to-date answers to a number of basic questions. A few of the more important of these, stated in general terms, are:

1. Is the product right? How can it be improved? What new or additional features would customers or prospects like to see incorporated in it?
2. Is the product priced right? Could we get additional profitable volume if prices were lowered? Do we suffer any disadvantage from prices of competitive products?

3. Is the product packaged properly? Could service or style features be built into the product or packages?
4. Is the product distributed through the proper trade channels? Do distributors make sufficient profits to warrant their pushing our products? Are there any defects in service to customers by the trade that handicap sales? Would sales be increased if we altered our distribution setup and sold through other outlets?
5. Could the selling season be lengthened if we emphasized new values to the trade and consumers? If so, how?
6. Is our line of products too long? If so, what slow-selling items should be eliminated? How much effort should be concentrated on the popular items?
7. Do we have a "leader" in our line which helps the sale of other items? If not, would it be advisable to create one?
8. What are the facts about our present customers? To whom are we now selling profitably?
   a. Where do they live?
   b. Why do they buy?
   c. When, how much, and how often do they buy?
   d. Where do they buy?
   e. What price do they pay?
   f. Why do they not buy in larger quantities?

g. What age, sex, and educational, social, economic, and occupational factors influence our present customers?

h. What brands of competitive products are also bought? Why?

i. Is the need for our product clearly defined? Only vaguely present? Or dormant?

9. What are the facts about our potential market?

a. Are there other people to whom we might profitably sell?

(1) Why do they not buy now?

(2) How could they be influenced to buy?

b. What methods are necessary to induce them to buy from us?

(1) What sales promotion might be used to appeal to them?

(2) Are there special obstacles which make selling to them unprofitable or impossible?

10. What about our competition? Is it gaining on us? If so, why? What effects are competitors' sales and advertising activities having on our profits? On our prestige with the trade and with customers?

11. What other products or lines could be sold profitably through the present distribution channels? Would such a policy of expansion be advisable? What effect

would it have on our present trade relations?

12. Should the line of products be further diversified to alleviate seasonal or style factors or severe market slumps due to the effects of other factors?
13. What defects exist in the present selling strategy? Are our salesmen underpaid? Are territories too large or too small? Are we building potential volume in new markets so as to maintain our competitive standing in the national market now and in the future?
14. What long-range market trends as to products, sales policies, and customers' preferences are discernable? What changes are needed to keep pace?
15. Is the sales-promotion program (national advertising, radio, direct mail, etc.) really understood by the trade, our sales force, and consumers? Is it being actively merchandised to the trade by our salesmen? What can be learned in advance of the release of our promotional campaigns by pre-testing so as to assure maximum results?

INFORMATION ABOUT COMPETITORS' PRODUCTS

The extent to which market facts are required and used is reflected in the questions listed here, which formed the basis for a national market investigation

sponsored by leading food, drug, and cosmetic manufacturers so that each of the three might determine, basically, the competitive standing of their product; learn more about what competitive brands consumers were shifting to and why; and in the final analysis decide how much sales effort certain market areas should receive.

HOW DOES MY PRODUCT STAND?

Answers to questions like these help manufacturers decide where and how to sell:

What is the rank of the leading products in your field, including your own?
What percentage of the families using your type of product use your brand?
What is the percentage distribution of the users of your brand by income groups?
What is the percentage distribution of the users of your brand by age groups?
What is the percentage distribution of the users of your brand by type of family groups?
What percentage of the users of your brand are home owners?
Is the preference for your product increasing or decreasing?
From which competing brands have you been gaining?
For what reasons?
To which brands have you been losing?
For what reasons?
Among which income groups have you been gaining?
Among which age groups have you been gaining?
Have your gains been among families with increasing or decreasing incomes?
What is the relative stability of demand for your brand as against other brands in the same class?

What percentage of those replying listen to your radio programs?

How many of these listeners use your product?

What percentage of these listeners have recently changed to your product?

What guarantee of quality do the users of your product value most?

How important is the doctor's or dentist's influence? The dealer's?

In what type of store do they prefer to buy your product?

What newspaper or combination of newspapers do they read regularly?

What magazines do they read regularly?

What percentage of replies mention your product advertising as an example of truthful or untruthful advertising?

What percentage of replies register complaint against the quality of your product?

SOURCES OF INFORMATION

Where is the merchandiser to find the answers to these and literally hundreds of other questions to enable him to get his share of the consumer's dollar; to market his product efficiently; and to base his marketing operations on facts, not guesswork?

There are two main sources of information: first, existing records and data; and second, facts secured by original investigations. Both are of value; neither should be overlooked. Each should be used to complement the other, and each provides a valuable countercheck against the conclusions drawn from the other. Sound business practice dictates the correlation of all existing data and its review before starting to gather new facts.

The chief sources of published data on markets have been indicated by Dr. H. K. Nixon of the School of Business of Columbia University to be:

Government publications such as reports of the Bureau of Home Economics, the Department of Agriculture, the Department of Commerce, the Department of Labor, the Department of State, the Department of the Treasury, the Federal Reserve Board, the Federal Trade Commission. Various departments of the several states also issue useful reports.

Commercial directories and registers. Thomas's "Register of American Manufacturers" is typical.

Market studies by publishers and other media owners, such as "National Markets and National Advertising," issued by the Crowell Publishing Company.

Reports published by advertising agencies. For example, "Population and Its Distribution," published by the J. Walter Thompson Company.

Reports of commercial research organizations. "Polk's National Business Census," published by R. L. Polk and Company.

Reports of trade and industrial associations. "An Analysis of the Occupations and Incomes of Subscribers and Buyers of Magazines," published by the American Association of Advertising Agencies, is one of the best examples of this type of information.

Reports of research departments of school and universities. "A Study of the Supply and Distribution Areas of the Chicago Grain Market," published by the Bureau of Business and Economic Research, University of Chicago, is an outstanding example.

Reports of individual companies. For example, "Keytown Telephone Sales Map," published by the American Telephone and Telegraph Company.

"This outline barely suggests the voluminous literature on the subject of marketing," states Dr.

Nixon, in "Principles of Advertising." "In addition to the sources mentioned, the advertiser may consult books on his own industry and product, articles in the trade papers, catalogues, encyclopedias, and various compilations such as the 'Reader's Guide to Periodical Literature,' the 'Industrial Arts Index,' the 'New York Times Index,' and the 'Printers' Ink Index.'

"To become familiar with any considerable portion of the published information is a task for the specialist in market study. The individual advertiser, however, can profitably consult the available material in connection with his marketing program. Any organized approach to advertising demands at least a working knowledge of the data available in existing reports."

Merchandisers may find valuable answers to their market research problems by a careful analysis of their own sales records. One manufacturer discovered that 90 per cent of his volume was represented by the sales of only sixteen out of eighty-seven items in his line and that the actual cost of samples for fourteen of his slowest moving items was greater than the dollar gross sales volume of these soon-discarded items. For local market areas, chambers of commerce and other civic groups frequently have useful data for any legitimate purpose.

NEW FACTS FROM MARKET STUDIES

Despite the great mass of market information already available, in many cases it is necessary to undertake market studies to gain new facts. These projects may be handled by:

1. The Questionnaire Method
2. The Observation Method
3. The Correlation Method

All three types of market analysis may be used in arriving at a composite, up-to-the-minute factual picture of the market in relation to the questions of paramount interest.

The questionnaire method is widely used to secure new market facts from consumers, dealers, wholesalers, and any others who may be able to supply useful facts. Advertising agencies and publishers of national magazines, certain large companies (notably General Motors and Procter & Gamble), and a few national organizations have trained investigators in their employ who conduct market researches by the questionnaire method.

The procedure ranges from a very informal questioning to encourage a free flow of comment to the use of systematic types of the formal questionnaire, wherein specific questions are asked calling for positive or negative answers or for the answering of prepared questions from a listing in the questionnaire form supplied by the research sponsor.

"What is your opinion of the new Buick car?" is an example of the type of informal questionnaire.

"Did you see the Buick advertisement in today's *News-Gazette?*" is the kind of question which requires a positive or negative reply. "What make of car do you now own? What make of car will you buy next?" are examples of prepared questions listed in a formal questionnaire form.

Any of these types of questions may be presented either in personal interviews, by mail, or by telephone. The personal-interview method is to be most relied upon for the soundness of its returns, since by this method trained investigators can secure more trustworthy information regarding each individual on the list and can frequently supplement the questions by observations which have a direct relationship to the questions asked.

Mail questionnaires are apt to be misleading unless it can be demonstrated that the returns received are truly representative of the group as a whole. Telephone questionnaires are useful, but here again great pains must be taken to make certain the people reached are representative of the total group.

THE OBSERVATION METHOD

A second plan of obtaining facts about markets is the observation method.

Typical of the market studies made by this method are the "bathroom and pantry" counts whereby the investigator lists the brands and quantities of merchandise found on the bathroom and pantry shelves of a number of representative homes in certain key cities. Such a count, although somewhat laborious and costly, gives a clear picture of the actual buying habits and brand preferences of the families interviewed.

This system is particularly effective if the manufacturer wishes to gain information about his product's acceptance in relation to family income; the competitive standing of his product; what brands

consumers are shifting to and why; the acceptance of various products in different income groups; the results obtained by recent extensive promotional campaigns; and data reflecting today's buying habits as to kind of outlet, cash or credit buying, advertising media which pulls, and in some instances buying expectancy for the coming month or year.

Such market investigators secure and collate precise, accurate data concerning actual existing conditions at the time the market study was made. When these studies are repeated at regular intervals, under identical or similar conditions as to scope and territory, they reveal trends which permit the marketer to anticipate future market requirements with reasonable accuracy. It should be observed, however, that such studies merely record today's facts and, unless repeated frequently, are not to be relied upon for continued market guidance.

Two other kinds of market studies, freely used, are also conducted by the observation method. One concerns itself primarily with style-trend reports, gathered in centers of fashion in the United States and Europe, whereby styles of clothing and accessories worn by women are recorded.

Another type, used most prominently by chain stores, oil companies, and outdoor advertisers generally, is handled through traffic counts in which the actual number of people or automobiles passing a certain location are carefully counted at various hours of the day and at certain seasons of the year, to determine the relative value of a site for a retail store, a filling station, or an outdoor billboard display.

THE CORRELATION METHOD

This form of market investigation is solely statistical and analytical. It gains its wide recognition as a reliable market measurement because the demand and acceptance for a product is understood to be related (correlated) to other facts already known.

A manufacturer contemplating the introduction of a new type of heater for automobiles, reasonably priced, could quickly determine an approximation of the potential market in northern states by securing the available lists of automobile registrations. He then probably would conduct a test sales campaign in several market areas, thereby deciding how closely actual sales met anticipated sales. This index could be projected against the market as a whole and a reasonable demand, or lack of demand, for his product be thus ascertained.

A number of existing factors are available and are used as possible indices of purchasing power in relation to various types of products. Some or all of the following are generally referred to and weighted one against the other to give an accurate picture of existing or potential markets:

Automobile registrations
Bank and savings deposits
Crop values by types
Degree of illiteracy
Homes wired for electricity
Income tax returns
Magazine circulation
Manufactured products as to value and types

Native white population
Number of families
Number of retail outlets
Number of wage earners and wages paid
Percentage of homes owned and homes rented
Racial characteristics
Radio sets owned
Telephone subscribers
Total population and population per square mile
Urban versus rural population by trading areas

It should be understood that what is usually considered a favorable general index may be downright misleading to merchandisers of certain types of products whose actual or anticipated sales have no sensible relationship to the factors employed. Thus the sales of a product such as low-priced catsup will be erroneously anticipated if correlated with income tax returns, since low-priced condiments in general are used by low-income families to flavor cheap meat products; high-income groups buy less catsup per family.

Similarly, the anticipated sale of cigars and the amount of sales activity the market deserves may be improperly correlated with the percentage of and income classification of the negro population in Harlem, since custom and smoking preferences give prestige to the cigar smoker in this negro community.

Situations such as these, which cannot be determined solely by statistical studies, have resulted in the formation of specialized market yardsticks designed to evaluate the demands for certain products. The marketer of building materials usually relies on a

combination of the five factors of income tax returns, automobile registrations, percentage of white families, number of one- and two-dwelling houses, and number of homes owned versus rented as a composite signpost to indicate the worth of a specific market area.

CHECK THE RESULTS

In weighing the results of market studies and arriving at conclusions from the facts they reveal, it is advisable to ask these pertinent questions outlined in "Questions to Ask in Appraising Market and Advertising Research," published by the American Association of Advertising Agencies, New York.

Who made the survey?
Does the title indicate exactly the scope of the survey?
Does the report contain all pertinent data as to how, when, and where the survey was made?
Is the sample sufficient?
Have data collected in one city or section been used to draw conclusions for the country as a whole?
Are percentages figured for groups or classes that contain too small a number of instances?
Are percentages of increase figured on ample bases?
Was information obtained by mailed questionnaires?
Is causal relationship attributed to one single factor, when other contributing factors are present?
If questionnaires were used, were the questions such as to give fair and adequate answers?
Was information gathered of such a nature that the memories of the people interviewed might have resulted in inaccuracies as to fact?
Can type of information obtained (either by interview or by mail) be relied on as accurate?

Have any original or unique statistical devices been employed?
Are charts misleading?

FAMILY SPENDING HABITS

The "Consumer Purchase Survey" completed by the Department of Labor and the Department of Agriculture is probably the most exhaustive study of family budgets and family incomes ever attempted. This survey consisted of an urban study and a rural study, the combined phases covering 51 cities, 140 villages, and farm families in 66 counties. The final reports of the survey will provide information on income, rent, home ownership, and family composition for 282,000 families.

Out of the larger sample, 62,000 families were covered in a more intensive way to determine the annual expenditures for all types of merchandise and services. The expenditure data will eventually be broken down into seventy-five commodity groups. The preliminary results presented here cover fifteen broad classifications of expenditure and fifteen levels of family income.

The results of the survey present a reliable picture of the consumer market during 1935 and 1936. The field survey was started January, 1936, and continued until the middle of that year. The period covered for each family was the twelve months immediately preceding the interview.

The method of obtaining the information was through personal interview with a single member of a family where a single interview would serve the

purpose. Frequently additional calls were required to check additional family records or to interview other members of the family whose personal expenditures were not known to the first person interviewed.

Interviews typically lasted six hours for a city family and two hours for a farm family. The difference arose largely from the fact that farm families seemed to be more generally single-spending units, and, where expenditures were separated, the additional persons who needed to be interviewed were more readily accessible in calling on farm families.

The interviewer was provided with an elaborate check list indicating the kinds of purchases the family might have made during the year. Obtaining expenditures for large unit items such as automobiles and refrigerators was relatively simple. Expenditures for food had to be reconstructed on the basis of a typical week out of the four seasons. Expenditures for clothing were checked off for each member of the family by each season of the year.

The strength of the figures lies in the fact that all classes of expenditures were estimated at the same time and the total income and total expenditures provided a check against the expenditures for separate classes of items. The margin of error was further narrowed by accurate knowledge of some of the major items which had to be covered by the total, such as rent, taxes, and major purchases like homes or automobiles. The weakness of the figures lies in the fact that they were partially based on estimates made at the time of the interview, supported by whatever family expenditure records were available.

SELECTIVE SPENDING BY INCOME LEVELS

The results of the "Consumer Purchase Survey" for three large cities, Chicago, Providence, and Denver, show the average annual expenditure of families for income levels ranging from $500 a year to over $7,500 a year. The reports show not only total expenditures, but expenditures by each of fifteen sub-groups of consumer purchases, such as food, clothing, housing, etc. Thus, the average annual consumption is established on each of fifteen classes of products, for families at each income level, in three widely separated cities.

The pattern of consumer expenditures for ten of these fifteen groups of products in Chicago, Providence, and Denver is shown on pages 96, 97, and 98.

WHAT A MARKET STUDY REVEALS

The extent, scope, and timeliness of the information which can be secured from a market survey are indicated by the published conclusions of a portion of the findings of a survey on home building and home improvements. The significant information regarding roofing, itemized here, is of unquestioned value in helping to answer the perennial question of where, how, and to whom to sell.

Where Home Owners Would Go for Quotations:

Question: If you decided to re-roof your home, where would you go for information and bids?

Hardware store?.....	Architect?.....
Lumber yard?.....	Contractor?.....
Builder?.....	Any other?.....
Carpenter?.....	

	Replies Received Average per 100 Families
Lumber yard	22
Contractor	21
Carpenter	12
Builder	16
Hardware store	7
Roofing company	5
Architect	2
No answer	15
	100

Type of Roofing Preferred:

Question: If you re-roof your home, which type of roofing would you use?

Asphalt shingles?..... Asbestos shingles?.....
Copper?..... Wood shingles?.....
Slate?..... Tile?.....

	Replies Received Average per 100 Families
Asbestos shingles	22
Asphalt shingles	22
Wood shingles	21
Tile	3
Tar and gravel	2
Slate	2
B. C. red cedar	2
Steel shingles	1
Copper	1
No answer	26
	102

Explanation: Some named more than one type of roofing.

Reasons for Choice of Roofing:

Question: Why would you choose that type of roofing?

Appearance?..... Fire-resistant.....
Durability?..... Economy?.....
Any other reason?.....

	Replies Received Average per 100 Families
Fire-resistant?	40
Durability	40
Economy	28
Appearance	26
Customary use in community	3
Suitability	1
Insulating properties	1
Easier to replace in part	1
Necessary for flat roof	1
Personal preference	1
No answer	27
	169

Explanation: Many listed several reasons.

LOCAL MARKET SURVEYS SPEED SALES

Not all surveys are made on a national or sectional basis. More and more local surveys are being made by local merchants, because today's merchandiser needs facts, whether his market is Montgomery County, Ohio, the city of Des Moines, Iowa, or the entire forty-eight states. Here's how some progressive building material dealers use market surveys to develop business in Anytown, U.S.A.

1. *Personal study by the dealer or by some one in his organization.* Some dealers examine

the community street by street, and house by house. A trip through the residential section is sure to disclose new opportunities. This house needs a new roof, that one will have to be painted soon. Mr. R. should have a concrete driveway instead of a cinder one. Dr. S.'s doorsteps are in pretty bad shape. Jim B. ought to be interested in re-siding his home. Mr. M. should be a good prospect for a home insulation job.

On careful examination, hundreds of examples of this sort present themselves. The follow-up by direct sales effort, closely geared in with this information, usually produces sales that justify the expenditure of time and money in collecting these facts.

2. *Surveys.* Other dealers make door-to-door calls. A simple statement—"We are making a construction survey in Jonesville. Are you planning any building, remodeling, repairing, painting, or roofing?"—generally brings a friendly answer. The information obtained in this way contains definite sales leads. Dealers often use their regular employees for this work, and find that such spare-time effort is very satisfactory. Dealers with ice departments have their drivers make inquiries at every stop. Others hire people expressly for the purpose. Women

canvassers have been used with varying success, depending on how fortunate the dealer has been in selecting them. College or high school students have done this work very satisfactorily in the summer months. Many dealers make their surveys by telephone. One of the office girls calls every subscriber in the telephone book and asks the same questions as in the door-to-door calls. The idea that it is a survey rather than a sales talk makes prospective customers willing to answer. Surveys such as these usually develop enough business to warrant conducting them at least once a year.

A successful basis of paying for this work is by a small salary and a commission on all business that develops in a certain fixed time, usually three to six months.

Where regular surveys are not conducted, some dealers train their organizations to be alert for leads, and offer rewards for good prospects turned in. One of the largest dealers in the country has a bonus system of rewarding employees. Each salesman gathers the building news in his own territory and reports all prospects. For every job sold he receives a certain number of points. But if a job that he has not previously reported is awarded in his territory, a certain number of points is deducted from his bonus record and potential earnings.

MARKET RESEARCH A VITAL NEED

Market research on a national or local basis is a development that every firm doing business today must take cognizance of some time during its career if it hopes to achieve the ultimate in sales. Realizing the value of market data today, progressive concerns are willing and ready to spend sums of money for this type of activity which would have seemed out of the question a few years ago.

Merchandising executives are applying a searching attitude to sales operations, seeking, as one sure means of improving profits, to spot profitless volume. Many are finding that one of the keys to profit protection is selling effort concentrated in the profitable markets for their products.

Merchandisers know that the cost of distributing goods is, in many instances, already two to ten times the cost of making them—and rising rapidly. And yet, despite the fact that the use of market research has doubled in the past three years, United States industry is now spending a mere $4,500,000 annually for market facts in contrast to an estimated $3,000,000,000 annual expenditure for engineering research.

One sure way to cut distribution costs is to know your market better so that you may sell more efficiently. In such a program market research plays an important part. Do not overlook its value.

TABLE I.—EXPENDITURE PATTERNS OF CHICAGO FAMILIES BY INCOME GROUPS, 1935–1936
(Native White Non-relief Families Including Both Husband and Wife; Families of Different Sizes and Different Occupations Combined)
Average Money Expenditure in Dollars

Family income group	Total expenditure	Food	Clothing	Housing	Household operation	Furnishing, equipment	Automobile	Medical care	Amusement, recreation equipment	Tobacco	Education
$500 and under $750.....	$830	$348	$46	$286	$26	$6	$5	$24	$12	$17	$2
750 and under 1,000.....	1,016	405	74	325	30	17	8	45	14	21	2
1,000 and under 1,250.....	1,165	457	93	335	37	29	35	45	21	23	2
1,250 and under 1,500.....	1,353	529	109	366	48	30	36	58	30	30	6
1,500 and under 1,750.....	1,605	589	136	428	57	38	65	78	35	38	8
1,750 and under 2,000.....	1,799	619	164	465	68	58	97	79	47	38	10
2,000 and under 2,250.....	1,986	660	192	481	84	64	132	92	56	40	15
2,250 and under 2,500.....	2,222	761	212	517	105	68	117	111	69	46	17
2,500 and under 3,000.....	2,479	786	262	554	124	76	170	117	81	53	23
3,000 and under 3,500.....	2,741	863	287	545	153	79	194	130	109	60	28
3,500 and under 4,000.....	2,144	945	371	651	180	116	232	144	103	65	32
4,000 and under 5,000.....	3,760	1,064	440	688	259	98	324	194	140	71	36
5,000 and under 7,500.....	4,619	1,125	513	842	407	122	443	234	216	77	72
7,500 and under 10,000.....	6,695	1,449	836	1,212	663	172	659	282	310	105	119
10,000 and over.....	10,358	1,781	1,289	1,663	950	285	768	240	419	122	348

TABLE II.—EXPENDITURE PATTERNS OF PROVIDENCE FAMILIES BY INCOME GROUPS, 1935–1936
(Native White Non-relief Families Including Both Husband and Wife; Families of Different Sizes and Different Occupations Combined)
Average Money Expenditure in Dollars

Family income group	Total expenditure	Food	Clothing	Housing	Household operation	Furnishing, equipment	Automobile	Medical care	Amusement, recreation equipment	Tobacco	Education
$500 and under $750	$765	$316	$61	$250	$21	$5	$6	$28	$7	$22	*
750 and under 1,000	921	362	67	280	25	17	31	30	16	29	*
1,000 and under 1,250	1,178	436	93	343	37	23	44	57	19	33	$1
1,250 and under 1,500	1,362	519	120	358	49	28	72	46	29	31	2
1,500 and under 1,750	1,619	569	151	417	61	40	94	69	45	36	3
1,750 and under 2,000	1,853	605	173	453	71	48	167	72	55	46	7
2,000 and under 2,250	2,082	670	208	512	94	63	172	78	63	50	6
2,250 and under 2,500	2,172	668	236	503	107	47	184	99	71	48	20
2,500 and under 3,000	2,438	708	258	576	143	60	241	93	73	56	14
3,000 and under 3,500	2,884	790	295	694	198	89	265	119	120	60	17
3,500 and under 4,000	2,999	777	341	658	202	77	268	132	159	64	33
4,000 and under 5,000	3,694	973	432	771	245	57	375	139	166	68	65
5,000 and under 7,500	4,711	1,108	549	916	440	88	451	210	245	71	152
7,500 and over	7,819	1,592	810	1,278	989	254	537	261	436	88	322

* Less than 50 cents.

TABLE III.—EXPENDITURE PATTERNS OF DENVER FAMILIES BY INCOME GROUPS, 1935–1936
(Native White Non-relief Families Including Both Husband and Wife; Families of Different Sizes and Different Occupations Combined)
Average Money Expenditure in Dollars

Family income group	Total expenditure	Food	Clothing	Housing	Household operation	Furnishing, equipment	Automobile	Medical care	Amusement, recreation equipment	Tobacco	Education
$500 and under $750	$748	$295	$46	$220	$29	$17	$37	$33	$8	$14	$2
750 and under 1,000	903	328	73	235	32	29	61	38	18	20	2
1,000 and under 1,250	1,117	388	105	254	38	42	87	55	31	23	5
1,250 and under 1,500	1,384	419	135	300	55	47	142	93	35	29	11
1,500 and under 1,750	1,591	476	166	330	62	57	170	108	46	30	8
1,750 and under 2,000	1,739	499	177	388	77	72	172	107	61	30	12
2,000 and under 2,250	1,969	547	209	384	95	98	233	111	65	31	15
2,250 and under 2,500	2,068	571	234	405	95	68	248	109	73	38	23
2,500 and under 3,000	2,362	611	279	456	114	83	302	120	83	33	29
3,000 and under 3,500	2,656	669	320	541	158	80	274	120	119	38	34
3,500 and under 4,000	3,218	712	389	607	207	81	403	246	146	45	40
4,000 and under 5,000	3,406	813	452	632	213	94	347	183	165	49	53
5,000 and under 7,500	4,527	972	604	754	341	98	460	234	293	68	86
7,500 and over	7,169	1,264	884	935	573	315	738	345	440	98	164

✥ ✥ KNOW your market. Get all available facts that will make possible more efficient selling. Market research will give the answers, reduce the gamble, minimize guesswork. The four best sources of market facts are:

1. A sales analysis, based on inside records of a concern's own sales.

2. A consumer survey, which assembles facts about who the customer is, what similar products he has bought, and what consumer buying habits influence his purchases.

3. A distribution survey, which shows how products are distributed to customers and at what cost, thereby aiding in the control of selling costs.

4. An analysis of competitive position study, which adds facts about competitors' resources and policies.

✥ ✥ ✥ ✥

A Market Research Problem

THE XYZ Company manufactures a cellulose-acetate product which transmits the healthful ultraviolet rays of the sun. The product, sold commercially, resembles common window screening in appearance. It has been used successfully in hospitals, in place of ordinary window glass. Patients have been cured of rickets when exposed to the sun's ultraviolet rays transmitted through this cellulose-acetate screening.

The sales manager of the XYZ Company raises fine chickens as a hobby. One day he read in a poultry magazine that the high mortality rate of young chickens and the low egg-producing characteristics of hens was due primarily to the lack of proper sunshine in brooders and henhouses.

What market investigations should the XYZ Company undertake before it attempts to formulate a sales policy to sell its product to the poultry trade? The steps which the XYZ Company took are reviewed on page 368.

V

Understanding the Customer's Viewpoint

"*The customer is always right.*" So goes the saying which defines the attitude of modern merchandising and takes the place of the discarded theories that found expression in the curt: *Let the buyer beware!* Through all lines of sales activities now runs this reasoning: "The consumer is our sales manager. He defines our sales policies; he determines how many salesmen we shall employ; he decides when, where, and how we shall sell; he actually fixes the price of our merchandise."

In this is a smooth blending of practical philosophy and rugged truth. No one can deny that today the Consumer reigns supreme. Only the short-sighted will argue against his controlling influence and fail to take into consideration the qualities inherent in him. The astute merchandiser will investigate this King Consumer, find out how he thinks, feels, and acts; what are his interests and his desires; what he is seeking in the products that are offered him. In doing so, the merchandiser equips himself to sell around known entrenched sales resistances rather than wasting time and money bucking them.

WHO IS KING CUSTOMER?

The first step in any successful selling program is taken long before the salesmen go out on the road,

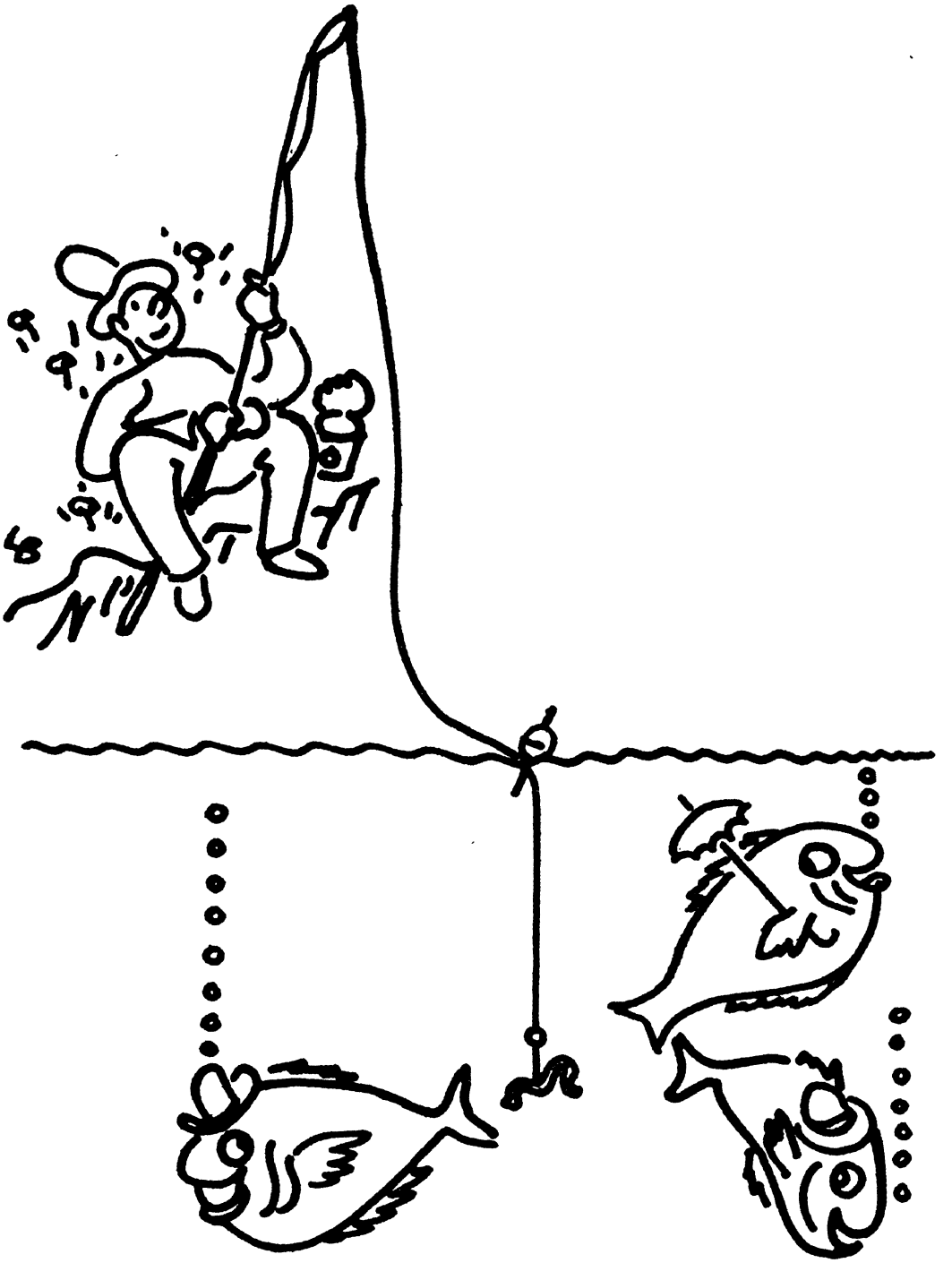
long before any advertising copy or preliminary layouts are made, long before printers' bids for sales promotional materials are received. The start of the truly effective sales effort is made only when the sponsor gains a thorough and sympathetic understanding of the "average" people in his market and their needs and desires.

Who is this average American citizen? Statistically, he is a completely imaginary person; as an entity, "the average man" does not exist. We are told that he has approximately two and three-tenths children and owns one-half of a radio set and about five-sixths of a motor vehicle.

This places "the average citizen" as the male head of the family, but his wife might reasonably object to this assumption, and his children might also claim recognition. Their inclusion brings the age of "the average citizen" to twenty-seven years, and leaves him still male, but by so narrow a margin that he would probably devote his leisure time to embroidery or window shopping!

No, "the average man" doesn't exist. But the ordinary man, the representative, typical American, exists by the scores of millions. He is a nonconformist. He may be as jealous as he pleases about his individuality. Since no two persons are exactly alike, the essence of science is to discover identity in difference. And the law of averages, whether applied to atoms or human nature in the mass, is relentlessly dependable.

This representative American has been described as one who "believes that a couple of quinine pills and a stiff drink of whiskey will cure a cold; that



It's the taste of the fish that determines the kind of bait to be used.

the Masonic Order goes back to the days of King Solomon; that it is practically fatal to eat lobster and follow it with ice cream; that all Swedes have thick skulls and are stupid; that red-haired people always have quick tempers; that dew falls; that morals were purer twenty years ago; and that the winters were longer and the snows heavier and more frequent when he was a boy." And the average woman has aptly been referred to as the wife of this representative American.

HE WANTS WHAT HE WANTS

While the average person's actual needs are few, his wants are many. For the most part, he wants things he could live without, but his desire for them is more intense than for the few simple possessions that are essential to life.

The average person knows what he wants, but coupled with this knowledge there is little understanding of why he wants it. The impulses which force him in relentless fashion to seek this, that, or the other spring from his subconscious mind. All the modern girl may be aware of consciously is that she wants, more than anything else, a riding habit to wear every minute of the day. She does not know, as the psychoanalyst does, that she wants this riding habit because it resembles masculine apparel and she has seething in her subconscious the wish that she had been born a boy. Beneath everything that people want with a singleness of purpose is some profound, elemental reason, of which, in most cases, they are never really aware.

It has taken nearly a half century of spying for psychoanalysis to pierce the average person's mask and discover what is down deep inside that makes the wheels of his head go round. What such analysts as Sigmund Freud, Carl Jung, and Alfred Adler have uncovered about man's mental life now gives the merchandiser a practical perspective by which the specter of high sales costs can be viewed with more of a possibility of lowering them.

There is an interesting analogy between this pull and force of the subconscious mind of human nature in terms of millions of people and the performance of the iceberg in the open sea.

To the landlubber, who sees only the exposed above-the-surface portion of the iceberg, it is the force of the winds that blow upon it that determine the course taken.

To the wise ocean navigator this naïve assumption is poppycock, for he knows that what really determines the course of the iceberg is the flow and pull of the oceanic currents on the five-sixths of the iceberg's volume not visible on the surface.

Similarly, the astute merchandiser who understands mass psychology knows that it isn't logic or reason that moves the majority of people to action. Instead, it is the pull of the subconscious forces or emotions that prompts them to act and decide and buy as they do.

It is vanity, fear, hate, love, immorality, curiosity, ambition, science, evil-doing, veneration, morality, selfishness, amusement, heroism, superstition, culture—one or more of these elemental human urges—

that need to be appealed to by a basic selling idea to produce outstanding sales returns.

BUYING SATISFACTION

What the manufacturer may think of his product has no real significance. Far more important is the point of view of the Average Person, for products are not bought for their own sake—they are a means to an end. *The real commodity purchased is the satisfaction of a desire.* The wise advertiser concentrates on telling people not so much what he puts into his product as what the consumer can get out of it in increased happiness, health, affection, protection, comfort, ease of mind, or other human wants.

Imagination is a prime essential to effective sales appeal. The automobile purchaser is not buying four wheels, an engine, and so many pounds of steel. He is concerned more with the romance and adventure of the open road, the sense of freedom, the "excuse my dust" attitude which this new car will give him.

> *Less lingo and more life is what is needed in most selling. The real flair for salesmanship consists largely of the ability to see inanimate things living which other men think are dead.*

People buy ideas when they buy products. Their preference between similar products is an idea preference. The idea makes the original contact with the buyer's mind and has much to do with his final decision to buy or not to buy.

That is why it is so important to send a product to market armed with a distinctive and basic advertising idea—something the mind of the buyer can grasp and comprehend readily.

Chrysler's famous "Look at All Three" advertising did just this for Plymouth cars. The force of this ingenious basic advertising strategy promptly lifted Plymouth into the public consciousness on an established footing with Ford and Chevrolet, its well-entrenched competitors, and sold the idea that there were not just two important low-priced cars, but three. Furthermore, this idea closed the door to competition from other makes by firmly implanting in the public mind that there were *only* three low-priced cars to consider. At the same time, it emphasized the importance of looking at Plymouth.

The more graphically an idea can be presented to lure the eye and capture the prospective buyer's imagination, the quicker it catches his real interest—the first spoil of this battle known as selling.

SEE THROUGH HIS EYES

There is a popular fallacy that an advertising man is a sort of genius, an odd fellow who goes into a trance when a sales problem is presented, snaps his fingers, shouts "Eureka," and produces the advertising that opens the floodgates of popular demand.

Quite to the contrary, a period of painful, hard thinking frequently coupled with research in the field comes first. "Painful" is used advisedly because the first thing an advertising man must do is forget

himself, his cleverness, high tastes, and nobility of purpose. His ego must be trampled into the sod of common instincts and, as he succeeds, he becomes truly a "ghost thinker and ghost writer for the masses."

He identifies himself with the housewife as she goes through her daily tasks, planning meals, getting children off to school, mending clothes, running a household on a limited budget while all the time her imagination is playing with thoughts of mink coats, jewels, and a few sympathetic words from the movie hero of her fancy.

A good merchandiser, selling to the mass market, so orients his vision that he is able to see and think of life through the golden haze of youth, as a young father sees it. He recognizes the fact that in hundreds of homes tonight's discussion may center around the subject, "Which will it be, spark plugs or a new tea-kettle? We can't afford them both in one week." He views life through the eyes and with the emotions of the waitress who served you at lunch; the mechanic in Michigan who helped assemble your car; the tenant farmer in the South who grew the cotton for your wife's summer dress; and the woodcutter in Oregon who felled the trees for your home. He believes in the philosophy of reaching for his hat before reaching for his pencil—in other words before preparing plans he goes out and gets facts.

SPEAK HIS LANGUAGE

Along with the necessity of gaining a genuine understanding of the nature of the person one is

attempting to sell to comes the need of proper consideration of the limitations of one's audience as to vocabulary and pocketbook.

Vocabulary comes first because words, the stuff with which ideas are expressed, are the working tools of the advertiser. A mass market composed of erudite men and women who are quick on the intellectual trigger may be pleasant to think about, but to the merchandiser of a volume product such a picture is just a mirage which for sheer deception surpasses even those desert phantasies which delude and confuse the weary traveler.

Few errors in marketing are so common as a too-lofty estimate of mass intelligence. Few mistakes are so costly as the tendency of advertisers to talk to the millions in much the same language they would employ when addressing their own friends.

The working vocabulary of the average man or woman is limited indeed. If proof be needed, try mingling with the shopping crowds or the throngs along the boardwalks at your local Coney Island. Listen to their conversations. Notice the kind of language they use. Then, impersonally, read some of your promotional material. Is it down to earth? Will it make *sense* and *reach* and *sell* those millions of average citizens who had their last peep at a textbook when summer rang down the curtain on their sixth or seventh grade? Don't forget that 107 words comprise the working vocabulary of the average housewife; 159 words meet the everyday requirements of the high school graduate; and even the college alumnus in the top 1 per cent stratum of our

Intelligence Rating of the Public

A major waste in promotional activity is traceable to the misconception of the audience to be addressed. The trouble lies in forgetting or overlooking the intelligence rating of the public. The educational background of 82,000,000 adults, the total population over eighteen years of age, according to figures released by the Office of Education, U.S. Department of the Interior, is as follows:

Grammar school or less.....	49,590,000
Incomplete high school.....	15,130,000
High school.....	6,100,000
Incomplete college.....	4,900,000
College.....	2,380,000
Illiterate.....	4,100,000

Few people who buy your product have had the advantage of a college education. Did you know that out of every 100 boys who entered primary school with you

—only 50 stayed to graduate?
—only 23 went on to enter high school?
—only 9 or 10 became freshmen in college?
—and only 1 became a college graduate?

Most people think the rest of the world lives on a plane equal to their own. But few of those who read your advertising even approximate your own level of intelligence, living standards, or purchasing power.

population gets along with a day-by-day vocabulary of approximately 330 words.

Consider the situation where the judge queries the officer and the two unruly citizens with, "Who's the aggressor here?" And the cop replies, "Aggressor? Search me, sir, but this guy threw the first punch!"

Remember, too, the young bride who startled the highbrow rental agent with the statement, "I don't care about the vista, but I'm nuts about the view."

Smile if you will, but these are not extreme cases. Granted that most people do have a general idea of what is meant by a word, the fact remains that if the term is not frequently used in their everyday language it has no place in a sales argument. Merely getting the drift isn't enough to arouse *desire;* at least not the kind of desire to make the millions reach into none-too-brimming pockets to trade hard-earned dollars for merchandise.

Dr. Gallup, of the Institute of Public Opinion, in his nation-wide reader interest surveys for newspapers, found, time and time again, that the best read parts of the daily paper were: first, the pictures; second, the comics and continuity strips. This was equally true of both men and women readers. It is equally interesting to note that the far-famed editorial page stood in tenth place in the list of popularity of various newspaper features among men and in nineteenth place for women readers.

And don't forget that vocabularies themselves change. The idiom of last year's class won't do for the graduates of this one; change there must be, even if only in name. If your sales story isn't linked to the

oncoming generation you may find, by the time you realize that the audience is beginning to tire of your act, that a competitor has already stolen the show!

The one sure way successfully to advertise a volume product to the masses is to tell them about it, clearly but forcefully, in the language they readily comprehend.

Headline, illustration, text, radio script, any sales message—all should be simple and direct enough to ease their way into the average person's mind without a single obstruction.

Do not confuse *simplicity* with crudity. To write understandingly for the man in the street you need not skirt the borders of illiteracy. Nor do you need to violate good taste in order to be interesting. What you must do is exercise your *selective* powers to the utmost and chart your course by those things which you know register most conclusively with the great majority of people. There is cynical wisdom in the remark attributed to Mencken: "No one ever lost money by underestimating the intelligence of the American public."

A gentleman has been defined as "a man who would never intentionally permit another person to have a sense of inferiority." Not only is this a perfect definition of a gentleman, but also it has great significance in every relationship of life, especially the one existing between merchandisers and their prospects. For the man who does allow another person to have a sense of inferiority not only loses caste

as a gentleman but also becomes an undesirable person with whom to do business.

Reflect a moment and see how you react toward any human being whose attitude makes you feel snubbed or small and how very differently you feel toward the person who makes you feel important. And when you have that picture clearly in your mind, go one step further and think which one of these two types would get your business if both were trying to sell you something. It is, therefore, of paramount importance that the marketer of a product sold to the masses, while fully appreciative of the educational limitations of his audience, never gives his customers any idea that he is talking down to them, because proper respect for the prospect almost invariably pays out in cold cash.

GAUGE THE CONSUMER'S POCKETBOOK

The sponsor of the promotional effort should also give serious thought to an accurate evaluation of the buying power of his market.

How easy it is to make the mistake of mentally endowing the average prospect with an affluence which in reality he does not possess! For every household that boasts a maid, a car, and a ready checkbook there are ten thousand average homes where folks must frequently choose between new dishes for the table or a new tire for the car, or between a new roof for the house or a vacation trip for the family. Here is a competition that oversteps product lines. A competition in which refrigerators vie with automobiles, radios with washing machines, gasoline with

theater tickets, cosmetics with stockings, lingerie, and gloves.

Does your sales planning recognize this? For remember, more than 80 per cent of the people must keep their extravagance within the bounds of $2,000 a year or less—$40 a week to pay for food and clothing, for rent and fuel, for education, entertainment, and the dozen and one little comforts that must be indulged in to make life worth while.

Research in one market shows that over twenty million families, representing 71 per cent of the market, cannot afford to spend more than $25 to $30 monthly for housing; that houses costing not more than $5,000, including lots, are within the price range that twenty million families can afford to buy.

Unless your sales activity is adjusted to realities such as these, unless it is marked by uncommon skill and better-than-average showmanship and salesmanship, unless it really has the customer's point of view, and *puts the prospect above the product*, it is likely to fail in its real job of building increased profitable sales.

"The quickest way to profits," says Alfred P. Sloan of General Motors, "is to serve the customer in ways the customer wants to be served. In the final analysis the critical and all-important factor in advertising is its vital connection with the habits, interests, emotional patterns, and experience of the people who constitute the market."

KNOW YOUR MARKET FIRSTHAND

A sales-promotion program that clicks with the heartbeat of humanity seldom emanates from the

walnut-and-chromium sanctuary of a Manhattan skyscraper. The most effective sales activity comes into being on the ground while its originators are rubbing shoulders with the consumer for whom the program is planned—visiting, talking, listening—and always learning more and more about the idiosyncrasies, the wants, the needs, and the desires of the people who comprise the market for the product to be sold.

Sales plans originated in the field and based on a genuine understanding of the consumer's point of view are not "impersonal" sales helps despite the fact they take form in printed advertising material or an announcer's voice over the air, without direct personal contact with the prospect. Sales plans of this type might more aptly be termed "un-personal" selling. Investigation shows that the most successful promotional plans are always of the "un-personal" type, characterized by more "you" in their sales message and less of the manufacturers' "me."

The writer believes so strongly in the wisdom of knowing your market firsthand before you attempt to sell it that over a period of years he has purposely spent a good portion of his time out in the field. Perhaps this point of view is due to an experience of some years ago, when, as an inexperienced trout fisherman decked out with expensive trout flies, he made his first trip to Maine. Casting these high-priced trout flies hopefully into a trout pool the novice Izaak Walton was dismayed to find they brought no response. Then the remarks of the Maine guide, "You know, son, it ain't the taste of the fisherman that decides the kind of bait. It's the

taste of the fish," brought home a moral equally applicable to fishing and merchandising.

Marketing, like fishing, is essentially the art of persuading potential customers to action. People are no more likely than trout to rise instantaneously to any kind of bait and swim gratefully ashore holding it in their mouths.

Yet strangely enough, many merchandisers appear to expect just this. They remind one of the rookie on the target range who, when reprimanded by the instructor with the question as to where all his bullets went replied, "I don't know, sir, they left here all right."

THE NATION'S PURCHASING AGENT

Women are credited with the buying of 95 per cent of all dry goods, 67 per cent of the foodstuffs, 48 per cent of all drugs, 48.5 per cent of hardware and home furnishings. They influence the selection and purchase of two out of every three automobiles sold, and they actually buy one out of every ten. If further proof be needed that women are the shoppers of the world, consider the fact that they buy 11.2 per cent of all men's clothing without first consulting the men and help men buy 22.9 per cent, so that at least one-third of the clothing worn by men is chosen or bought for them by women.

How should marketers approach this great buying group of women who annually make 85 per cent or more of all the purchases? Is there a specialized feminine style in writing advertising? Do women respond more readily to highly emotional appeals

than men? Do they welcome more details? Are they less imaginative? Are women greater value seekers than men? Do women more frequently buy on the basis of a sudden impulse than do men? What types of sales appeal should retail clerks use when making contacts with women prospects or customers?

These are not rhetorical questions. The correct answers, in relation to an individual product or a specialized market, are worth real money to the merchandiser, large or small. The more the marketer studies his goods with the feminine viewpoint in mind, the more successful will be his sales efforts. Never forget that in this so-called "man-made" world, men may scrape up the money, but the women actually spend it!

Exactly the same goods are bought by men and women, but chiefly for widely different reasons or because of totally different consumer responses. Women will buy a certain type of roofing, for example, primarily because of its colorful beauty in lending architectural charm to the castle of their dreams; men are influenced more in their buying choice because the roofing material possesses inherent characteristics of durability and economy.

Feminine automobile purchasers are usually more impressed by the appearance of the car than are men. Style and luxury details are of greater importance in influencing their buying decisions. In the "feel" of the upholstery, many women, because of their experience with clothes and furniture and their more highly developed senses, get an impression of the intrinsic value of the entire automobile.

A large automobile concern has found that the points about their car which make a special appeal to women are:

1. Pride of ownership
   - Appointments
   - Appearance inside the car
   - Color
   - Style of fittings
   - Quality of upholstery
2. Protection and safety
   - All-round safety
3. Comfort and convenience
   - Ease of operation
   - Riding quality
   - Comfortable seats
4. Gain and economy
   - Low first cost
   - Low operating cost

It is significant that these same sales appeals apply generally to men customers, but in a different order of importance.

FEMININE BUYING CHARACTERISTICS

Wherever women buyers may live throughout the country, it is conceded that they buy goods for about the same reason. The mother of five in a Georgia crossroads village buys ironclad shoes for Junior in order to stretch her funds over five sets of restless feet; and so does the ranchwoman in California who heads a vigorous, growing family. The New York society girl and the clerk in the office of a Montana

mining company overspend on dresses for the Saturday-night celebration on exactly the same principles: either to catch the eye of an indifferent suitor or to turn green with envy the stare of a feminine rival. We all know the stews and bread puddings that grace the table the week Mrs. Housekeeper indulges in a permanent wave. In the final analysis, "women are people."

If the salesclerks, salesmen, and manufacturers understood this, if they had a better understanding of the impulses behind the buying habits of women, lower sales costs would be theirs, and fewer disappointments. And if some women understood themselves better, they could help lower sales costs and make their weekly budgets buy more.

Women are first, last, and always shoppers. They are slower in their mental reactions than men; as a result, they are less quick in making up their minds when and what to buy. Women are greater value seekers than men; they are more thrifty. The woman shopper is a hard buyer. When buying clothes or shoes, the thought of economy is uppermost in her mind. But economy, to the average woman shopper, means more than a low price; it means good quality as well, at a higher price than she would like to pay. Perhaps these buying characteristics help account for the fact that women return, on the average, 15 per cent of the purchases made at department stores.

The woman shopper is a great bargain purchaser. She finds it hard to resist something, almost anything, that is marked down in price. She will frequently make these bargain purchases whether or not

she likes or needs the product. Actually, she may never use it; witness the unused "bargain" dresses in milady's wardrobe.

Because women are on the lookout for economy and bargain sales, merchandisers find them receptive to such phrases as "marked down," "greatly reduced in price," "more for your money." Special offers, prizes, something free, and coupons also find a wide acceptance among the sex.

Women, as shoppers, are undoubtedly more sensitive than men. Salesclerks, retail salesmen, house-to-house canvassers must treat them with great deference lest they offend, thereby losing sales. Department stores find that more than 20 per cent of their loss of customers can be ascribed to the supposed indifference, high-hat attitude, or sales pressure of their salespeople.

WOMEN'S INTERESTS GROWING

Once women's sphere was the home—completely. That was the position accorded her by man-made conventions. But she has long since upset these conventions. While the woman today takes just as much interest as her forebears in the administration of her home, her horizon no longer stops there. Her interests have widened. She is concerned with what is going on. Current topics are mental food for the wife as well as the husband. If you doubt this, review the editorial content of the current issues of the leading women's magazines. There you will find stimulating information and provocative articles, not only on the problems of the home but on the world outside as

well. It is on such a vigorous, thoroughly modern journalistic platform that the knowing editors of the women's magazines base their appeal.

Merchandisers should realize that the interests of women are growing rapidly. In this broadened viewpoint, the discerning marketer will find chances for new sales appeals that will find ready response among the most important buying groups in the country.

GET OUT AMONG CUSTOMERS

How can the merchandiser get and keep in constant touch with his market, realizing always that markets are people?

First, by getting out among the people who comprise his market and by personal observation, make his own deductions and interpretations of his complete merchandising activity. The higher placed the individual is in his own marketing setup the more important is the need for his doing so. A competent sales or advertising manager, with his accumulated knowledge of all the variables inherent in his sales problem and distribution setup, can frequently reach sounder conclusions about a marketing problem affecting consumer relations after a hundred interviews with typical customers than he would discover by an extensive marketing survey, made by others, covering thousands of interviews.

One of the chief causes of the unnecessary waste in distribution is the fact that the men

directing sales and advertising activities are, by the very nature of their positions, their abilities, their educational and social backgrounds, far removed from the point of view of the average people who comprise their markets. The higher placed these executives are, the more far-reaching their sales and advertising program, the greater is this gap likely to be between their point of view and their customers.

It would be an interesting matter of record and probably a serious indictment of American business if a poll were made of the major executives of leading concerns to determine how much time they spend during a normal business year away from their main offices and out among their customers and prospects.

Second, the merchandiser can keep his hand on the pulse of the customer's point of view by making periodic market studies of a limited or national scope, specific or general in nature, dependent upon his needs. Details of how to do so and the types of information attainable are outlined in the chapter titled "Knowing Your Market."

Third, the merchandiser can keep accurate check on the effectiveness of his advertising and sales-promotion activities, both prior to their widespread use and during the time individual campaigns are being conducted, by copy testing and other checking methods.

Today's merchandiser can and should know the answers to such questions as these:

How popular is my radio program? How does it compare with competitive programs?

What percentage of the readers of any national magazine read my advertisements? How does my whole advertising program compare in its attention-getting values, in its urge to sales desire, and in actual results produced with the advertising activities of competitive products?

What general trends of public opinion are prevalent today that have a bearing on my merchandising activities?

What is the reaction of my own sales force to my promotional activities? What does the trade think? Are both the sales force and the trade using the sales aids effectively?

Any competent merchandiser can expand this list to cover many subjects of paramount importance to his specific needs. The vitally essential matter is to accept the premise that the customer's point of view is well worth knowing and to keep everlastingly at the attempt to understand that point of view.

The surest way to profits lies through placing the prospect above the product!

✥ ✥ THE Customer is King! The more you know about him, the better you understand his point of view, the easier your selling job will be.

Put your prospect before your product. What you think about the product is of little importance; what the customer thinks is largely the key to your sales problem.

Consumers do not buy products. They buy satisfaction of desires. Learn what the customer expects from your product so that you may talk his language and sell him most effectively.

Don't overestimate either the intelligence or the pocketbooks of the people who make your market. Get out among your customers and study your market firsthand. You can't formulate sound sales plans in the cloistered sanctuary of a city skyscraper.

Make a special effort to understand women. They are the nation's purchasing agents.

✥ ✥ ✥ ✥

A Consumer Problem

A LEADING paint company spent a sizable sum annually in national advertising which appeared in the leading consumer magazines. The advertising appeal was directed at home owners.

The advertising copy told in detail why this paint was a good paint. Sound logical reasons were cited explaining the reasons why the finest ingredients obtainable were used in the manufacture of the paint. Emphasis was placed on the skill and experience of the manufacturer and his unrivaled manufacturing facilities. The illustrations used in the advertising usually featured the can of paint itself.

Before any advertising copy was used it was reviewed and approved by a committee composed of the three vice-presidents in charge of sales, manufacture, and research.

Results from the advertising have been disappointing. A new advertising manager has been employed. He is now preparing a report for the board of directors outlining the advertising policy for the coming year.

What kind of a report would you write? Turn to page 369 and compare your report with that written by the advertising manager.

VI

Why the Public Buys

No actuality of modern times presented a greater opportunity to the observer of human nature in the mass than did the crowds at Chicago's Century of Progress.

In collaboration with J. Parker Van Zandt, an executive of the fair management, the writer conducted extensive researches on the grounds to determine why some exhibitors succeeded while many more failed, and to get answers to such questions as these:

> What are the dominant types of appeals which the buying public is listening to, acting on, or rejecting? What are the relative merits of these appeals? Their most effective combinations? How can they best be employed on the printed page, in radio, in stores, windows, and elsewhere? How can merchandisers in every field employ these principles more effectively, to speed consumer response and accelerate the turnover of the distribution dollar?

For months an intensive study was conducted based on official records, data assembled by exhibitors, information collected by exhibit supervisors in charge of the various buildings and areas, question-

naires, and personal day-by-day observation and checking. No such comprehensive study was undertaken by others.

The more than forty million visitors formed, without realizing it, the most important and interesting exhibit of all. Their reactions and preferences made of the fair a vast human-nature laboratory—the chance of a lifetime for the trained market analyst to study people in the aggregate.

No claim is made to having discovered, for the first time, strange unsuspected traits of human nature which a good merchandiser did not know existed. What these results do is supply a fresh method by which principles of modern merchandising may be lifted out of the realm of opinion into matters of demonstrable fact. Using the findings as a yardstick of consumer interests, it is possible to re-orient the relative importance of basic human-nature traits and the modern ways to arouse them; to relegate certain hoary merchandising myths to well-deserved oblivion and to re-emphasize the growing importance of others.

MILLIONS OF GOLDFISH

There were, in effect, nearly forty million goldfish within a vast bowl, in which their reactions and interests were unconsciously daily on view. We did not demand of the forty million visitors that they be their own psychologists, that they interpret their actions or explain to an interviewer why they preferred one exhibit to another or how and why they chose to spend their limited time when there were

so many things to see and do. This survey differs in this fundamental respect from the ordinary research of consumer responses. The findings are findings of fact—free of the element of opinion or self-interpretation—based on the casual, unconscious, and yet final and authoritative preferences of a group equivalent to one-sixth the population of the country, the greatest representative cross section of the American public gathered together up to that time.

What did most people select? Where did the lightning of the people's choice strike? And why?

MARIONETTES ON THE SALES FORCE

The successful commercial exhibitors used entertainment to gather their audience, to lift the crowds above the humdrum routine, to shake their minds loose from worries and preoccupation. With entertainment as the background, they so interwove their product story with the entertainment setting that the public accepted both together as logical, interesting, and understandable.

What had Tony Sarg's marionettes to do with groceries? The Great Atlantic and Pacific Tea Company found a connection so admirable that the majority of the visitors rated this exhibit one of the most successful on the grounds.

What inherent relation was there between television and terraplaning? Hudson-Essex created one that jammed their theater for twenty shows a day so that the pulling power of a scientific novelty was effectively interwoven with a merchandising story of an automobile.

It is interesting to note that these highly effective entertainment and built-in ideas are adaptable to many types of products. Television or marionettes might have been used as crowd getters for any one of a score of products.

MAN'S INTEREST IN MAN

In the spacious Hall of Science, with its nine acres of medical, chemical, and related exhibits, the four displays that commanded overwhelming popular attention had to do directly with man himself. Their success proved again that the average citizen's thinking begins in terms of his own body and never gets very far from it. The more directly a story can be made to touch the public's self-absorption in themselves, the more certain it is to win favor.

At the Ovaltine's Wonder Robot theater, there was always a crowd to hear and watch the lecture on vitamins and digestion, illustrated by the illuminated ten-foot interior of the mechanical lecturer. There was the same overwhelming interest in the embryology exhibit, seen by vast crowds of people, most of whom stood in line forty-five minutes or more and then spent another half-hour filing slowly by the tiny specimens that showed the development of the human embryo from one week to birth. The transparent man, with the ten-minute lectures on human anatomy five times each hour, always drew capacity audiences. There was the same overwhelming interest in the intimate and, in many cases, displeasing revelations of appendicitis operations, stomach disorders, and thyroid glands at the Mayo booth.

It is evident that the human body and all it entails has come into its own and that prudery and blushes are publicly outmoded. An enlightened public demands a new deal in increased frankness, honesty, and intellectual content when it comes to matters relating to its own health and personal well-being. No merchandiser of foods, drugs, or cosmetics can afford to underestimate the importance of this trend toward increased frankness in what may be termed a physiological appeal.

BACKSTAGE COURTESIES

People are vitally interested in actually seeing how things are made, in wanting to understand what goes into a product and how that product can be of benefit to themselves. A sure way to call attention to a product is to stage the process by which it is created or assembled.

Over ten million people entered the General Motors building, attracted primarily by a desire to see automobiles assembled. Firestone officials checked an attendance of from eight to ten thousand people an hour passing along their tire assembly line on busy days. Crowds took an intense interest in seeing Ipana tooth paste packaged and in watching girls sew on buttons at the Big Yank Workshirt demonstration. Almost invariably those manufacturers who showed how their product was made drew crowds of surprising size, about equally divided as to men and women.

While it is undoubtedly true that a certain portion of the buying public has become more skeptical of advertising claims and is resentful of overstatement,

yet at the same time the buying public welcomes the voice of authority and is seemingly well pleased to accept it. The more disinterested it is, the more powerful. Because of his fundamental curiosity about things that interest him, the average citizen lays his doubts aside with evident relief and wholeheartedly follows the sales story offered him by the voice of authority.

SELF-PARTICIPATION PAYS

It takes two to make an agreement, and it takes two to make a sale. Every salesman tries to get his prospect to take part in the discussion, to draw him into the picture. You can readily see why those manufacturers who let the public take part found that a small effort on the public's part registered much more effectively than many times its equivalent on their part. Safety Glass applied this principle with a vengeance for everyone who wished could satisfy a long-suppressed desire to break a window!

The clever use of this same principle of self-participation was partly responsible for the phenomenal success of the most profitable concession along the Midway—the weight-guessing scales used as a ruse to sell canes.

It is the utilization of this self-participation principle which also accounts for the wide popularity of many radio programs and of all advertising campaigns using contests or other devices whereby the reader is invited to take part.

But this self-participation must always be part of an understandable story. That was the weakness

of the costly Playground of Science, which shot completely over the understanding of any save the trained engineer.

SHOWMANSHIP SELLS THEM

The most ordinary subject, properly dramatized, can be made an object of novelty and interest to the consuming public. Few things today are more commonplace than the telephone. Yet its story, dramatically done, stole the show in the Communications Building. Sunbeam Mixmaster dramatized the commonplace story of peeling potatoes and outdrew many more costly nearby exhibits, meanwhile successfully selling as many as 100 machines daily. Union Carbon and Carbide, the Wings of a Century, and others personalized their story in highly dramatic form. The significant point is that this dramatization, in its most successful applications, was told in stories of ordinary, everyday human behavior.

The Chrysler exhibit was typical. At first their outdoor quarter-mile track was merely an adjunct to their main exhibit building—an afterthought for free demonstration rides. Then someone saw its dramatic possibilities. Every hour, a show was staged on the miniature race track. Stock cars raced around hairpin turns while tires smoked and brakes squealed. Within the race-track oval "hell-pit" of loose sand and deep ditches, other cars were subjected to more abuse in a few minutes than most cars receive in years. Not infrequently cars completely overturned, but always without crumpling the all-steel bodies, breaking safety glass, or injuring the drivers.

The crowds gasped at the daring maneuvers of Barney Oldfield's crack drivers and roared their approval. It became necessary to add a large grandstand to accommodate the throng that packed every seat at each show. The Chrysler Company did not originally plan a show—they found themselves with a show on their hands, a show that sold deeper and more effectively than any number of exhibits. They made their building an adjunct to their track, and dramatized entertainment enabled them to hold their own against both Ford's and General Motors's much greater Fair investments.

Standard Oil learned to their sorrow that beautiful but obscure symbols were not enough. The average citizen simply will not make the mental effort to respond to expensive decorations and fanciful lines and curves.

Wisely, Standard Oil changed their tactics. In place of a symbolic film depicting the contributions of oil to industry, they substituted a thrilling wild animal act with Allen King and his den of tigers and lions. Hourly it crowded the big stands to overflowing and sent the throngs away with an indelible impression of the meaning intended in the merchandising slogan: "Live Power."

Ford's "Rhapsody in Steel," the motion picture shown in the Ford Building theater, was personalized through the friendly antics of a mischievous little imp. And The Human Ford was the acme of personalization plus the always helpful element of mystery. The General Motors's mechanical talking Indian, Chief Pontiac, was another successful adaptation of the same principle.

One of the most popular units in the Radio Corporation's exhibit was a crude, animated diorama, making little pretense at expense, that in two brief scenes enacted a touching drama of the seas. Act one featured a doomed vessel of thirty years ago sinking at sea; act two showed a modern liner afire, but this time equipped with radio. Frantic SOS signals are heard, nearby ships respond and all aboard are saved. In melodramatic fashion a canned voice interpretes the action. No one seemed to mind the crudities of the device, any more than comic-strip readers object to the artistic crudities of their favorites. As old and obvious as is the appeal—to sympathy, suspense, relief, fear—it rarely lacked an appreciative audience of men, women, and children.

DINOSAURS ON THE SALES FORCE

It is the human import, not the product itself, that registers with the average citizen. For ideas not necessarily inherent in a product itself can be built into it by skillful merchandising and an effective and entertaining sales story thereby created, in which the product and the extraneous idea become inextricably interwoven. Sinclair's deservedly popular animated dinosaur zoo is an example. When the story finds favor with the crowds, the product happily is carried along with it.

The public is rarely analytical. Drama to them is more important than logic.

An uncritical and admiring audience required no further evidence for the statements that Sinclair

crudes actually are older than competitors, or that the oldest crudes do make superior oils. The zoo was a visual and physical proof of the slogans. Witness the lad who related that the "Sinclair" was the world's oldest animal.

General Electric's House of Magic demonstrated the wizardry of electricity by scientific vaudeville before packed audiences. Even the power companies in the Central Station Exhibit employed marionettes to personalize their story. Dutch Cleanser's first effort was built around a scientific display of crystalline structure. Later they pulled many times their former attendance with a marionette story of romance in a kitchen setting.

Similarly many of today's winning advertisements take slices out of life, little intimate dramas of everyday happenings in which each of us can see himself. Sometimes, to our own discomfort, they tell us a story which we are inclined to accept because we have in many cases already lived through such happenings ourselves. And fortunately a pleasing, practical solution for our difficulties, a way for us to help ourselves is provided through the skillful interweaving of the product story.

SYMBOLISM A POOR SALESMAN

Symbolism proved to be of little value as a salesman. The classic example of this was the failure of the exhibit sponsored by a large food company to draw the crowds which the costliness of the exhibit and its favored location indicated it should. The so-called "Beautiful Mausoleum," with its highly artistic

An Exhibit Primer for Merchandisers

1. *Attract Attention.* Competition for the visitor's limited time is keen at trade, exposition, county, or world's fairs. Liven the exhibit with motion, color, lights, motion pictures, moving signs, or operating devices. Make certain your exhibit will build an audience. Remember, successful exhibition is first, last, and always putting on a show to sell a product, a service, or an idea.
2. *Dramatize Your Story.* Even the most commonplace product can present its story dramatically and thereby draw and hold crowds. But don't simply glorify the product. Dramatize what it will do for the visitors to your exhibit.
3. *Demonstrations Popular.* People like backstage privileges. Showing how a product is made, taking people behind the scenes, will draw crowds.
4. *Self-participation Pays.* Let the public take part. Give your visitors something to do. A little effort on their part is worth more than many times its equivalent by the exhibitor.
5. *Use Entertainment.* Sugar-coat the pill. People like to be amused and expect to be at expositions. Use entertainment as your crowd puller.
6. *Built-in Ideas.* Related ideas, not necessarily a part of the product story, when skillfully interwoven with the sales story, are effective.
7. *Trained Attendants.* The point of contact with the ultimate consumer is vitally important. Be on hand

yourself or have your best people at your exhibit to greet your visitors, and explain your story properly. Don't forget that the people the public meets at the exhibit booth largely typify the sponsoring company. Don't give this all-important job to the office boy!

8. *Service Appreciated.* Administering to the public's comfort is appreciated. Convenient rest rooms attract crowds. People become extremely tired at expositions. They like to sit down and rest. If they can do both while viewing a commercial moving picture, the sponsor receives high audience concentration from gratified visitors.
9. *Building an Audience.* Publicity should be used to tell the story of your exhibit; to create interest in what you are doing; and to make people want to see your exhibit. Feature your exhibit as an incidental part of your newspaper, magazine, or radio advertising. Include notices in your direct mail. Use every possible method to build an audience of visitors. Remember that a much larger audience will not get to the exhibit, and they, too, should know about your activity.
10. *Study Your Visitors.* The primary purpose of your exhibit is to sell your product. You can also use it as a laboratory in which to study mass human nature. You can test the opinions of your visitors about your products, your advertising activities, your personal sales strategy.

frieze depicting the speed with which the sponsor's products are rushed to the grocer, was not direct and practical as a selling vehicle. It needed an interpreter to tell the story to the public, and the public resents the necessity of making its own interpretations.

Costly trimmings, beautiful arabesques, clever and original symbolic designs, when observed at all, attracted more attention to the novelty of the display or the originality of the designer than to the product itself. United States Steel had a failure along these lines in its highly symbolic Tower of Steel. So did Pennsylvania Railroad and many others.

The value of an outstanding special feature—what Kenneth Goode calls "soloism"—was dramatically verified. Washington's artificial teeth won the spotlight for the dental exhibit. Swift focused attention by importing the entire Chicago Symphony Orchestra. The Chicago Art Institute rallied around Whistler's "The Artist's Mother," the largest paid admission ever to attend an art exhibit; but later, when they neglected to install a widely publicized favorite, they suffered a serious drop in attendance.

When the Italian Village added Sally Rand to its program, the reputation she had gained the previous summer served to pull it from sixth to second place, in point of attendance, among the foreign villages—passing the Streets of Paris. Yet there were other shows on the grounds which quite surpassed Sally in daring and originality.

An exposition offers certain unique advantages that every copywriter or art director who has struggled

to get a three-dimensional idea across within the limitations of the two-dimensional printed page will readily appreciate.

The printed page, the radio, the billboard are, at best, selling at a distance. There must always be a gap remaining between the actual product and the customer. Everyone who has talked into a radio microphone knows that feeling of lack of direct, personal contact with the audience. This is not intended in any sense as a disparagement of these media. They are essential avenues of selling. But the handicap is there; and the ability so largely to overcome it is one of the striking characteristics of modern sales promotion.

At an exposition that handicap does not exit. Your prospects, millions of them, stand before you in the flesh. You can demonstrate the actual product to them, instead of talking about it, or drawing pictures of it. You can reach out and figuratively "rub their noses in it."

And the simpler and more obvious your story can be made, the better. Subtlety is not for the masses. Sunbrite Cleanser, as the hero in an amusing marionette comedy, pulled as big an audience in the aggregate as the Chicago Symphony Orchestra. Union Carbide had an animated cartoon strip planned for juveniles, called "Freddie Flash Joins the Boy Scouts." It drew fully as many adults as youngsters.

"The majority of self-made famous men," says Pearson, "achieved their eminence by virtue of their excessive ordinariness, by the extremity and inten-

sity of their reactions to the commonest impulses." This applies in selling to the masses: the simplest story—plain and friendly—is the best liked.

OBJECT LESSONS IN HUMAN NATURE

The most important lesson to be learned from this or any other study of mass human nature, for both the merchandiser and customer, is a relatively simple one. It is an attitude of mind, a manner of thinking. Properly understood and applied, it will move mountains. Essentially, the lesson is always to work back from the customer toward the product, rather than from the product toward the customer. The modern merchandiser is trying to get inside the head, and look out at the product through the customer's eyes, with his perspective, his personal interest, and his wants. He is finding this not only a fascinating adventure, but a most profitable one. Here lies the road to quick profits—selling around known sales resistance instead of against it.

Furthermore, if you like your fellow human beings or are curious about them, or if your business or personal success is dependent upon people, remember that the greatest exhibit at any fair is not listed on the programs or ballyhooed along the Midway—the fair's chief wonder is always the people who throng its grounds!

✣ ✣ WHAT do the American people like?

A study of forty million consumers' reactions to a variety of appeals affords an authentic object lesson in human nature and salesmanship which has a memorable dollar-and-cents value for merchandisers. These methods are most effective:

1. Entertainment, properly used, is a valuable sales tool.
2. Built-in ideas add greatly to a product's appeal.
3. Backstage privileges tickle the buyer's ego.
4. Self-participation by the public rouses interest.
5. Dramatization of your story will intensify the power of your selling appeal.
6. People are absorbed in themselves. Build your sales story with this in mind.

✣ ✣ ✣ ✣

An Exhibit Problem

YOUR company manufactures laxatives. Your product is sold to the general public. Valuable good will has been established with the medical profession.

Your company has decided to take a relatively small exhibit space at a world's fair. The amount of money available for the exhibit itself and for its maintenance is relatively small.

The purpose of this exhibit is to acquaint more people with your product; provide a proper background for your sales story; impress people with the standing of your firm; and build further good will among doctors.

What type of exhibit would you recommend? How a manufacturer of laxatives successfully solved the problem is told on page 370.

VII

Keeping Ahead of the Parade

"How does your company stand in the automobile industry?" asked the new-found Pullman companion of the sales manager, thereby unconsciously naming the industry in which the sales manager did his largest volume.

A pleasant person by nature, the sales manager did not show his impatience with what must have been considered a very silly question.

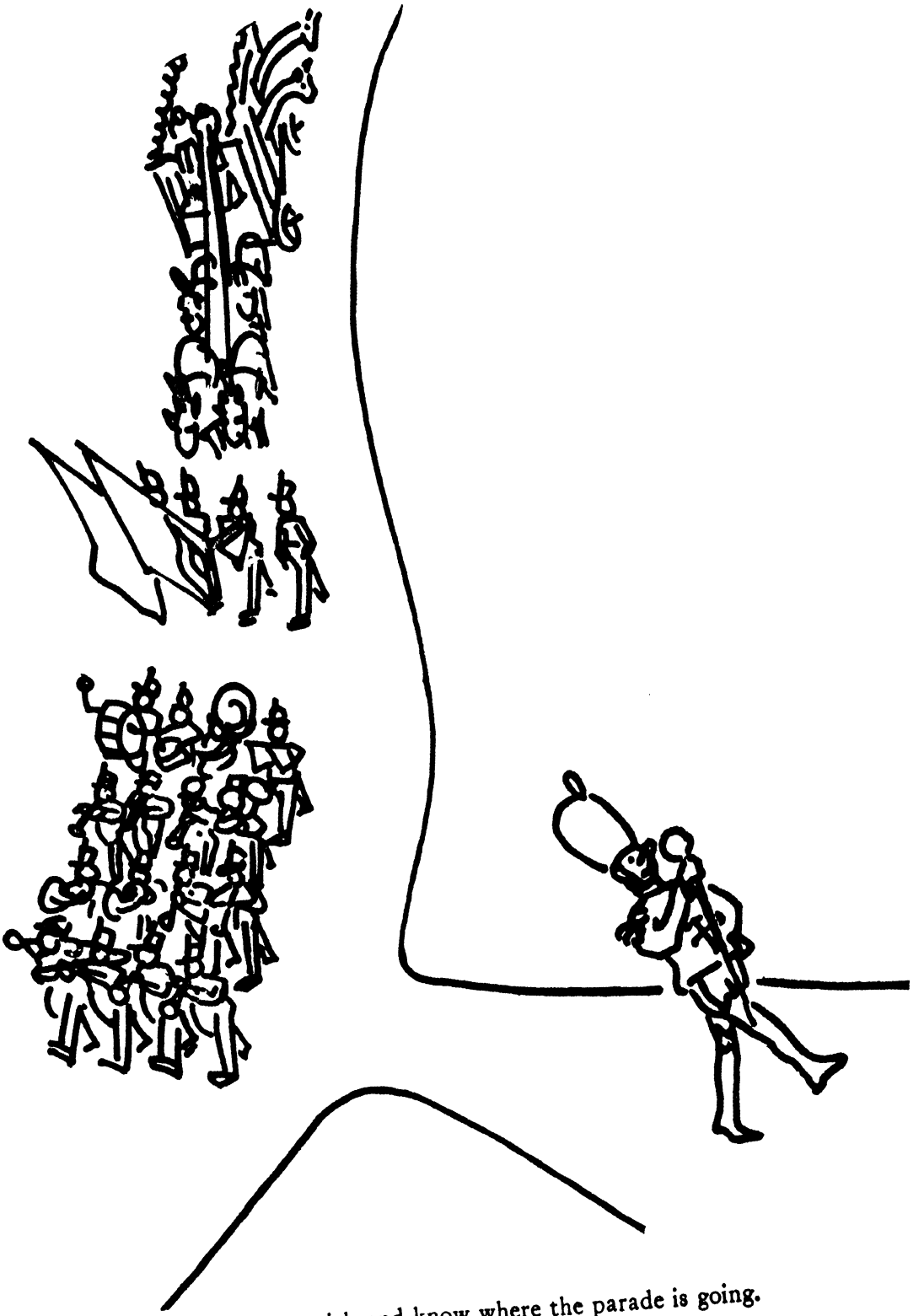
"How do we stand?" he repeated. "Why, first, of course. We're the largest and the oldest company in the field, with a reputation for quality. Our sales to that industry last year were more than double those of the previous year and four times as great as three years ago. Furthermore, our shipments to that industry last year were actually larger than our shipments in the peak year of 1929."

That should have quelched the inquirer, but it didn't. "Sales figures speak for themselves, but they do not tell the whole story," he calmly replied. "True, your company may be outselling its competitors in this field. True, its dollar volume may have kept pace with the production during the last four years. But there are many things other than sales volume which should be taken into consideration in appraising the position of a company in a given industry.

"For example, are your products now used in the many applications for which they were practically standard a few years ago? If not, what is being done to regain that business? What applications in the swiftly changing automotive industry are you apt to lose this year? Or next year? What steps are being taken to prevent their loss? Are you developing new uses for your product? What is being done to offset the gains of competitive materials? What are you doing to anticipate the further development of competitive materials?"

The sales manager sensed the thinking process behind the apt questions of a chance companion. He was not too complacent about his sales figures. He knew he had been fortunate in that new uses for his products, developed by the automotive industry, had offset some of the inroads of competitive materials. He, too, was disturbed about developments and trends in his biggest market. He was not at all sure that sales figures for the year would again parallel the industry's curve. He realized the need for definite, authoritative answers to a number of important questions about the rapidly changing conditions in the automobile industry.

What, for example, was the attitude of the development and design engineers of the industry? Did they expect to continue their development work in making improvements in his own and other suppliers' products, or did they feel that now such development was not properly the work of the automotive industry? What were these engineers primarily interested in—products that gave better car performance and cut



Keep up with and know where the parade is going.

car-operation costs, or products priced lower to the maker but less efficient in the completed car furnished to the ultimate consumer? How would the new assembly-line machinery being installed in the plant of four large customers affect the packaging of the new products his company was developing?

These and other related questions flashed through the sales manager's mind as the train sped back to Detroit.

Effective marketing requires a far-sighted anticipation of market trends and changing conditions, and, equally important, a mental attitude that encourages a willingness to meet the changed situation.

EVER-CHANGING CONDITIONS

Change is inevitable. The statement is simple, but the task of accepting it is not. For changing condition is much like a river flowing along quietly and minding its own business. The river on the surface looks innocent enough—yet its force, in its gentle way, is invincible. Changing conditions are just as powerful. They rarely get agitated or out of bounds. You can dam them up temporarily, even ignore them, but in the end Father Time, Mother Invention, and Dame Fashion will have things the way they want them.

Because of these beneath-the-surface characteristics, because change is not spectacular but, rather, slowly inevitable, it behooves the modern merchandizer not only to keep pace with the business trend, but also to have a shrewd anticipation of the direction

it will take in accordance with the wishes of the buying public.

Silently, with no fanfare of trumpets, every day and hour and minute, these forces are at work altering the foundation of established order. Every day hundreds of new inventions are filed at Washington. Every day energetic competitors are devising new ways to win the public to their products. Every day great masses of the people are deciding to fly in airplanes instead of riding in trains, or to use composition materials for the sidewalls of their houses instead of lumber, or to shift from one well-established brand to another or to a newcomer in its field.

CONSUMERS ARE CHANGING

Simple, obvious, yet of inestimable importance to any business are the facts of life and death.

The merchandiser of a product enjoying national distribution loses four thousand possible customers each day and gains six thousand prospects without even stirring from his office. A compilation of vital statistics shows that four thousand people now die, on the average, each day in the United States, while six thousand babies are being born.

In other words, the ratio is two to three. Every time The Grim Reaper takes two customers out of the market, the Stork replaces them with three prospects, and the market now is expanding daily. This represents an increase not only in population but in market and in opportunity.

The question for the merchandiser to ask himself is: What shall I do about it? Am I content to replace

two customers with two prospects, merely hoping to keep my future volumes at the same level as my present volume?

Unless he understands the changes that are taking place in his market at the moment, he will find himself doing just that. In a few short years, the total changes in a market due to the inevitable laws of life and death make for great changes with which the merchandiser must keep abreast.

MORE GRAY HAIRS

Although births now outnumber deaths by almost 50 per cent and this year's potential business exceeds last year's, there is no assurance that this trend will continue. In fact, just the reverse is true, and not so many decades from now the American market will stop growing.

Have you ever heard the old song "The Old-time Religion"? It may not be so much in vogue now, but remember how we used to thunder out the stirring chorus in Sunday school: "It was good enough for Father, it was good enough for Mother—and it's good enough for me!"

That may be a good philosophy in religious matters, but to maintain such a stand in the merchandising field today is to court disaster. For the market is changing. Foresight and flexibility are the supreme merchandising virtues, rather than a bred-in-the-bone type of steadfastness.

Even the direction of the change is changing. For many decades America has been a growing country. Now, according to a report made by Thompson and

Whelpton, of the Scripps Foundation for Research in Population Problems, at Miami University, Oxford, Ohio, we are approaching the end of population growth in the United States.

SMALLER FAMILIES

From a rapidly growing population, we are changing to one having little growth—perhaps becoming stationary within the next two or three decades, at somewhere between 135 and 145 million people. "All indications point," Thompson and Whelpton state, "to the approaching end of the population growth during the current phase of our national life. . . . Two factors which have upset earlier calculations are the more rapid decline of the birth rate than was anticipated and the dwindling (at present, reversal) of the stream of immigration."

To the alert merchandiser, this fundamental change in population trend creates many interesting problems and opportunities. Markets are people. A stationary or slowly growing population means a higher average age. There are relatively fewer children, more older people. The proportion of the population over sixty years of age will be twice what it was a few years ago.

A decade ago the average size of the American family was approximately 5. Today it is nearer 3.8. The proportion of young people of high school age who are attending high school is twice that of ten years ago. The average number of miles traveled each year per person has almost doubled from the 2,000-mile average of 1922. In the last decade the birth

rate has dropped from 25 to 18 per thousand, while the death rate has decreased only from 12 to 11 per thousand. In 1923 there was an increase in population during the year of over 2,000,000. In 1933 the increase was 800,000.

"The percentage of people under 20," states the Scripps Foundation report, "has been steadily decreasing for fifty years and will continue to decline for the next fifty years unless some wholly unforeseen change in American life takes place during the period. Indeed, the absolute number of persons under 20 years of age will be smaller by one-eighth in 1980 than in 1930."

The conclusion is unavoidable that the American market as a whole is becoming more mature in age composition as well as in culture and sophistication.

How will this fundamental change affect marketing and advertising? Will these increasingly older, more sophisticated groups become keener critics of overstatement, more skeptical, less emotional than at present?

One very significant result of the decline of population growth, the lessened birth rate, and the correspondingly older population is the shift in the relative proportion of the national income which will be spent in capital goods, as opposed to consumption goods. In countries with rapidly growing population and large families, most of the family income is spent for the necessities and near necessities of life. Under these conditions even excess income, if any, is very often lavished on the younger generation to give them benefits which their hard-working parents did not

have the time or means to enjoy. These represent consumption goods. Large families meant less provision against a "rainy day."

As families become smaller, more attention is given to future security. Savings accumulate, as less is required for rearing children. Provision for the future assumes a greater importance, with fewer potential wage earners coming of age within the family circle. Thus, the decline in population growth contributes to an unbalance between the proportion of national income spent on consumption goods and capital goods and tends to accelerate a movement toward the freezing of money in the latter category.

To insurance companies and savings banks, this may well mean a golden opportunity. So also for all institutions with services to sell that provide for a care-free future and old age. To the makers of consumption goods, however, it is a tendency against which they must be increasingly on guard. "One may venture the opinion," state Thompson and Whelpton, "that a progressive economic society will be more and more difficult to maintain as the proportion of our population over 60 increases."

SHRINKING JUVENILE MARKETS

Under the new order, the relative proportion of the total market allocated to juvenile and babies' goods will diminish. As the proportion of older people increases, their wants, habits, and points of view will have to be taken more and more into consideration by merchandisers catering to mass markets.

While some changes that accompany advancing age are inevitable, others perhaps will be offset by developments in medical science. Middle-aged groups of the future may be more alive, may retain a keener interest in the adventure of living than similar age groups of today. Increased leisure time and the cultivation of more varied leisure interests will help the maker of consumption goods. In the not far distant future, preventive medicine may help men and women of sixty-five to enjoy the same things that people of forty-five are interested in today.

But a discussion of such aspects can only be speculative. The important fact remains that a profound change is taking place in the American market, to which the report of the Scripps Foundation gives emphasis. Successful merchandising campaigns of the future will depend on a recognition and knowledge of the increasingly more mature point of view of the millions that make up the mass markets.

ARE MORALS CHANGING?

From many self-appointed critics, we have been hearing that the decadence of America is rapidly arriving. Both clergy and press point a finger at the morals of the younger generation and the faults of us oldsters—and utter dire warnings.

This situation is a matter of importance to any merchandiser in America, for all business is based on integrity between the consumer and the producer. Is there any real cause for alarm? Everyone with a stake in the future of the United States should be interested in the answer.

To find this answer, the *Ladies' Home Journal* sent investigators the country over to women representative of every classification, young and old, married, single, divorced, widowed, of every religious faith—from the great group of 37 million women who manage homes, raise the children, and spend the 85 per cent of the national income of the United States.

These investigators asked: "Do you think the moral standards of youth today are lower than they were twenty-five years ago?"

"Plenty happened then, too," was the reply of a garage worker's wife in New York. A Detroit widow took a realistic view. She said "The youth of today are the outward expression of our suppressed desire in former years." The minister's wife in Arkansas, who said "There's a frankness and we hear more about them; of course, some things are shocking, but I'm for the youth," echoed the tolerance expressed generally. For 58 per cent of the women of America are satisfied that morals of today's youth are no worse than those of former generations.

The next question put by the investigators was: "Do you think petting is indulged in by most young people today?"

The vote was overwhelmingly affirmative, 88 per cent of the women agreeing that they do. There were some who did not restrict it to youth, like the professor's wife in New Jersey, who said, "Many adults are worse than young people."

To the next question, "Do you believe it is right for young people to pet or kiss any person but the

one they expect to marry?" 59 per cent of the women answered an emphatic "No!" The percentage ranged from 56 per cent among city women to 76 per cent among the women over forty-five, but one surprising reaction was that of a fifty-seven-year-old mother with three children, who opined: "I don't want any one to marry the first one they kiss. Try a few first."

It is recognized that getting married today has problems that did not face the prospective bride and groom of earlier days, so the investigators then asked: "Do you think the difficulty of getting married nowadays ever justifies young people in having sexual relations before marriage?" Nationally, 86 per cent of the women disapproved of such relations. Only 14 per cent said "Yes." On the other hand, 22 per cent of the women under thirty would not condemn sex relations before marriage. Almost unanimous, too, was the reaction to the question: "If you had a daughter that got in trouble before marriage, would you stand by her?" Mother love proved more powerful than moral scruples, for 97 per cent of the women declared firmly they would stand by their daughters in their hour of great need.

To the question: "Where should the responsibility for character and morals rest chiefly—on the schools, the home, or the church?" 88 per cent answered in favor of the home, 7 per cent for the church, and 5 per cent for the school. The majority of the women feel that parents' conduct is the most important factor in moral guidance, for to the question "Are good morals in the home best taught through parental example, punishment, or praise for good conduct?"

72 per cent said parental example would do most to elevate the standards of your people. Praise for good conduct came next with 21 per cent; only 7 per cent believed that morals could be beaten or scolded into the young.

The survey disclosed, too, that American women's faith in their fellow Americans has not been shaken. To the question: "Do the majority of rich people get their money by means that are not entirely honest?" 66 per cent said "No." Only 34 per cent felt there was any relation between wealth and crookedness.

A majority of the 37 million women of America believe that the moral standards of youth are just as high as they were twenty-five years ago. But the *Journal* survey proved more than that—it proved that the women of America are just as good a business risk as ever. If this report were taken as a character reference on which a business contract was to be based, the women's credit rating would be AAA. For the stability, sanity, and fairness of their answers to the questions revealed a moral integrity that should be inspiring and reassuring to every businessman. For times *have* changed. Automobiles, movies, woman suffrage, closer world communications—all have played a part. But, in the midst of economic chaos, of shifting standards of behavior and living, women are absolutely sound on the fundamentals of living and of integrity in their dealings.

This survey of public opinion completely discredits a rather widely held viewpoint. It is cited here in detail as a concrete case illustrating the necessity of

not only keeping abreast of changing conditions but knowing the actual facts before accepting or reaching conclusions that may prove erroneous.

BUSINESS PROBLEMS CHANGE

Not all the problems facing the modern merchandiser in keeping in step with the parade are restricted to his product, his customer, or the activities of his competitors.

What is happening in Washington and in the halls of the various state capitols and what is going on in the other industries is usually more vital in determining policies, in affecting plans for the future, and in fixing the attitude of executives toward their own business than the purely internal methods of procedure used in the operation of the individual business.

This does not mean that successful methods and techniques are not of enormous importance. The distinction, however, is that they can be controlled by the alert merchandiser while these other important factors have to do with pressures from the outside which he cannot ordinarily control.

Thus there is an increased demand from businessmen for information and the interpretation of information which will keep them oriented to the sweeping changes occurring in the political, social, and economic world.

The modern merchandiser must assume and absorb this additional burden, if he is to keep up with his fast-moving competitors. He can best do so, can best keep himself well posted, by a careful reading of the better business papers and by close attention

to the valuable services his trade or other business organizations can or should render.

NO COASTING

This whole question of change may be summarized in the statement: "There is no such thing in life as standing still. You are on the way up or on the way down. You can't coast."

Neither can a business concern. Henry Ford's Model T might have tried to coast along on its successful record; there was plenty of this apparently successful precedent in the industry for doing so. Instead, a new and better car was produced and its makers have profited ever since.

Sapolio, Rubifoam, Pearline, to mention only a few once well-established household necessities, tried coasting on the soft cushions of a national reputation until public demand slowly but surely subsided toward the vanishing point.

Human nature being what it is, some phase of a business is always starting to coast. Some department head or sales manager or branch executive is everlastingly getting satisfied with the way things are going. He may not know it but he is on the way down.

What activities of your business are coasting now? Conceivably there are uncultivated markets or new uses for your product which a skillful and thorough market study would reveal. Such studies—when properly made—seldom fail to contain a surprise.

The essence of the problem of keeping pace with changing conditions lies in a personal experience. The author called, with other executives of an

advertising agency, on a client, to inquire if he was satisfied with the work being done.

"Absolutely not," was the answer.

This was a shock, because the executives believed they had done a good job and could verify this opinion by demonstrable sales returns. The natural query was raised as to what the gentleman was dissatisfied with.

"I'm not dissatisfied with anything," was the answer. "Neither am I satisfied. I'm just eternally conscious that as soon as I become satisfied, I'm on the way out; I'll get the feeling I've arrived.

"We've made a good sales record this past year. Profits, too. But no one knows better than I how many chances we have overlooked and how many problems we must overcome before we can get where we should. So I'm always trying to be constructively dissatisfied. I'm always trying to figure out where we will be five years from now and how we can make things better when we do get there."

Nothing will ever stop a merchandiser with that brand of foresight. He knows the secret; his business will never coast or be caught napping by the often invisible and yet inevitable changes carried on day by day by Dame Fashion, Mother Invention, and Father Time. For no business can stand still. No manufacturer can do things as he did them yesterday.

Without constant improvement a business may continue on its own momentum for a few years, but the end is sure, inevitable. No business stands still.

❖ ❖ CHANGES in your market are inevitable. If you are to be as successful in your selling next year as you are now, or more so, you cannot afford to overlook the powerful forces constantly at work. Some of the more important changes concern:

1. Your customers. Four thousand people die each day; six thousand babies are born.
2. Your market. The people in it will be more mature in the next few decades. There will be more gray hairs and smaller juvenile markets.
3. The language used and understood by your customers. Keep abreast of the changes in popular expressions and vocabularies.
4. The moral attitude. Morals may undergo little real change, but the point of view may become more liberal. Keep closely in touch with the reaction of women to such questions.
5. Business problems. Important changes occur daily. Legislative activities, national, state and local, must be more closely followed than previously to assure sales success.

❖ ❖ ❖ ❖

A Problem of Changed Conditions

THE ABC Company manufactures a line of wallboard products. Dealers secure more favorable prices, owing to lower freight rates, if they can purchase this bulky product in carload lots.

The RP Company originally sold rock wool insulation products, distributing its products through the same dealers that handle the wallboard products of the ABC Company. Recently the RP Company added a line of wallboard products similar to those sold by the ABC Company. Dealers, therefore, are now able to buy mixed carloads of both products, thereby securing the benefits of smaller initial purchases of both products without paying higher freight rates for less-than-carload shipments.

What should the ABC Company do to meet this changed market condition? Compare your conclusions with those of the sales manager of the ABC Company shown on page 371.

VIII

Planning and Working Your Plan

THE visitor to the Canadian Rockies who travels on a well-known transcontinental train will pass through the famous Spiral Tunnels, one of the world's most notable engineering feats.

Formerly, the stretch between the Great Divide and Field, just west of Banff and Lake Louise, was a difficult route, the grade being 4.5 per cent. Train hauling costs were excessive; heavy snow frequently made this trip impossible and dangerous. Now these problems have been solved and the grade reduced to 2.2 per cent by the Spiral Tunnels. From the east, the track enters the first tunnel under Cathedral Mountain, 3,206 feet in length, and, after turning almost a circle and passing under itself, emerges into daylight 48 feet lower.

The track then turns back again and, crossing the Kicking Horse River, enters the second tunnel, 2,890 feet long, under Mount Ogden. Again turning part of another circle and passing under itself, the train comes out into daylight 45 feet lower and continues westward to Field. The whole performance takes place in a maze of tracks, the railway doubling back upon itself twice and forming a rough figure 8 in shape while doing so.

If the train is run in two sections, passengers are able to see the other section at a higher or lower level (according to the one on which they happen to be) making its way down the big grade.

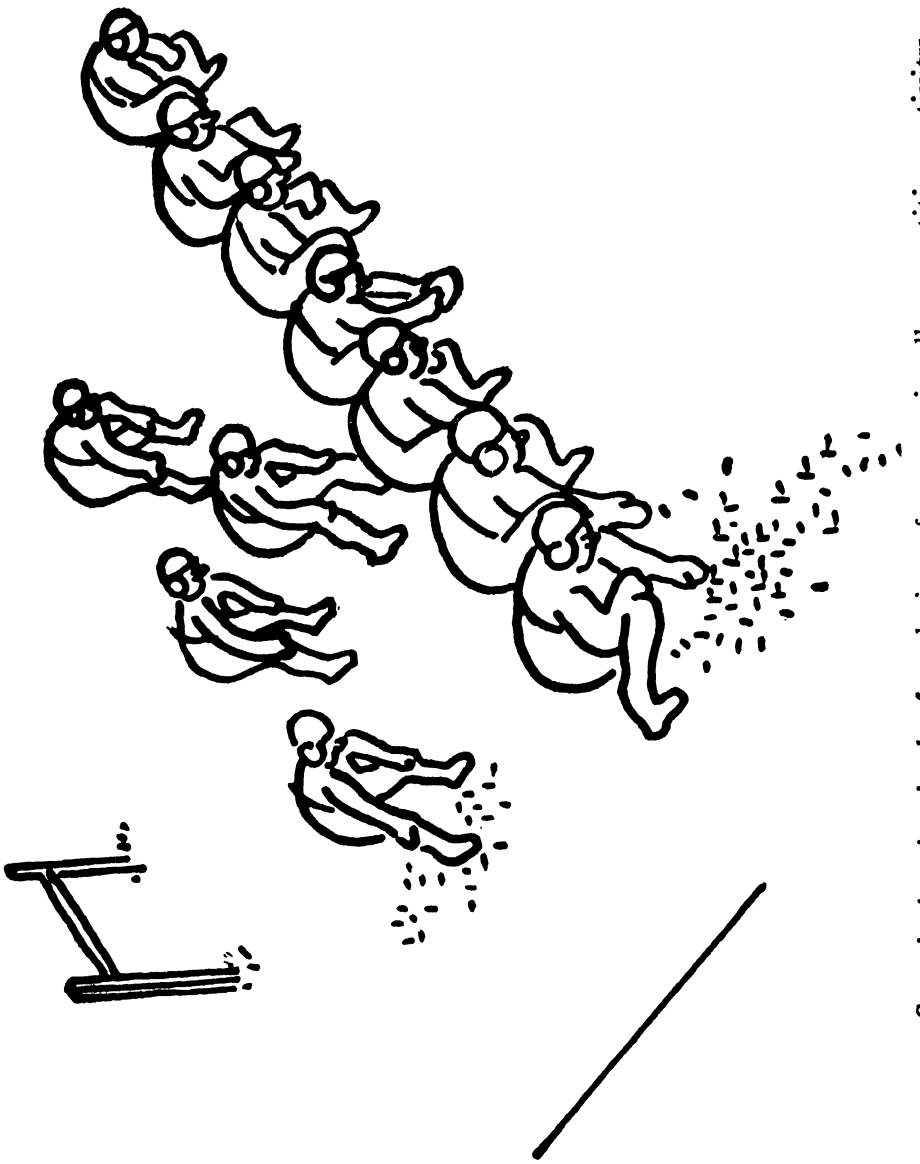
Before the first shovelful of dirt was dug in these tunnels under the towering mountains, the mind of man had planned their function. Before a single spike was driven into place in this intricate network of tracks, careful planning charted the position of each rail and beam. Before the overhead load of the towering mountains could be maintained, engineering brains weighed each stress and strain of the materials used in the tunnels to assure the safety and utility of the finished project.

THE FOUNDATION OF GREATNESS

Sound planning is the foundation of greatness in all kinds of competitive activity—in the engineering profession, on the football field, in military operations, and in marketing procedure.

No architect or engineer can long survive a mistake obviously due to faulty planning or to lack of planning. He can't bury his mistakes; they are there for all to see—in physical evidence, in stone and concrete and steel, or in completed projects that fail to perform as expected.

Marketers, however, do make mistakes, costly mistakes, and yet because these are not so easily seen they continue to make them. Primarily these mistakes are caused by incorrect planning or by failure to make any plans, or by lack of courage or vision or



Sound planning is the foundation of success in all competitive activity.

the conviction needed to carry a sound plan through to completion.

The value of this is so apparent that it need only be stated to be accepted, and yet in practical application far too often it is disregarded.

Sixty years ago the average businessman had a comparatively easy life. The high pressure of modern business was unknown. Today businessmen are often required to be almost literally in two places at once, for modern business can afford no lapse between conception and execution. Time is money. The active businessman's greatest problem is to find time for thinking. How to clear his desk of mail and other messages and to supervise personally local problems in big cities by making quick hops to these points and yet have time to think and plan for the present and the future is the marketer's most perplexing and difficult task.

In marketing operations you have to get in gear to go up. Your product, your selling, your distribution, your sales promotion, your merchandising, and your market in terms of consumers must all be as synchronized as are parts of a smoothly purring motor, if you are to get where you should at the rate of speed your machine is capable of producing. There is no alternative—sound planning is the answer.

PLAN YOUR WORK; WORK YOUR PLAN

Planning in marketing work is usually concerned with the determination of policy, practice, and objectives that provide the answers to these fundamental questions, thereby serving as a basis for

a plan of both immediate and long-range action. Acknowledgment is given Harry C. Marschalk, president of Marschalk & Pratt, Inc., New York advertising agents, for permission to include certain questions originally prepared by his organization in the following list:

Your Product: Is it the best value for the money that you know how to produce? Does it sell at a fixed price, or is it a "football"? Is its value obvious? If not, is its value explained on the package? Is it offered for sale in easy-to-buy price units? Does it compare favorably with competitive products? Does it "sell itself"? Repeat on its own merits? Has it any avoidable drawbacks, such as an unpleasant color, odor, flavor? Is the package honestly and plainly labeled? Does it meet the various trademark regulations? Are its disadvantages, if any, warned against, to guard consumers from misuse or disappointment? Is it easy to pick up in the hand? Easy to open? If the contents is not used all at one time, can the package be easily closed again? Is it easy to find in a home pantry or on a medicine shelf? On a retail-store shelf? Will it fit in the ordinary pantry or medicine chest? Is it attractive to the eye? (Other questions and suggested procedure regarding the product merchandised are discussed in Chapter II of this book.)

Your Distribution: Is your product available to purchasers or do they have to hunt for it? Is it readily bought in multiple units? Is it fairly priced to the trade, so that it is carried willingly, not grudgingly? Is its sale forced by means of special deals or other concessions? How much sales efforts do various markets deserve? How can the sales power available be best used? Where should salesmen be routed? When? Is the creative sales effort of distributors, dealers, dealers' salesmen effective? If not, how can you improve it? (Other questions and detailed comments on the distribution of the product are outlined in Chapter III.)

Your Market: Who buys your product? Why? What competitive products do potential customers buy? Why? Are you gaining or losing competitors? Why? What market areas or income groups buy most readily? Why? What basic trends are apparent in the market? How do they affect your product? What relative weight does the consumer give to quality, style, service, cost of operation of similar merchandise? Is similar merchandise being sold on the time-payment plan? At what season of the year is buying most active? Could the selling season be lengthened? Could the product be sold in the export market? Is your product keeping pace with the changing buying habits of the public? (See Chapters IV and VII for

further facts about the market for your product.)

Your Customer: Are your name and reputation already established among consumers with regard to similar products, quality, dependability, and other virtues? Is your firm name or trade-mark susceptible to further explanation among prospects and customers? Has your product ever been under attack by the Department of Agriculture, the Fair Trade Commission, the Consumers' Union? Have writers criticized your product in books, such as "Your Money's Worth"? Is your product used in schools, business courses, manual training classes, domestic science classes? Is your product publicized or featured by women's magazines, newspaper women's pages, radio speakers, Boy or Girl Scouts? (Refer to Chapters V and VI for more information on the subject of your customer.)

Your Sales Strategy: Are your sales plan and sales strategy designed automatically to take full advantage of favorable circumstances, emergencies, or conditions created by unusual seasonal, style, or climatic factors? Is your promotional activity motivated by a genuine sales idea? Is your personal sales effort geared into your promotional activity and vice versa? How are you measuring up to your immediate objectives? Your long-range objectives? Are

you using the best selling aids for maximum results? Is your sales strategy easily understood by your own salesmen, your wholesalers, dealers, dealers' salesmen? Does the public get the "reason why" your product is best for them? (Review Chapters IX, X, and XI for more facts about selling activities.)

Your Public Relations: Are you personally available to the reporters of all newspapers? Do you hold regular or periodical meetings with them? Do you cooperate fully with the press? Or do you, rather, "fight shy" of them and attempt to suppress news that might be unfavorable? Do you send out occasional news releases or "handouts," or publicity photographs? Do you welcome, under proper safeguards, trade or news photographers? Have you any contact with newsreel photographers? Have you any contact with the editors of, or writers for, such magazines as *Fortune*, *Business Week*, *The Nation's Business*, etc.? Instead of cultivating news writers and cooperating with them, has your company ever attempted to put over any publicity stunts? Do you cooperate and cultivate the following: schools of business administration, including those of Harvard, Dartmouth, University of Pennsylvania; other colleges and universities, especially cooperating with the instructors in economics; the high schools

located near your factory town or towns; the grade schools; the civic organizations; the police and fire chiefs; the churches; your stockholders? Does your company support the national, state, and city chamber of commerce? Do members of your company participate in representative business gatherings? Do you advertise in general business papers? Is your company active in promoting the fullest possible legal cooperation with competitors? Do you support and participate in the organized activities of your industry? (More facts about your relations with people will be found in Chapter X.)

THE NECESSARY COURAGE AND VISION

Answers to such questions as these (and the list just given, despite its length, is by no means inclusive, for each industry and each individual marketer has specific basic questions of his own) determine the objectives, the goal of the marketer's program.

When he knows what the objectives are, the modern marketer can work toward them. Webster defines the planner as one who "arranges beforehand," a definition which is satisfactory as far as it goes, but which does not go far enough. Not only must the marketer arrange in advance to provide maximum results. He must also have the strength and belief to stick to his plan and make it work. This does not mean mule-headed obstinacy in clinging to a product or a plan that is outmoded or out of step with the buying public's desires; it does mean the

business fortitude to remain with a plan that is sound, despite temporary setbacks or temporary conditions beyond the marketer's control which only for a short time affect the possibilities of the final success of the plan.

Many well-conceived marketing plans are discarded or sidetracked because cold water is thrown on them by the top executives of a company who do not fully appreciate their potentialities. Other plans are dropped because executives charged with their active operation, cursed with desire for immediate volume and willing to sacrifice planned policy for expediency, get cold feet when they are on the very threshhold of success.

In other situations those who have made the plans do not have the realistic sense fully to acquaint their board of directors with the hardships involved in their final success; in their desire to get the plan approved, they will oversell and promise impossible returns either as to actual results or as to the time in which they can be produced.

Probably in no other field of business activity are the qualities of acumen, vision, and the courage of conviction so needed as in the formulation and operation of a marketing plan. And in the preparation of a marketing plan, no other phase requires such careful planning as the advertising and promotion program.

PLANNING YOUR ADVERTISING BUDGET

Too much emphasis cannot be placed on the importance of planning and budgeting advertising

expenditures in advance. Any intelligent decision as to the amount of money to be spent requires a basic conception of the objectives and sales possibilities which in turn are based on sound planning. The hit-or-miss operation of a sales-promotion program invariably results in more misses than hits and is primarily accountable for many wasteful uses of promotional effort.

> *The more successful marketers, large or small, plan and budget promotional costs and, having set aside a definite sum, spend it to get the desired results.*

The determination of the sales promotional budget should be based on a definite procedure and should have a definite relationship either to actual or estimated sales or to the estimated costs of accomplishing a specific task. Some concerns determine their promotional budgets by the unscientific and short-sighted procedure of spending the amount of money necessary to meet the activities of competition.

One of the following four methods or a combination of parts of two or more is almost universally used to establish the promotional appropriation, irrespective of the size of the business involved:

1. A fixed percentage of actual sales for the past year or an average of sales for several previous years is budgeted.
2. A fixed percentage of estimated sales for the coming year is set aside.
3. A definite estimated amount is set up to accomplish a given end.

4. A definite amount is established to meet the efforts of competitors.

The majority of marketers determine their promotional appropriation on the basis of sales income, either past or anticipated. Each plan has its advantages. The first plays safe by fixing the appropriation on the basis of a known figure. Its chief disadvantage is that it may overlook current sales opportunities and prevent profitable expansion because of limitations set as to the moneys available for promotional expenditures during a given period.

Some marketers find it more logical to base the budget on anticipated sales or profit for the ensuing year. If you are experienced and accurate in establishing sales quotas and estimating sales, the second method will make a strong appeal. If you use the first method, be certain to adjust your figures to allow for any unusual condition which may have produced abnormally high or low sales figures in the previous year.

In theory, the third method, the setting up of a definite amount to accomplish a definite task or given end, is sound. It is, however, based on a more accurate knowledge of all the variables inherent in the task to be accomplished than most marketers possess. Not only is it frequently difficult to establish the task or objective definitely, but it is also difficult to determine just how much money will be required to accomplish the given end. The average marketer who uses this method is undoubtedly basing his estimate more on guesswork than on tried advertising experience in the market involved.

Many experienced sales and advertising executives of the author's acquaintance prefer to use a combination of the second and third method. They actually use the third method with the safeguard that the total must not exceed the figure established by the second method. As one man expressed it, "It's like going into an à la carte restaurant with a dollar in your pocket. You go down the left side of the menu and decide what you'd *like* to have. Then you go down the right side, check the costs, and adjust your choices to coincide with what you can spend."

The fourth method, that of appropriating enough money to meet the efforts of competitors, is a short-sighted one. Few successful marketers operate solely on this basis, but all give it some consideration. Every marketer is influenced to some extent in the determination of his own advertising budget and in his planning by the activities and expenditures made by his more formidable competitors.

Irrespective of the methods used, tradition and experience have established certain rather widely accepted levels of expenditure for typical percentages of consumer advertising expenditures in relation to net sales volume. These useful figures, summarized from an analysis of national advertising budgets, issued by the Association of National Advertisers, should be considered only as representative of the general practice. Individual companies in any industry may spend considerably more or less than the percentages quoted, dependent upon the needs, their conception of the importance of advertising, their profit setup, and a number of varying factors.

CONSUMER ADVERTISING EXPENDITURES IN RELATION TO NET SALES VOLUME

Industry	Percentage for Advertising
Proprietory medicines	41.67
Drugs and toilet articles	26.30
Petroleum products	11.00
Household electrical products	8.50
Furniture, house furnishings, and supplies	7.31
Radio equipment and supplies	7.25
Grocery products	7.05
Coffee and tea	7.00
Drug sundries	6.41
Confections	5.67
Clothing and accessories	5.09
Travel and transportation	5.00
Electrical equipment and supplies	4.55
Automobiles	4.50
Paints and varnishes	4.42
Agricultural equipment and supplies	3.62
Shoes	3.07
Floor covering	3.00
Auto trucks	2.00
Financial and insurance	1.42

SPENDING THE APPROPRIATION

With the total sales-promotion appropriation established, the marketer must next determine in advance how he plans to invest these moneys in sales-building activities. Each business organization has certain ideas and more or less definite policies to be followed in the attempt to achieve those objectives. Sales promotion is simply one of the means employed by management to attain the desired end —more sales.

It is not possible, of course, to give an accurate breakdown of an advertising appropriation to be followed as a guide in setting up other appropriations.

Each advertising appropriation will vary because the needs and objectives of the individual marketer will differ; furthermore, these needs and objectives will fluctuate from year to year as conditions change.

A workable, sensible, promotional budget of a typical building-material dealer, operating in a local market, is itemized below to illustrate the way an appropriation may be planned for coordinated effort. In this particular instance, the dealer based his promotional budget on a percentage of estimated sales for the ensuing year of $150,000; this figure representing an anticipated 5 per cent increase over sales for the last year's operations. It was concluded, based on previous operations and anticipated profits, that 3 per cent of this total, or $4,500, could be spent advantageously on sales promotion, divided as follows:

Type	Per cent	Amount
Newspapers	15	$675
Directories	8	360
Direct mail	20	900
Radio (local)	12	540
Billboards and signs	9	405
Showroom maintenance	6	270
Novelties	5	225
Price lists, catalogs and other printing	15	675
Reserve for contingencies	10	450
Total	100	$4,500

The percentage figures established for each activity in this budget reflect the dealer's judgment as to their relative effectiveness in his market. Naturally this varies with local conditions. In some instances,

it is conceivable that no local radio station would produce the desired results. In that case, the 12 per cent or $540 planned for this purpose in the budget under discussion might be used by another dealer to increase the scope of his newspaper campaign, enlarge his direct-mail activities, or for other purposes.

In the typical budget given, you will note the last item is "reserve for contingencies," an extremely important item in any advertising appropriation. It enables the marketer to capitalize immediately on unforeseen opportunities. It permits him to take advantage of unusual sales opportunities created by emergencies, fortuitous news events, unusual climatic conditions, or unanticipated sales trends dictated by style or seasonal factors.

Suppose, for instance, that a disastrous fire occurred in the residential district of this dealer's town. Without disturbing his carefully planned advertising schedule, he could immediately use advertising in his newspaper stressing the desirability of fireproof roofs. This 10 per cent (it should not be less) emergency fund is needed in the advertising appropriations of both large and small concerns.

WHEN TO SPEND YOUR APPROPRIATION

The dealer under discussion has established how much he will spend and how he will spend it. It is equally important to determine (in advance, again) when he will spend it. Too many advertisers who overlook this essential point discover to their sorrow that they have spent or committed their whole appropriation in the first six or eight months and

have little or nothing left for the remaining months of the business year.

In determining when to spend your advertising dollars, it is necessary that your schedule be closely allied with your selling plans and to the natural seasonal variations of your business. In this dealer's business, Rock Wool Home Insulation, for example, should receive emphasis in May and June (the summer-comfort story) and again in October and November (the winter-comfort and fuel-savings stories). Roofings, also, have spring and fall characteristics. Interior materials can be featured in off seasons. And so on, through the whole line of materials on which the dealer wants to place advertising stress.

There is a proper time for all promotional and selling effort, and only when this effort is planned ahead and expertly timed are maximum sales returns possible.

BALANCED BUSINESS SUCCEEDS

Some businessmen are excellent salesmen but poor manufacturers. They can sell at a profit in spite of the fact that their production procedure is inefficient. Some businessmen are very good manufacturers but very poor salesmen. They are able to stay in business because they manufacture products that people want and will buy, in spite of the fact that the quality of salesmanship is poor.

But such businesses are lopsided, are not so secure as balanced, well-organized businesses, and are easily upset by changes in conditions. An inefficient manu-

facturer can get by as long as he can sell at high prices, but when hard times make it impossible to get high prices, the inefficient manufacturer will lose money and may fail.

A skillful manufacturer can get by with inferior salesmanship as long as many people prefer his product, but if he hasn't enough sales sense to understand changes in habits and styles, he may go broke manufacturing efficiently products that people have ceased to want. There was no profit in the efficient manufacture of the old-fashioned type of corset when it went out of style, and some corset manufacturers lost a lot of money because they failed to sense the change in the buying habits of their customers.

Businessmen who operate unbalanced or lopsided businesses may be well educated, may be experienced and intelligent about the particular divisions of business in which they were trained, but they are not necessarily capable businessmen.

A capable businessman realizes the importance of a good organization of people who can help him to achieve a reasonably balanced and properly organized business that will sell intelligently, manufacture efficiently, and finance soundly. A capable businessman appreciates and employs the abilities of people who can do things that he cannot do himself.

A businessman cannot command the full benefit of the abilities of other people unless he can earn and hold their respect for his own ability and integrity. If he lacks either ability or integrity, his capable associates will not stay with him, he will not enjoy the benefit of intelligent assistance, he will not enjoy

the security of a balanced business. So he will not be a smart businessman and he probably won't last very long in business.

The men who build businesses that are permanent and profitable are capable men. Many of them started as errand boys and apprentices and never got past the eighth grade in school. Most of them don't know how to score a polo game or play a deep-sea fish. But they are earnest, honest men who can win the confidence, trust, and loyalty of other good men and thus surround themselves with assistants of fine integrity and high ability who combine their efforts to create balanced and successful businesses.

Of course, it would be foolish to assume that all the men in business are capable men with fine characters, because some are not smart and some are not entirely honest. Nor are all of them successful. It is fairly easy to go into business in the United States, and many men who are unfair and unqualified to run businesses will, nevertheless, go into business for themselves. A few such men appear to succeed, somehow or other, and people take notice. But most people fail to take notice of the high percentage of failures in business.

In a typical year, 382,000 businesses failed (according to statistics supplied by the United States government). During the same period 408,000 new businesses were started. These figures mean that, for every 100 new businesses that started in that year, there were 93 businesses (old or new) that failed.

Some of the businessmen who failed that year were honest, capable men who had runs of bad luck. Some

were honest men who were capable in some respects, but who operated poorly organized, lopsided businesses because they didn't know any better. And undoubtedly some of the 382,000 failures occurred because the management was lacking in character and failed to fulfill its obligations to be fair and honorable to the employees, the stockholders, the customers, and the competitors.

This large proportion of failures in business is reasonably constant in normal years and is higher in years of depression. The failures are largely the result of incapable or short-sighted or unethical management and represent the process by which business purges itself of the inexperienced, the unfit, and the characterless.

The businesses that survive this constant and automatic house-cleaning process and continue to operate and to provide employment, year after year, are those that possess a high average of integrity and ability. The men who manage those permanent businesses are capable businessmen; in most instances they fully appreciate the necessity for sound, careful planning in all their operations—selling, manufacturing, and financing. The large majority give a high percentage of their time and effort to the careful planning and correlation of the varied activities of their business. They develop plans and have the vision and courage to carry their plans through to completion.

A MANY-SIDED SCIENCE

One day a member of the famous Sales Executive Club of New York spent some time outlining the

subjects that were of immediate or general interest to him as a sales executive. His outline is well worth study as a check list for sales executives whose interests may be developing in a lopsided manner.

INTERESTS OF ONE SALES EXECUTIVE

I. Market analysis
II. Product
    1. Product research
    2. Product standardization
    3. Packaging
III. Marketing
    1. Marketing policies
    2. Price policies
IV. Sales organization
    1. Organizing the selling force
        a. Home office
        b. Field
    2. Supervision of branches
    3. Mapping of sales territories
V. Sales planning
    1. Competitive analyses
    2. Sales engineering
    3. Consumer research
    4. Marketing legislation
    5. Sales budgets
    6. Sales forecasts
VI. Sales operation
    1. Getting distribution
    2. The sales force (wholesale, retail)
        a. Selection
        b. Training
        c. Equipment
        d. Stimulation
        e. Supervision
        f. Compensation
    3. Sales planning
    4. Sales quotas
    5. Sales conventions

6. Sales control
    a. Sales analysis
    b. Sales expense
    c. Customer control
7. Sales campaigns
8. Selling techniques
9. Sales promotion—the energizing force in sales
10. Advertising
    a. Publicity
    b. Films
    c. Newspaper
    d. Outdoor
    e. Radio
    f. Ad testing
11. Demonstrations
12. Slogans
13. Credits and collections
16. House organs
15. Direct-mail campaigns
16. Mail-order selling
17. Missionary work
18. Dealer helps
19. Sales manuals
20. Sales contests
21. Point-of-sale merchandising

VII. Management
1. Management policies
2. Management controls
3. Administrative thinking

VIII. Topical interests
1. Trends in business
2. Trade-organization activities
3. Public relations
4. Taxation
5. Political and economic subjects of the day, domestic, foreign
6. Manufacturer, dealer, and jobber relations
7. Chain stores, supermarkets, and independents
8. Price maintenance; loss control
9. What department stores want

10. Personal efficiency
11. Talks by business book authors
12. Inspirational material with practical slants
13. Dramatizing sales education
14. Financial problems of the day
15. Today's manufacturing problems
16. Reselling and the service problem
17. The businessman in politics
18. Studies of specific sales department operations
19. Some selling inefficiencies
20. Employee relations

This list, while not all-inclusive, deserves attention also in that it gives tangible evidence of the many-sided activities that go to make up modern marketing. The need for planning your work and working your plan seems obvious.

✥ ✥ Most business mistakes are due to faulty planning, lack of planning, or lack of courage or vision to carry sound planning through to completion.

If you are to be a successful merchandiser, you need a set of practical, plans.

Planning should be related to these aspects of your business:

1. Your product
2. Your distribution
3. Your market
4. Your customers
5. Your sales strategy
6. Your sales-promotion program
7. Your employee and public relations

✥ ✥ ✥ ✥

A Planning Problem

ASSUME that you are the advertising manager of a company which has never used national advertising. Your careful research has convinced you the company is overlooking profitable opportunities for increased sales by failing to use national advertising. The sales department agrees with your conclusions.

You have recommended that a national advertising program should be undertaken. You have set up estimates of costs, amount of consumer coverage required, and possible anticipated returns. The major executives of your company have somewhat reluctantly agreed "to give national advertising a try for the first six months of next year."

What is your reply?

The reply of one advertising manager is briefed on page 371.

IX

Promoting Sales Aggressively

THE regular Wednesday executive meeting in the president's office had the following item on the agenda:

1. Formulate plans and procedure for announcement of new product to dealers. Factors to be considered are promptness, complete coverage, and economy.

In opening the discussion, the president reviewed briefly the steps taken to date concerning the new product in which the company placed high hopes.

"I have here," he said, "the report of our director of research, together with the final report of the outside research engineers we employed so as to be doubly sure the product was right before beginning to sell it. They agree that it is as near perfect as human skill can make it; furthermore, they both conclude that the defects discovered during the first six-month testing period have now been eliminated.

"I think we can safely say that the product is satisfactory and will do all we claim for it, which is vital to the permanent success we hope to achieve. A concern like ours, with an established prestige for good products and valuable good will built up over a period of years with both the trade and consumer,



The marketer, too, knows how and when to call on his sales aids.

could not afford to offer a product which it was not sure of— that's one of the quickest forms of business suicide I know.

"I also have here the final report of our own advertising department, the report of our advertising agency, and the report of the outside marketing bureau employed for this special job, copies of which you have had for several days. All concur in their basic conclusions that their research among consumers proves that there is a real and as yet untapped market for this product. They confirm our judgment that we are in the forefront in anticipating the needs and desires of customers for this product, at the price we propose to charge.

"The special investigation conducted among a carefully chosen list of our dealers, located in all sections of the country, adds their endorsement to the product, its salability and profit potentialities.

"The important question of color preferences which will have a real bearing on sales, since women will play so prominent a part in the actual buying of the product, has been carefully determined by a special research made among five thousand women. This study shows that, of the ten colors tested, four will satisfy 90 per cent of the present needs. By starting with and concentrating on a line of these four colors, we will cut manufacturing and inventory costs and simplify stocks and speed up turnover for dealers. Should other colors be required, they can and will be added to the line as the need for them develops.

"The durability and low-cost features of the product have been checked with these women prospects

and also with the husbands of about two-thirds of this group, because experience shows that men help make the buying decisions: furthermore, these technical and economy features of the product are of particular interest to them. In their case, too, these prospective male purchasers believe the product serves a real need and is priced reasonably.

"The Board of Directors has given me every backing, so that we have spared no legitimate expense to make certain that the product is right and that it will serve a real need in a market susceptible to an aggressive interpretation of the inherent values built in the product. We have tried to avoid all guesswork and to eliminate all personal whims and preferences. Incidentally, two of the colors turned down most emphatically by our prospective customers were the shades my wife and I preferred.

"Our immediate concern, as the agenda states, is 'to formulate plans and procedure for the announcement of the product to our distributors'! Let's discuss this aspect of the problem."

"Here's the immediate problem from my angle," said the sales manager. "We want to get the jump on competition and bring this story promptly to five thousand customers, and about double that many good prospects. We have one hundred and twenty salesmen. Normally, they would not call on some of our customers for ninety to one hundred twenty days, unless we had them double back on their routes. Were we to do so, travel expenses would be excessive for the next sixty days: also, if we used our salesmen for this work, we'd be bound to have a loss in actual

sales and profits on our present line for the next thirty days or longer."

"Look at it this way," commented the treasurer. "Our average sales call costs us between $5 and $10, dependent on the salaries paid and the travel expense involved. Records show that our most active men never make more than one thousand bona fide sales calls a year; a great many of them make an even smaller number of calls. These costs of ours, by the way, are not out of line with average costs for most industries. Can we afford an expenditure of $5 to $10 a call to explain this new product? I don't believe the profit possibilities will stand such a load, either now or later when we have actual distribution and volume sales."

"They most certainly will not," declared the president. "We cannot and should not make our salesmen responsible for this entire 'drumming' function. Naturally they must help but we can't afford to disturb their normal routine."

"This seems to be the answer to the problem," said the advertising manager. "It is more efficient and economical to accomplish the 'drumming' function by the printed word and to use our salesmen's limited time for real sales calls on qualified prospects. We have to use these $5 and $10 calls to close orders and build sales on an economical basis; not to do missionary work which can be accomplished much more rapidly and far more cheaply by mail.

"Here's the program I wish to propose: First, we will send this letter to our salesmen today, describing the new product, its merits and main sales

advantages. In the same mail, via parcel post special delivery, we will send each salesman a dozen samples of the product, so that by actual handling and inspection, he can determine for himself the merits of our claims for the product, and also demonstrate the product to the customers he is now calling on. We will explain to the salesman what we propose to do to get our story across to the trade. This procedure will be about as follows:

"1. Within five days we will mail every customer and prospect an announcement broadside like this dummy I have here. Page 1 will contain a letter signed by our sales manager which emphasizes the merits of the product and its profit possibilities for dealers. Pages 2 and 3 will be devoted to a complete story about the product. Pictures and pictographs will be used so that the story may be quickly grasped and easily understood. Page 4 will be filled with facts about the market for the product and will tell dealers what we will have available in sales aids to help them sell the product. Enclosed in the letter will be a self-addressed return card which dealers can check, asking for a sample, for further information, or the call of a salesman. This card will also be used as an order form; in fact, it will stress the desirability of ordering now;

it will make a strong bid for immediate stocking of the product by dealers so they may capitalize on the demand created.

"2. Seven days after the first mailing, we shall send this small booklet to all dealers and prospects. This will do a rather complete job on the product itself and will contain many valuable merchandising suggestions which dealers can adapt to fit their specialized needs. We may, if returns warrant, enclose a flier, a two-page printed sheet, telling about the response so far received from the trade, as to comments and orders. This mailing will also have a combination order blank and return card which dealers can use as a convenient order form, or to request further information, the forwarding of a sample, or the call of a salesman.

"3. In next month's business publications we will feature this new product in page space to reach large-scale repeat purchasers of our product. To build consumer demand, we will start announcing the product in our radio program starting next Sunday. Within three to six weeks' time we will be devoting a sizable part of our space in national magazines to the story about the product. We shall use the copy theme and art visualization which our copy pre-testing has

shown to have the greatest appeal to consumers. Specialized campaigns will be used in the business and general magazines. Publicity stories as outlined in this folder will go out tomorrow to all trade publications and a little later to newspapers and general magazines.

"4. Each salesman will understand our plans fully, not later than the day after tomorrow. As the promotional pieces, publicity releases, radio announcements, and advertising proofs are ready, they will be sent to salesmen with an explanatory letter telling how each can be merchandised to the trade.

"5. As replies and inquiries come in from our mailings to dealers, these data will be forwarded the same day to each salesman. As salesmen go about their normal business, they will naturally tell the story of the new product along with their regular sales work. Within 10 days, we will have a complete sales manual for all our salesmen; perhaps later it may prove advisable to develop a sales-training course for our dealers' salesmen so that they may get maximum returns from their sales effort.

"6. You will note that we have timed every step in this promotional program to take full advantage of every existing market opportunity. Our paid adver-

tising and publicity have been carefully scheduled so that they gear in closely with our personal selling activity to assure maximum sales results."

"Just a minute, Tom," interrupted the president. "That sounds like a pretty complete program and it all makes sense to me, but how much will it cost?"

"The major items of expense will be as follows," the advertising manager replied:

"1. Preparation of the announcement broadside and return card and mailing to 15,000 names, including postage, at the rate of 10 cents a name, $1,500.

"2. Second mailing to same group consisting of 16-page booklet and 2-page flier and return card, including postage, at the rate of 22 cents a name, approximately $3,300.

"3. Publicity releases, radio announcements, and the necessary changes in the story in our trade and general advertising will cost very little. New art work will be necessary and this should not add more than $1,000 to our already budgeted expenditures for radio, publicity, and magazine advertising.

"An appropriation of from $5,500 to $6,000 will enable us to get off to a fine start. Later, if sales returns and estimated potentialities warrant, we may find it good business to spend a sizable sum, say $10,000, on the sales-training course. The manual,

which we will prepare at once for our own salesmen, will not cost more than a few hundred dollars as all the creative work will be handled by our own advertising staff working closely with the general sales, research, and manufacturing departments."

"As I understand it," said the president, "you are proposing an immediate investment of about $6,000 for which you plan to make two calls by mail on 15,000 persons, actual customers and prospects, within the next two weeks. That's 30,000 calls at a cost of about 20 cents a call.

"To use our 120 salesmen for this job, assuming each man would make four calls a day, and allowing only one call per dealer, would take five to six weeks or longer and cost us, in the final analysis, at least $75,000, provided each call cost only $5. Obviously, your proposal is the one we will follow. One thing concerns me, though. Can you deliver on the time schedule you have outlined?"

"We can," responded the advertising manager. "Of course, it will mean a week or so of fourteen- or fifteen-hour days for our staff, and it may mean that we will have to sacrifice some of the artistic perfection we normally strive for as a creative ideal. But the realistic aspects and the needs of the situation come first, and, in the time allotted, we can do a good, practical, hard-selling job within the costs estimated."

MODERN SALES TECHNIQUE

In this business conference, it will be noted that the manufacturer followed these steps in a carefully correlated plan:

He made certain the product was right, prior to its release to the trade. His own research department and outside engineers conducted a testing period and eliminated defects discovered in the product.

He predetermined the consumer's approval of the product. His own advertising department, a marketing bureau, and his advertising agency conducted market researches to determine color preferences, product appeal, and consumer reactions (men and women) as to value and price.

He conducted special investigations among dealers to make certain the product, from their viewpoint, met a real market need, had profit possibilities, and was priced correctly.

He made plans to use all available sales tools to speed profitable sales. Direct mail, publicity, radio, general magazine and business-paper advertising, and sampling were coordinated.

He arranged for his sales representatives to be kept fully informed on all developments and to receive, prior to their release, copies of all direct mail, publicity, radio announcements, and advertising proofs, so that they might merchandise these sales aids to their dealers. His salesmen were to be provided with complete product information in sales manual form, possibly to be followed later on by a more intensive form of sales training.

He developed a plan whereby dealers would promptly receive product information, data about markets and profit possibilities, samples of the product, and information about the promotional materials to be made available for speeding sales.

All these plans were made by the manufacturer with the full realization that the primary purpose of this activity was to promote the production of sales at a profit.

Thus "sales helps help sales." In just four words, a progressive policy is stated. When this policy is put into operation efficiently, it not only moves every salesman further along the road to more sales and larger earnings, but it also enables the manufacturer to plan and correlate the entire sales program for maximum effectiveness, by making use of some or all of the modern sales tools available.

WHAT IS SALES PROMOTION?

Seldom, if ever, does the modern merchandiser maintain a sales force of such size that his men can call on all their customers and logical prospects as often as is desirable. Few businesses would find it economical or efficient to do so; most of them use sales promotion to enlarge, widen, and intensify the selling force; to back up their salesmen and dealers; and to carry the missionary or pre-selling sales story to a wide audience of present and potential customers.

Sales promotion is a characteristic feature of modern merchandising. It is distinguished by the

use of intelligence and originality in selecting and devising the best selling tools and the aggressive, energetic, and consistent use of these sales helps.

Since sales promotion is dependent largely upon human behavior for its results, it is not and never will be exact science. There are no hard and fast rules for its success; no mysterious formulas to guarantee results; no slide rules which can be used to predict or measure results with scientific accuracy.

There are, however, certain time-tested principles and methods which have proved to be efficient in promoting the sale of products and services. These basic principles, successfully applied by the more important corporations, with adaptations to fit local market needs, can be used favorably whether you are merchandising automobiles or groceries in New York City or Keokuk, Iowa.

In almost every type of business, during every working day, some form of sales promotion is being used or misused. Very few sales are made without it. For such promotion, in its broadest sense, does not mean a magazine advertisement, a printed folder, or a direct-mail letter.

> Sales promotion consists of everything done to bring the business favorably to the attention of prospective buyers, to make the business better and more widely known, to increase sales and profits, and to build good will.

The two methods by which you can bring your products or services to the attention of prospective buyers are by personal contact and sales promotion.

Personal contact, though limited, is admittedly the more effective, but sales promotion, although impersonal in its nature, can reach infinitely more prospects, more quickly and more economically.

> *Sales-promotion activity is not a substitute for personal selling, but it can and will complement, amplify, and assist selling efforts.*

TWO BROAD DIVISIONS

The sales department of the average business is composed of two broad divisions—sales management and sales promotion.

Sales management is primarily concerned with a knowledge of markets, the close following of sales and stock, the direction of branch managers and salesmen, the development and pricing of products, the providing for deliveries, and other related trade and sales services.

Sales promotion includes all the rest of the various activities used in modern selling. Stated most simply, it means helping the salesman and the dealer to sell—making their jobs easier. The sales-promotion aids precede the final charge made by salesmen on prospects, thereby making the selling job easier and more likely of accomplishment.

Beyond, around, and mingled with sales management are a variety of essentials which must be handled capably to hold sales management and sales promotion in effective relation to each other and in complete coordinated working order within themselves.

Sales promotion, both direct and indirect, has a definite place in the sales plans of any business. Intelligently superintended, properly planned, and consistently used, it can be an invaluable selling tool. The job of the manager of a business is to use this tool in such a way that maximum results are received from a minimum investment.

SALES-PROMOTION DUTIES

Rather than attempt further to define sales promotion, we shall list some of its duties and tasks without particular regard to the name of the individual department which may actually perform them. The list is more than imposing.

Direct and coordinate the activities of the advertising agency in its program of national advertising in magazines, newspapers, and radio.

Exchange experiences within the far-flung parts of a large organization and make prompt use of current data suitable for promotional purposes.

Gain publicity for new products introduced and maintain a continuous, sound public relations policy and program.

Prepare and supervise salesmen's and dealers' training, the programming of meetings, and instruction in product facts.

Originate the production of direct-mail material, display advertising, circulars, and publicity for use by local outlets.

Conduct sales research to determine trends, seek causes, and interpret conditions.

Plan and supervise market research to uncover possibilities and anticipate needs.

Maintain mailing lists and handle consumer inquiries.

Catalog products in the most convenient and most effective way.

Exhibit products in branch houses, at trade meetings, and in dealers' stores.

Develop sales-facilitating services such as time-payment plans.

Develop the use of pictorial (film) presentations of all kinds.

Guide trade relations through education, trade associations, meetings, product information, dealer helps of all kinds, and selling aids.

Act as a clearinghouse to forward leads from advertising, professional services, and other sources to the right persons or departments.

Publish and distribute a house magazine, either for employees or for the trade, or both.

Coordinate the programs and itineraries of traveling representatives from the home office to branches so that there will be no overlapping or backtracking of effort.

Keep in touch with competitors and associations or related concerns.

Gather testimonial data and photographic evidence of use of products.

Develop periodic reports to stockholders such as mailings with dividend checks and annual reports that combine news features with financial data.

Prepare specialized advertising, direct mail, signs, displays, and other sales aids for dealers' use in local marketing areas.

USE ALL SALES AIDS

This list, although incomplete, is impressive. It segregates a great many necessary activities which are an aid to sales, either directly or indirectly. If responsibility for these activities is not definitely

Printing Problem

A nationally known manufacturer wanted an advertising folder to announce a new product.

The job was dropped in the lap of an advertising agency which, being well versed in graphic techniques, designed and planned the folder. Furthermore, in an attempt to save some money, the agency calculated the size of the folder so that six of them would cut evenly out of a standard (or stock) size sheet of paper.

The piece was approved (by the manufacturer), the art work was finished, the engravings were bought, printing estimates were received, the printer was selected, and the job was sent out for production.

Now that the engravings were all made, the printer sat down to print it. He found that, instead of printing six at a time as the agency had planned, four at a time was more economical; because, while printing six at a time would have meant fewer "press impressions," the cost of two extra sets of plates was more than the press saving. But four at a time required a press sheet which left one third of the basic sheet unused, and printers always charge the customer for such leftovers.

However, this printer wanted to save the customer money, so he took advantage of the large quantity to order a press sheet to fit.

Paper (in large quantities) can be bought in special sizes at no extra cost. The printer, therefore, ordered the paper to fit exactly four folders.

By this time the manufacturer began to want the job so the first two (of the four) colors got done in a hurry.

Then the trouble began. The newly delivered paper was not and, in a short space of time, could not be seasoned to the temperature and humidity of the press room. With half

the job done, the paper shrank. Therefore, the third and fourth color plates would not strike the sheet exactly where the first two had. This condition ("out-of-register") slowed up the job still more.

Finally these things resulted—

1. The folders were late in delivery.
2. The color was not in register.
3. The manufacturer was understandably "upset."
4. The agency was "on the spot."
5. Instead of a profit, the printer came out with a net loss of $400, to say nothing of press waste.

This is one item that too many people neglect. For instance, even though the unlucky printer was correct in running four folders at once, his total printing surface was much smaller than the press capacity. The manufacturer paid $6.50 an hour for the use of a particular press and only two-thirds of its capacity was used. Therefore, it is apparent that knowing and designing advertising pieces to fit standard size sheets of paper is only the beginning. Especially is this so when we discover that the same area of paper with different dimensions (that is, the folder of slightly different shape) would have eliminated all the waste.

In order to plan printing easily and efficiently, a sales-promotion department needs a set of standards which are founded on:

1. Knowledge of *raw materials* (paper, ink, type, etc.)
2. Knowledge of *converting equipment* (printing presses, bindery equipment, cutting devices)
3. Knowledge of *production methods* (as, for instance, whether to print one, two, four, or six folders at once)

placed, some are likely to be lost in the shuffle or inefficiently performed. Aside from activities that are strictly sales management or advertising, there are so many of these supplementary and coordinating services to be performed that no firm, large or small, can afford to have them slighted, performed inadequately, shunted off, or overlooked, even partially. To get the most out of selling, it is important that these secondary activities be carefully provided for. They are not extraneous; they are inherently important, and someone or some unit in the selling organization should be given the job of seeing that they are all keeping in step.

To the head of a sales division, an alert, aggressive sales-promotion department is indispensable to his efforts to stimulate smooth operation of the business-getting machinery, in his aim to have the various parts of the division aid each other's activities satisfactorily, in his desire to get the most done with the least friction, and in the necessity to keep all units in tiptop form and fully equipped to tackle the problems immediately ahead.

A FLEXIBLE PROGRAM

Sales promotion must be adaptable and able to carry new burdens as fast as they arise; able to shed old routines and methods when a real need for them no longer exists. Sales promotion must be elastic, able to expand overnight and able to contract even quicker in meeting the requirements of the day.

Sales promotion should never grow large and bulky, because the moment it does it becomes sluggish and

there is no room for sluggishness here. The well-directed sales-promotion program exemplifies mental trimness, demonstrates alert execution, and exhibits a versatility which accomplishes a wide variety of changing duties in the quickest and most effective manner.

Only in this spirit can a sales-promotion department guide itself

—to prevent an overbalancing of effort in the wrong direction, as, for instance, an inequitable demand upon the attention of the sales force as between one product and another or one department and another;

—to get the most out of all sales and advertising effort through a program whose parts dovetail with and supplement each other;

—to obtain the power and momentum in any drive or special campaign which can come only from a coordinated effort of many different units; and

—to act efficiently as a clearinghouse for relaying information, doing liaison work, timing efforts, and getting the best concerted participation from all sides.

Sales promotion may be a catchall for sales helps and selling services, but it must never allow itself to be bogged down helplessly. It may be loaded with odds and ends of supplementary jobs which others cannot find time to do, but under no condition should it become barnacled with useless duties.

Once sales promotion becomes entrenched as a mere department, it is on the road to ineffectiveness. It should knit the various activities and units of a sales division together, enabling them to function as a coordinated whole.

DON'T STOP PROMOTING SALES

Regardless of the many ingenious methods that are tried, nothing has ever been invented to take the place of time. It is well, too, that this should be so. Rich tobaccos and fine wines are cured by an aging process for which there is no substitute. Expensive bond papers are still loft-dried. True, substitutes have been devised, but at their best they are not the real thing.

It is the same with sales-promotion activity. Nothing can ever do the job as thoroughly as time. If it were not so, the element of continuity would not be such an important necessity. There is no short road to royal success. It is the persistence of keeping on with a sales-promotion program that makes the sales curve maintain its steady upward climb.

Stop a moment and recall that:

The price of grain tumbles, but housewives keep on buying Kellogg's Corn Flakes.

New soaps bob up on grocers' shelves but the white bars of Ivory leave them more rapidly and in greater volume each year.

The owners of the smallest men's wear stores know that the shirts labeled "Arrow" outsell all others.

Remember this. None of these firms have a patent protection or an exclusive ingredient. Neither have they any advantage over anyone else for their source of supply. They know only one thing. Nothing but gross neglect and time can destroy them. They also realize fully that a continuous sales-promotion program and time made them.

The failures are caused by too many businessmen who try to find substitutes for advertising and time. There are none. Others try too many kinds of promotional activity for too short a time. It has been truly said that the memory of man is only two seconds long. In order that you may impress your product indelibly on the minds of those you want to sell, you must repeat your message over and over and over again. All this takes time, for which there is no substitute. The point of this whole matter is that a genuine, lasting sales success can be built only if you keep on keeping on.

A study of the sales-promotion materials used in industry after industry proves conclusively that where price, product, and distribution are nearly equal, sales leadership follows the flag of the best promotional efforts. It makes little difference whether you are selling soup, tobacco, furniture, dry goods, or the luxury items; whether you distribute your products nationally or sell direct from your own Main Street store, your problem is sales. You either sell or sink! And if you are to continue to sell profitably you must everlastingly promote your products by using the sales helps best suited to your particular needs and market requirements.

BUSINESS MODERNIZATION PAYS

America's Main Street is not only its longest street but its busiest street, too! Statistics show that over half of the consuming public, approximately 65,000,000 people, do most of their shopping on Main Street. Usually they do so in the stores that are modernized; for merchants are learning that attractive stores, inside and out, attract business and actually increase profitable sales volume.

The old dingy store front and the dark musty interior with poorly arranged merchandise are as outmoded as the cracker barrel and the oil lamp. Study the service stations, restaurants, and the stores in your town that are doing the biggest business. These stores are dressed up, made to look as modern as tomorrow. They reflect up-to-date progressiveness and the ultimate in service and reliability. They inspire confidence in and help speed the goods they have to sell.

FOUR STEPS TO SUCCESS

The ultimate success of a sales-promotion program is usually dependent upon four fundamentals:

1. *Timeliness.* Does the promotional plan take advantage of an existing market opportunity?
2. *Utility.* Does the promotional plan embrace practical and proved aids to speed sales? Can the plan be understood easily and put

into operation with minimum effort by wholesalers and dealers?

3. *Adaptability.* Is the promotional plan flexible enough so that it can be adapted to fit the varying conditions and needs of local markets?
4. *Salability of the Plan to the Trade.* Will the manufacturer's salesmen accept the plan and sell it to their trade?

The first three fundamentals—timeliness, utility, and adaptability—are built into the campaign by those who create it. The degree of success achieved by the promotional plan is, in the final analysis, dependent largely upon the understanding and personal ability of the manufacturers' sales representatives, in whose hands the plan is placed for interpretation to the trade.

This fourth fundamental, *the salability of the plan to the trade*, is all too frequently overlooked amidst the smoke and fire of the creative activity necessary to bring the promotional plan into being. And yet, unless each individual salesman clearly understands the plan; sees how it will help produce more sales in his territory; and has faith in the practical utility of the plan in terms of the local dealers and people who comprise his market, it is doomed to failure despite the excellence of the basic sales idea and the cleverness of its presentation.

Too many merchandisers overlook the vital importance of this fourth and final step. They fail to realize that neglect of this phase of the promotional

program is just as incongruous as would be the sending of soldiers into battle equipped with machine guns they do not know how to operate.

TYPICAL PROMOTION PROGRAM

The operation of the usual sales-promotion department may include the planning, execution, and administration of any or all of the following major activities:

Advertising to both the consumer and the trade. Cooperative dealer advertising in newspapers. Trade-paper advertising in dealer and professional magazines. Consumer advertising in national magazines and newspapers. Radio advertising on national hookups. Spot radio announcements and local radio programs.

Direct-mail materials and campaigns directed to consumers to be distributed through dealers in local markets. Direct-mail campaigns sent direct to the trade or to consumers by the manufacturer. Also periodic mailings to stockholders.

Trade promotion to improve the selling and operating efficiency of the dealer's or distributor's business.

Sales training for the manufacturer's sales force and the dealers' and jobbers' salesmen.

Research and investigation among consumers, distributors, and special groups to seek causes, interpret conditions, and determine trends with regard to products, sales, distribution, and advertising policies.

Publicity releases for newspapers, trade papers, and general magazines dealing with sales plans, product improvements, new uses, and company policies.

All or some of the foregoing activities are usually being carried on continuously and are coordinated in

relation to the major activities of the sales department, thereby assuring maximum sales returns.

In the operation of the sales-promotion program a variety of modern sales aids are used. The characteristics, functions, and uses of the more important are outlined in detail on the following pages.

❖ ❖ FEW businesses find it economically possible to provide enough salesmen to call on their customers and prospects as often as is desirable.

Modern marketers, therefore, use a wide variety of impersonal sales tools:

1. To enlarge, widen, and intensify their selling force.

2. To back up their salesmen and dealers.

3. To carry the missionary or pre-selling story to a large audience of present or prospective customers.

This sales-promotion activity must be flexible, timely, adaptable, practical, and salable to both the trade and the manufacturer's sales force. To be productive of results, sales-promotion activity should be continuous.

❖ ❖ ❖ ❖

A Promotion Problem

An association of lumber manufacturers is interested in encouraging home-building activity. Careful research shows that the majority of prospective home builders do not have incomes large enough to enable them to buy the type of homes which builders are accustomed to build. Few plans for good desirable low-cost homes are available to dealers, builders, or prospective home owners.

What type of promotional program would you recommend? What sales tools would you use if you had a moderate sum available for this program?

Compare your recommendations with the promotional plan used by the association. Refer to page 372.

X

Advertising and Publicity

THE more important promotional tools, effectively used by modern marketers in sales-building programs, include:

Newspapers	Direct mail
Magazines	Catalogs
Business papers	Billboards and car cards
Public relations	Motion pictures and slide films
Radio	Window and store display

No attempt is made to evaluate these selling tools or to list them in the order of their importance or effectiveness. To do so would be misleading and stupid, for their utility usually varies greatly with each sales situation. Neither should the reader infer that the number of pages devoted to reviewing the purposes, uses, advantages, and limitations of any individual sales aid is a measure of its importance in relationship to any other sales aid or to any given sales problem.

Furthermore, this list of sales aids is not and should not be considered as all inclusive. There are additional sales helps less commonly used but deserving of mention that are effective as applied to individual sales situations. Space limitations preclude their review here.

ADVERTISING

Advertising, which has carved for itself a clear-cut niche, is now universally recognized as a powerful business force. It is defined as "salesmanship in print" (before radio), as "a business force, which through the printed word sells, or helps sell, builds reputations, and forms good will," or "as the paid form of the impersonal presentation of a proposition to the people in such a way that they may be induced to act upon it favorably."

The primary purposes of advertising are to assist consumers as an aid in buying, thereby performing a legitimate news function; to influence more people to use a product, or a service, or ideas which are offered for sale; and to influence people to use the product or service more extensively, that is, to buy in greater quantity. Advertising helps also in preparing the way for sales, in removing obstacles to the sale, and in encouraging continued patronage of the sponsor's product or service.

Through the printed word in newspapers and magazine space, in business papers and agricultural, college, and religious publications, on car cards and outdoor billboards and by the spoken word over the radio, advertising aids the efforts of salesmen as well as of management, and supplements in many other ways the job of selling, for the present and for the future.

Many costly mistakes are made by merchandisers which undoubtedly arise because they lack a clear conception as to what advertising really is and what it is expected to accomplish.

What Is Advertising?

Much of the criticism of advertising and much of the regulation which has followed are based on what seems to be an important misconception of its character and function. A clearer picture of what advertising actually is and of the part which it is presumed to play in business promotion, would change the character of regulation by directing it toward those definite misstatements of fact which involve essential misrepresentation of advertised goods and services.

Advertising is not primarily a catalog or description of the qualities and characteristics of products. Yet many consumers who criticize advertising base their objections entirely on their conception that it is intended only to provide detailed information about products. And governmental authorities who are enforcing laws having to do with advertising insist on putting copy under the official microscope, entirely with reference to its factual content.

Most advertising, to be interesting, must be informative, but the big fact which is disregarded by its critics is that disseminating product information is not its primary function. As a matter of fact, the best product advertising and the most successful campaigns frequently have very little to do with factual information, because the public is already entirely familiar with the facts. The purpose of advertising under these conditions is to remind, to persuade, and to present familiar facts in a new guise.

Since persuasion, which is mainly an appeal to the emotions rather than to reason, is the primary purpose of advertising, the character of the persuasive argument should be regarded in the same light as the conversation of a salesman who is endeavoring to crystallize the decision of a reluctant buyer, and who uses arguments which are not factual in a scientific way, but which are intended to create confidence of satisfaction in use. The buyer who has been assured by the salesman of ultimate satisfaction with his purchase, like the housewife who is convinced by advertising that the product she buys will make her look better or feel better, signs the order because the salesman has succeeded in establishing a favorable attitude toward the product in the mind of the purchaser.

With control of advertising copy becoming more and more severe, and with expanding governmental facilities for checking advertising and prosecuting assumed failures to meet the requirements of the statutes, advertisers themselves should emphasize the character of their copy as salesmanship in print, and not as a catalog of descriptive information. Statements of fact must be supported by proof, but purely persuasive material need not be of a scientific character. If every adjective must be subjected to the test tube of laboratory analysis, advertising will soon be deprived of the color and interest that make it effective.—*Advertising Age.*

Advertising, in itself, represents nothing. Advertising is only a means to the end—and the end is increased sales activity. If advertising does not achieve its objective, it does not exist as advertising.

Consider the situation where a manufacturer buys a page of advertising space in a magazine. He prints on that page, "Best Wishes of a Friend," and nothing more. That is not advertising, for the manufacturer has failed to utilize the medium of the magazine, with its hundreds of thousands of readers, to increase his commercial activity.

Now, assume that the manufacturer uses this same page to tell a creative sales story, based on sound selling strategy. Let us assume he is a food manufacturer and the advertisement carries the offer of a novelty for children if the coupon is filled out and accompanied by a box top of the product. In this case the manufacturer may receive several hundred thousand, possibly more, signed coupons accompanied by box tops of his product. That's advertising—measured not by the test of how beautiful or artistic the advertisement is—but by the commercial yardstick of demonstrable cash returns.

WHAT ADVERTISING DOES

Advertising has, to the individual businessman, three basic functions of interest, with commercial, social, and psychological implications.

1. The practical or commercial function of stimulating the sale of goods, services, or ideas.

2. The social function of using appeals that are defensible morally and socially so that the effect of this impersonal selling generally will be continuously wholesome and beneficial.
3. The psychological function of reacting upon mental processes so that attention may be secured that compels favorable associations of ideas with the brand, store, or manufacturer's name.

AVENUES TO MARKETS

Since advertising is impersonal selling, the advertising media used are potentially significant. A medium, in the advertising sense, may be defined as any means whereby the advertiser's message is carried to the public. As advertising has evolved, the list of media has likewise developed so that the following listing, lengthy as it is, is incomplete and merely suggestive:

ADVERTISING MEDIA

(Not listed in order of importance)

Magazines	Signs	Store displays
Newspapers	Matches	Theater curtains
Radio	Moving pictures	Truck panels
Catalogs	Souvenirs	Window displays
Programs	Novelties	Yearbooks
House organs	Letterheads	Loud speakers
Packages	Posters	Exhibits
Car cards	Direct mail	Slide films
Taxi signs	Calendars	Bags
Tire covers	Business papers	Package inserts

The more important media used as avenues to markets, measured in terms of dollars spent, are newspapers, magazines, radio, direct advertising (that is, direct-mail and mail-order advertising), and business papers.

It is impossible to determine the exact amount spent annually for all advertising purposes, since the amount spent on direct advertising and the total advertising done by many small concerns in little-known publications are difficult to estimate. The total annual expenditure for advertising is usually considered to be somewhere between a billion and a billion and a half dollars in an average "normal" business year. This sum of money is said to be distributed among the various media in about the following proportions:

	Percentage
Newspapers	48
Direct advertising	20
Magazines	12
Radio	10
Business papers	4
Outdoor advertising	3
Car cards	1½
Other media	1½

GENIUS OR ORCHESTRA LEADER?

Many mistaken notions prevail about the characteristics and qualifications found in the competent advertising man. By some, he is regarded as a genius who pulls rabbits out of hats in the form of sales ideas that are panaceas for harassed producers.

Others regard him as a dreamy, "arty," sort of fellow who spends money with little regard for its value and even less for the sales returns its expenditure brings or should bring.

The really good advertising man is by no means a genius. In many instances he is not even artistic. He usually is a good showman, and he is versatile. Frequently he has a flair for common sense, down-to-earth writing. The best advertising men are sound businessmen who take nothing for granted and continuously check the minute and varied details of copy, art, and typography. Many of the more successful advertising men known to the author have an uncanny ability to work long hours under high pressure without blowing up. Most of them, sometimes to the despair of their families, become completely oblivious of time, sleep, or food when concerned with the sales strategy of a promotional plan.

The superior type adds these two distinguishing qualities to his make-up: an instinctive competitive attitude toward business and a deep professional pride in his advertising output.

The role played by the typical advertising manager in the complicated marketing setup of which he is a part is similar to that performed by the orchestra leader conducting a symphonic orchestra through the varied moods of the music of a Wagnerian opera. The latter may not, and usually does not, know how to play each individual instrument in the orchestra, but he knows *how* and *when* the flutes, violins, drums, and other instruments should be played to create a harmonious effect.

Similarly, the advertising manager may not know all there is to know about media, copy writing, layout, art, typography, radio scripts, and the varied advertising tools at his command, but he does and must know how to weld these together and when to use them to attain the sales objective at hand.

THE ADVERTISING AGENCY

The modern advertising agency is a group of specialists, operating as a business organization, which offers creative skill and sales abilities to sell goods or services by means of the printed word or by radio. As such, the agency plays an important part in the advertising setup in assisting the advertising departments of manufacturers and retailers in the preparation and placing of advertising. The scope of advertising-agency growth is reflected in their number, there being approximately fifteen hundred agencies, ranging from the smallest concern to those employing hundreds of people and spending as much as thirty million dollars annually for advertising space and radio time.

It is estimated that the larger part of all expenditures for magazine advertising, probably 25 per cent of the expenditure for newspaper advertising, and a sizable portion of the moneys spent for radio, posters, and car-card advertising are spent through advertising agencies. If this estimate is accurate, it follows that in years of normal business activity advertising agencies play a part in the preparation and placing of advertising costing between 500 and 600 million dollars.

The normal duties of the advertising agency are outlined in the following set of standards, adopted by the American Association of Advertising Agencies, an organization listing approximately 140 leading agencies among its membership.

AGENCY SERVICE STANDARDS

1. A study of the product or service in order to determine the advantages and disadvantages inherent in the product itself and in its relation to competition.
2. An analysis of the present and potential market for which the product or service is adapted:
   - As to location.
   - As to extent of possible sale.
   - As to season.
   - As to trade and economic conditions.
   - As to nature and amount of competition.
3. A knowledge of the factors of distribution and sales and their methods of operation.
4. A knowledge of all the available media and means which can profitably be used to carry the interpretation of the product or service to consumer, wholesaler, dealer, contractor, or other factor. This knowledge covers:
   - Character.
   - Influence.
   - Circulation..... { quantity. / quality. / location.

Physical requirements.
Costs.

5. Formulation of a definite plan.
6. Execution of this plan.
   a. Writing, designing, illustrating of advertisements, or other appropriate forms of the message.
   b. Contracting for the space or other means of advertising.
   c. The proper incorporation of the message in mechanical form and forwarding it with proper instructions for the fulfillment of the contract.
   d. Checking and verifying of insertions, display, or other means used.
   e. The auditing, billing, and paying for the service, space, and preparation.
7. Cooperation with the sales work, to insure the greatest effect from advertising.

AGENCY COMPENSATION

Advertising agencies receive the larger part of their pay for services in "agency commissions" paid by publishers and other media owners to established, formally recognized agents.

This commission, a form of special discount, is usually 15 per cent of the announced or "card" rate of the media used. Thus, for magazine space or radio time with an announced rate of $10,000, the advertiser must eventually pay $10,000, less discount for prompt payment, whether he places the advertising through an advertising agency or deals directly with the magazine publisher or radio station owner.

If the advertiser elects to place his advertising through an advertising agent, the agent buys the publication space or radio time for 15 per cent less than the card rate, or $8,500.

The advertising agent, by agreement with the publisher or radio station owner, bills the advertiser for $10,000 and thus receives $1,500 for his services. The agent also receives an additional discount, usually 2 per cent, on the net amount involved (in the example cited, 2 per cent of $8,500) for prompt payment, which he passes on to the advertiser.

If, in the preparation of the magazine advertisement or the radio program the agent spends money for such items as art work, engravings, or radio talent, he bills the advertiser either at cost or at cost plus an agreed amount, again usually 15 per cent.

National advertisers usually find it advantageous to place advertising through an agency, since the publication-space or radio-time costs will be no more than if bought direct, and the advertiser enjoys the benefits of services of the agency's specialized personnel at no extra cost.

In some cases, however, advertisers who doubt the equity of such an arrangement pay the agency a fixed percentage on the total volume of advertising placed in all media, regardless of the discounts granted. Others operate on the fee system, whereby the advertiser agrees to give the agent a fixed sum for services and the agency passes on to the advertiser all amounts received in the form of discounts granted by media owners.

The Old, Old Story

"Romeo and Juliet" and "Abie's Irish Rose" have the same plot—and this identical plot had already been used successfully for a short story, a novel, and a play fifty years before Shakespeare wrote his immortal classic in the sixteenth century.

Ann Nichols took one of the oldest of sure-fire stories, gave the characters new names and modern dialect, and made more than a million dollars, thereby setting an all-time Broadway record for box-office receipts and continuous stage performances.

The only way to get a dollar's worth of sales effect from every dollar's worth of sales-promotion effort is to follow the storytelling technique to which people in the mass always respond.

Even a price ticket can be dramatized—if somebody who knows how remembers to do it. But it rarely happens.

Sales promotion, in many instances, is like the nursery rhyme little girl with the curl—when it is good, it is very, very good, but when it is bad, it gets nowhere.

Some advertisers do the obvious and succeed handsomely—like William Shakespeare and Ann Nichols.

Other advertisers—who themselves listen to Amos an' Andy—buy millions of dollars' worth of newspaper, magazine, and trade-paper space and fill it with words that nobody wants to read. And nobody does read!

While these alternative systems seem to have advantages which recommend them for certain situations, it should be noted that the commission system is widely used and is apparently the most equitable basis yet devised for agency compensation.

AGENCY COSTS AND PROFITS

It is the belief of many businessmen that advertising agencies make unusual profits. This is true only in a few isolated instances where salaries paid to leading creative talent sometimes approach and even exceed that of an executive head. This confused point of view arises because the 15 per cent paid the agency is its gross income from which all expenses must be paid before any net profits are available.

In the agency business as a whole, the rate of profit has always been low, when compared to other forms of business, on the volume transacted. Formerly 3 per cent net profit was considered high. In a recent year it averaged 0.7 per cent in the reporting membership of the American Association of Advertising Agencies, according to John Benson, president, "ranging all the way from an average of practically nothing in the lowest brackets to 2.28 per cent in the highest (agencies doing ten millions and up). Agencies doing from five to ten million averaged two per cent net profit; agencies doing two to five million, about one per cent. Some smaller agencies did equally well. Most of them did not."

Mr. Benson further states that time and talent are all an advertising agency has to sell, and they cost

money, must earn their keep and then a little profit, or the agency quickly declines. Agency costs have been materially raised by the new demands upon advertising to serve other needs of a business as well as selling. Had it not been for larger and larger appropriations, little or no profit would be left in the 15 per cent.

Radio has added heavily to the pay roll. It has meant a whole new staff of talent, sometimes paralleling that devoted to publication advertising. The commission earned on time from the stations and networks will not pay for this additional overhead; even with a gross income of 15 per cent on all outside talent, the result is depressing to the total rate of net.

In other words, such additional volume as has come from radio over and above what has been subtracted from publication advertising does not compensate advertising agencies sufficiently for the added expense. In one large agency doing a very substantial volume of radio broadcasting, the net on that alone averages slightly less than 1 per cent as against a total net on all business of over 2 per cent.

This may be a surprise to advertisers and media owners who think that radio has been a bonanza for agencies; quite the contrary, as one can readily visualize in the case of a client doing a million a year and suddenly deciding to spend a third of that appropriation in broadcasting. The agency gross is just the same, but the additional overhead is materially greater. And this applies generally to the agencies doing a large volume of billing in radio as well as to those doing a lesser amount.

This is not saying that agencies are not glad to have radio as a new and influential selling force for their clients. It is the most exciting medium ever invented, full of hazard, challenge, and competitive effort, calling for a degree of showmanship never approached before in advertising.

Not only are clients making more varied demands on advertising agencies to meet the complex needs of selling in these days, and recently to serve other functions of a business, but the agency must spend liberally for the basic study of methods, markets, and media, applicable not to any single client, but to all of them. Such work as copy testing, for instance, runs into money; one large agency has spent $200,000 in such testing methods alone. Another recent innovation is the investigation of editorial and news appeal, to find out what people read and like to read; and the studying of headlines, type, and physical presentment, to improve advertising readership.

Markets and market data have for years engaged the research minds of the agency; as merchandising became more complex, this has grown into costly proportions. No single client or group of clients would be willing to pay an agency for such effort unless directly appertaining to their own business; it is part of the agency's stock in trade and is financed out of a level compensation of 15 per cent on total volume.

COPY TESTING

Advertisers use various methods to test consumers' opinions of the selling power of advertisements, either before or after the advertisements appear.

The wise advertiser does not place his faith in any one method of testing copy. He realizes that each method has its limitations as well as its merits.

For example, the method that tests reader interest —that tells approximately how many readers see, read some, and read most of any given piece of copy —gives no actual index of how good a selling job that piece of copy will do. An advertisement may stop you and part of its message may interest you, yet it may completely fail to sell you.

Conversely, while the objective of all advertising is to increase sales, sales records are not always a true index of advertising copy. Poorly planned merchandising and sales strategy can defeat the best advertisements that have ever been produced.

Whenever you are considering copy testing, first of all determine what problems you want to answer, then examine all the various ways of testing copy and select the method or methods best suited to your problems. Several authorities have already outlined the best known and most widely understood methods. Some authorities have explained their merits, but few, if any, have analyzed the pitfalls and objectives of the most commonly used methods. Here they are in brief.

The oldest and perhaps the most widely used method of testing the pulling power of an advertisement is to place a coupon in it. For such products as insurance, oil heaters, correspondence schools, business and similar services, this method of testing is decidedly useful—largely because an interest in the product or service usually exists in the prospective buyer's mind before he sees the advertisement.

Why Pre-test Copy?

"Remember," say Young & Rubicam, Inc., advertising agents, "the *best* advertisement in a magazine is something like five times as effective as the *average* advertisement and fourteen times as effective as the *poorest.*"

Carroll Rheinstrom has published a number of case histories of advertising results in "Psyching the Ads." He notes, to cite typical cases, that two advertisements prepared by the same people and used in the same magazines produced such widely varying returns as 205 replies for one advertisement and 11,109 for the other.

In another instance one advertisement produced ten times as many requests for a sample ten-cent offer as did a companion advertisement, identical in size and placed in the same papers.

On the other hand, the advertiser whose prime purpose is to get publicity for his product, such as soap, food, cigarette, or clothing, can be badly misled by coupons. Research shows that a comparatively small group of coupon clippers accounts for a large proportion of coupons. Women are apt to go through a magazine clipping coupons, thus those publications with a large number of coupons usually pull better than those with few coupons.

When comparing the results of one coupon advertisement with another, recognition should be given to seasonal influences; variations of a magazine's circulation issue by issue; and the cumulative effect of making the same offer in the same publication. The ideal conditions for making such a comparison would include having two advertisements appear in the same magazine in the same position during the same period of time. The coupons should be of identical size and in identical positions. Since all these conditions cannot be met, careful weight should be given to the differences that do occur.

The same general warnings apply to the "buried offer" type of copy testing as apply to coupons. Usually the quality of responses is higher from buried offers than from coupons, but those who are bent on answering all free offers quickly learn to read the last paragraphs to see if there is a buried offer whereby they can get something for nothing.

The recognition-test method, which was largely developed by Dr. George Gallup, Director of the American Institute of Public Opinion, is based on the theory that an advertisement must be seen and

read before it can make a sale. The method, however, does not measure the selling strength of the copy nor does it necessarily predict sales.

The chief difference between Dr. Gallup's method and the usual recognition test is this: Gallup aims to restore the original situation as nearly as possible and so all his interviewers start with the editorial material of a publication, because people buy their newspapers and magazines for their editorial content rather than their advertising announcements.

When consumer juries are used, the advertiser usually depends on the individual opinions of a relatively small number of consumers who are shown the advertisements under unnatural conditions. Two or more advertisements are presented and people are asked which one has the best headline, picture, and copy. When the jury is carefully selected to represent a true cross section, this system eliminates the poorest advertisements and gives an indication of those most likely to appeal to a wider audience.

The aided-recall method of copy testing is obviously greatly influenced by the length of time the product or service has been advertised, the amount of money that has been spent on advertising it, and the effectiveness of previous campaigns in successfully presenting facts about it.

Many people may know what flour is associated with the slogan "Eventually, why not now?" but that knowledge does not necessarily increase the sales of Gold Medal Flour. Furthermore, it is impossible to test the effectiveness of one or two pieces

of copy. Only after a series of advertisements featuring one specific sales point has been published is it possible to use the aided-recall method.

The sales-test method is probably the ideal test for campaigns that are aimed to produce immediate sales. Yet it is beset with difficulties which are frequently insurmountable, such as the difficulty of selecting test cities that are truly representative of the economic conditions of the country as a whole. If newspapers are used, how can their various amounts of dealer cooperation be equalized? What allowances should be made for the differences in the volume of advertising printed in the test papers? What about competitive activities? These alone may be sufficient to upset a sales test unless they are identical in all test towns; and the difficulties and expense of accurately reporting actual sales must always be overcome.

Sometimes an advertiser makes the mistake of using bigger space in the test than he intends to use nationally, or he may use more frequent insertions to hasten results. Such plans only tend to distort the findings and confuse the returns.

The most successful user of the sales-test method known to the author is one who employs it in conjunction with three other testing methods. This manufacturer of a standard product starts his test in the spring of each year, runs the test for six months and uses the winning campaign during the following twelve months. However, when such a long interval elapses between the creation of a campaign and its

final appearance, the advertiser always risks a change in the competitive situation that might demand entirely new and different strategy on his part.

Certain organizations provide advertisers with a service whereby they will review an advertiser's advertisements prior to their appearance in print and compare them with a set list of questions, or a predetermined formula. Each question rates a number of points. For example, "Does the headline contain news value?" might score 10 points out of a possible 100. But the answer to the questions and the amount they score are arbitrarily arrived at by the evaluator. Thus this method is, in the last analysis, a matter of an individual's opinion, which all scientific copy testing seeks to avoid.

REDUCING THE GAMBLE

Business executives who are called upon to sign the advertising check are frequently in the dark as to why, how, and for what their money is spent. Naturally, as a good businessman, each tries to reduce the gamble in all his operations, including advertising. His desire for light on the subject explains why certain types of systems flourish which promise to tell him before publication just exactly how much sales power his advertising has.

No known system can convert all the phases of successful advertising into standards susceptible to accurate measurements of intangibles as varied as creative genius, artistic ability, and mass human nature reactions. Many of the attempts to do so

simply lead to more confusion and further perplexity in the minds of the business executive.

There are, however, certain common-sense approaches to advertising which will reduce the hazards in advance of its publication. A clear understanding of the technical elements of advertising and their operation in relation to the inspiration behind them and to the resulting advertisement as a whole will help clarify the mystery about this important sales-building tool.

ADVERTISING ANALYSIS

Mark Wiseman, director of the Laboratory for Advertising Analysis and author of "Before You Sign the Advertising Check," has translated his experience of many years in practical advertising, followed by more recent work in advertising analysis, into terms directed to the advertiser himself. The basic reasoning of this type of analysis is set forth in this summary:

"When you look at an advertisement for which you are to sign the check, you see

Headline
Pictures
Text

Can you determine, *before* you sign the check and publish the advertisement, whether or not your headline, pictures, and text will do their individual jobs effectively? Yes.

"Behind and underneath these surface factors are the advertisement's 'works':

Sales idea
Emotional appeal
Sales argument
Vehicle
Objective

"Can you determine, prior to publication, whether or not the 'works' of your advertisement are effective? You can. A new analytical approach to advertising has proved that a positive answer is possible.

"This approach is not magic. It can't tell you *how many goods* your advertisement will sell, or *how many people* it will sell them to—nothing can do that. But it *can* tell you whether or not each element in your advertisement is *working hard for a sale.*

"This approach separates advertising into its two fundamental aspects—the engineering and the creative—and deals wholly with the engineering aspect. It dismisses from primary consideration the purely creative factors such as beauty, style, taste, and cleverness because they are matters of personal, individual opinion which cannot be charted or diagramed. It focuses attention entirely upon technical sales factors such as arrangement, organization, readability, and psychological soundness for which simple, well-known, common-sense criteria of judgment exist.

"An advertisement which is properly engineered, and contains a complete set of 'works' that really work, will sell goods, regardless of its purely creative qualities."

The function of advertising analysis is to make certain that your advertisement will work. An under-

standing of how it will accomplish this purpose may be gained by an examination of the three most important and visible advertising elements: headline, pictures, and text. The material that follows, analyzing headline, picture, and text, is condensed from the book "Before You Sign the Advertising Check" by Mark Wiseman and is used here with the author's permission.

THE HEADLINE

The engineering job of a headline is to reach out for the reader's attention, capture his interest, and propel his eye into the sales message. Each individual is interested beyond everything else in himself. His first response to every proposal made to him, however he may conceal his motives, is: "What will I get out of it?" Or, in current slang, "So what?"

Read the following headlines taken from actual advertisements and ask yourself after each one, "What will I get out of it?" Or, "So what?"

"Mankind fares as the pioneer dares."
"Every comparison piles up the proof."
"We are lamp specialists."
"America's largest selling gasoline."
"Quality is a great adventure."

If each advertiser had applied the self-interest test, would he have approved his headline? Would he have signed the check? Would *you?*

Next time you are asked to judge a headline, check it by going through the following list of types—to be avoided because they lack self-interest appeal:

1. The product-pushing headline that places your commercial interest ahead of the reader's self-interest ("The better anti-freeze"; "The hallmark of higher quality").
2. The "We are great people" headline ("Genius strikes twice in the same place"; "Through every storm . . . since 1845").
3. The general proposition headline ("Thirst knows no season"; "Who serves progress serves America").
4. The assumptive headline that unwarrantably takes the reader's opinion for granted ("You'll be amazed"; "You'll *like* a [certain car]").
5. The caption headline that merely describes the picture ("Here is a picture of precision"; "They work in a textile mill").

An effective headline can be *built*—with simple words. There's nothing startling about the wording of the following lines, yet notice how they reach out with a promise:

"What to do when you have a cold"
"I'll do 12 of your dirtiest jobs for a penny"
"Model tells secret of '100-mile' stockings"
"Look ten years younger"
"Treat yourself to spectacular Dodge performance —and save money, too!"
"Cook in clear, clean glass—no pan taste, never grows shabby"

"No waste! No mess! With the Kleenex Pull-out Package"

Without brilliance of wording, each of these headlines has power—because of its technical form alone—to propel the reader into the text. Directly or indirectly, each promises him definite self-benefits.

A selfish, product-pushing headline can be rebuilt into a reader-interest headline merely by applying engineering technique. Consider the advertiser who wants the reader to know that his product is "America's largest selling gasoline." If used alone as the headline, this phrase *excludes* the reader; he can say, "so what?" And if he is satisfied with the gasoline he is now using, he'll pass on.

Examination of the text of the advertisement in which this headline was used reveals *three reasons why* the reader will benefit from using the gasoline. A soundly engineered headline emerges:

"3 reasons why you should be using America's largest-selling gasoline."

Or, better:

"A 3-way profit to you from America's largest-selling gasoline."

No reader can say "So what?" to a line that promises him three profits.

Word brilliance can produce a working headline only when it is based upon sound engineering. For a special, sophisticated audience, Birds Eye Frosted Foods are well warranted in using the clever line:

"How to get more white meat without murdering your brother-in-law."

But, for a mass audience, the following simple line would lure more readers:

"How to get more white meat without spending more per pound."

Here are a few practical engineering questions for your use in judging a headline's ability to work for a sale:

1. Does it offer or suggest benefits to the reader?
2. Can its meaning be grasped at a glance?
3. Is it isolated for attention?
4. Does its typography make reading easy?
5. What does it say of the

THE PICTURE

The basic engineering job of the picture (the illustration used in the advertisement) is to focus the reader's attention definitely and clearly on a situation. For this reason, the pictorial sequence in the advertisement must avoid confusion so that the reader has no difficulty in quickly finding his way.

The second job of the illustration is to present a sympathetic situation in which the reader can quickly imagine himself as taking part. The picture of a man criticizing his wife may be sympathetic to a man reader (if he's a confirmed wife critic), but repellent to a woman reader (if she has been or might be a victim). The picture of a salesman selling a refrigerator to a woman reader is unsympathetic because no

woman wants to imagine herself as being *sold*—she prefers to think of herself as *buying*. A picture of the product alone will be unsympathetic unless it is news, or quickly suggests use, or satisfies a latent curiosity.

The third job of the illustration is to create conflict in the reader's emotions. *If there is no such conflict, there can be no sale.* Such conflict is created by pitting the reader's present situation against a more desirable one. The illustration of a Bromo-Seltzer advertisement helps create a conflict between the discomfort caused by hangover and the relief promised by the product. The illustration in a life insurance advertisement creates a conflict between the reader's love and fear for his wife's future, and his desire to protect her from poverty. In both cases, the product or service is the *rescuer* of the reader from the dilemma caused by his emotional conflict.

To make sure your illustration is working for a sale, judge it, not according to your personal likes or dislikes, but as to:

1. Its ability to focus the reader's attention
2. Upon a sympathetic situation,
3. That creates an emotional conflict,
4. From whose dilemma your product can rescue him.
5. Is the pic. related to the

THE TEXT

Writing style alone, however brilliant or charming, sells no goods. Before signing your advertising check, look below the writing, and examine the thought content and organization.

To move the reader to action, your text must do five basic jobs:

1. Win the reader's sympathy and good will and create emotional conflict.
2. Offer satisfaction for his need or desire.
3. Relate the benefits of your product to his need or desire and rescue him from his conflict.
4. Support the claims that you make for your product by evidence that the reader will accept and believe.
5. Justify your product's cost, provide clear directions for purchase, and request some definite action.

Crisco does job No. 1 successfully this way:

"You've probably wondered why children beg for pastries and fried foods. It always hurts to say 'no,' yet you've always felt that you must."

Ingram's does job No. 2 diplomatically and easily, like this:

"What downright comfort—what soothing shaves —economical Ingram's delivers."

Job No. 3 is usually acceptably done, but job No. 4 is often left entirely undone; yet if your claims are supportable, credible evidence should be easy to obtain—from users, from your own research, from your experience or special methods.

Job No. 5 is nothing more than a simple sales "closing," yet it, too, is often left unperformed.

A good test of advertising text is to ask yourself, "If this were not written about *my* product, would I

Rules for the Writer of Advertising

Here are a few simple rules which will help make advertisements newsy, cheerful, attractive, and easy to read. They were originated by a master personal salesman, John H. Patterson, founder of the National Cash Register Company:

1. Know your subject.
2. Use short words.
3. Write short sentences.
4. Make paragraphs short.
5. Use big ideas.
6. Put only one thought in each sentence.
7. Write so that a child will understand.
8. Say precisely what you mean.
9. Be brief.
10. Be logical.
11. Tell the truth.
12. Never exaggerate.
13. Don't imitate.
14. Be enthusiastic.
15. Write to impress the reader, not to express yourself or impress a competitor.

read it, would my wife read it, would my children read it—and if we should read it, would we be likely to buy?"

The two major points to be remembered in the engineering aspects of the building of the headline, illustration, and text into a selling advertisement are:

1. That advertising engineering must be sound before inspiration can help to sell; and
2. That engineering can be definitely charted before the advertisement is published.

SHOWMANSHIP AND COMMON SENSE

A rational understanding of showmanship in advertising, in the best sense of the word, is illustrated by the case of the young lady from Brooklyn in search of a job.

Miss Ann F., a high school graduate, took evening college courses. She did quite a lot of good reading and thinking; finally she set out to make a place for herself in the world. But the business world didn't have a place, at least not the kind of place she could fill. And funds were getting low. At this point, using the brains she had, Miss Ann F. sat down to think the situation over.

Where would you go if you knew for a certainty that you had some thinking power that *somebody* could use if (1) you could present it in the right way and (2) you could present it to the kind of people who would be interested?

Miss F. gave herself a limit of five lines and twenty-five words to say her piece. She knew her

first words would have to capture attention. She decided her biggest assets were her youth and her brains, put them first, topped them off with an emotional touch and a fine flair of showmanship, and ran the following advertisement in the classified section of a New York newspaper.

> Young lady, intellectually solvent, economically bankrupt and idealistically convinced there must be interesting jobs in this world. Will consider legitimate offer anywhere. Y. 156 *Herald Tribune*

Miss Ann F. received 19 answers, and a position!

Showmanship in advertising has been defined as "tact on a gorgeous scale, tact blown up like a balloon," or, to put it another way, a dramatization of facts, the telling of the truth in an interesting way about your product or service. After all, showmanship is nothing more than the attracting of people's attention and the holding of their interest. It is essentially a preliminary rather than the whole of advertising. It knows no limitations as to space or medium. If the idea is right, an 8½- by 11-inch direct-mail letter can be as good a stage as a 20-foot billboard or a nation-wide radio hookup.

Looked at in this way, showmanship need not be "tricky," a definition some will associate with the word, and it need not be flamboyant, exaggerated, or out of keeping with the dignity that necessarily is inherent in certain types of business.

Advertising and merchandising were not always dramatic and personalized and conscious of the values of good showmanship. Not so long ago advertising

placed dignity above drama as a sales appeal and believed pictures of the factory and the founder to be better salesmen in print than pictures depicting human interest.

The important viewpoint to maintain today is that all business, and more especially the merchandising phases, finds it necessary to be interesting. Large masses of our people, and people are markets, can be influenced most effectively by the advertising story presented graphically, dramatically.

The artist, Whistler, once said, "I mix my brains with my colors." In like manner, advertisers must mix common sense with showmanship in advertising, lest they confuse objectives and merely attract interest without following through in the sale of goods.

PUBLIC RELATIONS

In "The Tyranny of Words," Stuart Chase convincingly reveals that serious confusion arises when words, particularly universals, have a different meaning for different people. This seems especially true in the cases of "public relations" and "publicity," since these terms do not have the same meaning to all who use them.

To many manufacturers and businessmen, "public relations" is regarded as a highly organized and complex activity, frequently selfish and ulterior in its motives, carried on by public utilities and other large corporate bodies. With this fixed viewpoint, they may feel that their concerns are not faced with any problem of public relations; wherefore they take little or no interest in this potentially powerful promotional activity.

In reality, public relations means "relations with people" and any business, large or small, has relations with people. In these days of increased competition, the right kind of relationships with customers, prospective customers, employees, stockholders, and the general public are not only highly desirable as a form of business insurance but commercially profitable as well.

> *"Next to doing the right thing the most important thing is to let the public know you are doing the right thing." A promotional program embodying sound public relations recognizes the basic wisdom of this saying.*

The true public relations counselor, and he is relatively rare, might more properly be known as an "economic doctor." He uses publicity, but publicity is only one of his tools; it is to public relations as is the fraction to the whole.

The publicity counselor deals with all functions of a business which require interpretation to avoid public misunderstanding. He is concerned with the effects of a company's policies and actions on the management, stockholders, employees, sources of supply, wholesalers, retailers, salesmen, consumers, legislators, public officials, the press, and the general public. The most efficient publicity counselor believes that the best defense is a good offense; he aggressively presents the truth based on irrefutable facts.

"It is not enough to give employees a square deal," a noted business leader has said. "They must be shown they are getting it."

Public relations is not only the least understood factor in commercial sales promotion but its legitimate values and benefits, both immediate and potential, are more frequently overlooked than is any other phase of sales promotion.

"FREE ADVERTISING"

Another misconception rather widely held is that publicity is nothing more than "free advertising." Nothing could be further from the truth. No businessman can expect to receive much legitimate publicity until he fully appreciates this basic distinction.

The text of the average advertisement is largely a one-way affair. It is prepared primarily in the interest of the advertiser, and, in the majority of cases, it extols the virtues of the advertiser's products. This is altogether fair when the advertiser pays for the space so used; whereas attempts to get free space for such purposes are illegitimate and are resolutely blocked by most reputable publications.

Publicity, on the other hand, is a two-way affair. It must be in the interest of the producer or it would not be produced, but it must also be in the interest of the periodical in which it appears. It must, above all, have reader interest, that is, it must be newsworthy, possessing entertainment or educational value that fits the editorial policy and standards of the magazine to which it is submitted. If an item or article is endowed with these qualities, and otherwise meets editorial requirements, it merits publication.

Many businessmen have the naïve belief that a writer sits down and produces "publicity" and that newspaper and magazine editors eagerly await and print such stories because of the significance attached to them by the concern thus publicized. Such "corporate ego" has slowed up many an otherwise well-directed effort.

Proper publicity consists of commercial literary material of genuine news value, published as the result of an editor's uncontrolled judgment; and all material of this sort that gets into print for any other reason is an imposition on the reader, a liability to the publication, and, usually, worthless to the producer.

Clear to Anyone

No gesture toward the public which Big Business has made has been so gratefully accepted as the tendency to publish financial statements which can be read and understood without the aid of an expert accountant. The banks began it with statements through which a bright child could figure his way. The great corporations followed with résumés of their business which it was a pleasure rather than a torture to study.

The position generally taken now is that management is a trustee for the interests of the public as well as of the stockholder. This results in a simplicity and completeness of statement which make these reports valuable economic and social treatises. An example which happens to come to hand is the tenth annual report of General Mills for the fiscal year. No one glancing into it can fail to read it. The financial position of the company is presented in clear figures and self-explanatory graphs. But it is the business of the company which is stressed, its possibilities for development, its labor relations, its public relations, its relations with the government, and its plans for the future. It is an art to make the reader of an annual report feel like a partner in the concern.—*The New York Times.*

It follows, therefore, that although publicity can supplement advertising and do some things advertising cannot do, it is not a substitute for advertising.

USES OF PUBLICITY

Ideally, those directing a publicity program should concern themselves primarily with the manufacture of news; with the organizing of circumstances to cause fortuitous happenings, so that the actual recording or writing of the news is largely handled by the newspapers or publications themselves.

Legitimate publicity can open up new pathways, explore new fields, and give people new ideas. It can bring the name and qualifications of a firm or an individual frequently to the attention of any number of selected groups of people, thereby creating and maintaining prestige and good will. It can announce overnight new products and processes and new applications of old ones on an industry-wide, a nation-wide, or a world-wide scale. It can try out the possibilities of new markets and determine if they are worth serious cultivation. It can promote the sale of old products by educating prospective customers as to their special economies, efficiencies, and applications.

Effective publicity can correct erroneous impressions or misunderstandings that may arise regarding an industry or its products. It can break down barriers of conservatism and prejudice and create new standards of excellence. It can bring to both the trade and the personnel of a firm a larger view of the firm's policies, aims, and accomplishments.

The real test for publicity is the net result on the business publicized. Like all sales-promotion tools, it should make the job of the salesmen easier; sell the company's policies; and build up, over the years, a friendly feeling of good will on the part of the public. Publicity which mounts up in thousands of clippings neatly pasted in voluminous books, yet fails to reflect its influence on an ascending sales chart or improved public relations is so much wasted expense and effort. Publicity can and should be measured by the yardstick of demonstrable returns.

PUBLICIZING A PRODUCT

To understand how a publicity campaign is handled, let us consider the simple problem of publicizing a newly developed product.

The objective of our theoretical campaign is to announce the new product as fully as possible so that the maximum number of potential users will be informed about it, some idea of the degree and scope of the demand for the product can be ascertained from the inquiries developed, and salesmen can be assisted in introducing the product to their customers.

The campaign is logically divided into two parts:

1. The selection of the media to which the news releases will be sent.
2. The gathering and studying of all available material and the use of this material in preparing legitimate publicity releases.

Consideration is usually given first to newspapers, which are the most effective molders of public

opinion. Everyone reads newspapers; over forty million copies are sold every day. Items seen therein are widely read, hence a product development that can be announced by way of a national news syndicate gets off to a flying start that cannot be equaled in any other way.

Next in importance as a publicity medium is the business press. There are several thousand recognized trade, technical, and professional magazines serving nearly two hundred industries and professions. To select from this total a list of magazines that will be interested in any phase of the subject in hand requires a thoroughgoing knowledge of the individual magazines, their editorial policies, points of view, character of circulation, and use of illustrations and news matter. As a rule, the list has to be hand-picked for each subject, as no existing classification ever exactly fits the case and a list prepared for one purpose is rarely useful for another.

Then come the other channels for reaching the public—local newspapers, the general magazines, photo syndicates, newsreels, industrial house organs, periodicals issued by societies. Any that would be interested in the proposed announcement are listed and the proper method of approach in each case is determined.

With the field of action mapped out, the next step is to determine how the material is to be presented. Sometimes, a brief news item mailed to a selected list of periodicals meets the needs of the situation. Captioned photos for magazines and illustrated mats for newspapers may be distributed to advantage.

Often, extensive articles, prepared after consultation with the editors, can be published in several magazines in different fields.

When the subject is of sufficient importance, it may be announced in an address before a technical, professional, or scientific society; or a formal demonstration of the new development before an invited group of representatives of the newspapers and business press, writers, departmental editors of magazines, and cameramen may be justified. Usually, except in matters of minor or limited interest, various combinations of these methods of presentation are employed.

The timing of the announcement is of great importance, since there are appropriate and inappropriate times to announce almost any subject.

When the preliminaries are settled, a complete working plan and timetable of the campaign are next drawn up, which, when the zero hour arrives, will be carried out with the precision of a military operaton.

WRITING THE STORIES

The careful preparation of the actual copy to be distributed in the form of news releases is the most difficult part of the whole proceeding. Each publicity release will be submitted to the selected media freely and without attached strings. In each case, the editor's decision as to the value of the material as news or educational matter will be final. Hence the whole campaign must stand or fall on the reader interest of the submitted copy, and this interest of various groups of readers in the subject will vary.

Newspaper readers will be interested in one phase, readers of a business magazine in another phase, readers of a particular national magazine in still a third phase, and so on down the line. The writer of the publicity releases must have a precise understanding of these varying points of view, if anything he writes is to prove acceptable. He may be called upon to present his material in three, four, or a dozen different ways in order to cover the requirements of a single simple campaign properly.

It may be decided that the newspaper and magazine possibilities of the subject fall logically into three types of publicity releases.

First, The Factual Feature Story. Let us assume, for instance, that the new product to be publicized will be used in the home. Newspaper readers are interested in the living habits and the homes of well-known people. There is a natural desire to emulate outstanding people. Nationally known figures in the fields of politics, stage, screen, or sports, who are users of the product, will be featured in stories, and the news facts about the product interwoven.

Second, The Technical Story. A testing of the new product by an outstanding laboratory, the United States Bureau of Standards, or other well-known institutions, will provide the basis for a story of technical merits presented in everyday language for the average newspaper reader's attention.

Third, The Stunt Feature Story. A beautiful young woman poses with a noted screen star while both examine the new product. A short caption beneath this illustration carries the story that this young woman, a recent bride, was deciding to use the new product in her home.

The campaign, when finally executed, may prove to be anything from a huge success to a complete failure, depending on the intrinsic merits of the subject, the skill of the publicist, and events over which he has no control. In general, the properly prepared publicity campaign based upon a subject of genuine public interest is satisfactorily successful, although it may be weeks or even months before this fact can be ascertained. At the same time, no firm utilizing publicity should restrict itself to a single campaign; it is the net result of a series of campaigns that counts.

KEEPING STOCKHOLDERS INFORMED

All too frequently stockholders are overlooked in a corporation's promotional plan. Many companies that expect vitality and progressiveness in their sales promotional materials are content with the conventional, outmoded annual statement. The purpose of the public relations campaigns to stockholders sponsored by the more progressive companies is to maintain an informative, periodic contact with the real owners of the business and to acquaint them with their company's manufacturing processes, market opportunities, and products.

Sensing an opportunity to build its nearly 70,000 stockholders into an army of good-will boosters, General Foods Corporation has initiated a new phase of its public relations activities by establishing a direct "friendly, communicative link" between management and stockholders.

Instead of issuing the sedate periodic corporation report, General Foods ties up its financial statement with an explanation of current company activities in the pages of an informal, copiously illustrated, eight-page tabloid newspaper called "General Foods News," to be distributed four times a year.

"Your management has long known that in the hands of the General Foods stockholders rests a great power to affect sales of our products," the company explained to stockholders in the first issue. "This selling influence, thoroughly awakened, could exert a beneficial influence on the annual sales figures of your company.

"We urge you not only to use your company's products but to recommend them to your friends and to ask for them at your grocer's. Armed with the facts in our new booklet, 'A Friend of the Family,' you are potentially one of General Foods' star salesmen."

The booklet referred to accompanied each copy of the first quarterly report issued in tabloid form and covered the complete range of General Foods products, with data on the background, development, and experimentation that have marked the merchandising activities of all General Foods divisions. In a foreword by the corporation's major executives the organization's business philosophy was outlined.

A PROPHET WITHOUT HONOR

Daily, on every hand, the clear-thinking citizen observes American business at work. So familiar are

its accomplishments that they are accepted as commonplace; little thought is given to the connection between the business process and the general well-being of the country. On the other hand, because of the general misunderstanding that has arisen between the desks of management and the workbenches of the country, the purpose and utility of business is regarded with suspicion and distrust.

What is behind this disquieting attitude toward business in a land famed for its supremacy in the production of goods which make life more comfortable, more interesting, and more worth while; where business has contributed its share in the best life in recorded history? Why are we part of the bewildering spectacle of a large portion of American citizens literally biting the hand that feeds them?

Business in the United States, partly through its own fault, has been in the doghouse for years. Because of the greed or corrupt practices of a small percentage of businessmen, and because a relatively few corporation executives operated their own companies for their personal benefit rather than in the interest of the stockholders, all business management has suffered criticism.

Business has been so preoccupied with its major internal problems that it has grown almost inarticulate. It has been frightened into the notion that it must move through subterfuge, in secrecy, and with doubt as to its approach. It has permitted itself to be pushed and crowded by the "smear" technique of the opposition until it speaks apologetically of efforts to develop good relations with the public.

It is a well-known fact that business, so capable and ingenious in improving and selling its products, has been far less progressive in its human relationships. Much of the time it has been behind public opinion when it should have been ahead. It has been thrown into confusion, not because of any inherent or irremediable weakness within itself, but because it has failed to make clear to the people the philosophy and principles of its existence.

This situation is by no means unique. It is a recurring phenomenon of American life that at varying intervals an administration or public leader launches an attack on certain sectors of business activity or on business generally. This was true in Andrew Jackson's time; it characterized Cleveland's administration; it happened again in the days of Theodore Roosevelt and his "big stick." More recent years have witnessed the re-emergence of similar activities in more vigorous fashion than ever before.

Obviously, large sectors of the American public do not regard these actions as attacks; from their point of view these movements represent proper governmental remedial actions which cause business to clean house and give the public a square deal.

No responsible leader of this country's business will maintain that all business activities or institutions are perfect and proper or that some activities and certain parts of American business cannot properly undergo a housecleaning. In every group there are good men and evil men, wise men and fools, the just and the unjust, the greedy and the generous. Human nature and human institutions

continue under all systems to have their endless variety.

The essential problem of government is to police men's activities so that wrong may not be done and justice may prevail. The politicians and radicals and pseudo economists overlook this. Instead of seeking to reduce and prevent injustice between citizens they blindly attack a system of production and distribution that by its results, as shown in our standard of living, is the best so far devised.

American business should be in a position to refute this malicious, calculated propaganda, even remedy its ill effects so that its policies and purposes may be properly interpreted and, where justified, understood to be right and proper in the eyes of society.

Falsehood and misrepresentation can only be successfully combated by plain unvarnished truth, which in the long run always wins. Unfortunately, the nation's business cannot afford to let "the mills of God grind slowly" for, truly, they grind too slowly to be helpful in the present circumstance. Business cannot proceed too leisurely in making friends, lest the opposing forces completely undermine public confidence in the integrity and usefulness of American business.

BEST DEFENSE A GOOD OFFENSE

Now, perhaps more than at any other time in history, business should raise its sights and present its fundamental case by intelligent, constructive planning in the field of public relations. It must tell its story and win friends as regards "the right further

to serve and grow and achieve—the proper relationship with government and government with business —a clear understanding by the people of the functions of business so that business can do more for the people—provide a higher standard of living—better wages—a richer and fuller life."

To do so, business as a whole, individual businesses, and individual businessmen need efficient public relations counselors, not merely "publicity men." Press clippings will not suffice; there must be competent consulting advice on the proper way to interpret basic economic factors, and the reactions and effects of corporate policies on mass psychology, and in turn, on society in general.

American business must broaden its views. Business leaders must realize that not every strike is due entirely to the machinations of a labor agitator, or a consumers' boycott to the initiative of a wild-eyed reformer. Many of these costly industrial blunders are caused by the stubborn insistence of a corporation executive who would rather fight than settle and who believes favorable public opinion can be immediately created for his side of the proposition by the running of full-page advertisements expounding his point of view in leading newspapers.

Corporation executives could learn much in the handling of public relations from the Chinese who pay the doctor in advance to keep the individual healthy rather than call him in only when the patient is seriously ill or dying.

A few far-sighted business leaders do use this "Chinese doctor" policy. They view good public

relations as an important day-by-day activity. They build up an acceptance, over the years, of a justification for their existence; they are consciously alert to interpret their business in terms of human usefulness. In time, the institutions headed by these wise leaders take on a character and a personality that make them appear warm, human, and socially useful in contrast to the ogre-like, cold conceptions of concerns which overlook this highly important duty to themselves, their stockholders, their employees, and the public.

American business, whether large or small, cannot afford to ignore public sentiment. No less an astute judge of human nature than Abraham Lincoln said, "Public sentiment is everything. With public sentiment nothing can fail. Without it, nothing can succeed. Consequently he who molds public sentiment goes deeper than he who enacts statutes or pronounces decisions—he makes statutes and decisions possible or impossible to execute." That statement was true in 1860: it is true as gospel today; and it will be equally true for countless years to come.

THE JOB AHEAD

The great job ahead is the rehabilitation of the American commercial system in the eyes of the American public. This is a difficult task requiring all the ingenuity, sincerity, and vision which our industrial leaders can marshal in its behalf. It may well prove to be the major job ahead for business to tackle and to handle.

It should be clearly understood that circumstances and political propaganda have made it necessary

for American business to explain itself to a public that has been taught to be suspicious of explanations that come from business. Thus the influences that have made it necessary to explain business have also made difficult the job of doing so.

The job of preparing explanations of American business is no problem. The facts are available and merely require arrangement. When they are added together and weighed, they are favorable to business. The problem is to find a way to assure the public that the facts are credible.

It is doubtful that the facts about business can be made credible to all segments of the public by any standardized procedure. Facts that are accepted as credible under one condition are rejected as incredible under other conditions. Truths that are self-evident to one group are regarded with skepticism by other groups. Care and great skill will be needed to specialize the story for each group.

Resorting to lobbying bureaus, making heavy campaign contributions, and the lavish wining and dining of the right people are certainly not the proper way to win and build lasting good will. These pressure tactics, the behind-the-scenes methods heretofor so frequently used by some sectors of American business, tend only to sour the public and increase its feeling of suspicion.

A more ethical, democratic, and practical procedure must be followed. A disarming frankness and a universal impression of sincerity based on telling the truth in a straight-forward manner is essential to success.

Thus, in the rehabilitation of the American business system in the eyes of the American public, publicity and paid advertising will be of enormous importance. It may be that, whereas these modern promotional tools have heretofore been devoted primarily to selling products, they will henceforth be used more for selling ideas. Perhaps the big idea American business will have to sell will be economic education.

Impractical? Too costly? Never done before? Quite true. But remember the wise skipper throws some of his cargo overboard when his boat is threatened in the storm. The amount of sales cargo which may be lost by devoting advertising and publicity to selling the truth about American business will be but a drop in the bucket compared with the ultimate good that would come from blotting out the misconceptions about American business that are finding increasing acceptance. The stakes are high; the strategy suggested is at least worth a trial.

Mass Misunderstanding

Did you know that less than 1 per cent of American workers questioned on the subject knew that labor gets as much as 10 per cent of each dollar of income produced by the manufacturer?

According to United States government figures, labor receives 84 per cent of each dollar of income produced by the manufacturer!

RADIO

The split-second hand of the studio clock nears eight o'clock. An unexpected hush falls over the audience of hundreds of people who have spent many hours and pulled countless wires to get the coveted passes to the broadcast studio.

The scoutmaster begins reading from his script; the stick waver raises his baton; the gelatine's quavering voice is lifted in a refrain that, carried out over the national hookup, may be heard in ten million or more homes tuned in on the program.

Over in the fish bowl, the fairy godfather settles back contentedly, despite the fact that the next hour's activity will cost his company around $30,000 for the production of the program and the time costs of the stations used.

A big-time radio show is on the air! Eighteen hours or more, each day throughout the year, this same scene is repeated in its essential characteristics so that the radio listeners in the United States may have more or less satisfactory service all day and most of the night over the 728 United States radio stations, carefully spaced, timed, and powered to assure maximum clarity of reception over the air channels.

How many people are listening to this program? How responsive, from the commercial standpoint, will they be? Will the program pay out in increased profitable sales of the sponsor's product? Can the advertiser justify a yearly expenditure of $1,500,000 for an hourly program each week over a nation-wide hookup?

Some Radio Terms

(From a glossary by John Carlile in "Variety Radio Directory 1937–1938," Vol. 1)

Abie—Anyone who is sure-fire.

Adenoid—Any vocalist with a voice that is "tight."

Canaries—Vocalists (used chiefly of coloratura sopranos).

Cat—A swing musician.

Clientitis—Pain suffered as a result of sponsor interference.

Cliff-hangover—A radio serial thriller.

Corn-on-the-cob—A harmonica.

Crawk—An animal imitator.

Fairy godfather—Easygoing sponsor.

Fish bowl—The clients' studio observation booth.

Flesh peddler—An agent selling talent.

Gelatine—A tenor with a thin, quavering voice.

Grasshopper—Young supernumerary of an advertising agency.

Groan box—An accordion.

Hambone—Unconvincing blackface dialectician.

Hogcalling contest—A strenuous commercal audition for announcers.

Lady Macbeth—Superannuated tragedienne.

Lock jaw—The affliction ascribed to a tired or lifeless singer.

Madame Cadenza—A flighty female vocalist.

Old cow hand—Experienced staff member called upon to escort important guests about the studios.

Old sexton—A bass soloist with dark vocal quality.

On the beach—Unemployed.

Rover boy—An advertising agency's junior executive.

Schmalz—Supersentimental rendition of a musical number.

Scoutmaster—A radio announcer or commentator.

Squeakstick—A clarinet.

Stick waver—An orchestra leader.

Strip across the board—Program occurring at the same hour five or six days a week.

Town crier—A vocalist who sings too loud.

White meat—An actress.

Whodunit—A mystery script.

Woodchopper—A xylophonist.

The net of these questions is that radio, in its comparatively short span of existence, has demonstrated its commercial utility. Properly used, it is a modern sales tool of great effectiveness.

HOW BIG IS RADIO?

Radio as an advertising medium began to come into use about 1922. Up to that time nearly all advertising made its appeal through the eye of the reader by way of the printed page.

Today this new form of advertising which makes its appeal through the ear is as characteristically American as the automobile, the telephone, or the motion picture. Actually, this is a statistical understatement, for if every seat in every motion picture house in the United States were occupied at this moment by radio set owners and their families, only one-eighth of the total potential United States radio audience would be at the movies. There are 7,000,000 more radios in the United States than passenger automobiles; there are more than twice as many homes in the United States equipped with radios than with telephones.

Every day new listeners are joining the radio audience, the better to confound those skeptics who have said that the saturation point has been reached. Homes with at least one radio in the United States, as of January 1, 1938, totaled 26,666,500, or 81.7 per cent of the 32,641,000 United States families. A year earlier, 1937, official figures showed 24,500,000 radio homes; on January 1, 1936, the count was 22,869,000 for the estimated families owning radio sets. In the

year 1936 alone, over 1,600,000 of the 8,000,000 sets sold, or 20 per cent of the total, went into the homes of original purchasers, homes not previously equipped with a radio.

In addition there are now about 5,000,000 radios in motorcars and 6,000,000 extra sets in homes. To supply entertainment for the nearly 38,000,000 sets in homes or automobiles, there are 728 broadcasting stations, almost half of them linked up with one of the three systems: N.B.C. with 151 stations, divided between its Red Network and its Blue Network, C.B.S. with 114, and Mutual with 76 stations. Of the remaining stations, a good handful are linked by smaller networks; the majority are strung across the land to flash out independent broadcasts over local areas.

Careful analysis reveals that the greatest concentration of radio ownership is in areas of densest population and among people with money. Usually, where there are active markets and economic prosperity, radio ownership is almost universal. New York State, for example, has 92.9 per cent radio ownership; Ohio, 92.4 per cent; Massachusetts, 92.3 per cent; California, 94.5 per cent.

A somewhat similar concentration is observed in a breakdown of ownerships by income levels. In all United States urban homes with incomes of $5,000 and over, radio ownership is 98.6 per cent; in United States urban homes with incomes of $2,000 and under, it is 85.1 per cent.

At the time these facts were assembled, it was estimated that only 34 per cent of the farm families

had radios, as contrasted with 93 per cent for families in cities of more than 250,000 population.

How much money is spent for radio as an advertising medium? In 1937, 245 radio network advertisers bought 278,247 station hours of radio time for which they paid $69,612,480. In addition, these advertisers spent an estimated $45,000,000 more for the production costs of their programs, that is, the cost of the talent used.

At present, these production costs run from 45 to 55 per cent of the total costs for the big radio shows and about 40 per cent for the average evening show.

Another impressive sum, approximating $50,000,000, was spent during the same period on non-network radio advertising for time alone, some by national and some by local advertisers.

WHO LISTENS TO RADIO?

Although the figures of radio, reduced to set-ownership figures and time and talent costs, are impressive, they are of secondary importance. The vital question of interest to the merchandiser contemplating the use of radio as a commercial sales aid, is: "What is done with all these radios?"

Careful tabulations, based on United States Census figures, reveals that there are 3.01 persons over ten years of age in the average radio-owning family. On such a basis, the potential radio-listening audience would include approximately 70 million people. Other authorities suggest 90 to 95 million possible listeners as a more accurate estimate, broken down

into 2.3 auditors per set in the evening and 1.2 auditors per set in the daytime.

Of course, everybody knows "everybody" listens to radio programs. Set-ownership figures and continued annual sales of millions of radio sets are proof of that. But such data are not sufficient for the merchandiser who wants to eliminate or at least reduce the hazards to his marketing success. He must know about listening habits by income levels, by time zones, by size of city, by rural areas. He must further know how much time people devote to listening, what their day and night listening habits are, and how much they use their sets by days of the week.

Reduced to its simplest form, the answer to this question of listening may be stated somewhat as follows: People in all time zones and of all income levels listen a great deal. Here are some figures covering all radio homes in United States communities of 2,500 and over from the Columbia Broadcasting System's study, "Radio in 1937."

RADIOS IN DAILY USE, BY CITY SIZE

Size of city	Percentage of all sets
2,500– 10,000	83.9
10,000– 25,000	76.3
25,000–250,000	77.4
Over 250,000	71.6

INCREASE IN DAILY LISTENING

Average for all sets in daily use

Year	Average hours
1932	4.1
1933	4.2
1934	4.3
1935	4.8
1936	5.1

RADIOS IN DAILY USE, BY INCOME LEVELS

Income class	Percentage of all sets
Incomes under $2,000	76.9
Incomes of $2,000–$5,000	77.4
Incomes over $5,000	73.3

HOURS OF DAILY LISTENING IN 1936

Correlated with years of radio ownership average for all sets in daily use

Years of ownership	Average hours
1–2	4.6
3	4.6
4	4.9
5	5.0
6	5.3

HOW CHECK RESULTS?

The skeptic may well ask: "How do you know they listen to your radio programs?"

The most satisfactory answer to this question lies in the definite response experienced by advertisers. The results of a radio campaign, whether reported by the advertiser, the agency, or the broadcasters, are obviously the direct results of listening.

The responsiveness of the radio audience manifests itself in many ways. Among them, in direct replies to specific offers made in the broadcast programs.

These "presents with a purpose," these big, free offers range from booklets and knickknacks that can be had for the asking to more enduring articles given in exchange for labels, wrappers, and box tops. The number of responses to an offer of any given program is the best indication of the size of that program's audience. The all-time high is said to be a million replies in forty-eight hours to a single announcement.

Large-scale radio responses, running into hundreds of thousands, and in some cases even into a million or more, are matters of record, known to most advertising men. Yet these are perhaps no more significant than other instances where advertisers with modest programs secure a steady response, year in and year out, thus securing a high return per advertising dollar of expense.

Unsolicited audience mail—fan letters—are another method of revealing facts about a radio program. But it is a well-known fact that fan letters fall far short of being a good statistical guide to an audience. The information they contain may not be regarded as representative opinion of the radio audience as a whole.

Although mail questionnaires are useful for many types of studies to determine audience preferences and other factors, the weaknesses that attend their use in any survey are equally true in a radio study. Their strength lies in simplicity and speed. Details are hard to get and not too reliable when they are obtained. Information on age, sex, and economic standing is just as unreliable. Questions asked must be few and worded in such a way that there can be no garbled interpretation of their meaning. There is also the possibility that people who answer questionnaires do so because they are more interested in the subject than those who fail to answer. Information received, therefore, may not be representative, even of the sample selected for questioning.

The use of the telephone to determine radio listening habits provides the inquirer with a form of

personal interview. Such questioning gives the program sponsor an opportunity to learn what a man or woman is doing about radio at the time the call is made, thus eliminating the errors that are bound to come from a too-confident reliance upon the human memory. It should be noted that telephone calls miss all non-telephone homes, and radio homes today outnumber telephone homes by more than two to one, a condition that becomes increasingly apparent as one gets into smaller communities.

Another method used to check a radio program's responsiveness and depth of penetration is by a series of systematic and personal interviews and by sales returns. Personal interviews can be truly representative of the American radio audience, broken down by size, time zones, and income levels. When conducted periodically, each successive report acts as a check for the others. Thus, over a period of time the broadcaster can develop reliable factual data of value as a measure of comparison.

WHERE GIVE CREDIT?

These efforts to measure the effectiveness and penetration of radio are laudable. Every businessman wants to reduce the hazards in business, and these activities help him do so. However, it should be clearly understood that the returns from these checks on radio's efficiency as a selling medium are most helpful when they are construed as being indicative rather than conclusive.

In attempting to judge results solely by sales returns and thus allocate credit, the national advertiser faces a perplexing problem in determining *what does what to whom*. How can the advertiser accurately evaluate the degree of sales effectiveness of his radio program, his magazine and newspaper advertising, his dealer promotion, and his personal selling, particularly in their relation one to another? It simply can't be done; at least not accurately and sensibly enough to make such guesses the basis for sound judgment. Except in the unusual circumstance where radio is used exclusively, all the varying factors just enumerated must be considered.

By the very nature of radio, the physical competition of popular programs and the size of the expenditures made, it was perhaps inevitable that the advent of radio would focus the attention of advertisers more and more on the desirability of a closer check on the returns from the advertising dollar, not only for radio but for all other mediums as well. Thus radio has spotlighted the need for a closer check on all advertising's effectiveness; in doing so, radio has made a definite contribution to effective marketing generally.

DOES RADIO REALLY SELL?

In many instances, the relationship between the responsiveness of the audience and the sales of the advertiser's product can be traced with considerable precision. A typical example in illustrating the fact that radio really does sell goods is found in the

experience of a large food-product company in the four cases cited:

The Offers Made over the Air	*What Happened to Sales*
1	1
A pancake flipper was offered with each large package, or with two small packages, of a product retailing for 34 cents in the large size and for 19 cents in the small size. Sixteen announcements were made, four of which were devoted to explaining the shortage in premiums.	Before the offer was made, average monthly sales were 356,845 lb. During the period of the offer, average monthly sales rose to 770,358 lb., an increase of 116 per cent. One month after the final offer, monthly sales still averaged 610,185 lb., an increase of 71 per cent over the former average.
2	2
A spoon was offered as a premium with each 10-lb. or 24½-lb. sack of flour; or one spoon and one fork with each 49-lb. sack. Thirteen announcements were made, but four of them had to be given over to explaining the shortage of premiums.	Before this offer was made, monthly sales averaged 28,000 bbl. During the period of the offer, monthly sales rose to 42,734 bbl., an increase of more than 52 per cent.
3	3
A cake pan was offered with each two packages of a special type of flour, retailing usually for 29 cents a package. Eleven announcements of this offer were made, of which three were devoted to explaining the shortage in premiums.	During the year preceding the offer, total sales of this product (in the territory affected) amounted to 16,751 cases. During the six *weeks* of the offer, total sales amounted to 23,691 cases, or 41 per cent more than the entire *year* preceding.

4	4
A cereal bowl was offered with each two packages of a branded cereal product. Sixteen announcements were made, three of which were devoted to explaining the shortage of premiums.	Nearly as much business was done in the first 3 weeks of this offer as during the previous 11 months. In 7 weeks, total sales amounted to over 70,000 cases, as much business as was done the previous 15 months.

WHAT MAKES RADIO APPEAL?

The radio medium works. But how does it work? The direct, personal, man-to-man appeal of the radio is the quick answer. The more profound answer is that broadcast advertising, when properly handled, is much more than advertising. It is something to which people turn with pleasure—and for pleasure. It creates, in its audiences, a reaction which is primarily emotional and this emotional reaction makes the audience responsive in a high degree.

In politics, when a candidate is not sure of the outcome of his campaign, he appeals personally to the people, announces his platform, intimately and forcefully, and takes the public pulse. In radio, the advertiser follows much the same course. Over the air, he comes to tell the people what he has to sell. In a friendly, cheerful chat, he, too, is able to discover how the consumer stands.

The response of the radio audience to a personal appeal is surprisingly quick and sure. When severe floods threatened the United States, one of the Rochester stations put on a special program for Red Cross Relief Funds. After five nights on the air,

radio listeners from this studio alone contributed almost $30,000 to the fund.

Kate Smith, in a similar emergency, asked for funds over the airwaves and received cash answers from all over the United States and Canada. Her honest, folksy voice went straight to the hearts—and the purses—of her listeners.

One of the major-network baking-company programs, on offering its child listeners tokens of the program, received requests for a million and a half tokens in less than six weeks.

Modest offers, requiring visits to filling stations, with no prizes, were made over the air, by oil refineries. Each offer brought not less than a million answers in visits to the sponsor's filling stations.

Prompt responses are also had from single station offers. A single announcement, made between innings of a baseball game, helped a New York State refrigerator manufacturer to sell a carload shipment. Too many baby chickens with no market for them was the problem of a poultry farmer, who announced his plight over a midwestern radio station. By night he had to order more chickens to fill the calls.

Most famous of all radio yarns is the one about the motor dealer who over the air offered a prize to the first car driver to reach his establishment.Traffic violators filled the courts; the streets were lined with wrecked cars, and the man's business was jammed to the doors.

Another case in which automobiles also figured dramatically was that of the squadron of naval planes lost in a California fog and helped to a landing

by the throng of automobiles, which, in answer to a radio plea for help, formed a ring of light around the runway of the landing field.

And so, in commercial advertising, radio establishes the entente cordiale between the manufacturer and the consumer. The air plea seldom goes unanswered.

WHY AUDIENCES RESPOND

Granted then that a radio call brings an immediate response, just why does this harmony exist, what is behind it, how, in the first place, did it come to be?

Careful investigation of this subject in the field of advertising has shown that there are seven basic factors behind the responsiveness of the radio audience. These may be summarized as:

1. The radio audience is a voluntary audience;
2. It makes a habit of listening to the programs it likes;
3. It listens in groups;
4. It renders appreciation and friendship to the sponsor;
5. Sound makes an intense and enduring impression;
6. The human voice has all the provocative qualities of personal selling;
7. The artistic value of the program entertainment so sways the emotions of the listeners that the sponsor's "sales talk" is accepted in the same spirit.

Before discussing these points in detail, it should be clearly understood that we are not dealing with

the listener's reaction to the entertainment side of the program; we are considering solely his reaction to the advertising communication therein.

VOLUNTARY LISTENING

The people who listen to a certain program, day by day, choose that program intentionally and without benefit of outside advice.

In the beginning, picking up a number of stations was the hobby of the radio-set owner. So long did this hit-or-miss station hunting continue that radio as a commercial advertising medium was despaired of. Later, the radio audiences formed the habit of tuning in on a single station—usually the one with the best reception—and leaving it on all day. This helped the advertising aspect, but limited it to the area reached by the most popular and most powerful stations.

In this day of better transmission and better receiving sets, the radio audience is given a wide variety of good stations, and the selective listener now moves from station to station, looking for the program he most enjoys. He listens regularly to the program which gives him the greatest personal pleasure. He is predisposed in favor of that program; he knows what to expect and he likes it in advance; he is prepared to accept the commercial announcement which accompanies it.

LISTENING HABITS

Once the program has achieved the approval of the voluntary listeners, it becomes a habit. Week in

and week out, the percentage of radios tuned in on specific programs shows the same trend.

This fact gives the radio advertiser his greatest advantage. *He knows* his listeners. He can plan his radio campaign to fit their needs and preferences. At least once in every seven days they hear his commercial announcement, and as the sales talk grows in strength, the response becomes stronger. So well known is this that every broadcast advertiser has learned to wait until the listening habit has established itself before he attempts to judge the commercial value of his program.

Families, as a unit, compose the radio audience. The members, from grandfather down to little Bobby, gather around the receiving set, and the listening process becomes a group force rather than a single individual's isolated enjoyment.

We all like to see the other fellow enjoying himself. Our mood of pleasure is accelerated by the pleasure of our companions. The radio, then, has the power to move a group of listeners, a much easier task than that of moving a single person.

Group listening brings on group discussion—another point in the favor of the commercial broadcaster. The more the listeners have to say, in groups, about the merits or weaknesses of the products, the more firmly the name and the product become fixed in the mind of the audience.

AUDIENCE APPRECIATION

In the early days of radio, so spontaneous was the listener's reaction to the entertainment value of

the program, be it a favorite dance band or a poignant dramatic skit, that the sponsor, naïvely enough, thought he could depend on audience loyalty to push the sales of his product.

Now, in the light of hard reasoning, the advertiser uses a more scientific and more profitable approach.

He accepts the fact that while the listener does feel a degree of appreciation of the sponsor's effort to entertain him, this appreciation—and the consequent reaction to the commercial message—cannot be achieved until the sponsor shall have learned, with reasonable accuracy, what kind of audience he is reaching and what the audience wants.

In other words, his own subtle appreciation of his radio listeners eventually brings to the sponsor the personal appreciation of that same audience.

Listening is an easy process; it requires no effort. Unlike reading, which requires a certain amount of motion and the use of sensitive eye muscles, listening calls for no exertion or exhaustion. Auditory impressions, therefore, have everything in their favor and nothing against them. When in a letdown and felicitous state, the listener becomes receptive; he is in a mood to believe.

H. V. Kaltenborn, well-known news commentator who for years wrote newspaper editorials, in comparing the power of the spoken and written word admits that there can be no dispute over the superior power of speech. The radio audience's response is more favorable than that of the newspaper audience, he feels, because the listener is relaxed whereas the reader is tense and hurried.

The survey made at Harvard University by Hadley Cantril and Gordon W. Allport, later published in "The Psychology of Radio" (Harper), brought out the following interesting points concerning the advantages of *listening* to an advertisement:

That straight *facts* are better understood and more interesting when heard over the radio than when read on a printed page.

That *narrative* and *abstract material*, political talks, and expositions are better understood and more interesting when heard over the radio.

That after 24 hours people recalled advertising trade names better when they had been heard over the radio than when read on a printed page.

That numbers and simple words were remembered better when presented over the radio, but that difficult or unusual words were remembered better when presented visually.

That *sentences*, short or long, simple or complex, were recalled better when heard over the radio.

That people remember *directions* better, and understand them more readily, when they heard them than when they read them.

That the human voice tends to make auditory presentations more personal and that more caution was exercised toward printed than toward spoken material.

That material presented over the radio has greater power of suggestion than material read on a printed page.

THE POTENCY OF THE HUMAN VOICE

The strong, rich, provocative appeal of the human voice is the radio advertiser's chief asset. With this, he has an advantage over any other kind of com-

munication. No writer can match a speaker in effect when the very words he has written are spoken, not read. No playwright can hope, through his printed lines, to put forth the same meaning that comes when the lines are spoken across the footlights.

And no salesman has ever succeeded in writing a letter or composing a paper that was half so productive of results as was his own, intimate discussion of the same subject when face to face with a prospect.

In radio advertising, the spoken word conveys meanings, delicate nuances, that are lost in cold black type on white paper. In the human voice, we have the benefit of warmth, of spontaneity, of highly personalized contact, aimed, word by word, exclusively at the listener. First the idea is presented, then a suggestion is offered, and finally, with grace and finesse, made possible in talking when it is impossible in writing, the advertiser's message is summed up neatly and brought to a close.

When the advertiser's sales talk reaches the ears of the radio audience, it is, if the sponsor is wise, closely linked to the emotional effect that has been created by the program as a whole. We know that radio listeners are voluntary, and that they are habit listeners, and that when they tune in on a certain program, they are ready to accept its entertainment, because it appeals to them, personally. By the same token, they are ready to accept the commercial announcement, as a part of the program, not as a separate thing. No well-handled announcement is heard by itself; it is shrouded in the magic spell of the entertainment that has preceded it.

Look at a few of the successful programs. A waltz program soothes its audience into a sense of quiet, dreamy enjoyment. A program of the Maxwell House Show Boat type carries its audience into a mood of robust comradeship with the Show Boat captain and his troupe. When the commercial comes along on these programs, you do not hear it alone—you hear it against the emotional effect created by the program.

Hearing the announcement is not even remotely comparable to reading the same words on a printed page. In type, the words stand alone, with only the help of layout and illustration. But on the air, they come to the audience against a background of his own emotions which have been aroused by the appeal of the whole program.

There are many kinds of emotions—the gratitude of the housewife who receives domestic advice on the air; the thrills and chills brought on by the stirring detective drama; the exaltation felt upon hearing a symphony. But whatever the effect, it places the mood of the commercial announcement; and that mood has much to do with the audience reaction.

WHAT MAKES A PROGRAM POPULAR?

There is no sure-fire recipe that will make any one radio program everybody's dish. Popularity doesn't follow a formula. Just as all people cannot eat ham and eggs, so the fancy of the entire radio audience cannot be caught and held by a single type of air entertainment. There is, on the other hand, a steady, normal appetite for radio fare of *all* types, and this

appetite does not depend so much on the piquancy of the fare as on its degree of excellence. Here, certainly, quality counts.

Program popularity is not determined by "position" in the schedule of the day, for the radio, from dawn's setting-up exercises to night's slumber music, has its loyal followers, and any canny advertiser thinks twice before he considers changing his location.

Nor is Broadway talent essential to radio popularity or a throng of Hollywood guest stars in a radio revue hour. Nor is top rating the last answer to the question of who ranks first in popularity. As a matter of fact, the hearts of some of the most successful radio advertisers start to sink when their program rating begins to mount. They know all too well that their radio hours are not appealing to the right people, the ones to whom they hope to sell their product. Their best prospects are small-community folk without telephone conveniences, and the new, exciting rating figures come from radio listeners in large cities and in homes with telephones.

Program popularity as it concerns advertising must be considered in terms of audience appeal. When your program appeals to the potential purchaser of your product, you have, for your purpose, a popular program. The "rating" is of minor importance.

If you were selecting space in a magazine, you would consider the editorial content. You would ask yourself: What kind of people read this magazine?

In radio, you are given a chance to determine your own editorial content. You know your product; you know your prospects; you can ask yourself: What

kind of program would such a prospect enjoy? With this question accurately answered, you have the sum and substance of what makes a program popular. From then on, the degree of popularity will follow directly the superiority of its presentation.

The broadcast advertiser will do well to shape his program as much as possible to fit his product or service. A high-quality cosmetic manufacturer will be careful to select "editorial content" that will interest women who like to buy the more expensive face powders and creams and have incomes which enable them to do so. A cigarette manufacturer or a bakery organization would choose entertainment of another nature, because they want programs to go straight to as wide a "base" of radio circulation as possible.

To get an idea of how people, far above the average, might or might not differ in their listening habits, the Columbia Broadcasting System asked Boston University to make a study of a group of wealthy socialites in Boston. When asked their program preferences, these people immediately recalled 129 radio features by name. Of the programs mentioned, 99 were advertising campaigns. Their first five choices were (1) Boake Carter; (2) Major Bowes; (3) Rudy Vallee; (4) news bulletins in general; (5) Ford Sunday Evening Hour. In other words, insofar as radio is concerned, the rich behave very much like the poor. They like news over air [see (1) and (4)], but their second and third preferences hit high spots in any popular program-preference study. The normal human desire for the diversified entertainment offered

by the radio is not fundamentally affected by the bank account or the place of living.

USES OF SPOT BROADCASTING

Commercial use of radio time is divided about equally between national programs, national spot programs, and local spot broadcasts.

National spot broadcasting is really a form of local radio advertising, although there are advertisers who use several hundred stations in a spot campaign. Since spot broadcasting originates from the studios of the stations selected, the use of electrical transcriptions, or recordings, saves both time and money. Entertainment is selected, rehearsed, and recorded, usually in some metropolitan center, and individual disks are shipped to the stations carrying the campaign. Special equipment feeds the record into the station transmitter, and a local announcer handles the commercials.

The use of electrical transcriptions for national spot broadcasting does not mean that the facilities of local talent shows have been overlooked. The advantages of a locally produced show that features local talent for local audiences are obvious in single-station campaigns; many stations are prepared to work with their local clients in the production of these local spot-broadcasting programs.

Spot broadcasting is for the sponsor who requires special help in the solution of a particular problem. One advertiser has a summer business and a limited distribution that doesn't warrant the use of network radio. Another has an unusual competitive situation.

A third has dealers in Oklahoma and Maine who insist on special radio programs of their own. A prominent sponsor sells his nationally advertised product under a different brand name in the southwestern states. All these special situations call for the use of spot radio advertising.

Network and spot broadcasting are complementary, not competitive. Each has its own job. Just as national and local use may be made of other forms of advertising, so radio through spot and network can be made to serve a double purpose. In recent years, several hundred advertisers have learned the value of the "local branch" of radio.

RADIO ON THE FARM

Thirty-five million people live on farms, and another twenty-five million reside in small rural communities—a total of sixty million individuals, comprising practically one-half of the nation's consumers.

With returning farm prosperity, extension of power lines, and development of wind charging apparatus, there has been an upsurge in the purchase of radio sets by rural families. The experience of radio advertisers suggests that the rural American is not only being reached to an increasing degree by radio, but also that when reached he is being influenced by radio to an even greater extent than the listener in cities and metropolitan centers.

Competent studies show that the favorite programs of rural listeners include many of the same sponsored network programs which rank highest with the individual and city population—conclusive evidence

that the farmer does not belong to a race apart, and that his tastes are becoming increasingly similar to those of the city dweller. But the farmer, in addition, has an especially vital interest in radio because it is his only means of close daily contact with authoritative sources of agricultural information. To many farm households, radio is the only source of all outside news since research shows that 42 per cent of the farm homes receive no daily newspapers.

SUSTAINING PROGRAMS

The radio broadcasting companies and individual radio stations make many contributions to the public welfare and entertainment by annually providing and broadcasting hundreds of programs of infinite variety planned to please the widely divergent tastes of the millions of American radio listeners.

These sustaining programs, financed and sponsored by the networks and individual radio stations alike as a definite editorial policy, contribute some of the most important cultural and informative features on the air.

The scope of this activity is possibly not fully realized. In the most recent year for which complete figures are available, approximately 70 per cent of the National Broadcasting Company's total hours of network broadcasts and approximately 60 per cent of Columbia Broadcasting System's total similar network time were devoted to sustaining programs containing no advertising.

Broadcasts of this type vary from extensive news coverage and press radio summaries of international

news events and nation-wide election returns to play-by-play descriptions of World Series baseball games and other outstanding events in the field of sports. Religious programs for members of all denominations; musical appreciation hours for young and old; discussion and forum hours; symphony concerts and broadcasts of operas; ancient and modern classics of the stage; historical and patriotic events; home and farm hours; and other programs too numerous to mention fall under this general classification of non-commercial sustaining radio programs.

BROADCAST MERCHANDISING

Since the pioneer days of 1922, radio advertisers have been asking: "What can we do to better the sales results from our radio programs?" The answer to this question usually is: Merchandise your program in every possible way.

As one advertising expert states, "If your program is to sell your product, you must sell your program. A program is worthless without listeners."

The desirability of telling dealers and salesmen about a program and enlisting their enthusiastic support seems a common-sense objective. The mystery is why so many radio advertisers fail to capitalize on their program potentialities by overlooking the necessity for using additional promotional activities to "merchandise" their program.

There are as many forms of supplementary promotion of radio programs as there are possible

Merchandising Methods

In promoting a radio program N.B.C. reports the following merchandising methods as among those most frequently used. The list, though impressive, does not include by any means all of the ingenious tie-ins employed to make a radio program produce more sales and cash in more completely on its audience appeal.

Artists' photographs
Booklets at dealers
Booklets from sponsor
Bridge score pads
Broadsides to dealers
Broadsides to salesmen
Buttons (dealers' clerks)
Car cards
Club memberships
Contests
Continuities (copies of)
Cook books and recipes
Direct mail for dealers' use
Direct mail to dealers
Direct mail to listeners
Direct mail to employees
Displays
Electrotypes for dealers' use
Envelope stuffers
Exhibits
Handbills
House organs
Invitations to broadcasts
Meetings (sales)
Meetings for dealers
Newspapers for clients
Newspaper mats for dealers' use
Newspaper spotlight ads
Novelty offers
Outdoor advertising
Package stuffers
Poster stamps
Portfolio for salesmen's use
Portable radios for salesmen's use
Printed programs
Publicity, local releases by dealers
Publicity, national releases
Samples
Shows, parades, tours
Slide films
Station and program listings
Telegrams
Tests and surveys
Tie-ins, imprints on stationery
Tie-ins, magazines, newspapers, trade papers

appeals to the eyes and ears of salesmen and other employees, dealers, and consumers.

GUEST OR SOAP-BOX ORATOR?

Radio, the newest of modern sales tools, has had a phenomenal growth in the brief span of its existence. This growth is due in part to the fact that it has one valuable sales quality that formerly was not obtainable: immediate and personal contact with the prospect.

Radio rings no doorbells; it waits for no opportunities. It carries its sponsor into the privacy of the homes of his prospects at a time when they are in the mood to welcome such a guest. It goes where it goes by invitation only, and it delivers its sales message directly.

Radio advertisers are, in reality, invited guests calling on the homes of America. If they are interesting or entertaining, and if they behave in good taste, they are invited again and again. Some are so well regarded that their weekly calls take precedence over any normal social appointments.

These advertisers, by and large, are the successful radio advertisers because they not only know how effective radio can be but they also know why radio is effective. They regard their visit with the American consumer as a friendly, neighborly call; they speak as a guest in the home, not as a soap-box orator; and above all, they are sincere in their belief that proper use should be made of the power of radio to influence properly the thoughts and living habits of America.

❖ ❖ ANY business, large or small, that undertakes well-organized selling activity uses advertising or publicity. Properly handled, these sales tools are strong commercial factors. Three of these major sales builders are:

1. Newspaper and Magazine Advertising. The primary purpose of these avenues to markets are to assist customers in buying, to influence more people to buy, and to persuade them to buy in greater quantity.

2. Public Relations. The right kind of relationships with customers, prospects, dealers, employees, stockholders, and the general public are not only highly desirable but commercially profitable.

3. Radio. This newest sales aid is used both nationally and locally to sell goods by ear appeal as contrasted with eye appeal. What makes radio appeal, why audiences respond, listening habits, and the potency of the human voice are questions of intense interest to all merchandisers.

❖ ❖ ❖ ❖

A Problem in Public Relations

THE nature of your business brings peaks of sales activity around July and January of each year. Naturally you employ more people to handle orders during these peak periods. Many of these employees are laid off during slack times.

The reasons for this recurring hiring and firing are perfectly clear and understandable to you as the head of the business. You discover, however, that these necessary layoffs cause periodic waves of resentment, not only among the employees actually laid off but also among the employees remaining on your pay roll and the public at large in the cities where your plants are located.

How can you correct this situation?

The way one manufacturer solved this problem of employee and public relations is told on page 373.

XI

Sales Helps

DIRECT mail is, in many instances, the most effective, inexpensive, and practical form of commercial sales promotion. For a dealer or businessman whose advertising appropriation is small, it can well be the major form of direct advertising. In almost all promotional programs, direct mail, in one or more of its varied forms, is provided for and used, regardless of the size of the advertising budget.

Direct mail has often been likened to a well-aimed rifle shot directed at a known target. To carry this comparison further, some forms of advertising, designed to reach unknown prospects in a mass market appeal, may be likened to shotgun broadsides since they do not possess the directness and selectivity which are inherent characteristics of direct-mail advertising.

Direct mail is a flexible form of advertising with more ramifications and more uses than any other kind. It can be used in large or small quantities and in a great variety of forms to suit individual needs. It can reach one prospect or hundreds. Another point in its favor is that your competitors will not know your plans and special offers until long after your prospects have been notified. In newspaper advertisements, displays, radio, and many other forms of

advertising, the details of your plans reach your prospects and your competitors at the same time.

A PROSPECTOR'S PROBLEM

Every user of direct-mail advertising has a prospector's problem. It takes more than the assurance of "thar's gold in them thar hills" to excite the practical engineer. "What does it assay?" he wants to know. In other words, how will the cost of mining and refining compare with the market value of the pure metal?

Prospectors in any market are up against the same problem. An obvious although often neglected step consists of an effective control of the flow of direct mail to make certain it reaches the people in the market at any given time who are logical better-than-average prospects. When the user of direct mail precedes its use by a careful selection and weeding through the lists of prospects, he is making certain that there is gold in the hills and that his expenditures will pay out at a profit.

Direct-mail advertising can fail miserably if the mailing list is faulty. Mailing lists should, in every sense of the term, be prospect lists. If the people listed are not prospects, the most elaborate and well-conceived direct-mail campaign is doomed to failure. A good mailing list of logical prospects, built and maintained with the greatest of care, is a very valuable and tangible piece of property.

The world moves fast: a new business opens; an old firm folds; wedding bells ring; a deed is signed; cement, plaster, studding become a home; a life

begins; a feeble heart stops; around the corner from you there is a new prospect; or 2,000 miles away a customer is lost forever.

Your mailing list, in reality, is made up of such human happenings; it is far more than dumb cards or plates in metal filing cabinets.

Buckley, Dement & Company of Chicago is the authority for the information given below about

ANNUAL PER CENT OF CHANGE IN LISTS

Business	Percentage
Auto accessory retailers	33
Delicatessens	32
Drugstores	27
Electric shops	31
Filling stations	21
Retail grocers	25
Radio dealers	33
Floor covering and drapery stores	29
Shoe stores	29
General stores	27
Furniture dealers	31
Fruit and vegetable stores	31
Retail confectioners	31
Men's clothing retailers	29
Meat markets	33
Millinery stores	33
Cigar and tobacco retailers	33
Dry goods and department stores	22
Manufacturers, over $10,000	25
News dealers	33
Retail florists	27
Tailors	31
Furriers	32
Restaurants	28
Women's wear stores	29

changes in mailing lists, which should be tacked on the desk of everyone handling a direct-mail campaign.

Few businessmen appreciate the tremendous number of changes that are necessary in keeping a mailing list up to date at all times. Review the list just given, which shows the percentage of change annually for twenty-five lines of business. These changes include not only concerns going out of business and new concerns that have started business during the year, but also changes in corporate names, changes in addresses, and changes in financial rating.

Moral: Don't be penny wise and pound foolish on your mailing list. Spend what it costs to get a good list and to keep it good. Get professional assistance. Study the sources of "change information" on your list. Keep your list up to date!

KEEP LISTS ACCURATE

Every effort should be made to keep active mailing lists accurate. No one likes to have his name misspelled, his initials incorrectly used, or his address inaccurate. Remember that a man's name is to him the sweetest and most important sound in the English language. Your name is you, and any way you look at it, you are the most important person in the world to you. Besides breeding resentment, these inaccuracies also create an impression of carelessness that carries over to the goods or services offered for sale.

Mailing lists should be kept in a convenient, readily accessible form, either in a card file on standard three- by five-inch library cards, or in loose-leaf binders. It is important that the lists be properly

Needling a Surgical Market

Surgeons are busy men. They have little time for reading, and what they do read is in the nature of homework, to keep up with professional advancement. They are flooded with wastebasket literature. They detest ordinary advertising methods as the tools of quackery. As a target for advertising, surgeons are almost impregnable.

When America's leading manufacturer of surgical rubber goods decided to appeal directly to surgeons, he knew that here was no ordinary problem; it's a tough job to give surgeons the advertising needle!

Said the manufacturer, "Now what we want is sales literature surgeons will read. It must be ethical, truthful; it must sell our product."

So . . .

Gynecologists, urologists, diagnosticians, surgeons, and specialists all looked a bit puzzled when staff men of a leading printing house asked:

"What can we tell the surgical profession about surgical rubber goods that will be of interest and practical value?"

Gradually a plan began to unfold. In collaboration with surgeons and other medical specialists, a treatise was prepared somewhat lacking, perhaps, in human interest, but packed with professional interest. It contained twenty anatomical drawings. Nine were reproduced in full color.

Subjects illustrated included mastoid, tonsil, empyema, ulcer, cancer, prostate, colostomy, and malformed mouths. On the same page with each anatomical drawing surgical rubber goods were indicated—presented not as advertising, mind you, but as factual, and, to the surgeon, intensely interesting information.

Let the facts speak for themselves:

Two simple letters were sent to each of the 17,400 surgeons on the American Medical Association list—"If you want a copy of the treatise, write for it." Returns equaled 40 per cent!

They respond the right way when given the right stimulant. People whom you wish to reach have wastebaskets, placed handily to receive sales literature of the commonplace, run-of-mine variety. It takes resourceful, pointed, virile stuff to win attention and get action!

classified by type of prospect and territory (salesmen's territories, if you have salesmen) for easy reference.

Lists should be kept up to date by removing the names of all "undeliverables" returned from the post office after each mailing. In retail operations, it is also a good idea to have the credit manager check all mailing lists periodically to remove known bad credit risks.

LESSONS FROM THE THEATER

Users of direct-mail advertising can learn much by observing the technique followed by the modern theater. Aside from its recognition of the importance of good showmanship, there is another factor inherent in every stage success. Helen Hayes has stated this principle clearly:

"Being brought up in the theatre, I have grown accustomed to directness and conciseness, and I am uncomfortable with verbosity. In the case of my play, 'Victoria Regina,' the original thirty-two scenes have been compressed into nine, and Laurence Housman has retained all that was most interesting and significant in Queen Victoria's life. To read any one of the biographies of the great Queen would take three or four times as long as we take to act the play. A lifetime has been condensed to an evening. In the theatre one must deal only with the essential—everything else is ruthlessly stripped away. And we employ suggestion skillfully, so that imagination can fill in the spaces.

"Succinctness is an indispensable attribute of everything we deal with, because it has been trained into us. I want to get right to the heart of the matter in whatever I read. And the less leading-up-to-it there is, the better."

Showmanship, the dramatic presentation of sales facts, is indispensable in the success of any direct-mail activity. But showmanship by itself is not enough to keep the cash register ringing.

The sideshow barker at the county fair uses lots of showmanship and gets plenty of customers, too. But don't forget, he plans to move on to a new and equally fertile field *next* week. He's not interested in *repeat* business. He's strictly a one-time, high-pressure salesman. Most businesses are deeply rooted in their respective markets. Unlike nomadic barkers, they have to keep plugging in the same place to essentially the same people. They must deliver the goods over and over and over again. Therefore, showmanship must not be extreme; it should not promise more than the product can deliver lest it act as a boomerang in the face of the merchandiser who expects to get repeat business from satisfied customers.

TYPES OF DIRECT MAIL

In direct-mail advertising there are four major classifications:

1. Personalized sales letters
2. Mailing cards
3. Printed folders and booklets
4. House organs

Many accepted types of direct mail combine the advantages of two or more of these broad classifications. For example, the popular four-page illustrated letter combines the advantages of the personal letter (its first page) with those of the printed folder (its three remaining pages).

A properly designed sales letter, personally addressed, brief and to the point, and requesting specific action by the prospect is perhaps the most economical and effective of all types of direct mail, judged on a cost-per-inquiry basis.

People like to receive letters. The more nearly sales letters approach actual personal correspondence, the more effective they become. Sales letters should be brief, easy to read, and their meaning should be clear. They should be neatly typewritten and hand signed by an individual.

Above all, sales letters should ask for action of some kind on the part of the prospect. This suggested action may be the result of the offer of a free booklet, a free estimate, a free survey, a free novelty, calendar sample, or a specialized service or it may be motivated by an invitation to inspect your showroom, exhibit, an interesting job in process, or a special event or gathering of some kind.

Don't be afraid to ask for action!

Enclose a business reply card, a government post card, or a business-reply or stamped envelope so that the prospect can reply with a minimum of effort and no expense. Be sure also that your address and telephone number are prominently shown. These should be permanently displayed on your letterhead,

and, if you are requesting a visit or a telephone call, your address and telephone number should be repeated in the body of the letter.

Direct-mail letters (and all other direct-mail activities) should be definitely tied to your sales campaigns and the balance of your advertising plan to produce a powerful, integrated program. Your salesmen, your direct mail, your newspaper advertising, and other promotional activities should all be concentrating on the same subject at the same time.

In addition to the several kinds of letters suggested to get action, the following less aggressive types have been found effective as good-will builders:

A "thank you" letter for an order, signed by an executive.

A "welcome" letter to new families in the community, calling attention to services you can render.

Congratulatory letters to newlyweds, successful political candidates, and other recipients of special honors and promotion.

Letters to inquire why old customers have stopped buying.

Letters announcing new materials and new lines or special services available.

Christmas and New Year greetings conveyed by personal letters.

COLLECTION LETTERS

Collection letters should always be sales letters in every sense of the term. While they are designed to

collect money from past-due accounts, their equally important objective is to hold customers, build good will, and sell more goods.

Make your collection letters personal, individual, friendly and natural. Remember that most past-due accounts are usually the result of nothing more malicious than simple carelessness or temporary financial embarrassment. Most people intend to pay their bills and want to pay them promptly.

You can show your good faith and your confidence in your customer by enclosing manufacturers' literature or by calling attention to other products and services you can supply. Don't threaten legal action or consider a customer a dead beat until you have indisputable evidence that he does not intend to pay his bill.

Mailing cards are one of the most economical types of direct mail. They can be produced more cheaply and they can be mailed for less postage that most other forms. They are usually noticed, and they can be quickly read. If they are properly prepared, they make a good impression and induce action.

They may take the form of a government post card, a specially printed single card or a double or triple card including a detachable business-reply card. The single card, with no provision for reply, is particularly adapted to announcements, invitations, notifications of price changes, acknowledgment of orders, and shipping notices. The double or triple card with a detachable return card can be used advantageously for almost any type of direct-mail advertising.

FOLDERS AND BOOKLETS

Perhaps the most familiar and widely used forms of direct mail are printed folders and booklets. They may be roughly classified into two groups:

1. Manufacturers' literature furnished to dealers and imprinted with their names.
2. Localized advertising literature prepared by the dealer himself—his own advertising.

Distinctly local folders and booklets are apt to be more interesting and more effective than manufacturers' literature, which must of necessity be broad enough in scope to serve equally well in various sections of the country. If a dealer can afford to prepare and print his own folders, booklets, and catalogs, he should by all means do so. Very economical local literature can be prepared simply by having your newspaper reprint a quantity of your newspaper advertisements.

The majority of manufacturers whose products a dealer handles supply printed advertising booklets and folders. Usually, these are furnished in reasonable quantities and imprinted with the dealer's own name, address, and telephone number. To the average prospect they are in fact the dealer's own advertisements. Most manufacturers write their booklets and folders in such a way as to create and strengthen this impression.

Dealers should, by all means, make intelligent and consistent use of all the manufacturers' literature available. The promotional stories contained in

these booklets and folders, prepared by expert advertising specialists, are told correctly and effectively. They save dealers the time, trouble, and expense of preparing their own.

Booklets and folders should be used in the following ways:

1. Left by salesmen after a call and when a prospect is not at home.
2. Mailed out in answer to inquiries received by telephone or mail.
3. Mailed out individually or included with sales letters, bills, and announcements.
4. Displayed in "self-serve" racks in offices, showrooms, and exhibits.
5. Handed to interested prospects at shows, fairs, and expositions.

Many local merchants and dealers have found it both profitable and effective to publish their own monthly or quarterly magazines, containing material of local and general interest as well as straight sales stories. These house organs can be very helpful in building and holding good will.

There are syndicated services available from numerous concerns specializing in this type of work if a merchandiser does not feel qualified to edit and publish his own.

Numerous studies and surveys have been conducted to determine the best time of the week, the month, and even the year for mailings. The results of these studies are not conclusive. Apparently a good piece of direct mail brings results almost any time.

Many direct-mail experts, however, believe that Monday is the best day of the week for your prospect to receive your message. That means that mailings should be made on Saturday or late Friday afternoon.

It is wise to avoid the first of the month, these experts also agree. Material mailed in the first and last few days of the month arrives with your prospect's monthly bills and the chances are that it will not find him in a buying mood; in fact his state of mind may be definitely closed to further buying.

Heavy mailing seasons such as Valentine's Day, Easter, Christmas, and New Year's Day should also be avoided for mailing sales messages.

COMPANION SALES

The companion sales idea is used effectively in direct-mail promotion. Usually this form of sales strategy is incorporated in a four-page letter supplied dealers by the manufacturer. In a typical instance, a roofing manufacturer supplies lumber dealers with a mailing piece to be sent to consumers which tells the following story:

Page 1 is devoted to a personalized letter selling the general idea of home improvements and the fact that the lumber dealer is home headquarters.

Pages 2 and 3 are devoted to a sales story about the varied line of products sold by the dealer — paint — screens — millwork — plaster — sidings — rock wool home insulation.

Page 4 is exclusively devoted to a sales story on roofing.

The main advantages of this type of direct mail are: (1) The dealer's chances of making more sales per letter are increased, consequently his advertising costs per unit of dollar sales realized are less; (2) dealers appreciate the apparent unselfishness of the manufacturer who is anxious to help them sell more of all the products they handle; (3) manufacturers create dealer good will and get their sales-building material used; (4) consumers are likely to retain mailings of this type longer and refer to them as buying guides because they contain information about a line of products.

FOLLOW THROUGH FOR SUCCESS

In most sports requiring a high degree of coordination (golf is a shining example) the "follow through" is of extreme importance. Direct mail, as we have seen, requires real coordinated effort to bring success and the follow-up is perhaps the most important phase of the whole activity. A little time and effort expended to follow up the group of prospects with whom the ice has been broken will pay real dividends and often mean the difference between successful and unsuccessful direct-mail returns.

To illustrate, let us assume that a dealer has sent out an excellent re-roofing letter to 100 picked prospects, people he knows need new roofs. He has offered a free survey and estimate, and a return card was enclosed. The letter was delivered to these 100 prospects on Monday morning and by Friday night the

dealer has received ten return cards requesting a survey and free estimate.

Naturally, the ten people who replied are going to get prompt and efficient attention. But what about the ninety prospects who did not reply? Will the original message be completely lost because they mislaid the card, decided to put it off a few days, or failed to reply from some other reason? It is a safe assumption that for every ten who reply there are at least ten more who can be sold. And that is where prompt, intelligent follow-up comes in.

Follow-up may take three forms:

1. A personal call by a salesman.
2. A telephone call.
3. Another mailing.

The personal-call follow-up is undoubtedly the best method, but it is frequently impractical or impossible because of the time and expense involved. Then, too, it is difficult to convince salesmen (particularly men on straight commission) that such calls will pay out in profitable sales.

The follow-up by telephone is often productive of excellent results, especially when the direct mail has offered something specific, such as a roof survey, a free estimate, or a booklet. A clerk, stenographer, or switchboard operator can do this job in spare time, using a carefully prepared speech which reminds the prospect about the letter and requests a definite appointment.

Many types of mailing follow-ups have been used. Returns have been doubled in certain one-letter

Use of Direct Mail

Figures prepared by the Dartnell Corporation of Chicago from a study of 1,101 companies show that the fifty-six classifications of business listed below spent an average of 49.3 per cent of their total advertising appropriation on direct mail.

Line of Business	Percentage for Direct Advertising
Advertising	65.8
Automobile accessories	36.2
Automobile and motor truck	31.6
Building material and supplies	48.8
Chemicals	64.0
Cereal, feed, flour milling	43.9
Cigars	32.9
Clothing	60.0
Confectionery	48.9
Drugs	31.2
Electrical appliances	36.6
Farm implements	45.4
Financial	43.0
Foods and beverages	41.0
Fuel	40.4
Furniture and furnishings	32.4
Hardware	63.0
Hosiery	20.9
Hospital and dental supplies	73.0
Hotels and resorts	22.5
Household specialties	56.3
Insurance	43.8
Jewelry	55.3
Leather goods	58.4
Lighting and wiring	46.6

Use of Direct Mail

Line of Business	Percentage for Direct Advertising
Machinery	47.7
Mail order	40.7
Marine	23.8
Miscellaneous	54.9
Musical instruments	44.6
Novelties	55.7
Office equipment	50.8
Oil	45.1
Paint and varnish	42.0
Pens and pencils	22.2
Printing and binding	81.7
Publishers	49.3
Radio equipment	20.7
Real estate	55.0
Refrigerators	27.7
Rubber specialties	41.5
Schools and colleges	51.7
Scientific instruments	29.4
Seeds and nurseries	49.9
Shoes	41.4
Sporting goods	35.9
Stoves and furnaces	34.3
Steel supplies	39.3
Store fixtures	52.9
Textiles	76.7
Toilet goods	36.6
Toys	39.1
Trade associations	67.5
Transportation	26.1
Wholesalers	54.7
Paper	64.5
Average	49.3

campaigns by merely sending a carbon copy of the original letter with a memo attached suggesting that the original might have gone astray.

The handling of inquiries by office personnel constitutes an important phase of direct-mail follow-up. The entire office and other personnel should be kept fully informed regarding all direct-mail campaigns and should be educated to answer questions intelligently. Receptionists and switchboard operators should be carefully trained in the proper handling of prospects who may stop into the office or telephone for information. Many sales are lost because untrained office help failed to look upon themselves as salesmen.

The most efficient use of direct mail comes about when the user appreciates its limitation. Direct mail, by itself, no matter how excellently prepared, seldom produces sales. That is not its function, and it is expecting too much of it to anticipate such miraculous results.

Direct mail is the advance agent; the missionary man. Direct mail's chief function is to arouse interest; to familiarize the prospect with the name of the product, its merits, and the name of the local distributor; in other words, to predispose the prospect favorably so that closely geared-in personal selling is more productive in sales returns.

DIRECT-MAIL LEADERS

Every user of direct-mail advertising should inspect, each year, the "Fifty Direct Mail Leader"

campaigns selected by the Direct Mail Advertising Association.

These campaigns are featured at meetings held by advertising clubs in the United States and Canada. They are also widely used as case examples for study groups in many leading colleges and universities.

In selecting the winning campaigns the judges are guided by the following rule of the association:

> In picking winners for the exhibit the judges shall allow not to exceed 50 points for results from the campaign; not to exceed 25 points for continuity; or cohesion, plan, etc.; and not to exceed 25 points for copy; 100 points shall be the highest number any campaign shall receive.
>
> Each contestant shall submit a signed statement on his own letterhead as to costs, quantities, methods of distribution of the campaign, results, and any other information that may assist the Committee in judging the entry. In cases requiring confidential treatment—supplementary information may be given to the Judges—and this data will be kept confidential.

These annual contests are open to all users of direct-mail advertising—provided the campaign does not advertise supplies, equipment, or service used in the production of direct mail. The contest entries usually close early in September each year and are not limited to members of the association.

The campaign submitted may consist of any number of pieces or parts, three pieces or fifty pieces, just as long as the campaign as a whole produced results.

A campaign may have been planned to help dealers sell more, to secure more dealers, to secure more consumer customers, to regain lost customers, to get direct orders, to help salesmen sell more, to

produce better results during a special season, or for any of the 49 divisions of direct mail. Or it may be just an all-year-round merchandising campaign. Its purposes may have been many, including coordination with other media, but the most important point considered by the Board of Judges is—Did It Bring the Desired Results? In some types of campaigns, results cannot be determined in percentages or dollars. The word "Results" in such cases is defined as "accomplishment of objectives."

Current Direct-Mail Leaders

Campaigns of the companies listed below are current winners of the DMAA competition.

Abbott Laboratories*
American Bemberg Corporation
Austenal Laboratories†
The Austin Western Road Machinery Company
Bakelite Corporation*†
Bausch & Lomb†
Canadian Industries, Ltd.*†
Caterpillar Tractor Company
The Central Manufacturers Mutual Insurance Co.
Consolidated Edison Co.*†
Croft, Inc.
The Dayton Rubber Mfg. Co.*
Davenport Hosiery Mills, Inc.
Duplex Envelope Co.
E. I. duPont de Nemours & Co., Inc.
The Eagle-Picher Sales Co.*
Thomas A. Edison, Inc.†
The Flintkote Company*†
French Lick Springs Hotel
General Electric Co.*†
Goodall Company*†
The Goodyear Tire & Rubber Co. of Canada, Ltd.*
The M. A. Hanna Co.†
Hart, Schaffner & Marx
Industrial Rayon Corp.
Iron Fireman Mfg. Co.*†
Kingan & Co., Pork & Beef Packers
B. Kuppenhiemer & Co., Inc.
McGraw Hill Publishing Co.*
Merck & Company, Inc.
Mills Novelty Co.
The Minamax Co.
Monarch Life Insurance Co.*†
Mutual Broadcasting System
National Broadcasting Company*†
National Cash Register†
The J. M. Ney Co.
Phoenix Metal Cap Co.*†
Pontiac Motor Division (G. M.)*†
Provident Mutual Life Insurance Co.
Reliance Life Insurance Co.
Ritter Dental Mfg. Co., Inc.
R.K.O. Radio Pictures, Inc.*†
Saratoga Bldg. & Land Corporation
Servel, Inc.*†
Southern Bell Telephone Co.
The Standard Register Co.
Sugar Beet Products Co.
Toilet Laundries, Ltd.
United States Building & Loan League

* Direct Mail Leader two years previous.

† Direct Mail Leader previous year.

Motion Pictures and Slide Films

One of the first and most outstanding of the modern marketers to recognize the value of the use of the picture screen as a form of effective communication was that many-sided genius John H. Patterson, founder of the National Cash Register Company. In the late nineties, Patterson was using hundreds of thousands of stereopticon slides and glass painted pictures annually at sales conventions, in dealers' showrooms, and in his own model plant at Dayton, Ohio. These slides, arranged in hundreds of sets, were used to sell the idea of cash registers to his salesmen, the consuming public, and distributors, and also for the purpose of training employees in their duties.

Later, about 1910, in the early days of the movies, this pioneer salesman moved equipment in his plant to the roof to permit the filming of plant operations, which at that time could not be satisfactorily done indoors.

The use of commercial moving pictures and slide films is a relatively recent development. The first corporation formed to offer this service to merchandisers was organized in 1911. Great progress has been made since then both in production technique and in the development of projection equipment, and today motion pictures and slide films are firmly established as one of the modern merchandisers' most effective weapons for management and sales training, dealer stimulation, and consumer-selling activities.

The business film, whether a silent or sound slide film, or a silent or sound motion picture, is a medium

of business communication rather than a form of entertainment. It belongs, in the merchandiser's thinking, at the top of the list of communication methods rather than at the bottom of the list of novelties. This distinction is basic, and those businessmen who fully appreciate its implications will gain many more times the return per film dollar than do those who use films as an afterthought in their merchandising plans.

Business pictures may be divided, as to purpose, into two broad classifications: (1) *management* and (2) *selling*.

The management type of business picture uses a method of communication whereby a train of thought of a qualified individual, in the form of a series of ideas, is presented so that the listener or observer may grasp the meaning with the least possible misinterpretation and the least possible original mental effort.

Thus the "agony of thinking" is reduced to the minimum for the person seeing the business picture, and the mind, eye, and ear of both the originator of the film and the observer are in harmony. By using this management type of business picture, a well-qualified sales manager may present the most effective version of the sales story about a new product which, in the film presentation, receives the uninterrupted eye and ear attention of his salesmen and automatically does their thinking for them.

The selling type of business picture is primarily concerned with the presentation of a form of "word-of-mouth" advertising at a uniform rate of delivery,

set against a well-staged emotional background. All merchandisers realize that unsolicited "word-of-mouth" advertising is the most effective form of all promotional activity. A selling type of business picture simulates this activity to a high degree and possesses the added psychological advantage of encouraging self-participation by the audience. Thus a picture of this type may show an admiring visitor inspecting the new refrigerator in the pantry of her hostess. The audience, psychologically, joins with the visitor on the screen in the praise and admiration shown for the refrigerator, thereby registering the sales impressions desired by the film's sponsor.

Business pictures also divide into two major groups as to kinds:

1. Motion pictures.
2. Slide films.

Motion pictures, whether of the silent or talking types, are used most effectively when the basic objective is telling a whole story to a new or uninformed audience. They are capable of telling a fast-moving story and can present business information in whatever detail the sponsor desires.

Slide films can tell a more comprehensive story and cover more material in the same length of time than is possible with a moving picture. This type of business picture may be compared to the Rocky Mountain goat who jumps from precipice to precipice in that they present, pictorially, the high spots of the story. Therefore, slide films can be used most effectively if the sponsor has an informed audience which

does not require minute or detailed information to make the story intelligible.

The sound slide film combines the pictorial presentation with the story always told the way the sponsor wishes and presumably in its most effective version. The silent slide film permits the telling of whatever localized story the user of the film desires.

The commercial field may be further divided into four classifications as to kinds of films, as follows:

1. Institutional Films. Covering the specialized methods of the manufacturing of a product for the information of the consuming public.
2. Sales and Dealer-training Films. Planned specifically for the instruction of the sales staff, factory representatives, distributors, dealers, and service men, for the more efficient marketing of an individual product.
3. Sponsored Films. These are divided into two distinct types. First, straight entertainment, with the sponsor's name on the main title; second, an obviously entertainment film that carries only a subtle reference to the sponsor's product in the subject matter of the film.
4. Short-length Ad Films. These carry a short, terse message concerning the manufacturer's product direct to the audience, and shown in from half a minute to three minutes time.

The style of the commercial picture may include any of the following or a combination of two or more of these types of visual and vocal items:

Cartoon
Photoplay
Musical
Vaudeville
Dialogue
Newsreel
Travelogue
Tour of inspection
Offstage voice
Color

What kind of business picture should be used for what? Needless time and effort have been spent in attempting to answer a question that cannot be answered intelligently. All types of business pictures have their place and proper uses and are not competitive, one with the other, in any sense of the word. In principle they are different forms of communication and the same considerations govern their selection as determine the handling of your everyday correspondence. You dictate some letters; you multigraph others; some letters you mimeograph; and some of your business correspondence is handled by telegraph, telephone, or word of mouth.

Fields of Use

Business pictures, according to a listing prepared by Francis Lawton, Jr., president of General Business Films, Inc., of New York, are used for the following purposes:

Teaching workers
Instructing clerks
Training salesmen
Stimulating dealers
Educating students
Consumer selling
Demonstrating goods or services
Consumer advertising
General publicity
Public relations

Few business organizations today have a complete program embodying all the purposes listed above. The Chevrolet Motor Car Company, which has been unusually successful in its use of business pictures, is the rare exception. Increased activity is being evidenced in the use of business pictures for public-relations purposes, that is, the showing of pictures that will tend to clear a public misunderstanding or misinterpretation of facts harmful to commercial progress. Pictures are also being widely used for "general publicity" purposes when the primary objective is to make the name, background, commercial contributions, and products of the sponsor better and more widely known.

THE AUDIENCE

To whom will your business picture be shown? The answer is that no sponsor has ever failed to get all the circulation (audience) he was willing to pay for, either theatrical or nontheatrical.

The audiences of business films, like charity, begin at home, with the sponsor's own employees. The next group is the "trade" or wholesale and retail connections. Films are shown to these groups, from audiences of one at a silent pocket-slide film presentation, to conventions of thousands at which full-fledged talking motion pictures are presented. Small, economical, and convenient portable projectors of many kinds now make sound pictures possible anywhere electricity is obtainable from an adequate source.

Public or consumer circulation is of two kinds: nontheatrical and theatrical. The first is secured through commercial, civic, social, educational, and religious organizations or institutions, among which the unstimulated demand for nontheatrical pictures is about double the existing supply. The second is obtained among the theaters which see fit to book sponsored pictures.

People do not resent well-prepared commercial pictures: all audiences and most motion-picture exhibitors welcome good ones. There is no known record where any considerable number of theaters, for any period of time, have excluded commercial pictures from their programs.

Many business pictures are not intended to be shown to the general public. That is not their purpose. They are prepared for special groups and are expected to do a specialized job.

Listed below are some of the kinds of groups of people to whom your business picture may be shown:

Manufacturing force	Retailers
Clerical staff	Inside salespeople
Sales representatives	Outside salespeople
Distributors	Customers
Wholesalers	Selected prospects
Branch representatives	Students

Your nontheatrical business picture will actually be shown to individuals, informal groups, meetings, or conventions. Actual showings will take place in a variety of places: in offices, stores, factories, homes, clubs, theaters, schools, colleges, churches, and at

exhibit booths in home and trade shows, conventions, and county, state, and world fairs.

AMATEUR MOVIE MAGNATES

The utility and effectiveness of many business pictures are frequently seriously impaired because business executives attempt to step out of their accustomed roles and serve as self-appointed moving-picture experts.

In doing so businessmen mislead themselves because all they know about business pictures finds its origin in two sources:

1. Existing business pictures.
2. Theatrical entertainment.

Existing business pictures, whether sponsored by competitors or firms in other industries, are not to be relied upon as sound signposts because the businessman is at the obvious disadvantage of not knowing the details of the business sponsoring the picture, the "reasons why" the picture was created, and what its intended purpose is.

Far more important, however, is the fact that businessmen are misled because of their misplaced faith in the moving-picture theater as a source of experience. The film seen and enjoyed at the movies is made by experts in the entertainment field with the primary objective of selling tickets to movie-goers.

The legitimate movie has literally the whole surface of the earth to draw from for its effects, and production expense is secondary if the film's backers believe they have a smash hit with box-office appeal.

Furthermore, most theater pictures, for mass-audience effect, are addressed to the lowest possible norm of intelligence, and their producers have no concern with all the varied interpretations the audience may place on the story presented.

Contrast these characteristics with those of the business picture and the fact that the former is no criterion for success in the field of business pictures is readily apparent.

The basic objective of the business picture is to sell goods or services. The business picture is limited in its story material to the confines of an industry, even to a particular firm's part in an industry. The control of expense is properly uppermost in the minds of those producing a business picture. When a business picture starts out for its showings, further expenses are immediately encountered before direct or indirect sales returns or managerial improvements may be anticipated. A business picture appeals to and is aimed at a high level of intelligence—its prospects are usually found among those grouped in the average or above-average brackets of intelligence. Above all, the business picture, as previously stated, is not a form of entertainment but is, instead, a medium of business communication faced with the problem of getting a clean-cut story or impression across to its observers and listeners for a predetermined purpose.

Experience proves that the best business pictures are produced when there is a three-way meeting of minds between the sponsor, the sponsor's advertising agency, and the film-producing firm, with each

sticking to its own knitting. In such a combination, the sponsor supplies an expert's knowledge of the product to be visualized; the advertising agency contributes its specialized knowledge about the public in relation to the product; and the producing film company supplies the knowledge of how best to use the moving-picture medium with its highly specialized functions of film technique to accomplish the desired objective.

The well-equipped commercial film-producing company is usually capable of giving expert services and counsel on all phases of plan, production, exhibition, and projection service. On their staffs or at their command are expert authors, animators, directors, performers, cameramen, orchestras, sound crews, and costume designers. All these varied and specialized skills are needed to produce a business picture that will return maximum results to the commercial sponsor.

CATALOGS HELP PROSPECTS BUY

No merchandiser will disagree that the most powerful form of sales promotion is, and always has been, the display of goods, preferably in use, so that prospects may inspect and compare values.

From the earliest times the makers of pottery and the weavers of cloth displayed and sold their products by the roadside, in the market place, at the guild fairs, or in the baronial halls of their wealthy prospects.

The display of goods enters into the sale of nearly every product sold, from chewing gum to houses. More and more skill is being exercised to display goods effectively—in store windows, in automobile salons, at world's fairs and home shows, by traveling trucks and demonstration cars, by house-to-house canvassers, at roadside fruit and vegetable stands, by free samples given away at exhibits or sent in response to coupon inquiries. The suave salesman in the Fifth Avenue store who thrills you with the racks of expensive pipes and individually blends your own tobacco and the machine which makes pancakes in the restaurant window are doing exactly the same thing—they are displaying goods.

However, not all goods can be actually displayed in the market place. Some, like yachts, locomotives, and other bulky products too numerous to be listed, cannot be carried economically about the country. Others, like movie stars, cannot show their smiles and lovely figures everywhere "in person." And in many instances it is either too costly or physically impossible for the manufacturer to attempt to have

his own sales representatives actually show his products to all the prospective buyers.

Where producers cannot give prospects a chance to see and examine products by direct display many resort to pictures and descriptions; in short, to marketing in print by the use of catalogs. Unfortunately, too many merchandisers overlook the sales importance of a well-prepared catalog; the necessity for its proper distribution; and the desirability of its accessibility as an ever-present, currently accurate piece of buying promotion in the hands of prospective buyers.

ARE CATALOGS ADVERTISING?

There is a fundamental difference between the function of advertising and the function of catalogs. Without inefficiency and costly compromise, advertising cannot be substituted for catalogs or catalogs for advertising.

Before manufacturers can realize a good return on their investment in either one, the design and handling of advertising and catalogs must be based on a complete understanding of the principle objectives of each.

The principal purpose of economical advertising is to interrupt potential buyers before a need is realized—when they are not buying. It interrupts them when they are reading magazines, opening mail, listening to the radio, or motoring. Its chief objectives are to cause buyers to think about the product advertised and to investigate.

The principal function of catalogs is entirely different. Catalogs, ordinarily, are not utilized for

the purpose of interrupting buyers. They are sought out and consulted *after* a need is realized—when buyers are interested. Catalog information which has been properly designed, properly distributed, and made constantly accessible to buyers enables them promptly to compare competitive products, select bidders, and communicate with nearest sales representatives.

Although these distinctions seem obvious enough, not all manufacturers take them into account when determining advertising and catalog policies. Generally speaking, current advertising is well designed for its functions, but many catalogs will not stand up under analysis as to either their design, their distribution, or their constant accessibility.

MARKETING IN PRINT

The technique of preparing catalogs and the principles of their effective distribution and use may be made clear by a résumé of years of research by a group of experts of the F. W. Dodge Corporation. Arthur G. Elkington, district manager of Sweet's Catalog Service, a division of the F. W. Dodge Corporation, gives the following account of the experience gained by his company in dealing with this problem.

> Marketing in print has two major divisions. The first, *Sales Promotion*, whether by advertising, direct mail, or missionary sales calls, has the primary objective of selling potential buyers on the idea of buying. Therefore, sales promotion performs the following functions:

1. Makes people recognize their needs.
2. Creates interest in your product.
3. Builds prestige and acceptance.
4. Softens your market.
5. Leads the interested buyer into your catalog.

The second division of marketing in print is *Buying Promotion*. Its function is to help prospective buyers to buy by placing a catalog in the hands of every possible interested buyer of your products. Buying promotion performs these functions:

1. Makes the selection, specification, or purchase of your products easy for the interested buyer.
2. Makes it easy to compare competing brands.
3. Leads the buyer or specifier to telephone for your salesman to call.

The effectiveness of a catalog is dependent upon four basic factors: (1) design; (2) distribution; (3) accessibility; (4) elimination.

DESIGN STANDARDS

The catalog should be designed from the viewpoint of the buyer. In doing so, consideration should be given to the class of buyer; how the catalog is to be used; where it will be used; and when it will be used.

As to the contents of the catalog, the following rules should be followed:

Include only information on products or services needed by typical buyers in any specific market group. Inclusion of information on products not of interest is wasteful. For example, some manufacturers print a 400- or 500-page general catalog, intended for use by all buying factors. Actually, however, no one group of buyers would be interested in more than forty or fifty of these pages. In other words, separate catalogs should be designed for use by each distinct market group.

Include sufficient information on use, performance, design, etc., to satisfy the needs of potential buyers. Withholding information makes buying unnecessarily difficult—loses inquiries—kills selling opportunities.

Include information which will direct the buyer's next step. Omitting information on engineering or sales and service facilities often results in no further buying action.

CATALOG FORMAT

The objective of catalog format is the most efficient presentation of the catalog content. The design criteria are determined by the catalog user's buying procedure.

The format should promote:

(1) ease in finding
(2) ease in reading
(3) ease in comprehending
(4) ease in comparing
(5) ease in handling

The format can be analyzed in relation to:

(1) mechanics of seeing
(2) mechanics of reading
(3) mechanics of comprehending
(4) means of information
(5) mechanics of reproduction
(6) design synthesis

Organize the content to make specific items of information easy for the buyer to find. Too many catalogs are organized from the seller's viewpoint.

Use a type face which will make the catalog easy to read. Defective eyesight and poor lighting are general.

Use graphic aids, such as charts, tables, pictographs, drawings, photographs, which will make the catalog easy to comprehend. Quick understanding promotes buying.

DISTRIBUTION OF CATALOGS

Too many catalogs die in their beds because of a lack of definite distribution system. New catalogs are eagerly welcomed by the "selling" company executives, by sales managers, and salesmen. Some are immediately distributed to hot prospects. Then, in all too many instances, the balance are stacked neatly in the stockrooms of headquarters and district sales offices. The supply diminishes, of course, but eventually they become so outmoded that they are placed in the hands of the janitor instead of in the hands of the buyers they were intended for.

To eliminate this costly waste, not so much in the cost of the useless catalogs themselves but more so in the waste from lost sales and lost profits, the merchandiser should set up and follow a distribution policy based on these principles:

Cover every possible buyer, every year, to insure against possible loss of business.

Constantly determine the accuracy of your mailing list.

Research shows that the annual turnover in some classes of buyers is as high as 35 per cent. Last year's mailing list may be only 65 per cent accurate.

Catalogs may be distributed by these methods:

1. The *broadcast method*, whereby catalogs are sent to a list of potential customers by mail or salesman without waiting for requests. The limitation of this method is the high average waste of catalogs.
2. The hold-back method, whereby the manufacturer waits for requests for copies from prospects who have been developed by some other means, such as advertising or sales calls. The obvious limitation of this method is its waste of sales opportunities because the catalog is not functioning at all in the offices of many prospective buyers.
3. The pre-filed method, that is, the filing of the catalog along with those of other

manufacturers before they are distributed to potential customers. This system, widely used in the building industry and in the industrial markets, practically eliminates both kinds of waste inherent in methods 1 and 2 above.

ACCESSIBILITY IMPORTANT

Since catalogs are used primarily by buyers after they recognize a definite need for a product, it is obvious that maximum sales are possible only when catalogs are accessible. Therefore, the sponsor of a catalog should be able to answer affirmatively these questions:

Is my catalog anchored in the buyer's office so that it cannot be lost, mislaid, misfiled, or thrown away?

Can the buyer or specifier get the latest information he requires quickly, easily, secretly, that is, without exposing himself to sales calls?

Is my catalog accessible every day in the year?

One other principle of catalog use must be followed if the seller is to get maximum sales returns and eliminate confusion and loss of good will from buyers:

Old or obsolete catalogs should be removed to prevent specification or ordering of obsolete materials or equipment.

The late Arthur T. Hugg, formerly advertising manager of the Detroit Steel Products Company,

makers of Fenestra windows, summarized this problem common to all catalog users in the following comment:

> In our own organization, however, I do know that we have had catalogs which remained in our advertising stock room until obsoleted. I know that we have had other copies obsoleted on the shelves of our District Offices. I believe I can go into the offices of any of our Agents and find copies of several sections of our catalog which ought to have been thrown away and I can search vainly for sections that ought to be in the advertising file but are not. I have personally seen an Architect trying to get up-to-date information from one of our catalogs that was three years old. I have visited other Architects who could not produce a single one of our catalogs from their files.

Complete control of catalog procedure is highly desirable for best results.

For complete control, you must have:

1. Control of accessibility—preventing loss of catalogs in buyers' offices.
2. Control of distribution—bulk or initial distribution; timed distribution; separate copies for dealers, jobbers, etc.
3. Control of design—preparation by experts, from the buyers' viewpoint.
4. Control of liquidation—eliminating obsolete information.
5. Control of coordination—integration of sales promotion and buying promotion efforts.

Billboards and Car Cards

Outdoor sign advertising traces its known history back to the earliest days of recorded history. In the ruins of Pompeii and Herculaneum were found signs of Roman shoemakers and public housekeepers who used this medium to keep alive in the memories of their Roman customers the wares and services they had to sell.

During the eighteenth and nineteenth centuries, sign advertising became almost a public nuisance through the general practice of the indiscriminate posting of printed bills on the walls of both occupied and vacant buildings. In this country from the time of the Civil War to the beginning of the twentieth century, painted signs were used widely, and these advertisements, principally of patent medicine makers, defaced the barns and fences of the countryside with little regard for property rights.

Gradually the pressure of outraged public opinion brought about needed improvement in both methods and standards of sign advertising. Associations of billposters and sign painters, utilizing leased or owner sites, were formed, and the standard sizes were established for the more widely used sizes of sign advertising. Today the outdoor advertising industry is well organized. In approximately 1,800 towns and cities in the United States and Canada a systematized posting service is available. Most of the estimated seventy-five million dollars expended annually for sign advertising is made through these regulated channels.

CHARACTER OF BILLBOARDS

Outdoor advertising is of two main types: (1) painted signs and (2) posters.

Painted signs are, in most cases, prepared individually by artists who paint directly on the display panels. Contracts for painted display signs are customarily on a yearly basis, with repainting two or three times a year. The sale of space on walls and bulletin boards is by individual advertisement unit; the advertiser may buy one such sign or many. These painted signs are to be found in cities and suburbs, along highways, and adjacent to railroad rights-of-way.

Poster signs, the commonly used type, are printed, lithographed, or painted on paper and then pasted in place on the display panels. Posters eight feet eight inches in height and nineteen feet six inches in length, called "twenty-four-sheet posters" are most generally used, displayed on boards twelve feet in height and twenty-five feet in length.

Showings of poster signs are by groups of panels so located throughout a city as to provide what is considered to be proper coverage of the area. These showings are further designated as *full* or *representative*. A full showing provides enough panel displays to cover a city area evenly and thoroughly; a representative showing provides the same general coverage of the area but with only half, or a lesser number, of billboards. Showings are usually booked on a calendar-month basis.

ADVANTAGE OF OUTDOOR ADVERTISING

In discussing the advantages of outdoor advertising, it is imperative that the merchandiser clearly understand one basic factor.

Sign advertising stays in one spot. Its utility depends upon whether or not it will be seen by the flow of traffic (pedestrian, automobile, trolley car) past that spot. Therefore, a well-prepared, attention-getting display poster is only part of the job. To pay out, the poster must be placed where it will be seen by the kind of people who will and can buy the product it advertises.

Outdoor advertising appeals to an audience on the move. It must present the sales story quickly; graphically. Pictures should be large; copy short. The appeal is primarily to suggestion; seldom if ever to argument.

Outdoor advertising awakens the response of a wide audience, of large numbers of people of varied tastes, pocketbooks, and needs. Logically, then, it is most effectively used by advertisers promoting products of wide appeal and established acceptance. It may be used near the point of purchase, to serve as a reminder to prospective purchasers, and, since it is a flexible type of advertising, it may be concentrated in market areas where distribution has been secured.

CAR-CARD ADVERTISING

Car cards, another form of sign advertising, carry an advertiser's message to a relatively unselected

group of prospects, who average 39 million rides a day on the subways, street railways, busses, and elevated cars of the country.

Car cards, from the standpoint of picture and story, are very similar to billboard posters; they should appeal primarily to suggestion rather than to argument and tell the sales story speedily and pictorially.

Many users of car cards believe that this medium receives a considerable degree of attention on the theory that the passenger has ample leisure time to devote to the study of the advertisements. Studies made of subways contrasted with surface cars seem to substantiate this reasoning, since it was found that the presence of outside distractions considerably decreased the attention given to the car cards.

Car cards are used most widely to advertise soaps, dentifrices, chewing gum, foods, and popular medical remedies, such as cough drops and headache powders; in other words, mass appeal products of the repeat-sale and low-unit-cost type.

For these products, car-card advertising is usually a supplementary rather than a major medium; it aids in establishing the brand names in memory and in reminding the prospect about the product while en route to the place of purchase.

Window and Store Display

Modern merchandising leaves nothing to chance. The most successful marketers do not overlook the truth of the saying, "A chain is as strong as its weakest link." Therefore, the sellers of nationally advertised products are not satisfied that their newspaper, magazine, radio, direct-mail, outdoor, or car-card advertising serve to complete their impersonal selling to consumers or their dealer good-will building activities.

They know that sales are made in stores and showrooms, not in the home, streetcars, or busses. They take pains to repeat their advertising message at or near the point of sale, realizing that when the prospect reaches the buying place he steps from the role of consumer to that of shopper.

They meet the shopper at the point of purchase, with a "silent salesman" in the form of a window, counter, floor, "serve yourself," package, or hanging display, either inside or outside the retail outlet, that psychologically greets the prospect as an old friend and then, often subconsciously, gets in the last licks of the selling story before the shopper actually makes his purchases.

Displays are not expected to perform the missionary or educational selling functions. They are primarily the clincher medium, the sales aid that combines the effects of all the other promotional efforts at the retail outlet where this added help can be most influential in making actual sales. In the well-conceived sales plan, displays perform a de-

servedly important part; they are far more than just another dealer help—they figure as a major selling medium.

These display media afford the manufacturer his last chance to be of real help to the retailer in inciting purchases, influencing buying decisions, and building sales. In many instances, they move the product down from the shelves, take it out of the category of a "shelf-warmer" and get it out in the open where customers may see, inspect, compare, and serve themselves.

Displays may be classified by types as follows:

Window displays
Counter displays
Floor displays
Hanging displays
Package displays
Container displays

WINDOW-DISPLAY CHARACTERISTICS

If the window display is to approach maximum effectiveness, it is essential that the factors incident to its planning, development, and distribution be studied and weighed. In doing so the merchandiser will find this review of the characteristics of display advertising helpful.

Minimum of Waste Circulation. Displays in a store window are directed to the people who travel on the sidewalk in front of that store, the majority of whom live in that neighborhood and are most likely to be potential customers of that store.

Selectivity of Coverage. Window displays provide the means for a very selective type of coverage, both geographically and by classes of consumers. Displays can be directed to specific areas:

1. To stimulate sales in a lagging sales area.
2. To promote a specific product in certain class areas.
3. To make or supplement a new product sales test, and for any other special purpose, as well as provide a more general sectional or national coverage.

Winning Dealer Good Will. It would be impossible for dealers, individually or in groups, to provide themselves with the wide variety of high-grade lithographed window-display material that is so universally employed in present-day merchandising. The unit cost would be prohibitive. The manufacturer, however, is able to supply these displays to dealers, thereby affording each dealer an opportunity to dress his window in keeping with neighboring retail outlets, identify his store as a source of supply, and thus build profits for dealer and manufacturer alike.

FUNCTION OF WINDOW DISPLAY

The ways in which displays can and must serve both the manufacturer and the retailer may be grouped under two fundamental functions.

First, the display must sell the storekeeper or dealer on the idea of making proper use of the display. To accomplish this the display should be sufficiently attractive, outstanding, and forceful to win a showing in his valuable window space in competition with displays promoting other products.

It must be of such nature that it will stimulate the interest of the retailer and his clerks in that product during the time the display appears, fostering their good will and cooperation.

It must win a place on a top shelf or back bar after use in the window, or on the counter, as a further influence on buying action.

It must provide a cooperative means whereby retailers can sell more of their complete line by embracing the "companion sales" idea. When good group-item window displays of this type are developed, the final results are most gratifying to manufacturer and retailer alike, in that they sell the advertiser's product, sell other allied merchandise in the dealer's stock, and sell the dealer's store or service to the public.

Secondly, the display must prove its worth by influencing shoppers to purchase the product. In order to accomplish this, it should command the attention of the passing shopper by means of size, comprehensiveness, attractiveness, domination, unusual design, motion, or novelty of display effect.

It should develop features that will hold the attention long enough to invite a favorable product interest and exert an influence on buying action.

It should act as a stopgap by reminding of the product during the interval that elapses between the

time the advertising message is seen in other media and the time the purchaser stands in the store asking for the product—a period during which many factors may influence a change of mind.

It should impress the observers with the quality and desirability of the product, and remind them of forgotten needs or intended and desirable purchases.

It should tie in with advertising in other media, supplementing such advertising by emphasizing the high spots and illustrating the message in an attractive and colorful manner.

It should introduce new products quickly and economically, when other media do not seem to provide the same selective type of promotion that is inherent in window-display advertising.

PITFALLS TO BE AVOIDED

There are six common pitfalls that have prevented advertisers from achieving the best results from window displays. They may be avoided by recourse to organized thinking and applied common sense.

Ask yourself:

1. Does the idea have a hook that will draw them in? Not a special merchandise offer, such as a free deal, but a basic appeal that selects prospects from among the passers-by.
2. Is the display simple in design? And fast? Will people who cannot read the language know what the display is selling? Do the added niceties of design detract from the essential sales idea?

3. Is the display easily set up and sturdily built? Call in your office porter. Ask him to open up the package and set up the display. Then try an elevator runner in his half-hour off. If they can do it, you are safe.
4. Does the art technique successfully convey the idea? Some advertisers produce mediocre displays because they start with a piece of art work instead of an idea.
5. Are the name plate and copy well placed? Can the passer-by identify the sponsor? Does the copy get the idea across rapidly and dramatically? Can it be read ten feet away?
6. Is the display equally adapted for open-back or closed-back windows?

DISTRIBUTION OF DISPLAYS

The throes of creating and developing a window display of the type and adaptability that will successfully perform a specific merchandising job only mark the beginning of the work. No marketer can afford to scatter these displays indiscriminately throughout the trade in the smug, self-satisfied conviction that *his* display—his baby, as it were—is the one display of importance in the lives of his retail distributors.

Retailers receive hundreds of unsolicited displays each year, many so poorly conceived and badly executed that after a cursory glance they are consigned unused to the cellar or the rubbish barrel. The

presence of these poor displays should but emphasize the importance of making *your* display a selling tool, deliberately planned to sell merchandise which the retailer will welcome and use to your mutual satisfaction and profit.

The type of product, the extent of territorial coverage, the size and comprehensiveness of the displays, the quantity, the retail problems in that industry—all these should enter into a consideration of the proper method of display distribution.

Distribution can be accomplished by shipping the displays in the same container with the goods; or through installation by professional display service organizations. Better still, a large corps of retail salesmen is a "natural" for proper and effective distribution. The salesman not only can see personally that his display is used and used properly; he can also watch and check the results.

Another method of window display distribution is by means of thoughtfully planned trade-paper advertising to the retailers, showing what material is available, its nature, what it is designed to accomplish, and how to get it. Retailers may also be reached by direct mail and furnished with return post cards on which they can request the display material.

Offering window display with deals is another method, one that should be pursued with caution and good judgment. Many retailers are bitterly opposed to some particular manufacturer who, through an attractive-appearing deal, has loaded them with slow-moving merchandise, which the most attractive displays could not dispose of.

Informing the retailer just how to set up the display and what to include in the window with the display can be accomplished by an instruction sheet tipped on the back of the display, carrying an illustration of an interesting window arrangement with the display in place and an actual listing of suggested products to include with the display. This may also be done by pasting one of the instruction sheets on the outside of the window-display container, indicating to the retailer just what is in the container and the desirability of making a place for that display in his window.

EVALUATION OF DISPLAY ADVERTISING

A comprehensive field study, conducted for the Advertising Research Foundation, supplies a positive method of evaluation of window displays on a circulation basis. This scientific research was made in nineteen different cities and communities whose population ranged from 15,000 to 300,000; the windows of more than 16,000 retail stores were analyzed, and the individual movements of 2,000,000 persons were observed and recorded. Merchandisers interested in effective advertising should familiarize themselves with the results of this research.

Window displays, like other profitable advertising media, require careful thought and study. No specific rules can be laid down that will fit each individual display program. No one display ever can fulfill all the functions of display advertising. However, window displays built to meet the needs

of the retailer are succeeding and producing results that justify the budget allotment set aside for this merchandising vehicle.

COUNTER, FLOOR, AND HANGING DISPLAYS

The merchandiser must take a realistic attitude toward his product in relation to displays. Certain products, by their nature, depend entirely on other media of advertising to send buyers into the retail outlet. Still others will not be featured in the dealers' windows because they do not pay the dealer a large enough profit to warrant the use of his valuable window space; others turn over too slowly or appeal to small groups of people; still others are kept out of windows because they are used as footballs in price-cutting activities.

What is the merchandiser to do if his product falls into these classifications? He can either let his product remain on the shelves or behind the counters, and be sold only when people ask for it, or he can bring it into the light of day and the consciousness of potential buyers by means of various types of counter or wall displays.

A "counter merchandiser," designed to carry one, two, or a dozen units in the smallest possible space, together with the price, sales message, dramatized illustration, and consumer give-away literature is usually the answer for the marketer of shaving creams, dentifrices, and other small unit products who desires to speed sales. Display baskets, metal racks, a novelty counter display that invites self-

participation by the consumer are other types of this medium successfully used for the same purpose.

Island displays, counter-end demonstrators, open displays, "serve-yourself" floor units, and aisle merchandisers offer another means of getting products out in the open where customers may see, inspect, compare, and serve themselves. The makers of soaps, cleansing powders, canned goods, inexpensive cosmetics, to mention only a few, have long known the value of these "silent salesmen." They frequently sell five, ten, even up to twenty times as much as when the commodity is left on the shelf and brought forward only on the request of shoppers.

Hanging displays placed above the counter or soda fountain provide another means of calling attention to the product. Corner hanging displays placed diagonally across the end of a room and suspended from the ceiling are another kind of silent salesmen that recognize the physical limitations of store layout by utilizing unused space to place sales messages before customers.

The open-end display, or self-service type, is based on the chain-store principle: "Get the merchandise into their hands and it is more than three-fourths sold." Such displays eliminate the elaborate pyramids of canned goods that no customer dares touch lest they topple over, and they provide customers a freedom of selection with no interference from salesclerks.

The self-service display is typified by these variations:

1. The assortment or selection display presents an assortment of merchandise for the customer's selection.
2. The bargain display. People have the impression that merchandise thrown into one pile represents a bargain. This form of display, popularly called the "jumble tray" stand, is so built that the goods keep the jumbled bargain effect which is a potent stimulator of pick-up sales.
3. The family-group display. Such displays present an assortment of the same kind of merchandise. For example, three coffees of one manufacturer are displayed for the consumer to choose from, with a brief characterization of each.

USING PACKAGES AS DISPLAYS

Packages themselves are being used with increasing effectiveness as display media. One arrangement which makes use of an automatic snap-up construction converts the package holding a bottle into a highly effective display, making the bottle and label and sales message printed on the inside flap of the package a carefully coordinated sales message. Other packages are designed so that various combinations on the dealers' shelves either spell out the name of the product, present its humanized trade-mark in various scenes or tie in with the current advertising or broadcasting activity by the use of copy messages or pictorial material.

Containers and cartons, too, are used widely for display purposes. In some instances, they are designed to serve as display baskets or tray displays. Others act as bases for the display of the product. Still others, with "pop-up" sections carrying the sales message, are effectively used as counter displays, notably in cigarette merchandising.

NO "ORPHAN ANNIES"

Merchandisers using displays get best results when they keep these three facts in mind:

1. Displays are not "Orphan Annies." That is to say they are not just another form of dealer-help material. They are a major selling medium and, as such, are part of a coordinated sales plan.
2. The average small-town dealer receives, on the average, over 100 display pieces a year. Most dealers change displays not more frequently than once a week.
3. Display material should be aimed at the dealer, not through him. Its primary purpose is to help the dealer move his goods, not to glorify the manufacturer. The more subtly unselfish the display appears to be, the more it suggests a "dealer help" rather than a "manufacturer help," the greater are its chances of being used.

❖ ❖ SALES helps help sales. Many and varied are the promotional activities of the modern marketer. In your aggressive sales campaign, you may use one, several, or all sales aids. The more important are:

1. Direct mail

2. Motion pictures and slide films

3. Catalogs

4. Billboards and car cards

5. Window and store display

Before you make your choice of sales tools, determine carefully which best fits your personal needs in relation to your immediate and long-range objectives, your actual and potential profits, and the amount of money you can afford to invest in such an activity.

❖ ❖ ❖ ❖

A Direct-mail Problem

You are the seller of a specialty product in a city of 250,000. You are convinced you can sell more of this product if you promote it more aggressively. The manufacturer of the product provides effective direct-mail material which you can purchase at reasonable cost.

You employ four salesmen and have a carefully selected list of 1,250 prospects in your file.

The sales representative of the manufacturer urges you to send a direct-mail campaign consisting of four mailings, at ten-day intervals, to each of your 1,250 prospects. The cost to you, including the postage, will be 24 cents per name, a total of $300.

Are you using the best business judgment if you accept the suggestion of the manufacturer's sales representative and send out these mailings as he proposes?

The seller of a specialty product, known to the author, facing the same situation, made his $300 investment produce profitable sales results by following the procedure reviewed on page 374.

XII

To Market! To Market!

THE most active spot in New York City night life is not The Great White Way, the supper clubs in the Fifties or the resorts in uptown Harlem; it's the Washington Market in lower Manhattan.

From midnight to daybreak, every night in the week except Saturday, the streets around the market are jammed with trucks, vans, carts, wagons, and drays, most of which have traveled hundreds of miles that day, loaded to bursting with produce from New Jersey, Maryland, Pennsylvania, Long Island, or Connecticut. Others have come from the great freight terminals and steamship piers with the products of farms and orchards from states bordering on the Pacific Ocean.

On the sidewalks outside the commission houses that cover this area, boxes and bales, crates, bags, and baskets of fruits and vegetables are piled, leaving only a narrow space between where men toil, shout, give orders, and take commands.

Here are found celery from Utah, figs from Texas, oranges from California, loganberries from Washington, potatoes from Idaho, pears from Oregon, peaches from Colorado, eggplant from Virginia, alligator pears from Florida, melons from North Carolina, and varied products from other states and Canada and

Central and South America. The humble onions, carrots, cauliflower, lettuce, corn, asparagus, leeks, and spinach are also on display as thousands of men work madly to sell and buy and truck away these tons of foodstuff that will feed millions of people within the next twenty-four hours in more than twenty thousand restaurants and hundreds of thousands of homes in the metropolitan New York area.

This food, precious and perishable, must be moved before the sleeping city awakes. Early in the morning the streets in this neighborhood will be almost empty; by noon, literally deserted. And that night the sharply accented scene will be repeated so that New York's millions may be fed the next day.

This is not a freakish sidelight on the life of a great metropolis, nor a disorganized costly method of securing food for its inhabitants. The Washington Market and the economic forces responsible for its daily activities are part of a powerful, well-organized business plan which has its counterpart in the French Market in New Orleans, the Halsted Street Market in Chicago, along the Fisherman's Wharf in San Francisco, and in towns and cities in all the most advanced countries in the world.

THE SCOPE OF MARKETING OPERATIONS

To the average person the continuous activity of human beings who go eternally to market, to market, is taken for granted. It's a part of the humdrum pattern of commerce, accepted but usually not quite understood. What, then, does the inquiring citizen

find if his curiosity is aroused and he goes behind the marketing scene to investigate the reasons for these widespread operations and their enormous scope and influence?

To his possible amazement, he discovers that in an ordinarily prosperous year in this country goods worth nearly eighty billion dollars are produced, distributed, and sold. About four-fifths of the dollar volume of this astonishing total is the result of the work of ten million or more persons engaged in over two hundred thousand manufacturing institutions, in the mills and factories of the country. An approximate eighth of these goods, worth ten billions in dollar value, are farm products; and the balance, totaling nearly four billions of dollars annually, are products of mine, quarry, forest, fishing, hunting, and crude petroleum.

As these goods pour forth from the factories and farms of the nation, the greater part goes first to individuals and groups who have no more interest in consuming them than do the original producers. This group is called by various names—traders, jobbers, wholesalers, distributors, retailers, dealers, and, as a broad group classification, "middlemen." The field of human activity engaged in handling this vast flow of commodities, in conveying goods to the market place for 130,000,000 consumers, occupies the thought, ingenuity, physical labor, and wealth of about three-fifths as many persons as are normally engaged in the production of the goods.

Further investigation reveals other important services in the marketing procedure required to place

goods in the hands of the people who will use them. Briefly sketched these include the mechanical, creative and electrical services such as transportation, communication, printing; the financial services of banking and insurance; and the merchandising services of credit, installation, and repair.

When totaled, the cost of all the many and complex business activities involved in the flow of goods and services from producers to consumers, termed by economists as "marketing," equals only slightly less than one-half the national income of the United States. These marketing activities interweave all other types of business operations; they concern every individual business, large or small.

WHY A MIDDLEMAN?

Is the average citizen likely to gain the not uncommon notion that these "middlemen" engaged in the marketing of goods, these intermediaries between those who originally produce wealth and those who consume it, are exploiting the consumer, the producer, or both? If so, he is not unlike many who regard the "middleman" as an economic parasite to be tolerated, but whose presence in an economic utopia would be eliminated.

True enough, the distributor obtains goods for less money than the ultimate consumer pays him. But the consumer, all too frequently, is not cognizant of the services that have been performed in making the goods available when and where he wants them, a series of functions which, without the middleman,

he himself would have to undertake. If each consumer did perform these services, assuming he was able to, he would find it more expensive in time, effort, and actual money than the amount he now pays the middleman.

The consumer is not merely paying for the goods he obtains; he is also paying the middleman for the risk he assumes in his purchases and the labor of transporting and handling the goods and holding them in storage until the time the consumer chooses to exchange his money for them.

Unfortunately there is no itemized price tag on the goods that shows the exact cost of the "behind-the-scenes" services rendered by the middleman, in addition to the original cost of producing the goods. Thus the New York City housewife purchasing, in her corner grocery store, pears from Oregon or celery from Utah, which arrived there via the Washington Market, may not realize that these foods were kept fresh for months in mammoth warehouses and that the crisp, firm quality she demands is hers to select from only because, previously, scientists spent large sums of money in mastering nature's preservative, cold.

The buyer may also overlook the fact that these foods were then rushed across the continent by fast freight in specially equipped refrigerator cars; and that even such a minor item as the toll charges for the telegraph and telephone services used to flash weather forecasts, prices, orders, and the news of crops across thousands of miles represents another sizable expenditure of money.

These services and the many others used in modern distribution cost money and involve real business risks, and for them the frequently criticized middleman is fairly entitled to the profit he receives.

The middleman came into being because he was originally a necessity, and he stays because he continues to be one. From the earliest times when he carried on his back the wares of stay-at-home producers and eked out his livelihood as an itinerant peddler, he has been helpful in elevating mankind from a primitive, poverty-striken economy in which each family group or tribe produced all the goods required for its limited needs.

This sometimes-despised middleman is not only the marketer of goods, but his most consequential function is to locate the ultimate consumer who needs and wants the goods he has to sell. He is, at the same time, the agent for the farmer, the grower, the manufacturer. In many cases he is also their warehouseman and almost always their salesman.

Without the middleman's economic and social contributions our present-day society of diversified occupations could not exist because those who produce goods usually have not the money, the knowledge, or the time to distribute and sell the fruits of their labor.

NOT A PERFECT SYSTEM

The system of distribution in which the modern middleman works is subject to periodic criticism. Pitiless publicity is given; isolated cases are cited

as damning evidence that the costs of getting goods from those who originally produce them to those who consume them are excessive.

Some of this criticism is justified. Much of it is unfair and based on false premises or half-baked economic theories.

Modern merchandising is by no means perfect, as everyone knows. Most intelligent marketers admit that the presence of inefficiency, short-sightedness, and needless competition are costly to everyone concerned. There is still elaborate promotion for the worthless or over-priced product. There is still exaggeration, half-truth, and even untruth used to sell goods that perform no real service or deliver no genuine value. Some marketers fail to realize that the soundest merchandising program is the one based on the premise that nothing is ever said about a product which the user cannot prove for himself.

Conscientious, sincere, and intelligent groups of marketers, advertising experts, producers, and consumers are seriously studying these problems, trying to correct them for the general good of all.

Meanwhile, the average consumer, despite occasional grumblings, demonstrates his faith in modern merchandising by his overwhelming preference for goods distributed on a nation-wide basis, backed by modern promotion, including advertising.

There are a number of reasons why the consumer takes this stand. None of these springs from an inborn love of the national manufacturer. All can be traced back to that most powerful of all human motives—enlightened, intelligent self-interest.

CONSUMER SURE OF QUALITY

One of the principal reasons for this preference is that a product marketed on a national basis, backed by modern sales promotion, is actually put on trial before the critical eyes of the buying public. The glaring white light of nation-wide product publicity is a great purifier, working both ways, hastening the acceptance of a worthy product or the rapid demise of an inferior one that does not warrant public approval by repeat purchases.

Not only must the modern marketer produce a product of high standards but he must maintain these standards uniformly. If he is to continue to receive public favor, he must constantly improve his product. He cannot stand still; he must continuously offer the public something new, something better.

While the nationally promoted and distributed product is under this pitiless scrutiny, so are similar products of rival manufacturers. Thus the buyer in the market place, be it the corner grocery, drug-store, department store, or automobile salon, sees what the producer has to offer, compares his offering with that of his competitors—and judges its values for himself. Because of this, the manufacturer, if he is to survive, must market a product of merit that delivers genuine value to the user.

The nationally marketed product gives the consumer the constant quality he has been educated to expect, or he discontinues his patronage. Thus the housewife, buying a nationally distributed coffee, knows exactly the quality standard she may expect

from this coffee which has already met with her favor. Loose coffee, purchased as did our grandmothers, might be good one time, fair the next, even poor or adulterated on occasion, depending upon the shipments received by the corner grocer.

Orators deliver long speeches and writers bring forth thick volumes about truth in salesmanship and truth in advertising. From a realistic standpoint, the question is an academic one for the buying public does insist on truth in both salesmanship and advertising and will not continue to buy products grossly misrepresented. The marketer who fails to see the wisdom of truth in both his selling and advertising is short-sighted indeed and doomed to a brief existence as an important factor in his market.

CONSUMER GETS MORE FOR LESS

The fact that modern merchandising technique reduces the cost to the ultimate consumer is undeniable.

In 1909 an automobile cost $2,000 or more. Today a much superior one sells for half that amount, yet labor costs and overhead have mounted steadily and new and more expensive materials are used in producing the modern motor car. How, then, can the cost be less? The answer is that modern marketing has produced sales volume; sales volume has produced greater mass production; greater mass production has lessened the cost to make each individual automobile, and the buyer gets more for less money.

In 1910 you paid $25 for a tire that would run about 2,500 miles—a cost of a cent a mile. Today you get a better, safer tire at about one-twentieth of a cent a mile. Pre-selling, through low-cost

advertising, as well as improved production methods are largely responsible for this development.

The same situation prevails with regard to electric refrigerators, radios, oil burners, cameras, vacuum cleaners, shoes, building materials, clothing, long-distance telephone rates—almost every modern commodity or service that comes to mind.

Paradoxically, the misinformed consumer offers a noisy objection to the advertising aspect of modern marketing because of the heavy costs involved, but here again facts disprove an erroneous contention. The advertising cost is small when checked against the cost per unit of the nationally advertised product. With each bottle of Coca-Cola, for instance, you pay less than one-fiftieth of a cent for advertising.

Advertising aids distribution by persuading the local dealer to stock the goods he wants, yet, compared with other distributing costs, it is small enough to be disregarded. Advertising, in fact, is the least expensive avenue of approach to the consumer. Do you realize that a full-page black-and-white advertisement in the weekly magazine of the largest circulation, costing the advertiser $10,000, takes his message into enough homes so that the cost per home per message is one-fourth of one cent?

PROVIDING NEWS FOR CONSUMERS

Advertising performs a tangible service by giving information vital to the buying public—where certain articles are sold, their retail price, and when special bargains are offered. Watch what happens in the average home when the newspapers and magazines

arrive. Advertisements are read carefully; shopping lists are compiled. Truly advertising is news.

Advertising is the speediest and most direct way of telling the public about inventions and discoveries, an important phase of our highly specialized system of distribution. While these innovations would, of course, come into use without advertising, few people today would be enjoying them. Furthermore, the demand aroused in the consumer by advertising makes it profitable for the inventor and manufacturer to develop and introduce new products.

Indirectly advertising has been of benefit by its influence on cultural life. The growth of the radio, which contributes so freely to our enjoyment, was made possible almost entirely through the support of national and local advertisers. Newspapers and periodicals are supported chiefly through returns from the same source. Advertising brings the fiction and fact articles of the magazines into the home at but a fraction of the cost to the subscriber of the actual cost of publishing, printing, and mailing. In every way advertising has helped give us a more profound mental growth and outlook.

Modern marketing has brought within grasp of the consumer comforts and luxuries which would not otherwise be attainable. It has saved lives by its effect on the national health through selling better refrigeration and promoting the sanitary packaged and canned foods, in contrast to the unsanitary open-cracker-barrel methods formerly used.

It has lengthened the span of life and made our American health standards the envy of the world

through the far-sighted vision of some of the leading insurance companies, who for years have sponsored educational programs in the interest of public welfare.

By relieving mankind, and particularly women, from household drudgery, today's marketing methods have paid dividends beyond all measure of money in leisure and cultural pursuits.

Modern marketing has done this by carrying word of the new products into the household, by developing their quality, and by inducing the customer to buy so that costs were eventually brought within reach of the majority.

WEALTH IS HAPPINESS

Modern marketing has been defined earlier as "a service based on organized, trained common sense." And the available facts about marketing are, in reality, just a few elementary truths, proving once again that there's nothing new under the sun.

The difference in results achieved, and they are extreme, are a matter of the skill used in interpreting and applying the seven rules of marketing under which the known facts may be classified for purposes of reflection, planning, and application.

Modern marketing produces wealth for those who understand its technique. And wealth is not only computed in dollars and cents; in its best sense, wealth connotes happiness. Our human happiness, to a large extent, is dependent on our standard of living, which on the American continent has reached heights undreamed of by our forefathers. Much of this standard building is the contribution of the American businessman—the modern marketer.

❖ ❖ THE modern marketer, critics notwithstanding, performs a useful social and economic function. He renders these basic services for the consumer:

1. He buys the goods from the producer, investing his money or credit in the transaction.

2. He transports the goods to a place where the consumer may conveniently shop for them.

3. He holds the goods in storage until the consumer chooses to pay his money for them.

4. He takes a business risk in all these operations.

Since there is no itemized price tag on the goods to show the exact cost of the services just named, many misinformed customers carry the belief the middleman is exploiting the consumer, the producer, or both.

This attitude is contrary to facts.

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Appendix

The Solutions to Marketing Problems

The Solution to a Product Problem

The president of the rubber footwear concern decided that his company was not yet ready to manufacture the new line of galoshes recommended by the style and color experts and endorsed by his own sales and manufacturing departments.

More facts were needed from people *outside* the business—from dealers expected to promote the sale of the galoshes and from the women expected to buy them.

His salesmen were supplied with sample galoshes and a questionnaire. The opinions of shoe dealers and managers of shoe departments in dry-goods stores, large and small, were secured as to the price to be charged. Color and style preferences were itemized in detail.

Approximately one thousand women, in selected market centers, were shown the new galoshes and asked if they would pay the proposed price for them. Their opinions and preferences, as to style and color, were recorded.

After these dealer and consumer opinions had been correlated and carefully studied the manufacturer found that both groups were in agreement in believing two of the colors would find little, if any, acceptance. A third color found such slight acceptance that it was also eliminated.

The line of new galoshes, made in the four colors dealers and consumers liked, was introduced that fall and found general acceptance. Dealers were well pleased because none of the colors became a burden on their shelves; also their stock inventories were less than if a wider line had been introduced. The manufacturer's production problem was simplified and his profits greater than they would have been had he manufactured several items that either did not move at all or, at best, moved slowly.

Thus possession of all the market facts proved profitable and paid many times for the expense and trouble expended in their collection.

The Solution to an Organization Problem

The cement manufacturer, with the cooperation of his advertising agency, decided to stop national advertising activity and use the money formerly spent for this purpose in a program designed to help the individual dealer make the conduct of his business more profitable.

The manufacturer announced his conviction that in his industry the interests of one were the interests of all—that anything detrimental to the dealer was detrimental to the manufacturer—anything helpful was advantageous to both.

Therefore, the manufacturer proposed a program based on teamwork between dealers and himself for their common good.

A series of books on subjects most important to the dealer were prepared, based on an interchange of dealer experiences and the most constructive ideas of dealers and other authorities. These books were distributed by the manufacturer's salesmen to his dealers, free of charge.

Members of the manufacturer's sales force were carefully trained so that they could properly interpret the contents of each book to their customers, thereby qualifying to serve as business counselors to their trade.

Much good will and attendant favorable publicity were created. The manufacturer's dealers, being human, expressed their gratitude by placing orders for increased tonnage with his sales representatives. New dealers, anxious to gain the benefit of this merchandising help, were more easily secured. Since no other manufacturer in this field had a similar service for the trade, nor cared to imitate his program, the sponsor of this dealer-help activity enjoyed a distinct advantage over competitors.

A Market Research Solution

The XYZ Company conducted the following investigations before attempting to formulate a sales policy for the possible sale of its product to the poultry trade.

1. Leading physicians and hospital authorities were interviewed to determine whether the possible sale of the product to poultry raisers would have an adverse effect on the product's established standing in the medical field.

2. County agents and poultry raisers were interviewed to determine the extent of the losses incurred by chicken mortality and lessened egg production by hens.

3. Experimental brooder and hen houses, equipped with the cellulose-acetate product, were installed at the poultry farms conducted by leading agricultural colleges and state universities. Comparative tests were run with similar batches of chicks and hens and the results were recorded and studied.

4. Leading manufacturers of brooder and hen houses were interviewed and arrangements completed for the use of the cellulose-acetate product in place of ordinary window glass.

5. Hardware and other dealers were interviewed and their opinions asked as to the salability of the product to poultry raisers. Data were also secured about the proposed price for the product.

When these studies were completed and the composite answers weighed, the XYZ Company decided a real market existed for their product. Sales plans were accordingly formulated and a profitable business developed in the poultry field.

A Consumer Problem Solution

It is the intent of this report to indicate why past consumer advertising has not been more productive and to outline the changes required in the basic policy so that greater returns per advertising dollar may be realized in the future.

We must realize that our customers—home owners—are human beings and that every human being is interested, beyond everything else, in himself. Our customer's reaction, your reaction, my reaction, to any proposal made to us, no matter how each of us attempts to conceal our motives, is, "What will I get out of it? What will this product do for me?"

Our advertising copy has been entirely lacking in this fundamental self-interest appeal. We have talked, rooster-like, about our product, our leadership in the industry, our skill in making good paint. In other words, our advertising message has wasted costly space to say, "We are great people."

The illustrations used have been entirely lacking in ability to focus the reader's attention on our advertising. The pictures of a can of paint, so prominently used, have aroused no sympathetic situation nor created an emotional conflict from whose dilemma our product can rescue the reader.

The text of our advertisements have not been built on a psychological platform that moves the reader to action. We have not won his sympathy, offered a satisfaction for his needs or desires, related the benefits of our product to his needs. And we have not supported the claims made for the product by understandable evidence the layman will accept and believe nor have we justified its cost in a dramatic manner.

It is proposed to base our future advertising on a humanized friendly appeal, written around the theme that home is the castle of everyone's dream and that home deserves the best possible paint protection. More space will be devoted to illustrations showing our product in use on beautiful homes, both large and small. Technical data will be subordinated: if used at all, they will be presented in popular form. Every effort will be made to shift the emphasis from what the product is to what it will do for the purchaser.

In these sample layouts you will see a visualization of how this will be accomplished.

The Solution to an Exhibit Problem

An exhibit booth, in the form of a simple English thatched cottage, was erected. Inside the cottage a life-sized diorama of Sir Luke Fildes's famous picture "The Doctor" was staged before a black velvet background.

Appropriate musical effects were softly played on a recording machine behind the velvet curtain. An announcer's voice re-

called the importance of the doctors' services to humanity and the value of the company's laxative product.

The complicated emotional reactions so evidently stirred in the great majority of the visitors by the appealing sight of the deathly sick innocent child, the anguished mother, the brave father, the kindly doctor proved to be an effective vehicle for the sales story on laxatives.

As visitors, and they came by the hundreds of thousands, left the exhibit booth each received a post card reproduction of "The Doctor" with a brief product sales message on the reverse side.

The Solution to a Problem of Changed Market Conditions

The ABC Company cannot continue to compete profitably with others selling their products through the same channels of distribution that this company uses until it further diversifies and broadens its line of products.

Diversification of the line means the addition of new products which can be profitably sold through our existing dealers, thereby further cementing these dealers to the ABC Company and fully utilizing the dealer good will so carefully nurtured over a period of years.

It is recommended that the board of directors of the ABC Company give careful consideration to a policy of conservative capital expansion so that new products may be added to the line, thereby equipping the company to continue its aggressive sales-building policy.

Outlined in the accompanying report is a proposed product-expansion policy to be undertaken during the next five years. Details as to financing requirements are summarized in a separate report prepared jointly by the chairman of the finance committee and the treasurer.

The Solution to a Planning Problem

I would be less than candid and failing in my obligations to serve this company to the fullest extent of my abilities as

advertising manager if I did not strongly advise that *no* national advertising campaign "be given a try for the first six months of next year."

National advertising, as pointed out in my original memorandum proposing its limited use in those markets we are agreed are most susceptible of profitable cultivation, is not and never will be a panacea for our sales problems. Of and by itself, national advertising cannot be expected to sell directly any real volume of our products. That is not its purpose, and to expect it to do so merely builds false hopes.

The primary purposes of national advertising are fourfold:

1. To help consumers as an aid to buying.
2. To influence more people to buy our product or use it more widely.
3. To prepare the way for sales by educating potential prospects on the merits of our product and removing obstacles to sales.
4. To encourage continued patronage by present and new customers.

None of these objectives can possibly be attained in the short period of six months' time. Continuous telling of our story over a much longer period of time is necessary before we might hope to begin to reap the benefits of our expenditures in national advertising.

Until such time as we are in agreement that national advertising is a daily, continuing part of our required activity to produce sales at a profit, until such time as we can agree on the wisdom of a capital investment in this form of business insurance over an initial period of several years, it would be fallacious to start a program possibly foredoomed to a brief six months' trial existence. Money spent in such a trial effort can more profitably be spent in other ways or not spent at all.

A Promotion Problem Solution

The association of lumber manufacturers, working closely with governmental housing agencies and leading building-

materials concerns, prepared a series of plans and elevation sketches for eight low-priced homes costing between $1,750 and $3,400 to erect, exclusive of lots.

A series of direct-mail letters, newspaper electros, and publicity releases announcing the availability of these low-cost home plans were assembled in packet form and released to lumber and building materials dealers. Complete instructions were included explaining the market possibilities for homes in this price range and telling how the promotional material could be most effectively used. Dealers were urged to erect demonstration homes in their communities so that prospects could actually see and inspect the kind of home they could purchase for a relatively small sum of money.

Speakers featured the story of this activity and its profit possibilities for dealers at the annual lumber-dealer conventions. Effective publicity stories were published in the leading trade papers urging dealers to take advantage of this market opportunity.

The amount of money spent on this joint promotional effort was relatively small in comparison with the results achieved.

The Solution to a Public-relations Problem

The solution of this problem in employee and public relations became possible when the manufacturer realized that he had never taken the time to tell his employees and the public enough about the nature of his business to enable them to know why the periodic hiring and discharging of people twice a year was necessary.

He discovered, too, that a majority of those laid off naturally assumed they had been discharged because their work was unsatisfactory or because the boss had it in for them. Many of the permanent employees shared this point of view and were resentful and in sympathy with the discharged employees.

To correct this situation the manufacturer supplied all his employees with the facts, assured the competent that their work had been appreciated, and expressed the sincere hope of rehiring them as soon as increased business made this possible.

This, of course, did not obviate the serious fact that many were out of jobs, but it did change their attitude toward the company. Those dissatisfied with conditions as they were went elsewhere to seek more stable employment. They did so, however, because they understood the nature of this manufacturer's business and not because they held a grouch against the manufacturer.

As a result of this experience the manufacturer adopted the permanent policy of issuing bulletins at each plant, over the name of the plant superintendent, explaining the policies of the company. These bulletins were mailed to the workers' homes. Periodically, the manufacturer tells his people the company's attitude on labor, unionism, hours, wages, and other questions directly affecting the workers. An annual report is sent each employee, telling in A-B-C language what the company does with each dollar it receives; how much goes to stockholders, to wage earners, to executives, to reserves, to profits.

In those communities where the company's plants are located newspaper advertising is used to inform the public about the company's policies, particularly with regard to its attitude toward its employees.

The Solution to a Direct-mail Problem

You would be using poor business judgment if you followed the suggestion of the manufacturer's sales representative and issued a direct-mail campaign of four mailings, at ten-day intervals, to your 1,250 prospects.

Your four salesmen could not follow these mailings to so large a list of prospects soon enough to enable you to get maximum sales returns from your advertising expenditure.

A more logical and sensible controlled plan of gearing personal selling with promotional effort would be:

1. Divide your prospects into four groups by neighborhoods, one for each salesman.

2. Each Saturday send out fifty direct-mail pieces per salesman. On the following Monday or Tuesday each salesman calls on as many of these fifty prospects as is possible. On Tuesday evening a report is made on these calls and that same evening ten, twenty, or thirty more direct-mail letters are sent out per salesman.
3. Thursday and Saturday evenings this same procedure is repeated.

Thus a continuous direct-mail activity is carried on. Every recipient of a direct-mail piece receives a personal sales call within a few days after the receipt of a mailing piece. Careful sales records are kept and each salesman has an active list of prospects to work on every day.

The sales results obtained by the seller of the specialty product were far greater than if mailings had been made in one job lot at ten-day intervals and in such quantities that prompt personal sales calls, except on a minority of prospects, were physically impossible. This merchandiser recognized that, like good food, prospects are not much good when they have been allowed to cool off.

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