

# Advertising Doesn't Cost So Much

*C. John West*

**J**UST building a better mousetrap will not guarantee that eager buyers will beat a path to your door. Not any longer, that is. Not only will you have to make it better but you'll have to make it cheaper and to make it cheaper you'll have to make lots of them—on an assembly line basis. Directly you start making lots of mousetraps you have to find lots of buyers—and that's where advertising comes in.

Mass production of any product—at low prices—comes into being only when *a great many people* can be persuaded to buy that product. And that's the job of *advertising*.

"Granted," say some, "but much of the advertising must be wasteful and some of it is in poor taste or outright misleading." Unfortunately, all advertising isn't lily pure and on a sound economic basis, but most of it is or it wouldn't survive. Advertising costs money—big money—which can only be obtained from the sale of the product. When the advertiser's product does not live up to claims or the public shies away from the product because the advertising is distasteful, the product will start losing ground and eventually pass out of the picture.

By and large, advertising is used to help sustain a volume output which permits low cost production. I said "help sustain" because no amount of advertising will keep a product on the market if the

price is wrong or the quality off. At least it won't as long as we have a competitive system.

New products and improvements move quickly into common usage because advertising helps build a market large enough for low cost production—in a hurry!

The singular development in marketing during recent years is the mass retail outlet, primarily for food, but fast becoming a market place for other commodities. Its success is based on self-service and volume turn-over; the kind of turn-over that enables an operator to work on a 15 per cent gross to give a 3 to 5 per cent net. This would be impossible without advertising, which permits the sale to be made without a sales clerk. Advertising has told the buyer what she wants to know about the product. It also told her the store was there and that she could expect good value. In the first case, it was the manufacturer's advertising that told her about the product and the retailer offered the services and values of his emporium by a sign on his roof, some form of printed matter or an announcement on the air; the whole scheme being based on letting large numbers of people know at the lowest possible cost what is available to them.

**A**LTHOUGH we generally think advertising has reached its greatest intensity in the United States, it probably plays a much more important part in the

Canadian economy. Here's why: Canada is a most unusual market place.

Not only do we have two languages, but also five distinct marketing areas which geography has forced us to accept. Canada became a political unit in spite of geography not because of it. The confederation of the provinces was certainly one of the greatest pieces of politicking ever undertaken successfully. It took statesmanship and a railroad. Either side and out 2 or 3 hundred miles from that railroad and the one that came later, the Dominion developed and grew in what is often referred to as Canada's Ribbon of Development. During recent years we have struck out from the centres of population to provide raw materials for our fast-growing industry. We are still, however, a nation with few centres of population and vast distances between them.

So what has this to do with the importance of advertising in Canada? It goes back to mass production again. Even with our rapid increase in population and industrial expansion under full acceleration, there are still not enough people in any one area to make real mass production possible. Within a radius of 100 miles of many cities in the U. S. are millions of people. Mass production is possible just to sustain the demand of the people in the immediate area. In Canada, low cost mass production for most products is only possible when a product is sold nationally to people separated by thousands of miles. In the first case, advertising will be necessary to induce large numbers to buy the product. In Canada it will be even more necessary because of the great distances involved.

Let's take two examples. A manufacturer in Detroit develops a new type of floor wax. He figures all his costs involved and comes to the conclusion that if he can turn out 10,000 cans of wax a month, he will have his costs down to the point where he can compete with waxes presently on the market. (And it's just this kind of an operation which makes for better products cheaper). By sending out his salesmen, who set up displays in the stores (a form of advertising), running ads in the paper, etc., he is able to sell his 10,000 cans a month within a gas-tankful radius of his plant.

Right across the river in Windsor, a Canadian manufacturer decides to put the same product on the Canadian market. He, too, has to produce 10,000 cans a month to get his prices down to a competitive basis. But in order to move that volume, where does he have to sell his wax? Toronto, Montreal, Halifax, Winnipeg, Vancouver and points between. He can't send out salesmen to cover all those markets—the cost would be prohibitive. So he uses advertising. To find retailers or middlemen who will handle his products he runs ads in the trade papers or uses direct mail advertising. So that the consuming public will know about *and trust* his product enough to buy it off the dealer's shelf, he uses consumer advertising in any one of the many media that reach large numbers of people at low cost. Mass communication has helped the Canadian wax manufacturer make the better product available to Canadians at a reasonable price. Multiply this situation in all the complexities of real life and you have the down-to-earth reason for and importance of advertising in Canada.

**A**NY attempt to discuss the various forms of advertising and the comparative advantages of each would require a text book and since no two text books agree the whole subject becomes "one man's opinion." Frequently the few individuals involved in the plotting of an advertising program have varying opinions of the most effective medium and usually argue out the pros and cons on the basis of the particular sales problem or objective.

Great strides have been made recently in the testing of advertising effectiveness and the advertiser has new tools to help him in the proper selection of media and copy approach. Readership and listenership surveys are providing guides for the future based on past performance.

The frustrating (and fascinating) factor for the advertising man is that he knows when his advertising program "clicked" in relation to the yardstick—but he doesn't really know why. Much is still left to the discerning marketing mind, the artist and copywriter.



“Just what does advertising cost annually in Canada?” is a hard question to answer. A lot depends on the definition of advertising. Does a sign over a door, saying “Skates Sharpened Here” constitute advertising? Certainly it does, but no figures are available on this kind of advertising, or window displays, or catalogues, or direct mail or trade papers—or even local advertising in daily and weekly newspapers or over the radio stations. It amounts to millions of dollars but it is only used because it helps sell goods which keeps production up and lowers production

costs, resulting in a net gain to the consumer.

Estimated figures are available on national advertising which is the advertising we usually think of. These estimates show that national advertising expenditures approximate  $\frac{1}{2}$  of 1 percent of the net national income or \$5.00 per person per year. The entertainment alone provided by advertising revenues in the form of periodicals, newspapers and radio is worth more than that!

Add it all up and advertising doesn't cost so much.

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## *Windmills*

Our mission here on earth is to change our environment, not to adjust ourselves to it. If we have to choose between Sancho Panza and Don Quixote, let us by all means choose Don Quixote.

ROBERT HUTCHINS