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AIR COMMAND AND STAFF COLLEGE

STUDENT REPORT

ADVERTISING STRATEGIES:
CORPORATE AND PRODUCT-SPECIFIC

MAJOR ROBERT F. KOENIG, JR.

84-1475

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Submitted to the faculty in partial fulfillment of
requirements for graduation.

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AIR UNIVERSITY
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20. ABSTRACT (Continue on reverse side if necessary and identify by block number) Presents a discussion of the corporate and product-specific advertising strategies used in civilian industry. Variables affecting corporations' ad campaigns, e.g., media selection, are discussed. Report summarizes lessons learned from civilian advertising that may be applicable to the military recruitment advertising and draws similarities between advertising in the civilian and military sectors. Since the project involved considerable library research, a significant bibliography is included.		

PREFACE

Advertising, wherever we look we see it. However, rarely do people associate advertising with the military. Advertising is a link between the military and civilian sectors of our nation. It publicizes the military as a way of life to the American public. Prior to the all volunteer force, the military did not have to advertise to encourage people to join the military. The decision was already made for them with the draft. The only decision that draft age males had to make was which service. With the cancellation of the draft, the military services have been forced to advertise their products in order to maintain the required force structures.

Advertising in the military is very similar to corporations' advertising in the civil sector. Each has a product to sell and they want to sell it most effectively. Because the military is in competition with civilian industry for personnel, they must sell a tour in the military to the public over other jobs the civilian industries have to offer. Since civilian industry has been in the advertising business longer than the military, this paper looks at the civilian sector to see how advertising is handled and the considerations that go into the development of advertising campaigns.

The author would like to acknowledge the special assistance of three people in the preparation of this paper. Major James Wilson, the ACSC project advisor, who so patiently read and reread some many drafts of the report and help structure the aim of the project. Lieutenant Colonel John A. Ford, Jr., OASD(MI&L)(MP&FM), for the details of information and the assistance he provided in restructuring the report format. A special thanks and deep appreciation goes to my wife, Eileen, for her ceaseless encouragement, assistance in typing, proofreading, learning how to use the word processor, keeping the kids quiet when Daddy was studying, and just being there when I needed someone to talk to. To these three people, I say thank you, for without your help, this report would never have come to fruition.

ABOUT THE AUTHOR

Major Robert F. Koenig, Jr. graduated from the University of Pittsburgh in 1971 with a Bachelor's Degree in Economics and received his commission through the ROTC program. Upon entering active duty, Major Koenig was assigned to the Management Engineering career field. During this assignment, he completed the requirements for a Master's Degree in Management. Major Koenig has held positions in the Manpower Management and Executive Officer career fields. In 13 years of service, he has been assigned to the Military Airlift Command and the Air Force Manpower and Personnel Center. While stationed at Scott Air Force Base, Illinois he attended Squadron Officer School and completed Air Command and Staff College by seminar while assigned at Randolph Air Force Base, Texas. Following graduation from Air Command and Staff College, Major Koenig will be assigned to the Air Staff in the Directorate of Manpower and Organization as the manpower programmer for the Military Airlift Command.

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EXECUTIVE SUMMARY

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REPORT NUMBER

84-1475

AUTHOR(S)

MAJOR ROBERT F. KOENIG, JR., USAF

TITLE

ADVERTISING STRATEGIES--CORPORATE AND PRODUCT-SPECIFIC

I. Purpose: To discuss the corporate and product-specific advertising strategies used in civilian industry and the variables that affect the development and use of these advertising campaigns.

II. Problem: Prior to FY 79, recruitment advertising for enlistment in the U. S. military was conducted independently by each of the services. However, a new concept in military advertising was initiated--joint advertising with the four services combined in one ad campaign. Effective in FY 79, the military began using two advertising strategies, i.e., joint advertising conducted by the Department of Defense and individual service advertising with each service conducting their own advertising program. When joint advertising was implemented, the advertising budgets of the four services were proportionally reduced to fund the joint program. In FY 81 however, the joint advertising program was separately funded. Since the inception of the joint advertising campaign, the question has been asked as to which advertising strategy is most effective--joint (corporate), individual service (product-specific), or a combination of the two.

III. Data: To obtain first-hand information on how corporate (joint) and product-specific (individual service) ad strategies are used in the civil sector, advertising information was requested from General Motors (GM) Corporation and International Business Machines (IBM) Corporation since both

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had corporate and product-specific ad campaigns. Specifically, three questions were asked. (1) How are advertising dollars allocated between the two advertising strategies? (2) What are the purposes of the corporate and product-specific ad campaigns? (3) How is the effectiveness of these two advertising strategies measured? Although both corporations responded, the information provided lacked details of how the two ad campaigns were structured and how they competed for advertising dollars. Next, advertising organizations were contacted to determine if research had been performed in the area of corporate versus product-specific advertising. This began the library research phase of this study. While the library research was being conducted, another inquiry was made of civilian industry. Letters were sent to the ten largest advertisers in the United States for 1982 based on the analyses of advertising budgets conducted by Advertising Age. These letters requested the same information as the letters to GM and IBM. Unfortunately, the responses provided by the corporations were little more than glossy stockholders' annual reports that did not address the issue of advertising. The reluctance of civilian corporations to provide specifics about their advertising programs came from the concern that publicizing their marketing strategies could adversely affect corporation profits. With little information from civilian industry, the study was redirected to what was published in trade journals and academia. Based on Advertising Age's annual evaluation of the top 100 advertisers in the United States for 1982, total advertising budgets were obtained for GM and IBM (unfortunately, a breakout of corporate and product-specific advertising dollars was not available). Comparisons were then made between the total advertising budgets of GM, IBM and the Federal Government by media (tv, print, radio and outdoor). This analysis continued to the industry level to determine if trends existed within industries in terms of how advertising dollars were spent by media. Once the advertising budgets of the three were compared, the research turned to the variables affecting advertising campaigns. Variables considered ranged from the purposes of the advertising strategies to how advertising effectiveness is measured.

IV. Conclusions: The object of the study's research was to review how advertising is handled in the civilian sector of the economy. Similarities between corporate and joint service advertising and product-specific and individual service advertising were discussed. Based on the analysis of civilian advertising, five major points were found. (1) Guidelines for distributing ad dollars between corporate and product-specific advertising do not exist. (2) Guidelines for placing the ad decision making function at the corporate or division level do not exist. (3) The majority of corporations (regardless of industry) put the largest percentage of their

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advertising budgets into tv, followed by print, radio and outdoor respectively. (4) Most corporations have a market research study performed at least once every one to five years to evaluate their corporate advertising programs. (5) Absolute answers do not exist in the advertising world; what may work for one corporation does not necessarily work for all. Because of this, the same three advertising issues raised by Air Force Recruiting Service, i.e., purpose, mix and measurement of advertising effectiveness, are continually raised in the civil sector. In comparing the military advertising programs to those in civilian industry, three similarities appear. First, the military recruitment advertising programs are organized similar to approximately one-third of the civilian corporations. The military recruitment advertising programs are decentralized with the joint and individual service advertising functions being managed at separate levels. Second, the joint service advertisements are very similar to a new concept in civilian advertising called umbrella ads. Umbrella ads sell the "image" of the military while at the same time trying to sell the individual "products" (each of the services being a product). Lastly, the Federal Government distributes its ad dollars by type of media in approximately the same percentages as General Motors and International Business Machines. However, the Government utilizes radio to a greater extent than most industries.

V. Recommendations: As with civilian corporations that are concerned with their corporate "image" and "selling" their corporate products, the Government advertises enlistment in the military using a combination of joint and individual service advertisements. The joint advertisements perform two functions: they advertise the general "image" of the military as a way of life/occupation while at the same time advertising the specific "products" the military has to offer, i.e., Army, Navy, Air Force, and Marines. The research performed in this project should be part of the basis for evaluating the test of optimum joint and individual service advertising levels being conducted by the Wharton Applied Research Center.

Chapter One

INTRODUCTION

BACKGROUND OF THE PROBLEM

Of the approximate 205 million dollars spent by the Federal Government in FY 1982 for advertising, over \$155 million went to the military services' recruitment advertising programs (3:153). Seventy-six cents of every government advertising dollar went to the military. These advertising dollars are used by the individual services and the Department of Defense to advertise the career opportunities offered by the military. Since implementation of the all volunteer force in the early 70's, the military has been forced to spend large sums on recruitment advertising to meet its annual recruiting goal of over 600,000 personnel (Active and Reserve forces) (34). To meet this goal, advertising dollars are split between two types of recruitment advertising programs: individual service advertising (historically performed by the services) and joint service advertising (a program initiated in 1979 that jointly advertises the four services--Army, Navy, Air Force, Marines).

Each service has an organization responsible for its recruitment advertising. Within the Air Force,

The advertising program is centrally planned and controlled to ensure economical, timely, and coordinated response to Air Force personnel requirements. The Directorate of Advertising, USAF Recruiting Service. . . is the Air Force executive agent for advertising military recruiting and retention that relate to the Air Force (21:1).

The joint service advertising concept was implemented in the military in FY 79. Originally, Congress reduced the advertising budgets of the individual services in proportionate amounts to pay the bill for this new concept in military advertising. From FY 79 through FY 80, joint advertising was the responsibility of an ad hoc committee from the four services--the Joint Advertising Directors of Recruiting (35).

Beginning in FY 1981 management and funding of JRAP [Joint Recruiting Advertising Program] was centralized with the Navy serving as executive agent on behalf of OSD [Office of the Secretary of Defense] and with JRAP funds in the OSD budget (34).

The Assistant Secretary of Defense for Manpower, Installations and Logistics reported that the increased emphasis in joint advertising has caused the services to be concerned about possible reductions in individual service advertising budgets.

... the individual Services are concerned that cutbacks in Service-specific advertising will adversely affect their ability to meet recruitment goals and to sustain the gains made in quality in the last two years. They believe that Joint advertising's role is one of "corporate" or umbrella advertising which complements the main thrust of the "product" advertising of the individual Services (28:1).

SIGNIFICANCE OF THE PROBLEM

With the inception of the joint advertising recruitment program, the question has been asked how can the military get the most for its advertising dollars, i.e., what is the best advertising strategy for the military, particularly the Air Force?

- Only individual service advertising?
- Only joint service advertising?
- A combination of individual and joint service advertising?

To determine the answer to this question, effectiveness must also be addressed--what is the effectiveness of individual service advertising versus the effectiveness of joint service advertising?

The issue of joint service and individual service advertising was submitted by Air Force Recruiting Service to Air University for inclusion in AU Compendium 83-84. Specifically, they asked,

Information is needed on how large corporations allocate advertising dollars between corporate [joint service] and product-specific [individual service] advertising, the purpose of each, and how they measure effectiveness (22:93).

STUDY OBJECTIVES

This study has nine objectives.

1. To investigate how much some major corporations spend on corporate and product-specific advertising.
2. To determine how much the military spends on joint service (corporate) advertising, e.g., "Army, Navy, Air Force, Marines."
3. To determine how much each service spends on its individual service (product-specific) advertising, e.g., "Air Force--Aim High."
4. To determine how much of the advertising budgets are

allocated to the different media, i.e., newspapers, magazines, television, radio and outdoor for the following ad campaigns.

- a. General Motors (GM) Corporation
 - b. International Business Machines (IBM) Corporation
 - c. Individual services
 - d. Joint military service
5. To define corporate and product-specific advertising used in civilian industry.
 6. To analyze the philosophy of corporate and product-specific advertising in civilian industry, e.g., GM commercials stressing the "GM mark of excellence" and Chevrolet Division commercials advertising "Chevy's up ahead."
 7. To compare and contrast the advertising strategies of GM and IBM.
 8. To determine how the effectiveness of corporate and product-specific advertising is measured in the civilian sector.
 9. To present Air Force Recruiting Service, the Defense Manpower Data Center, and the Office of the Assistant Secretary of Defense for Manpower, Installations and Logistics (OASD/MI&L) with a summary of the two advertising strategies (corporate and product-specific) being used by civilian industry as presented in business/trade journals and in academia as an information source for future evaluation of the military advertising recruitment programs.

REPORT FORMAT

To meet these nine objectives, the remainder of this report is divided into three parts. Chapter Two deals with advertising expenditures. General information is provided on the 100 largest advertisers in the United States for 1982 with specific budget information on the Federal Government, GM, and IBM. As part of the analysis of advertising budgets, these three budgets are broken down in terms of expenditures by media. Chapter Three deals with the concepts of corporate and product-specific advertising that affect the development of advertising budgets. This chapter describes the aspects of the two advertising strategies ranging from the general (goals of advertising) to the specific (how advertising effectiveness is measured). Also, where comparisons between the civilian and military advertising programs can be drawn, military advertising programs are discussed. The final chapter, Chapter Four, summarizes particular items found in the research that address the questions raised by Air Force Recruiting Service. Additionally, three similarities between the advertising programs in the military and civilian sectors are presented.

Chapter Two

ADVERTISING BUDGETS

ORIGINAL GAMEPLAN FOR ANALYZING CIVILIAN ADVERTISING

The original gameplan for determining how large corporations establish and measure the effectiveness of their corporate and product-specific advertising budgets was to select two large corporations that utilized both types of advertising. General Motors (GM) Corporation and International Business Machines (IBM) Corporation were the two businesses originally selected. Letters were sent to the advertising departments asking three questions (see Appendix A for an example of the letter).

1. How are advertising dollars allocated between corporate and product-specific advertising?
2. What is the purpose of corporate and product-specific advertising strategies?
3. How is the effectiveness of these advertising strategies measured?

Although both corporations responded, specific information on their advertising programs was not provided (extracts from their responses are presented later). With little information from GM and IBM, a similar letter was sent to advertising associations across the United States whose titles suggested familiarity with the research topic (see Appendix B for a listing of advertising organizations contacted). Of the 11 associations contacted, eight responded. Most of the responses stated that their organization did not perform research and could be of no assistance; however, a few did provide lists of advertising research papers that could be purchased. Information from these research papers is incorporated and noted throughout this report. In order to obtain information on how the business sector views advertising, another letter (identical to the GM and IBM letter) was sent to the ten largest advertisers in the U.S. for 1982: Proctor & Gamble; Sears, Roebuck & Company; R. J. Reynolds Industries; Philip Morris Incorporated; General Foods Corporation; American Telephone and Telegraph Company; K mart Corporation; Nabisco Brands; and American Home Products Corporation (3:1). Additionally, during the library searches for information on advertising, two companies (Eastman-Kodak and E. I. duPont de Nemours & Company) were cited in advertising trade journals as leaders in advertising research. Letters were also sent to these two corporations.

Only three corporations provided information related to the three questions asked: IBM, GM, and Safety-Kleen. Although Safety-Kleen was not an addressee, the president of one of the advertising councils provided specific information about his corporation. The response from Du Pont did not address the three questions asked of their advertising programs. However, Mr. Robert C. Grass, Group Manager, Corporation Marketing Research Division, did provide detailed information on the advertising media research performed by Du Pont. Their research is addressed in the media selection section of this report (Chapter Three). Excerpts from the responses of the three corporations are provided below (Appendix C contains the letters from IBM, GM, and Safety-Kleen).

How are advertising dollars allocated between corporate and product-specific advertising?

International Business Machines: The question was not answered directly. However, they did offer

. . . IBM has three major advertising units in the United States. One handles corporate advertising, one handles personal computer advertising, and the third handles all the other products in our line.

General Motors: Question not answered.

Safety-Kleen: The president of the Automotive Advertisers Council was very interested in this project. In fact, he sent a reproduced copy of the letter asking for information to all members of his Council. Because his enthusiasm for the project was uncommonly refreshing, a copy of his letter is in Appendix D (unfortunately the other Council members did not share his enthusiasm as none replied). Although he could not speak for the members of his Council, he did provide information on his company's advertising program. Advertising for Safety-Kleen is

. . . based upon a percentage (3/4 of 1% annually) of the projected sales for the next year. However, new business ventures or projects may require additional funds to meet the marketing goals.

The normal procedure is to establish priorities on each marketing project and financial or corporate goals. A strategy is outlined for each and costs are established for the production of new ads, support literature, mailings, postage and the like, for each task.

By quantifying each category, for each market project, rather than lump sums, certain elements can be cut out or amended without destroying the outline. . . .

. . . The lower priority projects are usually cut back or

eliminated. . . .

If corporate priorities are lower than the market or product priorities, and they usually are, the dollars are curtailed.

What are the purposes of corporate and product-specific advertising strategies?

International Business Machines: Question not answered.

General Motors: The automaker's reply stated:

Specifically, the purpose of any advertising strategy is to accomplish certain well defined advertising objectives. In the case of the current General Motors' corporate campaign--"Nobody Sweats The Details Like GM," the primary objective is to reinforce GM's quality image in a broad sense to the new car market.

Divisional [product-specific] campaigns are designed to inform consumers on the various products or models available for purchase. Desired audience segments are determined by the marketing plan for each model offered, and media is evaluated and selected for the most efficient and effective coverage of the proper demographics. Advertisements are designed to create awareness of the product, and to aggressively sell the consumer on the advantages and values offered by each vehicle.

Safety-Kleen:

Our corporate efforts are aimed at the financial community, such as investment firms and market analysts. We want to encourage trading of our stock on the Market.

The product advertising is aimed at the users of our products and services to induce them to inquire for more information. The inquiries are promptly followed up by the sales force.

How is the effectiveness of these advertising strategies measured?

International Business Machines:

We do, of course, measure the effectiveness of our advertising in a number of ways: coupons, 800 numbers, mail-in requests and outside professional measurement organizations such as Gallup and Robinson and STARCH [specializes in magazine advertisement].

General Motors:

Advertising effectiveness is measured by various kinds of research, such as, focus groups and individual interviews among

target audience groups. These methods can determine the extent of impact various advertisements have by illustrating the believability of the message and the increase or decrease in awareness of the Corporate name. One meaningful measurement in the case of product advertising is, of course, how well the product sells in the market place.

Safety-Kleen:

Product advertising. . . is closely monitored in a number of areas. As previously mentioned, our advertising is intended to generate inquiries.

Each magazine, trade paper, etc., receives a reprint from us two times a year, showing the number inquiries received (phone and mail), the number converted to sales and the percentages. The same thing is done with inquiries from product stories in their publications. These stories are a third party endorsement of our advertising claims and are an important adjunct to our advertising.

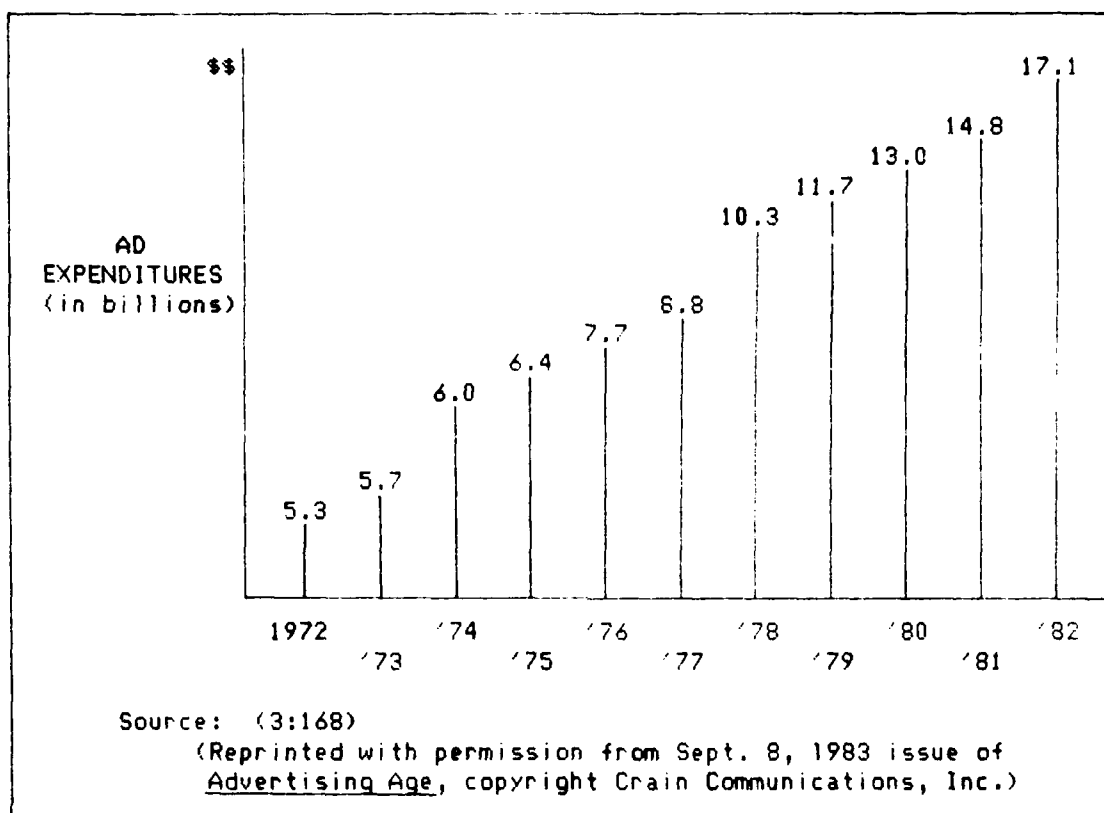
This semi-annual report shows all publications on the current ad schedule, so the magazines reaching the same markets can be compared side by side.

Those publications that don't generate enough inquiries, and that's where the product stories help a lot, won't be on the ad schedule the next year.

Except for Safety-Kleen, corporations were not willing to discuss the details of their advertising programs. Corporations view this advertising information as part of their marketing strategy. If this information was made public, it could affect corporation profits. Therefore, in order to discuss the issues of corporate and product-specific advertising, the author turned to what has been published in trade journals and in academia. The remainder of this chapter deals with advertising budgets with emphasis on GM, IBM, and the U. S. Government.

ADVERTISING EXPENDITURES

The 100 top national advertisers of 1982 decided to spend their way out of the recession by increasing ad expenditures by 15.2%. Total spending by the leaders for 1982 was \$17.1 billion, compared with \$14.8 billion in 1981 (3:1).



Ad Expenditures (1972-82)
Figure 1

Who spent this 17.1 billion dollars? Based on the research conducted by Advertising Age, Table 1 rank orders the top 100 advertisers for 1982 based on the amount of advertising dollars spent.

Rank	Company	\$\$	Rank	Company	\$\$
1	Procter and Gamble	\$726.1	51	Schering-Plough Corp.	\$123.9
2	Sears, Roebuck & Co.	631.2	52	Campbell Soup Co.	121.0
3	General Motors Corp.	549.0	53	Beecham Group Ltd.	120.7
4	R.J. Reynolds Ind.	530.3	54	Marsa Inc.	120.0
5	Philip Morris Inc.	501.7	55	Nissan Motors Corp., USA	117.6
6	General Foods Corp.	429.1	56	Revlon Inc.	113.0
7	AT&T Co.	373.6	57	Nestle Enterprises	112.5
8	K mart Corp.	365.3	58	Toyota Motors Sales	111.3
9	Nabisco Brands	335.2	59	Quaker Oats Co.	106.1
10	American Home Products	325.4	60	Lowes Corp.	103.3
11	Mobil Corp.	320.0	61	Volkswagen of America	98.0
12	Ford Motor Co.	313.5	62	CPC International	96.7
13	PepsiCo Inc.	305.0	63	American Express Co.	95.5
14	Unilever U.S.	304.6	64	American Honda Motor	94.9
15	Warner-Lambert Co.	294.7	65	E.I du Pont de Nemours	92.9
16	Beatrice Foods Inc.	271.0	66	Trans World Corp.	91.6
17	Johnson & Johnson	270.0	67	North American Philips	90.6
18	Colgate-Palmolive	268.0	68	SmithKlein Beckman Co.	89.5
19	McDonald's Corp.	265.5	69	Union Carbide Corp.	83.7
20	Coca-Cola Co.	255.3	70	MCA Inc.	80.1
21	General Mills	244.4	71	Xerox Corp.	80.0
22	Anheuser-Busch Cos.	243.4	72	Clorox Co.	76.3
23	H.J. Heinz Corp.	235.7	73	Greyhound Corp.	75.2
24	Batus Inc.	235.0	74	IBM Corp.	75.0
25	Warner Communications	232.2	75	S.C. Johnson & Son	74.6
26	J.C. Penney Co.	230.0	76	Brown-Forman Distillers	74.0
27	Ralston Purina Co.	220.0	77	Miles Laboratories	72.3
28	Mattel Inc.	217.9	78	American Brands	72.3
29	U.S. Government	205.5	79	American Motors Corp.	72.0
30	Bristol-Myers Co.	205.0	80	Pan Am World Airways	72.0
31	Dart & Kraft	199.2	81	UAL Inc.	70.6
32	Esmark Inc.	197.8	82	Mazda Motors of America	70.5
33	Norton Simon Inc.	191.2	83	Kimberly-Clark Corp.	69.3
34	Consolidated Foods Corp.	178.0	84	Wm. Wrigley Jr. Co.	67.0
35	Chrysler Corp.	173.0	85	Pfizer Inc.	65.7
36	Pillsbury Co.	170.4	86	20th Century-Fox Film	65.0
37	Gillette Co.	163.0	87	AMR Corp.	61.6
38	RCA Corp.	160.1	88	Hershey Foods Corp.	60.0
39	ITT Corp.	159.1	89	Eastern Air Lines	57.4
40	General Electric Co.	159.0	90	Stroh Brewery Co.	55.5
41	CBS Inc.	159.0	91	GrandMet USA	54.0
42	Gulf & Western Ind.	155.0	92	Royal Crown Cos.	50.3
43	Kellogg Co.	154.2	93	Noxell Corp.	49.6
44	Seagram Co. Ltd.	153.3	94	Delta Air Lines	49.3
45	Eastman-Kodak Co.	142.8	95	Polaroid Corp.	47.8
46	Sterling Drug	140.2	96	Canon U.S.A.	47.0
47	American Cyanamid Co.	133.0	97	Wendy's International	44.9
48	Cheesebrough-Pond's	131.0	98	Hiram Walker Resources	44.4
49	Time Inc.	130.1	99	E&J Gallo Winery	42.9
50	Richardson-Vicks	129.3	100	American Broadcasting Co.	42.8

\$\$ are in millions
Source: (3:1)

Top 100 Advertisers for 1982
Table 1

In 1982, Advertising Age ranked General Motors Corporation number three based on its estimated total advertising expenditures in 1982 of 549 million dollars. GM was outspent by only Procter & Gamble and Sears, Roebuck & Co. Table 2 shows how GM spent its advertising dollars by media for 1982 and 1981.

Media	1982	1981
Newspapers	\$82,000,000	\$65,502,100
Magazines	86,079,700	65,437,100
Farm Publications	1,596,400	1,608,500
Spot tv	27,244,200	13,940,900
Network tv	164,261,500	146,919,100
Spot radio	20,339,200	32,431,100
Network radio	7,883,100	5,428,000
Outdoor	5,009,000	3,809,000
Total Measured	394,413,100	335,075,800
Unmeasured	154,586,900	65,924,200
Estimated Total	549,000,000	401,000,000
Source: (3:88)		

General Motors Advertising Budgets (1981 and 1982)
Table 2

In 1982, IBM was ranked 74th by Advertising Age having spent an estimated 75 million dollars on advertising. The following shows how these funds were divided across the media.

Media	1982	1981
Newspapers	\$9,488,400	\$4,407,300
Magazines	16,404,500	10,653,100
Spot tv	4,343,100	1,015,100
Network tv	29,700,200	15,440,700
Spot radio	2,775,200	1,573,600
Network radio	1,540,200	445,500
Outdoor	67,900	---
Total Measured	64,368,500 [64,319,500]	33,535,300
Unmeasured	10,603,700	7,164,700
Total Estimated	74,072,200 [74,923,200]	40,700,000

Source: (3:102)

International Business Machines
Advertising Budgets (1981 and 1982)
Table 3

In the era of the all volunteer force, the Federal Government has been forced to rely heavily on recruitment advertising to meet the recruitment manpower goals of the military services (2:143). Since 1980, the Government has been one of the top 30 advertisers in the United States. In 1980, Advertising Age ranked the Federal Government 24th based on dollars spent on advertising for FY 80. In FY 81, the Federal Government was ranked number 36; and in FY 82, the Government was ranked 29th. In 1982, the Government ranked below such large advertisers as Coca-Cola, McDonald's, and Anheuser-Busch, but ahead of companies such as Bristol-Meyers, Chrysler, and Gillette (3:1). Table 4 contains the U. S. Government advertising expenditures, identified by media, for FY 82 as well as FY 81.

Media	1982	1981
Newspapers	\$6,753,600	\$6,636,690
Magazines	31,868,000	19,314,690
Spot tv	18,246,900	9,139,680
Network tv	27,139,600	26,838,960
Cable tv	316,000	293,800
Spot radio	7,342,500	9,478,901
Network radio	9,213,000	13,760,951
Outdoor	871,900	821,236
Total Measured	101,751,500	86,284,908
Unmeasured	* 103,701,600	* 102,741,092
Estimated Total	205,453,100	189,026,000

*Advertising Age estimate of unmeasured media includes \$20 million spent by regional and local military recruiting commands, much of it in media; at least \$3.8 million for direct mail, and other amounts for production of ads for paid and public service use, agency fees, preparation and printing of posters, brochures, displays, films, transit and outdoor materials, unmeasured local (including military installation) publications, plus college, school, and other institutional publications (3:154).

Source: (3:154)

U. S. Government Advertising Budgets (1981 and 1982)
Table 4

MILITARY ENLISTMENT ADVERTISING BUDGETS

The military receives the lion's share of the U. S. Government advertising budget (76 cents on the dollar). Examples of other federal agencies receiving advertising funds are the U. S. Postal Service, U. S. Coast Guard (part of the Department of Transportation during peacetime), and Amtrak. To see how the individual services' and joint service advertising recruitment enlistment programs have grown, the following table shows the upward trend since FY 79 (excluded are advertising dollars spent on officer and medical recruitment programs and the advertising recruitment programs for the Reserve forces).

	FY 1979	1980	1981	1982	1983	1984
Air Force	\$6.705	\$7.848	\$8.466	\$8.268	\$8.012	\$8.397
Army	41.592	51.988	52.399	59.707	59.391	60.758
Navy	14.038	16.293	15.740	12.144	9.942	10.449
Marine Corps	11.238	15.023	12.192	10.766	12.333	12.962
Joint	*9.747	*10.332	11.315	16.237	18.621	19.410
Total DOD	73.573	91.152	100.112	107.122	108.299	111.976
\$ in millions						
* FY 79-80 joint advertising funds were "fenced" from the individual services advertising budgets. 2.1 million dollars in FY 79 and 2.2 million dollars in FY 80 were "fenced" from the Air Force advertising budget.						
Source: [27:OASD(MI&L)(MP&FM)(AP) 17/28 February 1983]						

Service Enlistment Advertising Budgets for FY 79-84
Table 5

Since FY 79, the joint service and individual service enlistment recruitment advertising budgets have increased (except for the Navy). Of the five enlistment advertising budgets, the joint budget has increased the most dramatically over the six year period (from \$9.747 to \$19.410 million representing a 99% increase). The Army's enlistment advertising budget increased the next fastest (46%) from \$42 to \$61 million. The Air Force and Marines budgets increased 25 percent and 15 percent respectively. Although the numbers reflect a decrease in the Navy's enlistment advertising budget, this represents a decision within the Navy to put a greater percentage of their total advertising budget into

officer and medical recruitment advertising programs. While the Navy's total recruitment advertising budget has remained approximately the same from FY 79 to FY 84, (\$16.644 million in FY 79 and \$16.3 million in FY 84), the proportion dedicated to the officer and medical programs has increased from \$2.606 in FY 79 to \$5.851 million in FY 84.

DISTRIBUTION OF CIVILIAN ADVERTISING BUDGETS BY MEDIA

How do the U. S. Government, IBM, and GM compare based on advertising dollars spent by media? To do a media comparison across the three "businesses," 1982 budgets were converted to percentages due to the spread of the ad budgets, i.e., GM--\$549 million and IBM--\$75 million.

Media	Government	IBM	GM
Print	37.9%	40.3%	43.0%
Newspaper	(6.6%)	(14.8%)	(20.8%)
Magazines	(31.3%)	(25.5%)	(22.2%)
Tv	44.9%	52.9%	48.5%
Spot tv	(17.9%)	(6.8%)	(6.9%)
Network tv	(26.7%)	(46.1%)	(41.6%)
Cable tv	(.3%)	--	--
Radio	16.3%	6.7%	7.2%
Spot radio	(7.2%)	(4.3%)	(5.2%)
Network radio	(9.1%)	(2.4%)	(2.0%)
Outdoor	.9%	.1%	1.3%
Source: (3:88,102,154,164)			

Percent of Advertising Budget by Media for 1982
Table 6

Although the U. S. Government, IBM, and GM differ in terms of total dollars spent on advertising, it appears based on the media percentages that in FY 82 the three spent their ad dollars in the same relative proportions. The major difference was in radio where the Government put 16% of its ad dollars in comparison to 7% for IBM and GM. How do the ad expenditures by media for these three "businesses" compare to the distribution of ad budgets by media for other corporations?

Advertising Age in their 1982 annual review of corporation advertising expenditures summarized how the top 100 advertisers spent their advertising dollars by type of media. They also compared the top 100 advertisers' expenditures to the total advertising expenditures in each of the media categories. The following is a summary of Advertising Age's analyses.

Media	Top 100	%	Total Spending	%
Print	\$2.704	26%	\$6.054	32%
Tv	7.019	66%	11.126	59%
Radio	.549	5%	1.147	6%
Outdoor	.299	3%	.511	3%
All Cat	\$10.571	100%	\$18.838	100%
\$\$ in billions				
Source: (3:164)				

Total Advertising Expenditures By Media For 1982
Table 7

To determine if industry trends in media expenditures could be identified, Advertising Age categorized the top 100 advertisers for 1982 into 18 industrial categories (3:8). These industries ranged from food (with 18 companies in the top 100) to the telephone equipment industry (with two companies). A miscellaneous category containing six corporations was also identified by Advertising Age for those businesses not fitting into one of the other 17 industry categories (the U. S. Government was placed in this category). To compare how each corporation used the advertising media, media expenditures were converted to percentages of each corporation's ad budget. Three values are shown by medium for each industry. A high, low, and median value were calculated for each industry in each of the four media (print, tv, radio and outdoor). The high percentage represents the largest percentage a firm in that industrial category spent for advertising for that medium. Likewise, the low percentage represents the smallest percentage of a firm's total ad budget that was spent on advertising in that medium. The third value, the median, represents the middle percentage of all the firms' ad expenditures for that medium. The following table lists the 18 industries with the percentages for each of the four broad media categories (print, tv, radio and outdoor).

Industry Category	Number of Companies	<u>Print Medium</u>		
		High	Low	Median
Food	18	38%	1%	14%
Automobiles	9	51	25	34
Pharmaceuticals	9	24	--	10
Airlines	6	68	15	48
Communications/Entertainment	6	79	4	42
Tobacco	6	67	50	62
Toiletries/Cosmetics	6	27	11	20
Wine/Beer/Liquor	6	74	2	31
Soaps/Cleaners	5	20	6	13
Chemicals/Gasoline	4	60	7	21
Appliances/Tvs/Radios	3	61	12	33
Gum/Candy	3	14	--	4
Photographic Equipment	3	30	16	21
Retail Chains	3	28	16	21
Soft Drinks	3	8	6	6
Office Equipment	2	55	40	--
Telephone Equipment	2	29	21	--
Miscellaneous	6	38	15	21

Industry Category	Number of Companies	High	<u>Tv Medium</u>	
			Low	Median
Food	18	95%	56%	85%
Automobiles	9	75	46	56
Pharmaceuticals	9	91	66	87
Airlines	6	62	15	33
Communications/Entertainment	6	93	16	56
Tobacco	6	34	6	19
Toiletries/Cosmetics	6	89	72	76
Wine/Beer/Liquor	6	90	--	46
Soaps/Cleaners	5	94	78	85
Chemicals/Gasoline	4	86	34	74
Appliances/Tvs/Radios	3	86	33	65
Gum/Candy	3	97	85	95
Photographic Equipment	3	84	65	75
Retail Chains	3	74	64	72
Soft Drinks	3	84	83	84
Office Equipment	2	53	39	--
Telephone Equipment	2	74	61	--
Miscellaneous	6	83	45	73

Industry Category	Number of Companies	Radio Medium		
		High	Low	Median
Food	18	15%	--%	3%
Automobile	9	17	--	7
Pharmaceuticals	9	7	--	2
Airlines	6	26	4	18
Communications/Entertainment	6	15	1	3
Tobacco	6	5	--	--
Toiletries/Cosmetics	6	3	--	1
Wine/Beer/Liquor	6	28	--	--
Soaps/Cleaners	5	4	--	1
Chemicals/Gasoline	4	8	3	7
Appliances/Tvs/Radios	3	5	1	3
Gum/Candy	3	3	1	2
Photographic Equipment	3	5	--	5
Retail Chains	3	11	5	9
Soft Drinks	3	10	2	8
Office Equipment	2	7	6	--
Telephone Equipment	2	10	4	--
Miscellaneous	6	16	--	4

Industry Category	Number of Companies	Outdoor Medium		
		High	Low	Median
Food	18	7%	--%	--%
Automobiles	9	3	--	1
Pharmaceuticals	9	3	--	--
Airlines	6	4	--	1
Communications/Entertainment	6	3	--	1
Tobacco	6	29	9	19
Toiletries/Cosmetics	6	--	--	--
Wine/Beer/Liquor	6	26	2	9
Soaps/Cleaners	5	--	--	--
Chemicals/Gasoline	4	--	--	--
Appliances/Tvs/Radios	3	1	--	--
Gum/Candy	3	--	--	--
Photographic Equipment	3	1	--	1
Retail Chains	3	--	--	--
Soft Drinks	3	2	1	2
Office Equipment	2	--	--	--
Telephone Equipment	2	1	1	--
Miscellaneous	6	1	--	--

Source: (3:8)

Media Expenditures By Industry For FY 82
Table 8

Two conclusions may be drawn from the data. First is the consistency with which some media are ranked over others in terms of spending. The second inference is the lack of consistency between the firms' advertising expenditures within each industry category.

Tv consistently received the highest percentage of the advertising budgets. Out of the 18 industries, only three times did tv not rank first ahead of print, radio and outdoor (airlines, tobacco and office equipment). In those three instances, tv was ranked second behind the print media. Print was consistently ranked second to tv in all industries but four. In three of those four, print outranked tv. In only one case, the soft drinks industry, was print ranked less than second. For this industry, radio ranked a distant second to tv. Radio was consistently ranked third. In only three of the 18 industries was it ranked other than third; once it was second (soft drinks industry) and twice it was fourth, below outdoor (tobacco and wine/beer/liquor industries).

Although there is a similarity across the industry categories in the ranking of the media (tv, print, radio and outdoor), there does not appear to be a strong trend within the industry categories. There is not a similarity between "like" firms in the same industry in terms of what percentage of their ad budget each places in the four media. This is reflected in the high and low percentages for each medium. For example, in the food category, the 18 firms spent from .5% to 38% of their total ad budgets on print advertising. Similarly, for tv advertising, these same 18 firms spent between 56% and 95% of their ad budgets. In very few industries was there a small spread between the high and low percentages for each medium.

DISTRIBUTION OF MILITARY ADVERTISING BUDGETS BY MEDIA

Likewise, the military services in their advertising programs as well as the joint service advertising program do not concentrate all of their advertising budgets into one medium. Dollars are spent where they are thought to best reach the targeted audiences. Table 9 identifies how the services' and joint service advertising budgets were spent in FY 82.

Media	Air Force	Army	Navy	Marine Corps	Joint	Total 000
National Media						
Newspaper Sups	--	\$.116	--	--	--	\$.116
Magazines	\$1.118	8.106	\$1.649	\$2.579	\$4.079	17.531
PSA Radio/Tv	.584	--	.459	.225	--	1.268
Paid Tv	--	16.781	--	1.820	10.888	29.489
Paid Radio	.034	8.809	4.025	.149	--	13.017
Outdoor	--	.009	.711	.072	--	.792
Films	.252	.643	.574	.434	--	1.903
Local/Regional	2.196	6.562	1.891	1.244	--	11.893
Direct Mail	.121	.577	.644	1.477	.864	3.683
Lead Fulfillment	.150	2.580	.890	.616	.316	4.552
Sales Promotion	.508	1.141	--	.063	--	1.712
Market Research	.170	.601	.426	.080	--	1.277
Print Mat & Lit	2.046	7.311	.680	1.344	--	11.381
Other	.933	4.559	.195	.067	.090	5.844
Reenlistment	.156	1.912	--	.596	--	2.664
Total	8.268	59.707	12.144	10.766	16.237	107.122
\$ in millions						
Source: [27:OASD(MI&L)(MP&FM)(AP) 17/28 February 1983]						

FY 82 Military Enlistment Recruiting Advertising Budgets
By Media
Table 9

CHAPTER SUMMARY

Throughout this chapter, the advertising budgets of civilian corporations, particularly GM and IBM, and the U.S. Government have been presented. Although the original objectives of analyzing in detail the corporate and product-specific ad campaigns of GM and IBM could not be accomplished, total advertising budgets and expenditures by media were discussed. Not having the knowledge of the specific factors that influenced the GM and IBM advertising budgets, the next chapter, "Corporate and Product-Specific Advertising," will discuss the multitude of factors that influence how ad budgets in general are put together.

Chapter Three

CORPORATE AND PRODUCT-SPECIFIC ADVERTISING

GOALS OF ADVERTISING

Advertising research suggests that people in the market for a product, or in the case of a potential enlistee who is in the market for a job and a future, go through five stages in their decision process.

The most commonly used framework for specifying these steps in the hierarchy is that developed by Colley [8]. It assumes that consumers move through different stages on their path to a purchase. Each step is dependent on the previous one and is a necessary condition for the next step to take place. The stages are:

unawareness

awareness

comprehension

conviction

action (19:12).

For product-specific advertising, the goal is to move the individual from the stage of unawareness to the stage of action, i.e., purchasing the product. The goal of corporate advertising, in its traditional role, is to get the public to the second stage--awareness of the corporation. If the goals of a corporation's advertising programs are to increase awareness and move the public to action, can't the corporate and product-specific advertising campaigns be complementary? The answer is yes. Chapter Three shows the similarities and differences of the two advertising programs and how they are used by the corporations.

OBJECTIVES OF RECRUITMENT ADVERTISING

DOD and the military services have three objectives for their recruitment advertising:

- create an awareness of and provide information on the service as a potential post-high school job opportunity,
- improve the attitudes of youth toward the services and create a favorable recruiting environment, and

--generate prospect leads thru advertising response mechanisms (25:12).

These recruiting objectives provide the framework to recruit the enlistees the services need every year to satisfy their manning requirements. These objectives were met in FY 82 when "each of the four services met or topped its recruiting goals. . ." (11:32).

The two key words in the military recruitment advertising objectives are "awareness" and "generate." The five stages of advertising are applicable to the military recruitment programs. For these programs to be successful, they must first "create an awareness" of the military and the opportunities the services have to offer. Additionally, the advertisements must then move the potential enlistee to "action," i.e., request information about a military career.

DETERMINING AD BUDGETS

"How much to spend for advertising?" is perhaps the most often heard yet least understood question in marketing management" (14:75). In 1981, Charles H. Patti and Vincent Blasko performed a study that focused ". . . on two budget issues: (1) what methods of budgeting are used by large U. S. advertisers, and (2) what items are charged to the advertising budget" (13:23).

. . . this study surveyed the entire list of companies listed in Advertising Age's "100 leading advertisers" 1980. . . .

. . . The objective here was to examine the budgeting process among the firms that account for the largest portion of annual advertising expenditures. The most recent figures indicate that the top U. S. 100 advertisers account for 54.3 percent of the total advertising spending in the United States in 1980 [56.1% in 1982, see Table 7] (Advertising Age, 1980) (13:25).

. . . In all, 54 completed questionnaires (a 54-percent response rate) were returned and used in the analysis of the data.

The present study found a significantly greater percentage of advertising managers using more sophisticated techniques. . . . The percentage of companies using the objective and task and quantitative budget-setting methods has risen dramatically since the 1975 San Augustine and Foley study. San Augustine and Foley found four percent of the companies using "quantitative methods" and 12 percent using the "objective and task" approach. The current study found 51 percent of the advertisers employing the former method and 63 percent using the latter approach. The present study also found a decrease in the use of the

"affordable" approach to budget setting. San Augustine and Foley reported 28 percent of the companies they surveyed using this method while the present research found 20 percent of the respondents using the "affordable" approach (13:27).

Method	Percent of respondents using each method		
	San Augustine & Foley	"100 leading advertisers"	Percent difference
Quantitative methods	4	51	+47
Objective and task	12	63	+51
Percent anticipated sales	52	53	+1
Unit anticipated sales	12	22	+10
Percent past year's sales	16	20	+4
Unit past year's sales	12	*	N/A
Affordable	28	20	-8
Arbitrary	16	4	-12
Match competitors	*	24	N/A
Others	20	*	N/A

* This method was not included in this study.

Source: (13:25)

Comparison of Methods Used to Set Advertising Budgets
Table 10

In David L. Hurwood's article, "Budgeting for Advertising: Eight Company Cases," the advertising programs of eight companies were described. In Case VI, the company performed both corporate and product-specific advertising. The following is a company official's description of how their advertising budget was established.

In the development of our advertising budgets, we do not proceed from a predetermined total to individual product or market budgets. Rather, we consider each market or product individually. . . .

The planning of corporate advertising can be done either before or after the planning for individual units. If we are aware through research, field-gathered information, or other means, that a corporate program benefiting marketing units and the corporation as a whole is desirable, we might develop the theme for that program first. We would then develop individual market advertising as a promotional activity supporting or capitalizing on the umbrella provided by the corporate program.

At other times we might review the sum total of all individual units and decide a corporate campaign is needed to tie them all together for maximum effectiveness.

The plans and budgets for both corporate activity and individual units are put together in a combined plan. . . and the budget is requested on that basis (7:30).

PURPOSE OF CORPORATE ADVERTISING

"Corporate advertising attempts to define and explain a corporation--to whatever audiences may be important to that corporation's future" (6:127). Three objectives that can be achieved via corporate advertising are:

Boost Sales: The relationship between corporate advertising and sales appears to vary by product class. For example, the effect on the sale of frequently purchased packaged goods is less than on high-priced industrial goods. . . .

Hold Employees: Sometimes corporate advertising can improve employee morale significantly. . . . many people feel good about themselves if they find the company where they work is known and respected.

Putting a dollar figure on the savings attained by reducing employee turnover is difficult. . . . Whatever the real figure, if corporate advertising can affect even a modest reduction in turnover, the saving to a large corporation is well worth the expense and effort of a campaign.

Recruit Professionals: Corporate advertising helps recruitment. . . . The most desirable graduates are apt to go to companies that supposedly are most progressive and offer the best career opportunities (4:103).

These same three objectives surfaced in a survey conducted by the staff of the Public Relations Journal involving the ". . . 100 leading corporate advertisers. . . based on the 1976 expenditures supplied by Leading National Advertisers, Inc." (15:34). Seventy-four of the 100 corporations completed the nine question survey which asked the respondents to rank order their corporate advertising objectives. As reflected in Table 11, the objectives of product sales, employee relations and corporate reputation were identified by approximately one-third of the corporations.

Objective	Replies	Percentage
Improve stockholder/financial relations	40	54.1
Improve consumer relations	30	40.5
Improve government relations	29	39.2
Increase product sales (product oriented)	21	28.4
Increase trade relations (suppliers, industry)	20	27.0
Other (e.g., employee relations, plant town and community relations, improve corporate "image" and reputation)	29	39.2

Note: Replies and percentages total more than 74 and 100% respectively due to multiple objectives of companies.

Source: (15:35)

Corporate Advertising Objectives
Table 11

In Jaye S. Niefeld's article, "Corporate Advertising . . . And The Wall Street Payoff Guides For Bottomline Results," the bottomline for corporate advertising is communications. Corporate advertising should be used to develop ". . . communication[s] with your audience. Offer annual reports, brochures or any other information you would like [them] to have" (12:74).

JOINT MILITARY SERVICE ADVERTISING PROGRAM

PURPOSE OF JOINT SERVICE ADVERTISING

"IT'S A GREAT PLACE TO START!" The U. S. Armed Forces jointly spent over \$10 million to put that slogan on television last year [FY79]" (11:32). This 10 million dollar joint advertising budget in FY 79 was in stark contrast to the money devoted to joint advertising prior to 1979. "As a campaign it [joint advertising] was designed in response to a '77-'78 Grey advertising study which showed that joint service recruit advertising offered all the branches certain economies of scale" (16:72). One of the key findings of the Grey study was ". . . a one page magazine ad featuring all four branches generates significantly more response cards than a one page service-specific ad" (16:74). This same Grey advertising study found that with a four service response form, ". . . the Army typically gets 12-15% of the generated leads. The Marines get slightly more, the Navy about 28%, and the Air Force 30%--more than twice the Army's return" (16:75).

What generated the idea of joint advertising for the military?

. . . during the budget discussions on Capitol Hill for fiscal year 1976 funding, Congressional members asked some questions on how the services were doing in trying to save dollars. . . . "What about joint advertising?" (29:4).

Administration personnel felt ". . . that the level of competitive advertising among the services had become wasteful and duplicative" (16:73). It was in FY 79 that Congress forced the issue of joint advertising by "fencing" money for the joint advertising program from the individual service advertising budgets. Each service's advertising budget was reduced proportionately to pay the bill for this new concept in military advertising. However, since FY 81, the joint advertising budget has been separately funded by Congress (not at the expense of the individual services) (29:8).

With Congressional questioning of the services' advertising programs, the Government Accounting Office (GAO) was chartered to perform an investigation. At the conclusion of the GAO study, their report stated,

We have previously questioned whether the extent of the advertising program and costs were necessary to meet recruiting quantity objectives and quality goals. . . from a management efficiency standpoint, we also found evidence of duplicative or inconsistent practices among the services that offered potential for reducing cost and increasing the potential effectiveness of the advertising program. . . .

These management and operational problems have generally resulted from the highly independent manner in which each service has conducted its advertising business, regardless of basic commonality of the program. According to service officials, the rationale behind this approach is the uniqueness of each service and the need to tailor and direct their own special recruiting message. However, according to DOD and service sources, research shows that the items that attract youth to the services are relatively common to each service and have changed very little over the last several years; that is, pay, educational benefits, training opportunities, and travel (25:12).

COMMONALITY OF MILITARY SERVICES' APPEAL

The commonality between the services in terms of what attracts enlistees was evidenced in the 1982 Youth Attitude Tracking Study. Enlistees for the four services were able to recall the following advertising themes most frequently:

- opportunities
- learning a trade/skill

- educational benefits
- personnel with equipment
- travel/see the world/country
- equipment without personnel (20:81).

These advertising themes reflect many of the benefits of military life that appeal to potential enlistees. Specifically, some of the more frequently mentioned benefits are: medical and dental care, BX and commissary privileges, term life insurance and 30 days leave per year (11:34).

Besides the benefits available to military members, there are a number of other factors that entice people to join the military. The two most significant are the state of the economy and the public attitude toward the military (20:2). This latter factor, public attitude toward the military, is "... influenced largely by promotion and advertising as well as by the many activities of service recruiters" (20:2).

JOINT ADVERTISING TEST

Because of the constant scrutiny of the Government budget, particularly the military portion,

The Secretary of Defense has posed legitimate management questions as to the cost effectiveness of the mix of joint service and service-specific advertising. Since the Department of Defense does not have a methodology which relates and quantifies the effect of varying levels of advertising to actual enlistments, responding to these policy questions has been difficult (28:1).

In order to provide the Secretary of Defense with information to defend the military advertising programs, a study was initiated in September 1983. The purpose of this study (being conducted under contract by the Wharton Applied Research Center) is to analyze the effectiveness of the joint service and individual service advertising programs and to determine the optimum mix of the two types of advertising (26:1-2).

To analyze the effectiveness of the two advertising programs, a test will be conducted. There will be four cells in the test, each with a different level of joint service and individual service advertising expenditures. The first cell, the control cell, will keep joint service and individual service advertising at current levels. In the second cell, joint service advertising expenditure levels will remain the same with less individual service advertising. The third cell will have lower joint service advertising expenditures and maintain the current level of individual service advertising. The fourth cell will have higher joint service advertising and lower individual service advertising expenditures (26:V-2).

The study is scheduled for completion in the fall of 1984 with an option for additional study to be completed during the next year (28:13).

DOLLARS SPENT ON CORPORATE ADVERTISING AND WHO'S SPENDING IT

Although corporations may debate the purpose of corporate advertising programs, one billion dollars were spent on corporate advertising in 1979 (6:127).

When it comes to deciding whether to institute corporate advertising programs, major corporations are far from being in agreement. Of the nation's 500 largest industrial companies, 244 opted for such programs in 1980 while 256 did not use them. Thus they split nearly down the middle (4:100).

What businesses use corporate advertising? Four factors seem to be key in identifying what corporations would most likely use corporate advertising.

First is the size of the company. The larger the company, the more likely corporate advertising is going to be used. This is exemplified by comparing the advertising strategies of the Fortune "500" corporations. In comparison, over 80 percent of the top "100" corporations use corporate advertising to approximately 1/4th of the "401" to "500" corporations (4:101). Additionally, of all the advertising dollars spent by the top "500" companies on corporate advertising, the ". . . Corporations in the top 20% spend about 78% of what is spent by the Fortune "500" companies on such programs annually" (4:101).

Although large corporations are big users of corporate advertising, it is not the size of the corporation itself that encourages corporate advertising. Rather, it's the diversity of the corporation inherent in its size. Large corporations typically are geographically spread out and involved in a number of product lines. With all this comes complexity. These factors collectively make a unified corporate advertising program more appealing than multi-individual advertising programs (4:101).

The third factor is economy of scale. By running only one corporate advertising campaign versus many product-specific campaigns, there is an inherent savings. This savings results from centralization and elimination of duplication of advertising effort (31:25-3).

This [corporate] advertising takes advantage of the economics of the scale by sharing the cost for all brands included in or benefiting from the ad. . . . The use of a corporate campaign to communicate common messages is gaining increased acceptance as an economy measure. . . . American automobile companies have been notable users of this approach. For example, a few years

ago, Grey ran a television campaign for the American Motors Corporation promoting its "Buyer Protection Plan." Our advertising included Concord, Spirit, and Pacer cars, all of which are sold under the Plan. This campaign cut through customer apathy, awakened interest in the entire AMC line, and generated increases in dealer traffic which were converted into sales. This supplemented, on an incremental basis, individual car model advertising campaigns (31:25-3).

The type of industry is the fourth factor affecting a business' proneness to use corporate advertising. Research has found that industries producing low-cost items that are purchased on a daily basis do little corporate advertising; their advertising dollars are spent on product advertising. Conversely, industries that produce high-cost items, purchased infrequently, use corporate advertising. The consensus is that when it comes to high-cost items, the consumer does not buy on impulse but evaluates the alternatives and "... company reputation [reinforced by corporate advertising] is a decided factor in a purchase decision" (17:14).

Although corporate advertising expenditures were not obtained, the Association of National Advertisers (ANA) conducts a biennial survey of its members' corporate advertising practices. In the 1981 Survey Report, 201 of the 362 corporations responding provided corporate ad expenditure data. The following table shows how much each corporation spent on corporate advertising during the past fiscal year (1:21).

Amount	Number of Companies
Under \$500,000	36
\$500,000-\$1Million	27
\$1-\$2M	55
\$2-\$4M	31
\$4-\$6M	26
\$6-\$8M	5
\$8-\$10M	4
Over \$10 Million	17

Source: (1:21)

Corporate Advertising Expenditures
Table 12

Businesses were then asked to describe how these corporate ad expenditures compared to their corporate ad budgets for the past three years (1:21). Table 13 provides a summary of their comments.

Comments	Number of Companies/ Percentage
Increased greatly	22 (12%)
Increased moderately	84 (44%)
Stayed about the same	52 (27%)
Decreased moderately	18 (10%)
Decreased greatly	14 (7%)

Source: (1:21)

Corporate Advertising Expenditure Trends Table 13

As seen by these ANA survey data, most of the members responding to the survey reported a corporate ad budget of one to two million dollars for the past fiscal year. Additionally, 56% of the corporations stated that their corporate ad expenditures had increased moderately or greatly over the past three years, indicating a growing reliance on corporate advertising.

MEDIA SELECTION FOR CORPORATE ADVERTISING

Over the years, Du Pont Corporation has performed considerable advertising research. A portion of this research has focused on determining which media are the most effective for their corporate ad campaign. One research test divided the sample population into four cells.

The first cell shows that people who received little or no exposure to Du Pont's corporate advertising (the low-print/low-tv cell) experienced a general decline in favorable attitude toward the company. That is, in the absence of corporate advertising, other factors impinging on the public during that period were reducing favorability to Du Pont.

On the other hand, . . . people who received a high exposure to both tv and print advertising (the high-print/high-tv cell) showed statistically significant shifts in a favorable direction in the attitude areas addressed directly by Du Pont's corporate advertising.

In the next cell the low-print/high-tv, people showed significantly strong shifts in the favorable direction in two [welfare and society] of the three dimensions [welfare, society and safety].

... people who received only high exposure to print advertising (the fourth cell, representing high-print/low-tv) behaved similarly to the first cell, that is, those people who were not exposed to any of Du Pont's corporate advertising (30:3).

In a practical sense, this may mean that the average magazine reader, when confronted with an ad for a product which he does not expect to buy or use, will simply go on to the next page without reading the ad, whereas his counterpart, who is watching a tv show and who is confronted with a commercial for that product, will pay some attention to the commercial and in the process learn a portion of the advertiser's message (30:9).

Does all this mean that print media must be drummed out of the corps and banned forever as a medium for corporate advertising? Not necessarily. It depends on what you are saying and to whom you are talking. Over the years, Du Pont has considered it important to talk to the general public, and print has proven to be a poor performer for Du Pont's messages for that audience.

If, however, the target audience were redefined to be some subsegment of the total audience--such as the financial community or educators, let us say--then conceivably the communication objective could be constructed to generate perceived relevance in that target audience and produce readership of the ad (30:11).

In summarizing the Du Pont research on corporate advertising media selection, three points can be drawn.

1. Du Pont believes in corporate advertising as a means to enhance their corporate "image." This was shown by their continued use of tv for corporate advertising.
2. Tv is the best medium for Du Pont to convey its corporate advertising messages to the public.
3. The print medium can not compete with tv in terms of corporate advertising effectiveness (5:22).

Although Du Pont's research found the print medium not to be as effective for its corporate advertising campaign as tv, the results of the 1981 ANA Survey do not confirm Du Pont's findings. Of the 196 companies providing information on media useage, 100 (51%) said they used only the print medium for their corporate advertising. Contrary to Du Pont, only 12 of the 196 companies (six percent) used only tv for their corporate advertising campaigns. The remaining 43% used a combination of media (1:19).

PRODUCT-SPECIFIC ADVERTISING

The primary purpose of product-specific advertising is to sell. Concerns with corporate image are not the prevailing factors in developing a product-specific campaign. Product-specific ads must move the viewer to action for the ads to be effective. If they merely move the viewer from the unawareness stage, the ads have not accomplished their purpose. These ads are trying to "sell" their product to the viewer over other similar competing brands.

When a product-specific ad program is developed, there are a number of factors that must be considered. David L. Hurwood in his article, "How Companies Set Advertising Budgets," listed eight considerations:

- market share
- distribution pattern and depth
- customer and prospect categories--and the appropriate media for reaching them
- scheduled trade shows and sales meetings
- competitive advertising expenditures
- susceptibility of product to advertising treatment. (How well does the item "lend itself" to promotion through advertising? What is the minimum amount that must be done to make an impact? What is the "saturation" level?)
- general market data
- general economic conditions (8:37).

INDIVIDUAL SERVICE ADVERTISING

"... individual services are, in a very real sense, competing brands. They vie for recruits much as product advertisers compete for consumers" (16:72). In their competition for recruits, "the services also pursue other promotional strategies to attract sufficient recruits who possess the characteristics desired by the military services" (20:94).

While the military as a whole appeals to a segment of the U. S. population, each of the services appeal to a sub-segment of that population based on their different missions.

The Air Force has always been the most "civilized" of the services, in [Northwestern University professor Charles] Moskos opinion. "It seems to have the best of both worlds," he says. "Jobs usually aren't that onerous to enlisted personnel, and yet you have some of that military élan at the same time." The Air Force also is the branch "most sensitive to human concerns. . ." (11:36).

One of the particulars distinguishing Marine and Army recruit advertising from that of the Navy and Air Force is the two latter concern themselves much more with training opportunities. Both the Navy and Air Force require a greater number of recruits with the ability to handle modern military machinery (16:146).

Additionally, ". . . shipboard duty. . . is the Navy's major difference in comparison to the other branches, as well as its major problem" (11:36).

Does Air Force advertising do any good? Does it attract the potential enlistee? The Air Force evaluates its advertising program through the Basic Military Training Survey. This Survey is administered monthly to approximately 150 basic trainees in their 28th day of training (23:1). In FY 82, 97 percent of the Air Force trainees stated that they had seen current Air Force advertising using the theme--"Air Force--A Great Way Of Life" (23:5). Not only had 97% seen the Air Force advertising, but "Sixty-three percent said Air Force advertising was a factor in their enlisting" (23:10).

CORPORATE VERSUS PRODUCT-SPECIFIC ADVERTISING

Although a breakout of advertising expenditures between corporate and product-specific was not available for GM and IBM, Thomas F. Garbett in his article, "When to Advertise Your Company," showed by industry how advertising dollars were allocated to corporate advertising in 1979. In Table 14, the aerospace industry had the largest percentage of corporations that performed corporate advertising (75%). In terms of percent of the advertising budget allocated to corporate advertising, the mining and crude oil production industry spent the most (57% of their total ad budget).

Fortune "500" Industrials					
Industry	# Companies Responding	# Companies That Do Corp Adv.	%	Average Corporate Ad Budget	Corporate Ads As A Percentage Of Total Ads
Aerospace	12	9	75%	\$1.348	29%
Chemicals	39	17	44	.972	5
Electronics-					
Appliances	34	20	59	2.849	8
Food	54	15	28	.551	1
Industrial & Farm Equip	44	25	57	.629	7
Metals Manufact	41	24	59	1.387	51
Mining/Crude					
Oil Production	12	7	58	.243	57
Motor Vehicles	21	12	57	4.725	10
Office Equipment	12	6	50	5.496	55
Paper, Fiber & Wood Products	30	18	60	1.517	22
Petro Refining	36	21	59	4.978	29
Pharmaceuticals	17	10	59	.083	<1
Rubber	7	5	71	1.716	4
All Others	148	55	37	.461	1
Total	507	244	48	1.643	5
Fortune "250" Nonindustrials					
Banking	50	28	56	1.647	32
Life Insurance	50	28	56	.934	52
Utilities	50	23	46	1.813	35
Transportation	50	17	34	.840	6
Diversified Fin	50	24	48	1.548	19
\$ in millions					
Source: (4:102)					

Corporate Advertising by Industry for 1979
Table 14

JOINT SERVICE VERSUS INDIVIDUAL SERVICE ADVERTISING

Since 1981 when the joint advertising budget was separately funded, the percent of military advertising dollars spent on joint advertising has increased by approximately six percent. The following percentages reflect the split of advertising dollars between the two ad campaigns.

	FY 81	FY 82	FY 83	FY 84
Services Advertising	89%	85%	83%	83%
Joint Advertising	11%	15%	17%	17%

Source: [27:OASD(MI&L)(MP&FM)(AP) 17 February 1983]

From FY 81 through FY 84, the military has spent from 11 to 17 percent on corporate (joint service) advertising. Compared to the Fortune "500" Industrials and "250" Non-Industrials, the military spends approximately the same percentage of its advertising budget on corporate advertising as do the motor vehicle industry (ten percent) and the diversified financial industry (19 percent).

CENTRALIZED VERSUS DECENTRALIZED ADVERTISING FUNCTIONS

Should advertising decision making be centralized, decentralized, or divided between the two? David L. Hurwood and Earl L. Bailey in their article, "Organizing the Company Promotion Function," looked at how civilian industry organizes its advertising functions. Based on their analyses of 166 companies, they found the following:

Corporate level advertising function only.....	73 companies
Division level advertising function only.....	40 companies
Both a corporate and division level advertising function.....	53 companies

(9:38)

The majority of companies (44% of those surveyed) placed their advertising at the corporate level only. With many of these corporations having multi-divisions, what was the reason for centralizing the advertising function?

Economy is the principal advantage to placing all advertising in one top-level location. Having a centralized department, it is said, eliminates the need for staff duplication at several points within the company. Talents can be pooled, with the assembling of higher quality personnel than any single division perhaps can afford to maintain.

Furthermore, if more than one division sells to the same customers, management may deem it wasteful to have two or more advertising departments working independently to reach the same audience (9:38).

However, if only 44% of the corporations surveyed had advertising centralized at the corporate level, there must be some drawbacks. "Potentially, the most serious drawback. . . is that this tends to isolate the function from the operating divisions whose marketing efforts it is supposed to support" (9:39).

To overcome this potential drawback, Hurwood and Bailey state that a number of companies wanting the economic advantages of corporate (centralized) advertising have developed a compromise position. This compromise

... is to "compartmentalize" the corporate advertising department and assign certain personnel to work on a permanent basis with each operating division.

Under this arrangement, each division has its counterpart representation in the central advertising group, and knows that its specific interests are being continuously looked after by certain members of the staff. Executives in the division work closely with the division's key liaison man in the corporate department, and come to regard him as their man in court, although he remains on the corporate unit's payroll and is not actually subject to their control. This arrangement, it is said, goes far to bridge the communications gap between the two levels (9:39).

A number say that the existence of an advertising staff unit at corporate headquarters, properly used, permits substantial company-wide coordination of advertising approaches, and also ensures that corporate needs will not be slighted (9:40).

Fifty-six percent of the companies surveyed either totally decentralized their advertising function or split it between the corporate and division levels. Why do these firms decentralize their advertising functions when there are economic reasons for centralization?

Even if a company's divisions are not marked by a high degree of product or market specialization which makes divisionalized advertising almost mandatory, top management may still feel that there are advantages to letting each operating unit establish its own captive advertising group. As one executive sees it, "advertising people at the divisional level can better understand and cope with the ever-changing market situation confronting their particular division" (9:40).

The third option for placement of the advertising function is to split it--part at the corporate level and part at the division level. With this option, corporate or image advertising is done at the corporate level. Division advertising functions are then able to concentrate on product advertising (9:40).

A HYBRID--UMBRELLA AD CAMPAIGNS

Does corporate advertising need to be straight forward, factual and wave the corporation logo at the public? Corporate advertising can have the glitter often seen with product advertising (18:69). It can accomplish both corporate logo waving and product advertising simultaneously. In S. Prakash Sethi's article in the January 1979 issue of the Journal of Marketing, the evolutionary change in corporate advertising campaigns was explained.

Not only has the magnitude and scope of corporate image advertising increased, but there has been marked change in its nature in that some forms of image advertising have taken on advocacy characteristics. Corporate image advertising is aimed at creating an image of a specific corporate personality in the minds of the general public and seeking maximum favorable images amongst selected audiences. . . . In essence, this type of advertising treats the company as a product. . . . "selling" this product to selected audiences. . . . It asks no action on the part of the audience beyond a favorable attitude and passive approval conducive to successful operation in the marketplace (18:69).

Since corporate advertising can simultaneously accomplish both corporate logo waving and product-specific advertising objectives, many companies are using their corporate advertising programs to describe the qualities of their products (6:129).

The smart companies project themselves in terms of their products and product improvements. General Motors Corp., Texas Instruments Inc., Western Electric Cos., Inc. and other wise marketers do precisely that in their corporate advertising. For corporate advertising to stand above the mention of a company's products and services is sheer lunacy. Where is it said that a corporate campaign shall not have sales value? The nation's most successful companies are always great salesmen (6:129).

. . . . Increasing numbers of companies are turning to "umbrella" campaigns--advertising programs that cover product lines or company capabilities--as opposed to single product campaigns or sweeping corporate "image" campaigns. Singer, Gould, Diamond Shamrock, Bausch and Lomb and 3M are a few of the many corporations who made use of the format in 1982 (10:41).

. . . . For an organization that markets multiple brands, corporate advertising offers supplementary benefits by enhancing individual brand advertising's cost effectiveness. It does this 1) by conditioning the market for individual products via the sponsorship of the larger corporate entity; 2) by communicating

features which are common to a variety of brands--and thus simplifying the task of individual brand advertising by allowing it to concentrate on those unique benefits which are of prime importance in the purchase decision process (31:25-5).

Because of the way corporate and product-specific advertising can complement each other, a hybrid of the two was developed--umbrella ad campaigns. Umbrella ad campaigns put the corporation's name in front of the public while at the same time extolling the attributes of their products (10:41). This type of ad campaign advertises the products of the company while not requiring individual product ad campaigns, and by doing so, sells the products while selling the corporation.

Market umbrella ads are a strange breed, sort of a cross between corporate and product advertising, but neither fish nor fowl. Their funding tends to come out of corporate advertising coffers, and they usually have a distinctively corporate "look." But on the other hand, specific products play an important role in them, and the ads are crafted to promote sales.

But indefinable as they are, umbrella-style ads may soon dominate the field of corporate advertising, many advertisers say (10:41).

The trend of businesses toward umbrella advertising is evidenced in the 1981 ANA Survey Report. The two primary advertising objectives identified most frequently by businesses were "to improve the level of awareness of the company. . ." and "to provide unified marketing support for the company's present and future products, services or capabilities" (1:9,10). These two objectives were identified as the primary ad objectives 44 percent and 27 percent of the time respectively (1:9,10). To provide unified marketing support moved up as a primary advertising objective since 1975 when it was ranked as the fifth advertising objective (1:1).

The biggest advantage of "umbrella" ad campaigns is cost--one ad campaign to accomplish two objectives. This sort of advertising deals with the specifics of the products while at the same time advertising the corporate name. The joint service commercials, "Army, Navy, Air Force, Marines," fit into this category, i.e., four specific products advertised under the corporate logo--"military."

Some large corporations however, do not support this new dual role of corporate advertising. They continue to use corporate advertising and product-specific advertising in their traditional roles, i.e., corporate--to make the public aware of the corporation, and product--to sell products marketed by the corporation.

Both A&P and Sears. . . have long run institutional campaigns to extol the intangible merits of the corporation as an entity.

. . . However, the institutional campaign is viewed as supplemental to the more directed, demand stimulating product advertising campaign. The burden of market success in terms of attracting consumers lies with the firms' product advertising (32:2).

MEASURING ADVERTISING EFFECTIVENESS

How do corporations measure the effectiveness of their advertising programs? Richard J. Semenik from the Department of Marketing at Ohio State University stated that,

In truth, the evaluation of advertising effectiveness is one of the least developed areas of marketing research. With regard to the product versus institutional advertising issue and advertising evaluation, the following observations can be made:
(1) Current literature does not identify particular methods of measurement for each approach but rather suggests standard measurement approaches for advertising in general.
(2) Neither advertising industry statistics nor product industry statistics specify the amounts spent on institutional versus product advertising (32:15).

Mr. Semenik made his observations in April 1975. With increasing advertising expenditures, William S. Sachs and Joseph Chasin found in 1977 that

Evaluations of corporate advertising rely most heavily upon market research [e.g., studying audience demographics, media effectiveness, and ad quality/creativity (D:35)]. This approach was used by 90 percent of the companies that assessed their corporate communications in mass media (17:15).

Table 15 reflects in descending order the different methods used by businesses to evaluate their corporate advertising programs.

Sources of Information Used	Percent of Companies Using To Evaluate Corporate Advertising
Market research	90
Letters from public	49
Officers' opinions in own company	48
Feedback from sales force	38
Comments in media	23
Stock prices	11
Sales, shipments, billings	5
Other	2

Source: (17:15)

Note: Percentages do not total to 100% due to more than one source of information being used by the companies.

Methods of Evaluating Corporate Advertising
Table 15

Because corporate advertising cannot in most cases be directly related to sales to measure advertising effectiveness, other measures of successfulness must be identified. The following table shows the measurements most commonly used. Most of the types of measurement deal with attitudes toward the company. This agrees with the results of the 1981 ANA Survey Report which stated, "The tracking of perceptions and attitudes about the company continues to be the predominant way corporate advertising efforts are measured" (1:25).

Type of Measurement	Percent of Use
Awareness of company/products	80
Company "image"	76
Recall of advertising	75
Changes in attitudes towards company/products	71
Number of inquiries, requests for brochures	47
Changes in attitudes towards point of view expressed	32
Sales, orders	7

Source: (17:16)

Note: Percentages do not total to 100% due to more than one type of measurement being used by companies.

Measures of Corporate Advertising Effectiveness
Table 16

MEASUREMENTS OF RECRUITING EFFECTIVENESS

The Air Force recruiting personnel at the 3531th Recruiting Squadron located at Gunter Air Station, Montgomery, Alabama, have three methods for evaluating their recruiting effectiveness. First is the number of applicants. This is determined by the number of individuals taking the Armed Services Vocational Aptitude Battery. Second is the number of enlistment contracts signed. In the Southeast United States, the area served by the 3531th Recruiting Squadron, the ratio of individuals tested to the number who actually sign a contract is approximately 10 to 1 (33). The third measurement deals with the change in propensity of 17-22 year olds to enlist. This third measurement is quantified via the Youth Attitude Tracking Study (24:4). However, as was pointed out by a 3531th briefing, "measures of effectiveness [are] invalidated by production caps" (24:5). When conditions are such that the Air Force cannot exceed its recruiting goals, these measures of recruiting effectiveness are misleading.

CHAPTER SUMMARY

Chapter Two provided specific information on the advertising budgets of the Federal Government (with emphasis on the military), GM and IBM. Chapter Three described the philosophies of the corporate and product-specific advertising strategies and the multitude of issues that are evaluated in developing advertising campaigns. The next chapter will summarize the lessons learned from civilian industry that address the three questions posed by Air Force Recruiting Service. Additionally, three major similarities between the Federal Government and GM and IBM advertising programs will be presented.

Chapter Four

SUMMARY

The purpose of this paper was threefold. First, it was to determine the purpose of corporate and product-specific advertising. Secondly, it was to describe how large corporations allocate their advertising dollars between corporate and product-specific ad campaigns. The third purpose was to explain how the civilian sector measures the effectiveness of the two advertising strategies. Unfortunately, only one corporation (Safety-Kleen) was willing to provide specific information. General Motors and International Business Machines in addition to 11 other corporations either provided only very general, sketchy information or no information at all on their advertising programs. Of those companies responding, the majority stated that the information requested on their advertising programs could not be provided since this would possibly reveal their advertising and marketing strategies to their competitors.

Because of the lack of specific information available from corporations, the study's research turned to what is published in business/trade journals and academia to address the three purposes of this paper. This paper provides a summary of research in terms of how civilian industry and academia view advertising programs; it does not evaluate the effectiveness of the military recruitment advertising programs. Chapters Two and Three provided the details of the advertising budgets and expenditures by media. Additionally, different variables that enter into the development and continuation of advertising programs were presented. The remainder of this chapter will describe the significant aspects from Chapters Two and Three that address the questions raised by Air Force Recruiting Service. Similarities between U. S. Government, GM and IBM advertising campaigns will also be highlighted. Although no conclusions are drawn about the effectiveness of the military advertising campaigns, this report may provide some insights into the evaluation of the results of the advertising test currently being conducted by the Wharton Applied Research Center.

LESSONS LEARNED FROM CIVILIAN INDUSTRY

Both corporate and product-specific advertising have specific objectives. The primary purpose of corporate advertising is "image," the image of the corporation as seen by the audience. Corporate advertising can have many different audiences depending upon the purpose of the "image" campaign. Some typical audiences of corporate advertising are government officials, stockholders and the public. Product-specific

advertising also has an objective and that is to "sell" the product. This is where the corporation tries to convey to the consumer the positive attributes of its product.

Traditionally, corporate and product-specific advertising campaigns have been run separately. However, in the past few years, a new advertising campaign has appeared. Umbrella ad campaigns are a combination of corporate and product-specific advertising programs. This type of ad campaign meets the objectives of both the corporate and product-specific campaigns by selling the image of the corporation while also selling the different product lines of the corporation. An umbrella campaign's biggest advantage is cost--it keeps ad costs down for the corporation by having only one ad campaign.

One of the aims of this study's research was to identify guidelines or rules of thumb that could be used in determining ad budgets or media selection. The following were found:

1. Guidelines on distribution of ad dollars between corporate and product-specific advertising do not exist.
2. Guidelines for placing the ad decision making function at corporate or division levels do not exist.
3. "Like" firms in the same industry have a large spread in terms of how they distribute their ad budgets across the media. However, the majority of corporations (regardless of industry) put the largest percentage of their advertising budgets into tv, followed by print, radio and outdoor respectively.
4. Most corporations have a market research study performed at least once every one to five years to evaluate their corporate advertising programs (1:25). The criteria used in these evaluations were not identified. To pursue the aspect of evaluation criteria, corporations performing these market research studies should be contacted.
5. The same issues raised by Air Force Recruiting Service are also raised in the civilian sector, i.e., what is the purpose, how much should be spent and how can the effectiveness of what is spent on corporate and product-specific advertising be measured. This suggests that an absolute advertising strategy does not exist. What may be effective for one company may not be effective for another.

SIMILARITIES BETWEEN ADVERTISING IN THE CIVILIAN AND MILITARY SECTORS

In comparing the military advertising programs to those in civilian industry, three major similarities appear.

1. The military advertising program is decentralized with corporate (joint service) advertising being managed at one level and

product-specific (individual service) advertising at another. The military recruitment advertising programs are organized similar to 32 percent of the corporations participating in Hurwood and Bailey's survey, i.e., advertising functions at both the corporate and division levels (9:38). The military version of a corporation's division level advertising is performed by the individual services. Each service prepares its ad objectives, prepares a budget for its proposed ad campaign and operates its own individualized ad campaign. The corporation's advertising program performed at corporate headquarters can be likened to the military's joint service advertising program. This program, with the Navy acting as executive agent for OSD (34), performs advertising for the corporation (military) and makes the public aware of the corporation's individual product lines (Army, Navy, Air Force, and Marines).

2. The joint service advertisement campaign could be categorized as an umbrella campaign. The joint service advertisements sell the image of the military while at the same time addressing the individual products (each of the services being a product).

3. The Federal Government distributes its ad dollars by type of media, i.e., tv, print and outdoor, in approximately the same percentages by type of media, as General Motors and International Business Machines. However, the Government utilizes radio to a greater extent than these two major corporations as well as all industries except the airline industry.

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APPENDICES

APPENDIX

Dear Sirs:

I am a student at Air Command and Staff College (Maxwell Air Force Base, Montgomery, Alabama). As part of the curriculum, each student officer is required to select a project for detailed study. A subject requested by Air Force Recruiting Service was advertising -- corporate versus product-specific.

The military does corporate advertising (joint advertising for all the military services, e.g., "Army, Navy, Air Force, Marines") and product-specific advertising (advertising done by the individual services, e.g., "Air Force -- Aim High.") Because of the large amount of funds spent by the military on advertising, Air Force Recruiting Service wants to insure that advertising dollars are utilized most effectively.

Since International Business Machines has successfully used both corporate and product-specific advertising in its ad campaigns, I would like to use International Business Machines as one of the corporations for this study to discuss the following points:

- How advertising dollars are allocated between corporate and product-specific advertising.
- The purposes of corporate and product-specific advertising strategies.
- How the effectiveness of these different advertising strategies is measured.

I request your assistance in providing whatever free information is available in these three areas or any other information concerning the International Business Machines advertising programs. The information you provide will be incorporated in the project report. This report will be submitted to the Air Command and Staff College faculty for evaluation, then forwarded to the Air Force Recruiting Service for evaluation and possible use in formulating the Air Force advertising budget and advertising strategy.

If you have any questions, please call. My home telephone number is (205)272-1718. My address is 2501 McGraw Court, Montgomery, Alabama, 36116. Thank you for your consideration.

Sincerely,

ROBERT F. KOENIG, JR.
Major, United States Air Force

APPENDIX A

APPENDIX

Advertising Organizations Contacted

Advertising Club of New York
Three West 51st Street, Room 608
New York, NY 10019

Advertising Council
825 Third Avenue
New York, NY 10022

Advertising Research Foundation
Three East 54th Street
New York, NY 10022

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

American Association of Advertising Agencies
666 Third Avenue, 13th Floor
New York, NY 10017

American Marketing Association
250 South Wacker Drive, Suite 200
Chicago, IL 60606

Association of National Advertisers
155 East 44th Street
New York, NY 10017

Automotive Advertisers Council
444 North Michigan Avenue
Chicago, IL 60601

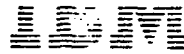
Marketing Research Association
111 East Wacker Drive, #600
Chicago, IL 60601

Marketing Science Institute
14 Story Street
Cambridge, MA 02138

Mutual Advertising Agency Network
8335 East Jefferson Avenue
Detroit, MI 48214

National Advertising Agency Network
14 East 48th Street
New York, NY 10017

APPENDIX B



International Business Machines Corporation

Armonk, New York 10504
914/765-1900

November 15, 1983

Major Robert F. Koenig, Jr.
2501 McGraw Court
Montgomery, AL 36116

Dear Major Koenig:

Your letter of November 1 to Mr. C. G. Francis has been referred to me for reply since corporate print advertising is my responsibility.

We very much appreciate your interest in IBM advertising, but, unfortunately, much of the information you ask for is proprietary. Some basic information I can tell you is that IBM has three major advertising units in the United States. One handles corporate advertising, one handles personal computer advertising, and the third handles all the other products in our line. As I'm sure you understand, I cannot provide specific dollars and percentage numbers.

We do, of course, measure the effectiveness of our advertising in a number of ways: coupons, 800 numbers, mail-in requests and outside professional measurement organizations such as Gallup & Robinson, and STARCH.

I hope this information is helpful to you. Also, I thought you might like to have a few reprints of some recent corporate ads.

Thank you for writing. Good luck with your project.

Sincerely,

W. H. Harrison, Manager
Corporate Print Advertising

WHH/fs
Enclosure

GENERAL MOTORS CORPORATION

December 16, 1983

Major R. P. Koenig
2501 McGraw Court
Montgomery, Alabama 36116

Dear Major Koenig:

This is in reply to your recent letter requesting information about General Motors advertising from both a Corporate and Divisional standpoint.

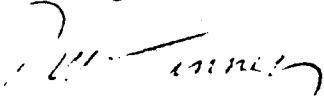
Specifically, the purpose of any advertising strategy is to accomplish certain well defined advertising objectives. In the case of the current General Motors Corporate campaign - "Nobody Sweats The Details Like GM", the primary objective is to reinforce GM's quality image in a broad sense to the new car market.

Divisional campaigns are designed to inform consumers on the various products or models available for purchase. Desired audience segments are determined by the marketing plan for each model offered, and media is evaluated and selected for the most efficient and effective coverage of the proper demographics. Advertisements are designed to create awareness of the product, and to aggressively sell the consumer on the advantages and values offered by each vehicle.

Advertising effectiveness is measured by various kinds of research, such as, focus groups and individual interviews among target audience groups. These methods can determine the extent of impact various advertisements have by illustrating the believability of the message and the increase or decrease in awareness of the Corporate name. One meaningful measurement in the case of product advertising is, of course, how well the product sells in the market place.

We hope this general information will be helpful to you and we wish you success with your project.

Cordially,


Jared W. Finney
Assistant Advertising Manager

JWF:js



November 11, 1983

Major Robert F. Koenig, Jr.
2501 McGraw Court
Montgomery, AL 36116

Dear Major Koenig:

You asked us to discuss three very tough topics in your October 29th letter to the Automotive Advertisers Council. I'll address my remarks to each as they pertain to Safety-Kleen only.

1. How advertising dollars are allocated between corporate and product specific advertising.

Advertising and public relations activities, for budget allocations, are based upon a percentage (3/4 of 1% annually) of the projected sales for the next year. However, new business ventures or projects may require additional funds to meet the marketing goals.

The normal procedure is to establish priorities on each marketing project and financial or corporate goals. A strategy is outlined for each and costs are established for the production of new ads, support literature, mailings, postage and the like, for each task.

By quantifying each category, for each market project, rather than lump sums, certain elements can be cut out or amended without destroying the outline. These mental gymnastics prevent the omission of details which could result in large budget overruns when compounded by the other projects for the entire year.

Finally, once the priorities and dollars are estimated the entire budget is again reviewed. I should add that all of the market managers' suggestions, within reason, are incorporated into the plan. As a result, the preliminary budget is always higher than is acceptable. The lower priority projects are usually cut back or eliminated. If additional cuts are required, elements of the higher priority projects are cut back or cut out.

If corporate priorities are lower than the market or product priorities, and they usually are, the dollars are curtailed.

2. The purposes of corporate and specific product advertising strategies.

Our corporate efforts are aimed at the financial community, such as investment firms and market analysts. We want to encourage trading of our stock on the Market.

Major Robert F. Koenig, Jr.
November 11, 1983
Page 2

The product advertising is aimed at the users of our products and services to induce them to inquire for more information. The inquiries are promptly followed up by the sales force.

3. How the effectiveness of these different advertising strategies are measured.

Corporate/Financial strategies are measured by the trading volume and closing prices on the NYSE. Obviously, the Market is very sensitive to political events and incidents, so our effectiveness has to be measured over the long run.

Product advertising, in Safety-Kleen's case, is closely monitored in a number of areas. As previously mentioned, our advertising is intended to generate inquiries.

Each magazine, trade paper, etc., receives a reprint from us two times a year, showing the number of inquiries received (phone and mail) the number converted to sales and the percentages. The same thing is done with inquiries from product stories in their publications. These stories are a third party endorsement of our advertising claims and are an important adjunct to our advertising.

This semi-annual report shows all publications on the current ad schedule, so the magazines reaching the same markets can be compared side by side.

Those publications that don't generate enough inquiries, and that's where the product stories help a lot, won't be on the ad schedule the next year. Also, if the conversion to sales is lower than the average of other publications going to the same market, the book is dropped.

We measure the effectiveness of particular ads when compared to other ads for the same product or service. Again, the measurement yardstick is the inquiry report.

We changed ad agencies this year, and the new agency's ads are being compared against the old agency's ads. Fortunately for them, the new agency is doing better.

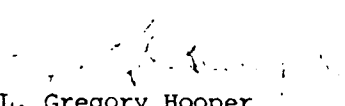
The sales force follow up of the inquiries is also measured. While this check isn't a measure of the effectiveness of our advertising, it does point up if we are generating inquiries across the country proportionate to the population.

Major Robert F. Koenig, Jr.
November 11, 1983
Page 3

I hope this is what you were looking for. In regard to the other members of the AAC, please don't expect 60 replies. Hopefully you'll get at least half a dozen.

Inclosed is a booklet on Safety-Kleen and our 1982 annual report. If you use any of the material in this letter, I certainly hope you will feel obligated to buy our stock.

Sincerely,


L. Gregory Hooper
Manager, Advertising
and Sales Promotion

LGH:ac
enc.



automotive advertisers council

444 North Michigan Avenue, Chicago, Illinois 60611 (312) 836-1300

1983-84 OFFICERS

(Communications to
Individual Members
to be addressed to
their offices)

PRESIDENT

L. Gregory Hooper
Safety-Kleen Corp.
Elgin, Illinois 60120

FIRST VICE PRESIDENT

Harvey W. West
Owatonna Tool Company
Owatonna, Minnesota 55060

SECOND VICE PRESIDENT

Jim Huntington
Arvin Automotive
Columbus, Indiana 47201

TREASURER

Lawrence E. Hettinger
AP Parts Company
Toledo, Ohio 43696

CORRESPONDING SECRETARY

Lois Morse
The Guardian Corporations
Brighton, Massachusetts 02135

RECORDING SECRETARY

Mike Ready
Gates Rubber Company
Denver, Colorado 80217

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Dannelle K. Collier '84
Jack O. Harris '84
Brian E. McNutt '84
Robert J. Morris '84
Art Maresz '85
Lyle V. Martin '85
Mark F. Noble '85
Michael P. Sucharda '85
Thomas H. Wolf '85

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Executive

L. Gregory Hooper

Catalogue & Literature

Bart J. Cincotta

Meeting Sites

Alan H. Somershoe

Promotion Achievement Awards

Lois Morse

Membership & Hospitality

Thomas H. Wolf

Public Relations

William A. Smith

Research

Richard D. Kudner

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Trade Shows

Jacques E. Jones

Advertising & Agency Relations

Lyle V. Martin

By-Laws & Constitution

Sherman J. Collins

Industry-Wide Programs

Philip B. Riner

Training & Education

Robert J. Morris

Co-Op Advertising

Michael P. Sucharda

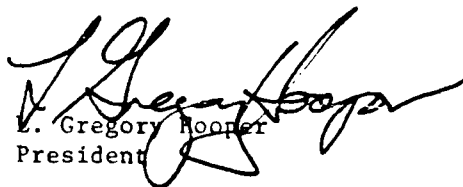
November 9, 1983

Dear AAC Member,

I received the letter on the back the day I returned from our Fall meeting in Denver. I'm sure you are as interested as I am in curtailling government spending of our tax dollars. This is an opportunity for us to help.

Major Koenig's study is due in January, so a prompt reply would be appreciated by him. I've asked him to send us a copy of the study when it's completed. It should be of interest to any of us who also handle corporate or institutional advertising.

Sincerely,


L. Gregory Hooper
President

LGH:drt