MARKETING & MEDIA
DECISIONS

JANUARY 1987 • $4.00

SPECIAL REPORT: SYNDICATION '87

# THE BIG-BRAND PLAN

Brand extensions can make the most of a flagship's strengths—if they don't sink it in the process.

**HOW TO POLISH YOUR MEDIA PITCH**


# How deep are America's midwestern

The ice-cream cone was invented in the Midwest. So was the hot dog.

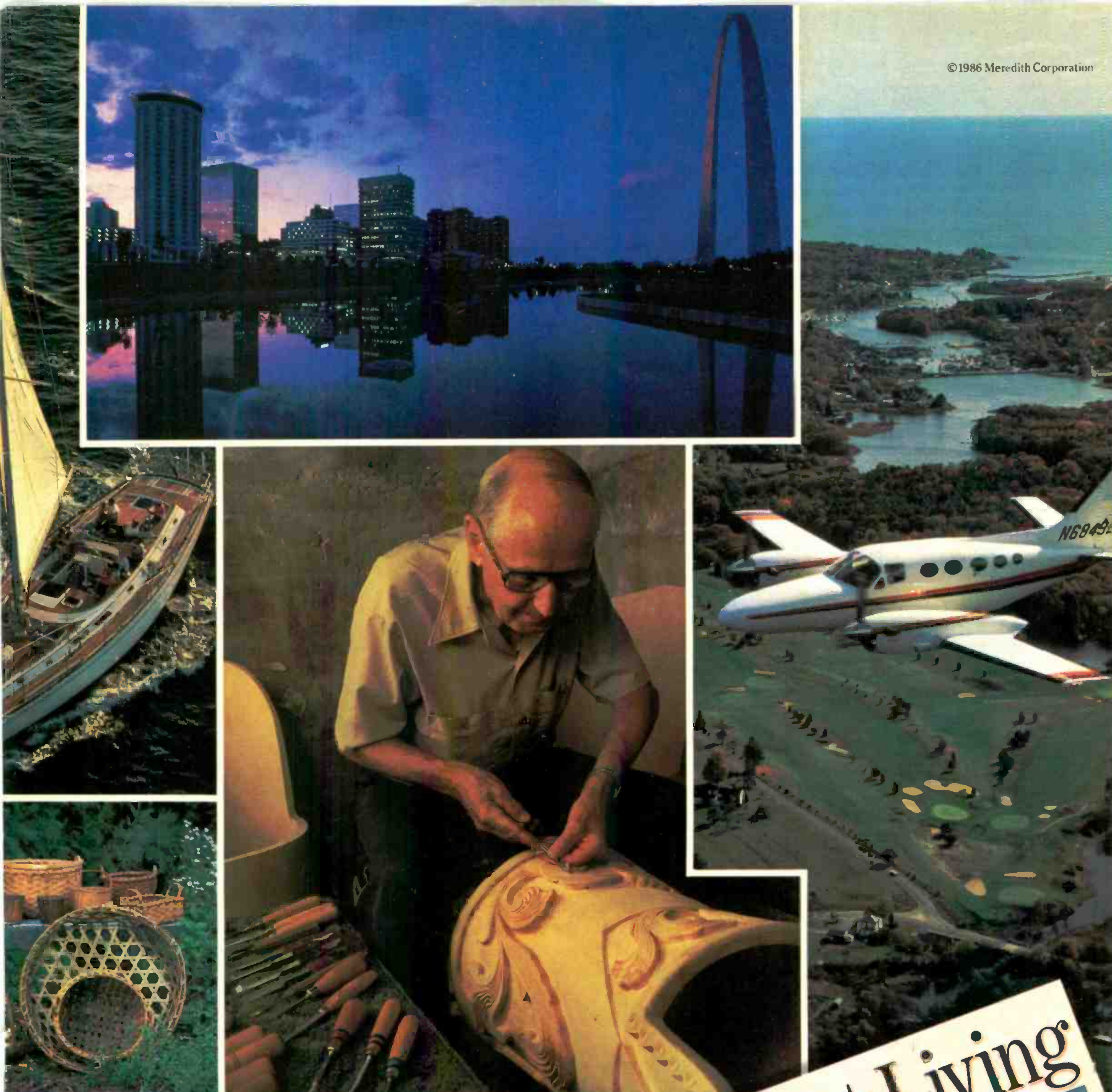
And the malted milk, the ferris wheel, the Gideon Bible, the assembly line, the four-in-hand knot, professional baseball, the first All-Star game, the first American kindergarten, Planter's Punch, and the Pony Express.

Today, one out of every four consumer dollars spent in the U.S. is spent in the Midwest. And more is spent on expanding and remodeling homes than in any other region.

Now the Midwest has its own magazine, devoted to the enduring values and lifestyle of America's heartland.

*Midwest Living* will feature people, homes, travel, gardening, food, restaurant and entertainment discoveries—everything that affects the quality of Midwestern life. *Midwest Living* will appeal to the cream of a vital region. It will be thick, glossy, and chock-full of brilliant color. It will reach a guaranteed rate base of 400,000 people—67% of whom attended or graduated college, and 38% of whom have household incomes of $50,000+.

If you are familiar with *Sunset* and *Southern Living,*



# MARKETING & MEDIA DECISIONS

## COVER STORY




## FEATURES



## DEPARTMENTS

January 1987, Vol. 22, No. 1

Cover photograph by John Stuart





## AS THEY SEE IT



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# CREATIVE CONCEPTS

*by Marianne Paskowski*

## THE WINNERS ARE . . .

Backer & Spielvogel (Chicago) and Chiat/Day (Los Angeles) shared first-place honors in the second annual Creative Media Awards, hosted by Norman Glenn's Marketing & Media Education Workshops.

A panel of nine judges chaired by George Mahrlig, Campbell Soup Company's director of media services, selected Backer & Spielvogel's work for Quaker Oats and Chiat/Day's media plan for Nike.

Backer's plan for Quaker Oat's Cap'n Crunch cereal was a five-month media blitz including a two-minute Saturday morning network tv roadblock; MTV; teen radio; Sunday newspaper comics; and skywriting. The aim was to increase awareness of the product by offering a $1 million reward to anyone with knowledge of the missing Cap'n Crunch. According to Backer media planners, the sales of the cereal doubled during that period of time.

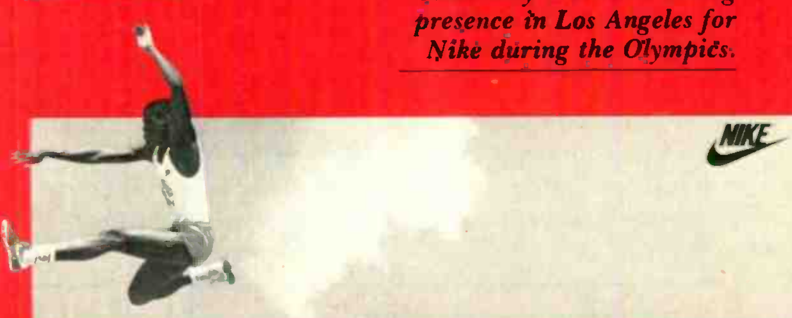
For Nike, Chiat/Day took advantage of the 1984 Summer Olympic Games hosted in Los Angeles. The intent was to become the unofficial sponsor of the Olympics without paying the official sponsor costs. In network tv, in addition to sports programing, Nike ran on the final episodes of *Dallas* and *Dynasty*. In Los Angeles, the agency used building walls in the city, 15 times the size of billboards (but the same price), to display paintings of sports figures representing Nike's products. The company exited Chiat/Day, though, last year for Wieden & Kennedy.

In addition, nine other awards were given for creative work in media planning. The recipients:

- BBDO (tv plan for Gillette).
- Ogilvy & Mather (local tv plan for Hardee's Food Systems).
- Backer & Spielvogel (national radio plan for Quaker Oats).
- BBDO (local radio plan for DuPont).
- J. Walter Thompson (consumer magazine plan for Nestle Morsels).
- Campbell-Ewald (business book plan for Rockwell International).
- Ogilvy & Mather (newspaper plan for Bowery Savings Bank).
- FCB/Leber Katz Partners (out-of-home plan for *Woman's Day*).
- Wahlstrom, Stamford, Conn. (yellow pages plan for Carrier).


*Mary Struble of Backer worked out the Cap'n campaign with Quaker's Ralph Heim.*

*Chiat/Day created a strong presence in Los Angeles for Nike during the Olympics.*



# DIRECT MARKETING

*by Rebecca Fannin*

## CALLING ALL YELLOW PAGES!

It has to be one of the more unusual marriages in the world of media. And that is the link up of direct marketing with the yellow pages to create what also is a first of its kind: a talking phonebook.

Billed as Yellow Pages Plus, this electronically enhanced phonebook is being introduced to consumers throughout Boston and surrounding suburbs. What the talking phonebook offers is immediate, 24-hour telephone access to consumer services information, including Dow Jones updates, AAA road conditions, entertainment listings, news and weather reports and sports updates.

The directory also features "talking ads" — electronically recorded advertising messages providing up-to-date information on store specials, new products and promotions. Traditional listings are also carried.

"It enables consumers to conduct business, plan trips and shop by phone," says Dan Perti, president of InfoPlus, Inc., the publisher of the directory that was founded in October 1985 in response to opportunities created by the AT&T divestiture. "Not only is the directory easy to use, but it is also provided free-of-charge."

The phonebook can also save time and money, Perti continues. "If, for example, someone is shopping for a car, he can simply call one number for the general category of automobile dealers and find out which ones are offering specials that day," he notes.

To use the system, consumers call a local telephone number, followed by the designated four-digit code supplied in the ad or listing, and hear the talking ad or consumer service message. No operator assistance is required. In addition, due to a computerized voice-response system that can handle 100,000 calls a day, consumers don't have to wait for information.

InfoPlus plans to publish ten directories covering Eastern Massachusetts, Rhode Island and Southeastern New Hampshire. The directories will be delivered free-of-charge to households and businesses in those areas. The first directory, covering metropolitan Boston, was delivered early December.

*Do what you do best.*

Ads for the Boston phonebook range from $1,300 for a quarter column space — the smallest ad accepted for the talking feature — to $20,000 for a full page. Advertisers may either provide tapes of their consumer messages to the phone company or InfoPlus will produce them free of charge. A $25 fee is incurred for any changes made after the tape is produced.

## DENIM DOLLARS

The Chicago office of Stone & Adler, Inc. is working on a major assignment to develop and test a new mail order catalog featuring Levi Strauss & Co. clothing.

The catalog is issued by Designs, Inc., a Boston-based retailer of Levi apparel exclusively. The book offers a wide variety of Levi's merchandise, ranging from 501 blue denim jeans to Bend Over womenswear, Levi's kidswear and other items, like Levi's oxford shoes, which are not widely available in retail stores.

Stone & Adler is responsible for the effort, including marketing, merchandising, creative and production. Although the direct marketing agency declined to release results of initial test mailings of a fall catalog, it did indicate that strong sales patterns are resulting. A holiday book was also in the plans at press time and a spring 1987 catalog is under development.

## FROM MALL TO MAIL

In another first, Electronicstore Services, Inc. is creating a test of a "catalog mall" that provides direct marketers an opportunity to offer catalogs and select products to consumers via interactive video systems located in high-traffic public areas.

"Direct marketers constantly seek new, effective ways to gain names and mailing lists, which can lead to increased sales," says William D. McDonald, president of Chicago-based Electronicstore, an R.R. Donnelley company.

This catalog mall system includes a 19-inch color monitor, video laser disc player and a stereo system, which provides visual and audio presentations. A 13-inch touch-sensitive color screen enables users to interact with the system. Twenty-second visuals are shown and may include a presentation about the catalog, specific product offers and/or a call to action. When ready to order, the consumer picks up the system's telephone which automatically dials an order fulfillment center.

The catalog mall, which charges participants a one-time production fee, is available at 10 sites in Illinois, including Chicago, at high traffic locales such as the State of Illinois Building, hotel lobbies and highway oases. A test period will run for six months, beginning in March 1987.


You keep hearing about women going crazy trying to "have it all"—job, husband, children—and that maybe we should reassess our goals. Why? Are men reassessing *theirs*? *They* have wives, jobs, children and nobody asks *them* to reassess.
My favorite magazine says it's been a little hard on everybody getting used to women being big achievers while men *still* haven't taken on much of the cooking, cleaning, mopping but we'll work it out. Meanwhile, don't give up *any* of your goals and dreams they say.
I love that magazine.
I guess you could say I'm
That COSMOPOLITAN Girl.
a division of The Hearst Corporation.
Photographed by Francesco Scavullo.
COSMOPOLITAN®

# UPDATE

## A JUICY BIT OF BAD NEWS

In quite a strike of irony, Beech-Nut Nutrition Co., after having pommeled leader Gerber Products Co. with innovative products and aggressive advertising, now finds itself on the defensive. And the issue must be quite embarrassing to a prideful Beech-Nut. Having promoted itself as the only baby food maker offering proper nutrition, the number-two-ranked contender in the $650 million baby food market finds itself under indictment for selling ersatz apple juice from 1977 to 1983. The indictment states that president and CEO Niels Hoyvald, under pressure to "minimize a potential loss of $3.5 million, sold what was really an apple flavored drink with colorings and sugar as pure apple juice."

A backlash may already be occurring at supermarket cash registers, where consumers are showing their dissatisfaction. The Beech-Nut Stages line had picked up share at Gerber's expense over the past two years. (See "High Stakes at the High Chair," October 1986, pg. 62.) Although it is still somewhat early to read, Gerber, at press time, had picked up 1.2 brand share points during a four-week reporting period that ended shortly after the incident was publicized. Part of that increase, however, could also be due to the national rollout of Gerber's new product, First Foods, which is in half the country.

Gerber is supressing its glee at Beech-Nut's predicament, saying through a statesmanlike spokesman: "We might pick up a couple more brand shares, but overall, we think these kinds of things just serve to hurt the industry. We look at this in terms of hurting baby food sales in total," he adds.

Actually, Gerber is concerned that since it is the leader of the baby food market, with a 63.5% share, it will feel the shock waves the most. "If industry volume drops, then because we are the leader, we will be hurt the most," worries the spokesman.


***Leader Gerber now gains a natural advantage.***

*Rebecca Fannin*

## JUICE WORKS IS NOT WORKING

Is Campbell Soup Co.'s Juice Works a washout? "Yes and no," says a company spokesman.

Recently, at Campbell's annual meeting, Gordon McGovern, president and chief executive, announced: "Juice Works is not living up to the expectations the company had for it." He went on to say that while no decision has been made, there's a strong possibility the company may pull Juice Works back from national distribution and return it to regional status. Or it may take Juice Works off the market altogether. (See Brand Report 136, September 1986, pg. 101.)

**Observers cite a fuzzy image and a high price as contributors to Juice Works' problems.**

Ever since it was first rolled out in 1984, Campbell Soup Co.'s blended juice beverage has failed to make a splash with consumers. The line, a variety of 100% juice mixtures, has pretty much had every strike against it. For starters, the original package design was, in the words of one source, "lousy." A redesign has since been done, but many consider the second effort weak as well. Both make the juice look like kidstuff, when in fact it's a product suitable for adults, too.

The trade has been slow to accept Juice Works, resulting in some scattered distribution problems. And though the company rolled the line out nationally in March 1985, distibution is still spotty. In addition, different container sizes were available to different regions for a time, adding to retailer discontent and confusion.

The company itself admits advertising and promotional support for Juice Works perhaps hasn't been what it should have been for a new brand. John Stacy, a beverage marketing consultant, says the idea of just *what* Juice Works is supposed to be is a bit fuzzy. It needs the focus a good ad campaign could give it. "Juice Works has too many questions about it — the name, for instance, the concept," explains Stacy. "Too many things aren't clear. It just hasn't gelled. It's a good product; that's the pity."

Campbell's offers another explanation for the poor reception Juice Works has received. Pure and simple: price. While the company admits to the previously mentioned problems, it maintains that the fact the product costs up to 50% more than a juice beverage with a 10%-50% juice content is the reason consumers haven't gone for it.

*Carol Hall*

# POP QUIZ

For the next 60 seconds, test your knowledge in the world of women's service magazines. Answer the media quiz questions correctly and win a stylish canvas bag. Just send in your entry. You can't lose.

1. Name the only weekly women's service magazine.________________
2. Name the only women's service magazine with 100% single-copy circulation.________________

Compared to the Seven Sisters . . .

3. Which magazine has the highest percentage of Women 18-49 according to MRI?________________
4. Which magazine has the highest percentage of Women 25-49 and 25-54, according to both MRI and Simmons?________________
5. Which magazine has the highest percentage of Employed Women according to MRI?________________
6. Which magazine delivers the highest index of women who are the heaviest users of blush, eye shadow, and stockings and pantyhose? ________________
7. Which magazine boasts the highest index of women who are the heaviest users of pasta and noodles, jarred spaghetti sauces, peanut butter, brownie and cookie mixes, and hot and cold breakfast cereals?________________
8. Which magazine has more readers per copy according to Simmons?________________
9. Which magazine is now offering its 5 million weekly readers to advertisers?________________

Sources: MRI Spring 1986 and 1986 SMRB.

Mail to: Dianne Purcell,
Woman's World, 60 E. 42nd Street,
Suite 1103, New York, NY 10165

Name________________
Company________________
Address________________
City________________State________Zip____


OFFICIAL RULES — NO PURCHASE NECESSARY

1 To enter print your name company address and zip code and mail with your answers to Dianne Purcell WOMAN S WORLD 60 E 42nd Street Suite 1103, New York NY 10165 Only one entry per person Entries must be received by January 30 1987 Offer good while supplies last

2 The contest is open to all persons except employees of WOMAN'S WORLD its affiliates and advertising agency and members of their families

**Woman's World**
**Unique every week**

# US on Michael J. Fox

Three years ago, he was "scared to death" to do a sitcom before a live studio audience, and at the same time, NBC president Brandon Tartikoff was heard wondering whether Fox wasn't miscast.

"I told the producers I'm not sensitive about my height, so if you can use it to get some laughs, go ahead," Michael J. Fox recalls with a smile.

"I think everyone wants to be James Dean," he says with a downcast stare. Then, brightening, he spreads his arms triumphantly in the air. "And I want to be James Cagney."

– US, July 29, 1985

# STAFF


**President,** Robert C. Gardner
**Exec. VP, Publisher,** David W. Bentley
**Editor-in-chief,** Sandra Rifkin

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**Managing Editor,** Susan Benoit
**Art Director,** Austin Metze
**Senior Editors,** Rebecca Fannin, Marianne Paskowski
**Associate Editors,** Carol Hall, Fred Pfaff
**Editorial Assistant,** Romy Schwab
**Correspondents,** Los Angeles: Pamela Ellis-Simons. Chicago: Deborah Silver. Washington, D.C.: Ann Lallande. London: Isabel Bass
**Contributors,** Russ Bowman, Tim Davis, Kitty Dawson, Patrick Kelly, Wallace Snyder, Wally Wood

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**Account Managers,** Robert M. Bruder, Sara Greenwood, John D. Adams
**Promotion Director,** Richard Van Allen
**Production Manager,** Sarah B. Ross
**Sales Coordinator,** Phyllis D. Jeter
1140 Avenue of the Americas
New York, NY 10036
(212) 391-2155 (Send all ad materials, except inserts, to New York office)

**Midwest/Southwest:**
**VP, Midwest & Southwest Manager,** Elaine Purnell
**Account Manager,** Katy O'Leary
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Chicago, IL 60601
(312) 977-1933

**Southeast:**
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Tucker, GA 30084
(404) 491-1419

**West:**
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(818) 989-0994

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**Accounting Manager,** Natalie Babyatt
**Circulation Director,** Joy Szall
**Asst. Circulation Mgrs.,** Sandra Dudley, Wanda Thibou

# "My first mountain."

"For 33 years I climbed the stairs to my violin studio. Now I climb mountains to listen to the music of birds. With backpack and climbing boots, 'Mosa Havivi, New York City boy,' has become 'Mosa, mountain goat.'" Mosa Havivi, custodian of rare, old Italian violins for a lifetime, and mountain climber beginning a new lifetime. For 26 million Americans beginning a new lifetime, the authority on their maturity is Modern Maturity magazine. The source and the force for the largest, fastest-growing market in America, Modern Maturity has a rare relationship with a 26 million readership. Readers like Mosa blaze new trails and new lifetimes with the maturity authority, Modern Maturity. Please call Peter Hanson at (212) 599-1880.

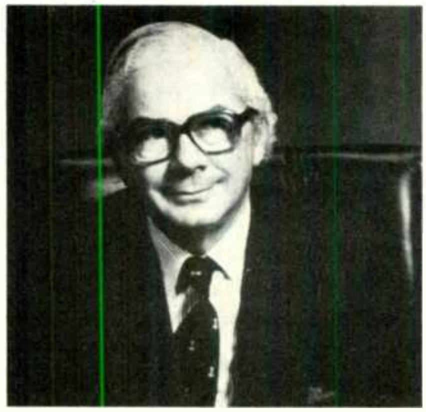
# Modern Maturity

The beginning of a new lifetime.

# PRO FILES

## SETTING SAIL FOR THE NEW WORLD

Rupert Murdoch, move over. Another Aussie, the smooth-talking Bernard H. Leser, 61, managing director of Britain's Conde Nast Limited, is slated to become the president-elect of Conde Nast Publications here in March.



*Leser turns his attention Stateside.*

For Leser, who replaces the retiring Robert J. Lapham, the appointment tastes of reward for long loyalty to Conde Nast. He started in 1959, when he founded the company's Australian operation, which he still serves as joint chairman. "At an age where some would say I should be slowing down, I'm going to have to prove myself all over again," he says.

Leser will have many eyes upon him. Planners are wondering what turns the company will take after Lapham's departure, and they're watching with interest the new twists on *The New Yorker* and for signs of how the company will fit in their late-November purchase of *Signature* from Citicorp Publishing.

Given that purchase, and the appointment of *Vogue* publisher Richard A. Shortway to publishing director of British *Vogue*, Leser's appointment signals to some the prelude of global expansions or an international ad buy. International editions of *Vogue*, for example, published by licensees, currently aren't networked for advertisers. While Leser confirms that an international startup of *GQ* "is being studied," he and vice president John B. Brunelle both claim Shortway's overseas appointment is "a coincidence." Says Leser, "We're so busy within the five non-U.S. countries we're publishing in — England, France, Italy, Germany and Australia — that we're concentrating mostly on them. That doesn't rule out things for the future, though."

Conde Nast's U.S. publishers simply attest that Leser is an affable man with plenty of drive. He can deal, they say, with both sides of a publishing operation. "He's an extrovert who's very business oriented, very sales oriented," says Brunelle.

Leser likes to escape periodically with his wife, Barbara. "When I'm working it is a seven-day thing," he says. "When I'm away, I like to get as far away into the mountains or onto the water and lead as simple and rustic and totally natural a life as possible." Before going to England 10 years ago, he sailed competitively for 12 years, and with a wink he says he hopes to be in Perth "when we, Australia, defend the America's Cup January 31."

*Fred Pfaff*

## EMPIRE BUILDING

Victor Millar, 50, is a tough person to catch off-guard — a good quality to have in his new post as chairman and chief executive of the consulting operations of Saatchi & Saatchi PLC.

In keeping with the Saatchi corporate culture of acquiring talent, Millar's mandate is to search out organizations to weld into the biggest consulting powerhouse in the ad industry. "The consulting field is fragmented today, so we have an opportunity to build a force from a small number of world-class organizations," says Millar, who spent 29 years at Arthur Andersen before taking this post.

Certainly Millar, one of two managing partners at Andersen, has the credentials to oversee the making of another Saatchi network. Under his aegis, the accounting firm grew into the world's largest consulting organization, with expertise in not just taxes and audits, but also marketing, planning and professional education. Millar is also credited for moving the financial specialist into information counseling, one of the fastest growing areas of the industry.

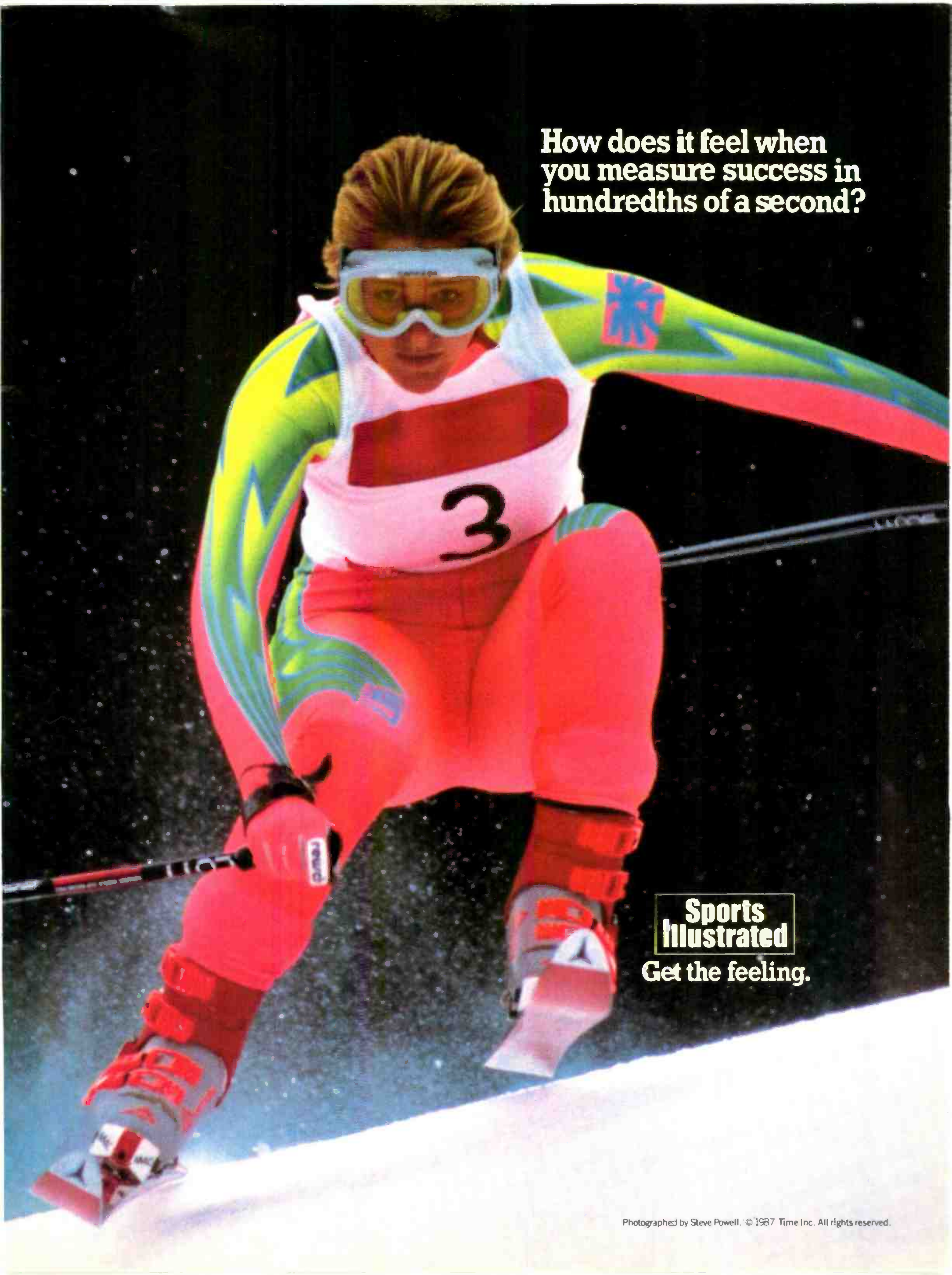
Saatchi & Saatchi has room to grow. While the consulting industry has worldwide annual revenues approaching $100 billion, Millar is not intimidated by how far the agency must expand to become a major player. He notes that Saatchi & Saatchi Consulting Ltd., the holding company created to house the consulting acquisitions, currently is home to only $100 million in revenues, but will blossom "significantly" within the next year.

The ad agency already has two important building blocks, having embarked into the consulting area in 1984 with the acquisition of the Hay Group, a leader in compensation and human resources management, and the 1985 acquisition of Yankelovich, Skelly, White, the market research firm.

But to round out its services, Millar envisions buying several specialty firms. In particular, he says he's interested in strategy consulting companies that can help to implement computer and technological advancements. He also has an eye on firms with strengths in managing human resources and guiding market research.

Millar is optimistic, in part because he believes the timing "is absolutely right for creating this kind of organization. The consulting industry hasn't responded with a global perspective to client's needs. It's split up into many specialty industries," he notes.

*Rebecca Fannin*


How does it feel when you measure success in hundredths of a second?
3
Sports Illustrated
Get the feeling.
Photographed by Steve Powell. © 1987 Time Inc. All rights reserved.

A LIMITED WARRANTY TO CONSUMERS
★
• Good Housekeeping •
PROMISES
REPLACEMENT OR REFUND IF DEFECTIVE

## We pay the price for being the most believed magazine in America

In 1909, shoppers first saw what was to become one of the best known buying guides in America. And, over the years, countless millions have been influenced by the presence of this familiar emblem on the products they buy.

That's as true today as it's ever been. Which is truly impressive in this age of consumer awareness and product scrutiny. But it's not surprising, especially when you consider the magazine behind the Seal, the one women believe in more than any other women's magazine.

We're believed more because our readers know that no other women's magazine sets such high standards for itself. We won't, as an example, accept advertising for certain major categories of products—products bringing in tens of millions of dollars in ad revenues to other women's magazines.

But we think our credibility is far more valuable than that.

And, to 24 million women, that attitude is more than just great.

It's **Good Housekeeping**.

Our pages do more.

Source: MRI Fall 1986

# PRINT BEAT

*by Fred Pfaff*

## TOUGH TIMES, NO SURPRISE

A wide ad base and early closing makes women's service books a good window on the year. One source reports January-February advertising for the field is down 10%-11%. "We're looking at a tough year," he says. "We didn't feel the effects of 15-second spots until late fall, but now brands are taking that route to reach and frequency." Overall, many books face sluggish first-quarter results because wary advertisers held off budget approvals and toughened on demands. "As much as 15-page documents on positioning alone -- I've never seen anything like it before," says Essence ad director Vicki Salter.

## THE THIRD SECTION

A popular question among newspaper executives is why the Wall Street Journal is testing a third section (and, as some claim, a fourth). Managing editor Norman Pearlstine says it would answer a "tremendous expansion in business news we have to provide" without overburdening time-pressed readers. As to beefing up national/international news, a change some expect, Pearlstine says, "We could expand international coverage, but I'm not satisfied enough readers are interested." Spokesman Larry Armour scoffs at the suggestion of competition from the New York Times, insisting that "becoming all things to all people" would "undercut our franchise as the number one business paper."

Still, one heavily traveled rep firm executive says, "increasingly, in other markets, the national read seems to come down to the Times or the Journal." A third section, he says, makes way for more national and international news.

## THE BUNNY BAGS IT

Polybagging isn't just for the effete. Playboy has now made a move into polybag inserting. Recently the magazine began bagging subscription and some newsstand copies. A poster of Marilyn Monroe will arrive within the bag this month, with newsstand copies selling for an extra 50 cents. While seeking out advertisers with "something special" like a catalog to insert, notes senior vp/assistant publisher Tim Dolman, the magazine is testing the bags' surprising ability to deter store owners from putting blinders over issue covers.

# PRINT BEAT

## EASI DOES IT ON DISKS

Most intriguing about one of the more interesting new media is that its first target for clients comes from logical competitors among the print community. The medium -- dubbed "Inter-Ads" by New York-based Einstein Automation Solutions Inc. (EASI) -- programs black-and-white or four-color ad messages into the manipulatable computer diskettes many publishers are studying as solutions to the confusion of inter-twining discounts and the mounting cost of revising rate cards. Inter-Ads revisions cost as little as $100. "It's a great idea for getting messages across when people are actually doing the work," says Dan Ambrose, Hearst Gold Buy ad manager.

## MEGASPREADS

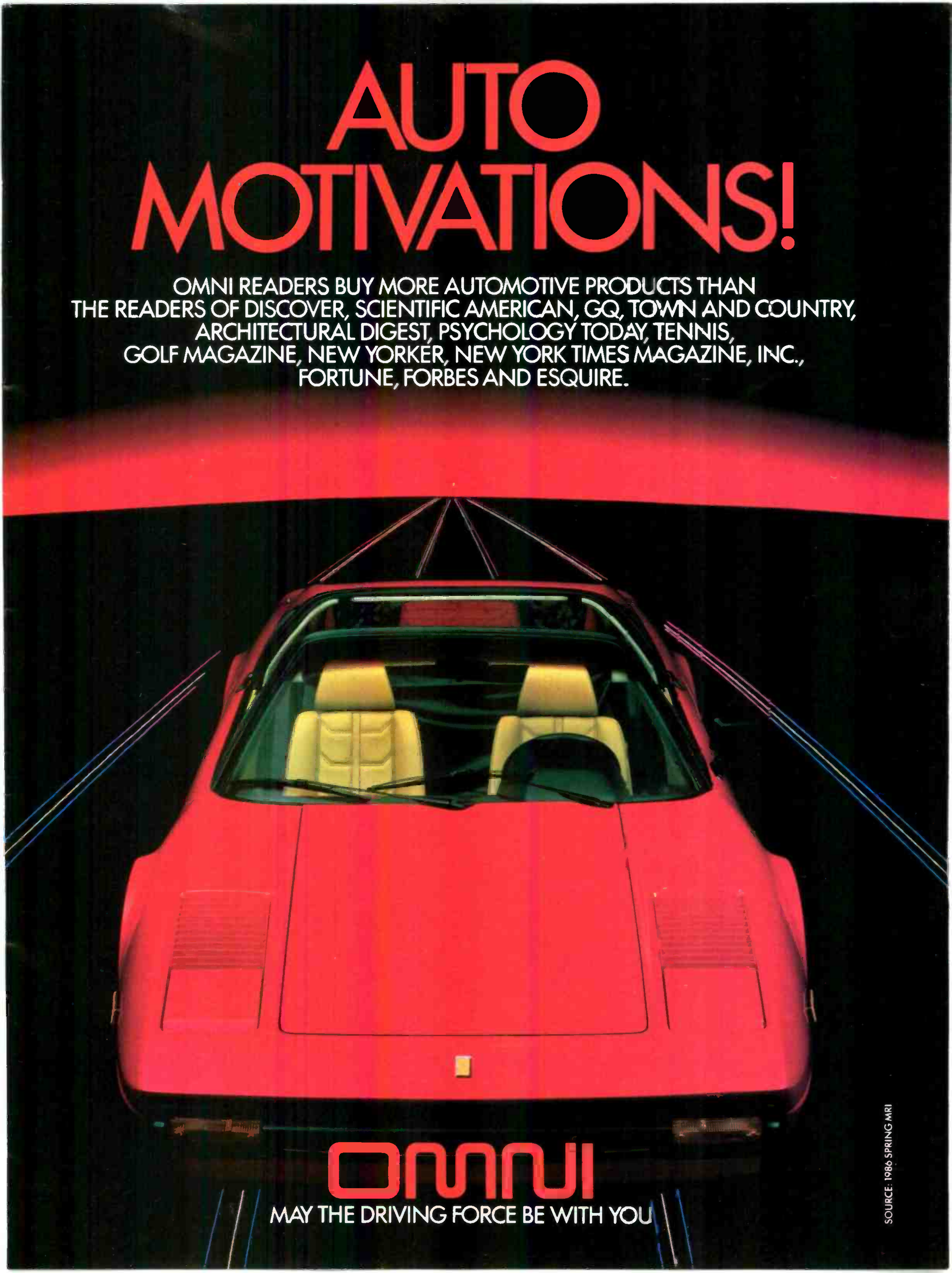
Looking to "do something big" to demonstrate the power of Lotus Development Co.'s word processing entry, Manuscript, Leonard Monahan Saabye created a five-feet-wide foldout with manuscript graphics and a headline message that expands at every turn. Good news for Byte, Lotus, Electronic Design and Scientific American. Leading up to the February issue foldout in Sci Am, for one, were seven consecutive horizontal half-pages (a unit Sci Am had banned) of manuscript followed by a four-color page in December and January. "Key here," thinks Sci Am publisher Harry Myers, "is that the emphasis is on function rather than on gimmick."

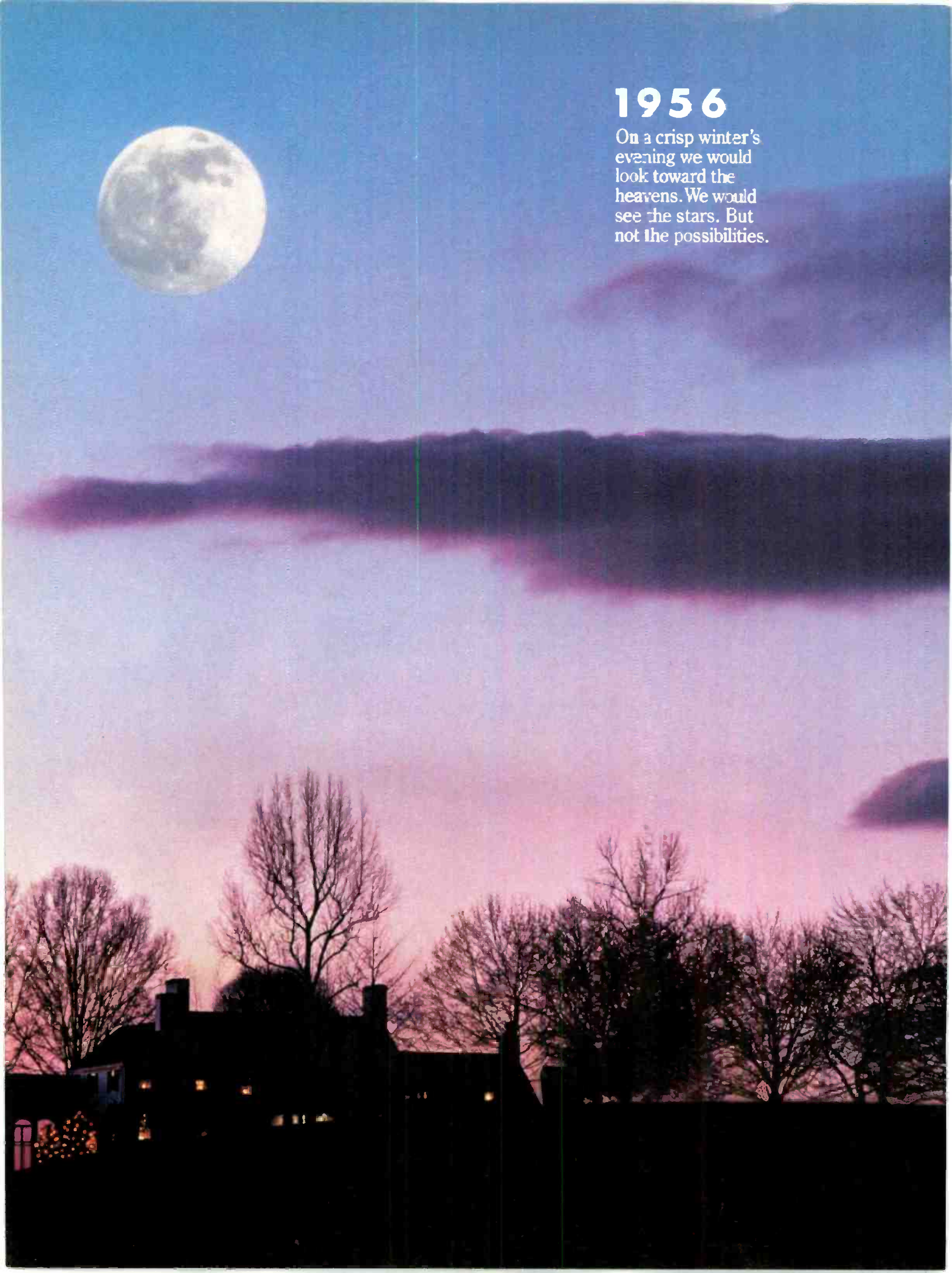
## A MATTER OF MIND

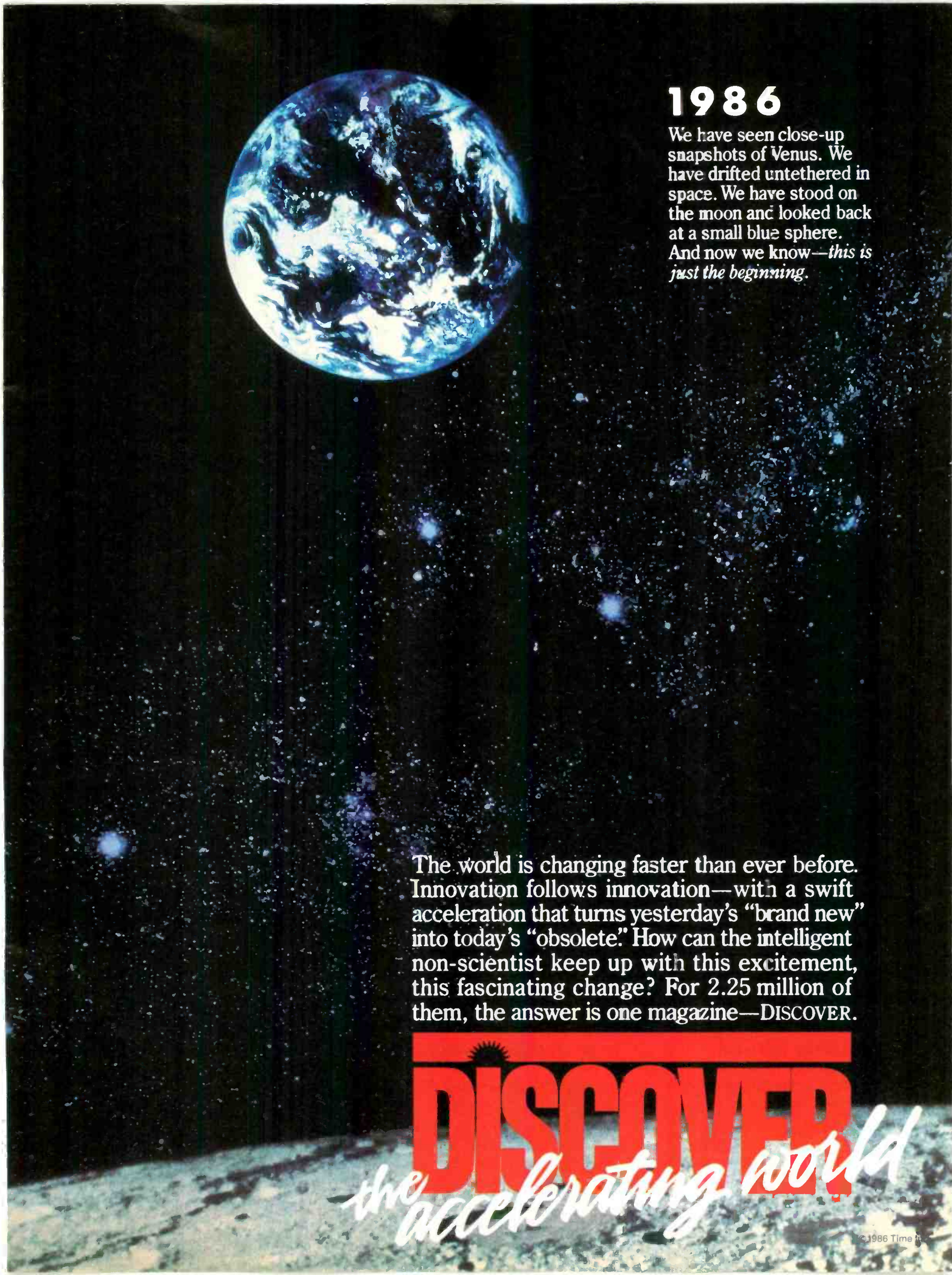
To catch eyes and make lists, president Bill Anderson is moving the Atlantic back into issues seminars. A series of seminars expanding current editions' themes -- begun with December forums at the National Press Club on the state of the U.S. government and political parties -- is due to include 10 or 12 seminars in 1987, including a February forum on AIDS.

## IN THE WAKE

Young & Rubicam's deal guaranteeing retail rates for packaged goods clients who place at least 13 quarter-page display ads in participating papers this year has stirred its share of debate. At press time, one body fearing no setbacks was the Association of National Advertisers, whose newspaper committee chairman, AT&T's Jim Speros, had submitted to ANA legal counselors a letter urging members' support for involved papers as a "clear signal to publishers" that rate parity will bring national ads.


AUTO MOTIVATIONS!
OMNI READERS BUY MORE AUTOMOTIVE PRODUCTS THAN THE READERS OF DISCOVER, SCIENTIFIC AMERICAN, GQ, TOWN AND COUNTRY, ARCHITECTURAL DIGEST, PSYCHOLOGY TODAY, TENNIS, GOLF MAGAZINE, NEW YORKER, NEW YORK TIMES MAGAZINE, INC., FORTUNE, FORBES AND ESQUIRE.
omni
MAY THE DRIVING FORCE BE WITH YOU
SOURCE: 1986 SPRING MRI


1956
On a crisp winter's
evening we would
look toward the
heavens. We would
see the stars. But
not the possibilities.


1986
We have seen close-up snapshots of Venus. We have drifted untethered in space. We have stood on the moon and looked back at a small blue sphere. And now we know—*this is just the beginning.*
The world is changing faster than ever before. Innovation follows innovation—with a swift acceleration that turns yesterday's "brand new" into today's "obsolete." How can the intelligent non-scientist keep up with this excitement, this fascinating change? For 2.25 million of them, the answer is one magazine—DISCOVER.
DISCOVER
the accelerating world
©1986 Time

# STRI

## More marketers are using creative brand extensions to expand their


JUDY GUROVITZ

*Marketing vp David Breithaupt shows how far the Arm & Hammer flex can extend.*

*by Rebecca Fannin*

It used to be considered a cheap shot. Today it's *still* considered a cheap shot, but no longer in the pejorative sense. Brand extensions, once the land of "new and improved" products and jokes, have taken on a new sophistication and respectability. Marketers of all shapes and sizes are using the leverage of flagship brand names to establish instant beachheads in new product categories and extend franchises. That is why strong brands are being treated like money in the bank — to be coveted and stretched as far as possible.

Examples of this new philosophy

# ETCH

franchises. The question is: Can the practice be too much of a stretch?

abound. The soft drink marketers, for instance, are furiously rubberstamping new beverages with the name of the flagship brand. Even Coca-Cola Co., which for decades insisted on keeping its Coke brand name pristine, has been busily attaching the appellation to a family of new, successful drinks.

But while lighter versions and offshoots of existing products have commonly been called by the clan's trademark, today's brand extensions are more radical and dramatic. Church & Dwight Co. Inc. helped highlight this approach when it began transferring its flagship label, Arm & Hammer, from its traditional baking soda usage to all kinds of items, from toothpastes to carpet deodorizers. And the process isn't over yet, promises David Breithaupt, vice president of marketing, who doesn't "rule out the possibility of products like a kitty litter."

Today, products that are as different as fruits and vitamins, or tomato sauce and upscale frozen entrees, are being bonded as if they were from one source. Sunkist Growers is now known for more than citrus fruits: It's in the orange juice section and can be bought as — you guessed it — vitamin C tablets. And Campbell Soup Co. is turning its Prego sauce line into a grouping of pricey frozen entrees.

Even classical marketers like Procter & Gamble, which prided itself on creating brand names, have caught the leveraging wave. The powerhouse has sprung forth with liquid Tide, Ivory shampoo and liquid soap, Ultra Pampers, Crest Tartar Control and Duncan Hines cookies.

Martin Friedman, editor of the *New Product News* at DFS/Dorland Worldwide, estimates that 75% of all the new products released over the past two years have been brand extensions. His definition of the practice? Utilization of the brand name in some other way, be it a new flavor, color, package, form or a completely separate product.

The difference between this go-around for brand extensions and how they were handled a decade ago is that consumers are much pickier. In today's finicky marketplace, smart companies know they no longer can shout "new and improved" or " brand new" when only the slightest change in formula or package is evident. That is why more and more marketers are turning to creative brand extensions to do the trick.

Yet there is debate over the practice. After all, if a tried-and-true brand name gets attached to a product that bombs, the possibility exists for negative rub-off on the heart of the matter — the flagship. Further, many experts warn that plastering a brand name over a host of items leads to dilution of the franchise's power, and possible cannibalization of sibling products. "We feel there are very, very few successful brand extensions," states Jack Trout, president of Trout & Ries, Inc. "Basically, we believe it's one idea to a customer."

Even so, most marketers are willing to take the bet. It's easy to understand the attraction and the addiction. Despite all kinds of research, the rate of new product failures remains dauntingly high — only 1.4% of new products since 1980 have achieved more than $15 million in retail sales, according to DFS/Dorland. Added to that is the cost of media to support a new product — generally pinned at a minimum level of $25 million for the introductory year. The theory goes that if a brand piggybacks on the original, not only will it have a greater chance of success since consumers will be familiar with the name, but it will also save the television and print costs that blast a new name before the public. Often, companies with many products under the same brand name can achieve media efficiencies by promoting a family of products within the same 30-second commercial.

Aside from all these arguments, there is the growing propensity of corporate America to swallow up companies with well-established brand franchises. These companies are eager to prove their acumen in spotting undervalued assets and underutilized distribution channels; brand extensions can be a quick fix.

The leveraging device can also pry loose hard-to-get shelf space. Stores are more likely to make room for a new item bearing the logo of a recognized, money-making brand name.

What also can't be ignored is that consumers just aren't as willing to try new products or, if they do, to buy them a second time. NPD Research, Inc. finds that consumers' willingness to try new products has dropped 17% over the past eight years. Repeat purchases have slipped too, by 9%, according to Joel Rubinson, president of

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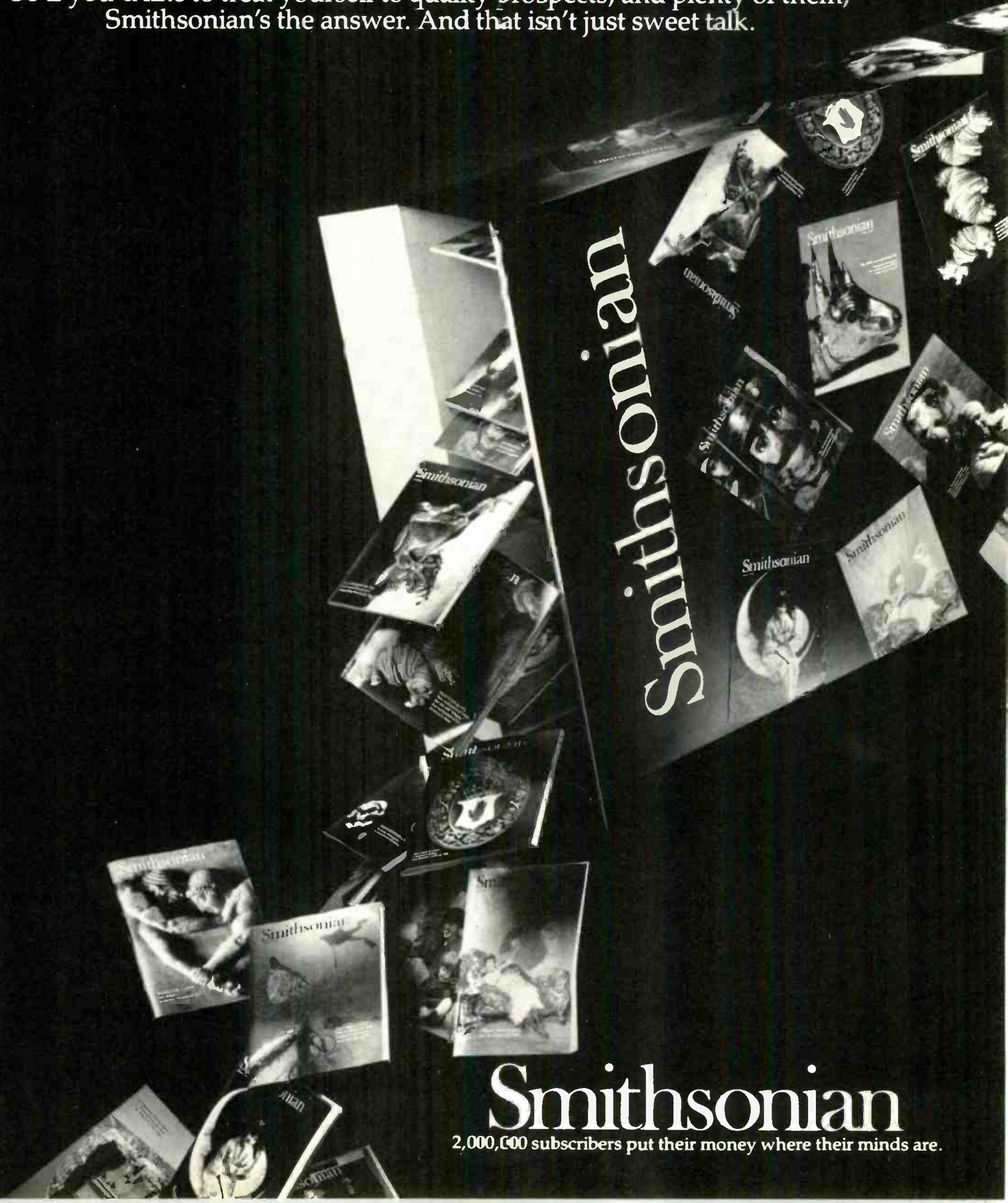


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Given this grim situation, it should surprise no one that marketers are taking a second look at brand extension. "Equity leveraging is the hottest product we have," confirms Chester Kane, president of Kane, Bortree & Associates Inc. "This service is about one-third of our business," adds Kane, who founded the new product development firm in 1979. "Three years ago, maybe it was 5%."

Other marketing consultants agree that brand extensions are one of the hottest marketing trends around. "The biggest risk you can take in today's environment is to not use your brand assets to the fullest advantage," notes Larry Alm, partner and management supervisor with Schoenfeld, Chapman, Alm & Pearl Inc. in Tarrytown, N.Y.

Clients agree with this assessment, albeit more cautiously. "It's easy to do line extensions with new products," says Ed Franczek, brand manager, new products, Dart & Kraft, Inc. "We are always looking at them left and right, up and down. But it's only a good idea at the right time and place," he notes. Seconding that opinion is Kent Mitchel, former vice president of marketing at General Foods, who is now president of the Marketing Science Institute. "Careful marketers think long and hard about it," he counsels. "It has to be compatible with the brand name, otherwise it will weaken it." The most prominent example of leveraging at GF is Jell-O Pudding Pops. "By making a Jell-O product that was portable, we moved the brand name into the 1980's," Mitchel remarks.

There are perhaps as many opinions as to why some brand extensions succeed while others fail as there are brands that have been extended. "These brand extensions always work in the short term, but in the long term, it becomes like alcoholism," Trout argues. "With each drink, the rewards get fewer. When Miller introduced Miller Lite, both were successful for awhile, then suddenly Miller became known as Lite and now Miller High Life is dying," he contends. What happened, Trout continues, is they diluted the brand's image.

Trout argues that brand extensions only work for products in three situations: when the new brands aren't breakthrough ideas; when there isn't a large advertising budget; and when the product is only intended to be a small-volume entry. Otherwise, he contends, cannibalization will result and fragment the original brand name.

Others, however, including NPD's Rubinson, argue that "you have to line extend — at least on the obvious


*Jell-O gets hip by launching imaginative new pops.*

choices — because if you don't, someone else will." Cannibalization, he feels, "can be controlled to a certain extent by different positionings versus lost sales to others."

Kane also punches holes in the theory that Miller Lite should never have been born. "Miller Lite is used as an example of extensions that have hurt the parent," he says, "but the Miller franchise since Lite was introduced has been a lot bigger with Lite than without."

Indeed, most agree there are techniques that can be used to attempt bigger product ideas without fear. "You need an orientation that says, 'How can I optimize the value in my brand franchise as opposed to what new product should be launched?' " Kane explains. "What we do," he elaborates, "is talk with the consumers to find out what they think the trademark stands for."

Even the best of research can go wrong, Kane warns, if other guidelines aren't followed as well. Kane finds that many mistakes have been made by using the wrong positioning for a product and introducing products that are in the improper category for the brand's image. For example, he pokes at Johnson & Johnson's attempt to transfer the company name to baby aspirin. "It was an absolute failure because J&J products are perceived as gentle, but gentleness is not what mothers are looking for from an aspirin," he says. "They want to reduce their child's fever. So here is what seems like a natural but is a failure in judgment."

Kane has praise, however, for Sunkist Growers, which has licensed its name for vitamin C. "It makes vitamin C more accessible from a non-medicinal point of view to most consumers," he notes. "It is also a fascinating stretch of Sunkist that we think is very, very intelligent," says Kane, who adds that Sunkist is not a client.

Even though some extensions haven't worked out, however, most marketing consultants recommend that, at least in the initial research, as many product ideas as possible should be considered. They urge clients to see how much elasticity exists in the brand name and think about the whole spectrum of shopping opportunities. "The biggest mistake that you can make in brand extensions is to not consider the broadest array of ideas in product categories," declares consultant Alm.

There is concurrence that the longer a brand has been around, the more its name can be stretched. But importantly, those brand names must be vital. If not, the rule is that only products that are closely tied to the originating brands can be attempted.

For instance, when Bristol-Myers Co. was looking to expand the Vitalis name, research found that Vitalis, although it still stood for male hair grooming, had seen better days. So, even though tests of other product ideas scored higher, management decided to go with a Vitalis mousse. "It was felt that the basic franchise had to be shored up before farther-out ideas were pursued," explains Kane.

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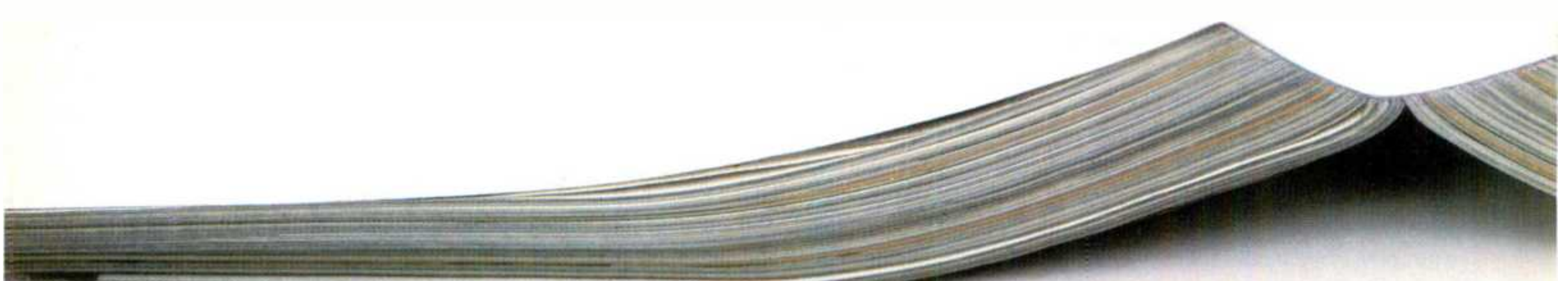

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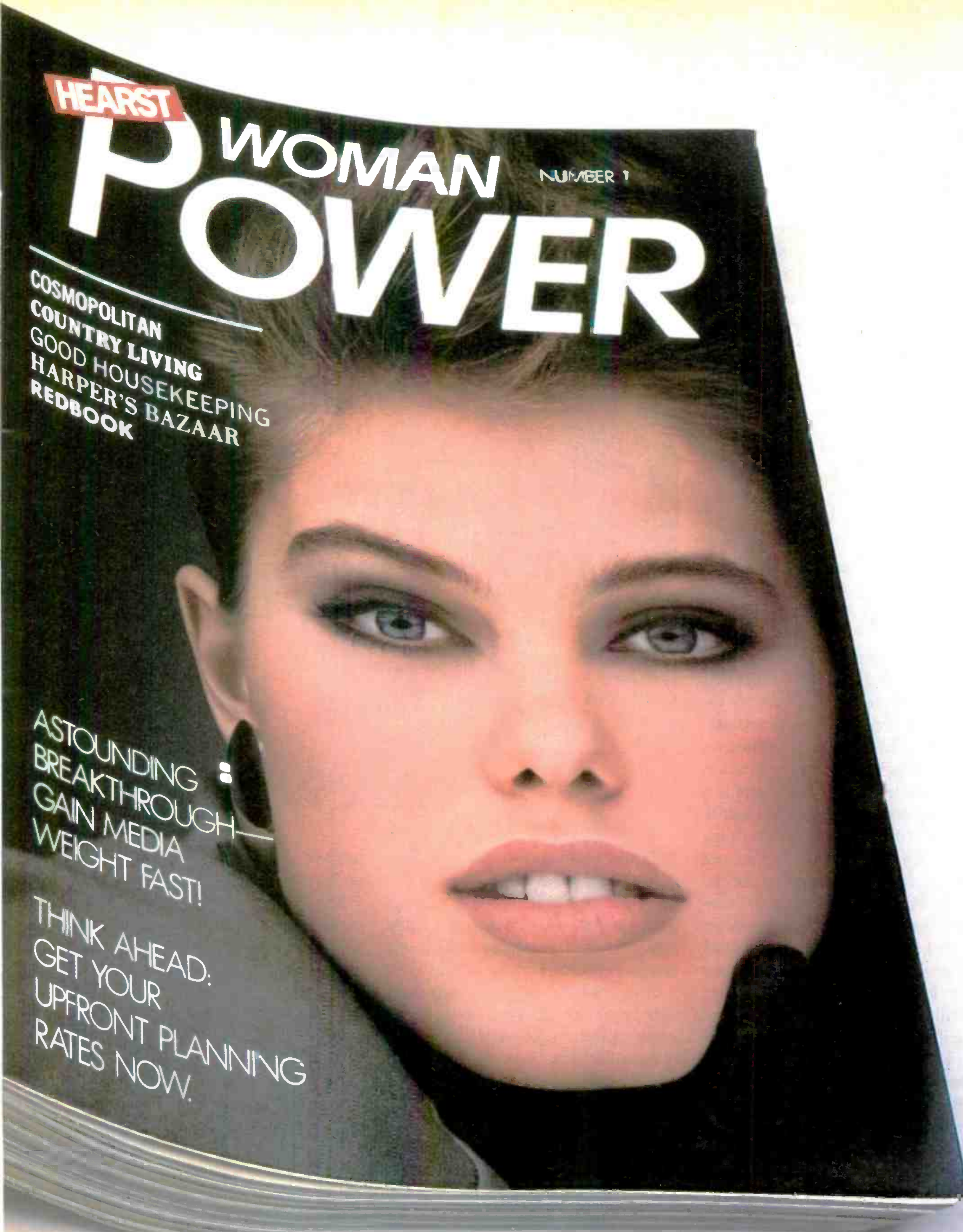


# TO MAKE THIS BUY, FORD NOT TO.

Brand extensions that work best, however, are most often those that bring meaningful change. "The idea should be strong enough to stand on its own two legs and not be artificially supported by a strong brand name," Kane recommends. Indeed, his firm tests ideas both with and without the trademark to make sure the new brand is bringing a point of difference to the category other than brand name alone. At Schoenfeld, Chapman, Alm & Pearl, however, brands "are never tested without a brand name," according to Alm. "That is not how the consumer perceives the product, and so many products *are* perception."

Despite all the words of wisdom, the best teacher is experience. Arm & Hammer, to take the most prominent example, has learned plenty. When Church & Dwight began to take the blinders off its 140-year-old commodity product — Arm & Hammer baking soda — sales began to take off. First, the company took the product off the pantry shelf and put it in the refrigerator, promoting its use as a deodorizer. That was a logical use for the product, and sales soared. Indeed, if there is a common thread to the company's track record, it is that products that don't ask consumers to stretch their imaginations too far have been winners. For instance, a deodorant failed because consumers couldn't grasp how a product used to keep the refrigerator smelling good could do the same trick with the human body.

Similarly, a disinfectant spray didn't make it. "The connection was just too great to make," says Alm, whose firm worked with the company to expand the baking soda's uses outside of refrigerators and the kitchen sink. "The problem was that consumers couldn't understand how they could brush their teeth and kill bugs in the same swoop," Alm relates. The company also failed to get a tooth powder out into the market successfully. It seemed consumers prefered to sprinkle a little baking soda onto their toothbrush once in a while rather than to have an already-made alternative that seemed to take the fun out of using something different to clean their teeth. Even so, in a Denver test market, the company is trying again, this time with a reformulated toothpaste and tooth powder.

On the positive side, Arm & Hammer has been successful with a carpet deodorizer, which has 40% of the market. A room spray deodorizer introduced this year "already has about a 3% to 4% share of the market," notes marketing vice president Breithaupt. With detergents, too, Arm & Hammer has proved able to convince consumers



***Experts disagree over whether Lite helped or hurt Miller.***

its name spells value. "Our powder detergent is our number-one brand," he notes. "It has about 7% of the segment. And we also introduced a liquid detergent three years ago and it has a similar percentage of the market."

Even though other marketers have also begun to see the wisdom of leveraging their brand names, it is not a blanket decision. At Campbell Soup, for instance, "we look at it carefully before we leap," confirms Tony Adams, director of market planning. "Brands are the company's family jewels and we want to be careful that existing and new brands don't reflect negatively on one another," he says. "It's a two-way street."

For example, when Campbell's was testing a spaghetti sauce, it decided that the flagship brand name wouldn't work. "The Campbell's name is considered mainstream, not authentic for Italian entrees, and some people even thought that our sauce would taste like tomato soup," tells Adams. "So we came out with the name Prego to clearly suggest authenticity." Now, the company is testing Prego frozen entrees, and Adams says they "could come out with anything from olive oil to gelato."

Campbell's found, however, that its company name helped to support a new dry soup, which had originally been called Comin' Home. "We thought by having this different name, it would help to control cannibalization," Adams says. "But then we finally assessed, why hide the Campbell's name?"

A similar case-by-case analysis is followed at Kraft. For example, when the company switched its Light 'n Lively mayonnaise to Kraft, "it then took off because the Kraft name has a stronger and more powerful name in mayonnaise," relates brand manager Ed Franczek. Just the opposite happened, however, with a new barbecue sauce. Instead of bringing it out under the Kraft banner as a flanker product, Thick 'n Spicy was chosen to underscore the product's benefits.

Still, skepticism at many major companies prevails. At Kal Kan Foods Inc., senior research manager Sheila Terry reveals that studies have shown that extensions of the canned Kal Kan cat food might "help lift up the image of our dry cat food, but the company is worried about it. We're very traditional," she adds, "in that we believe in one brand, one name. Otherwise it dilutes the power of your brand name. It's fairly classical marketing."

Still, Terry, like others, can't help but be tempted. "The cost of building a new brand is hideous," she notes. If you can leverage, it's better, particularly if the brands are different enough that there won't be cannibalization." She sums up, "It's easy to justify an extension given how crowded the marketplace is. Otherwise, you are spending a bloody fortune." ■


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# AND NOW, THE MEDIA DEPARTMENT PRESENTS...

AT THE CLIENT'S INSISTENCE, MEDIA PEOPLE ARE INCREASINGLY CENTER STAGE DURING AGENCY PRESENTATIONS.... AGENCIES, IN TURN, WANT MEDIA TO ASSUME MORE OF THE BURDEN OF SELLING. FACE IT, IT CAN'T HURT YOUR CAREER. *DO YOU SPARKLE UNDER THE SPOTLIGHT?*

*by Carol Hall*

It was after hours. The media director of a mid-sized Manhattan agency walked down the hall on his way out the door. A light was on in the conference room. He looked in and saw his assistant media director standing there, talking to herself.

Actually, she was giving a media presentation to herself.

"She was in there *sweating*," he recalls with sympathy. "Here's a person who's been very successful at this agency for four years, and all of a sudden she's scared to death."

It may sound silly, but there's a lot of fear and trepidation afoot in Medialand and it goes by the name Presentation Anxiety. What's more, there may be good cause. Three to five years ago, it wasn't so important for most media people to be as polished as the average account person. But that's changing, and media people, all the way down to the planner/buyer level at some agencies, can expect to be more visible. That translates into a need for more people to improve the way they present a plan; even, in some cases, the way they look.

"There is a greater attentiveness to the need to communicate," says Joel Kushins, media director at Bozell, Jacobs, Kenyon & Eckhardt Inc. "Media itself has become such a hot topic, such an important part of the [advertising] process." Steven Farella, senior vice president/media director at Ammirati & Puris Inc., looks at the flip side: "The people who can't communicate are getting into trouble."

No one is saying media people are illiterate or unintelligible. All agree, however, that a good media thinker is not necessarily a good presenter. "When you first entered media, you didn't anticipate being center stage," says one media person. "Now that clients want more contact, you [realize] you're not trained for that — you're trained to put together good plans."

Much of the responsibility for calling more media troops to the front rests with the client. A generalization can be made that in years past, the client wasn't particularly interested in media, or in what one industry person calls "the heavy-duty, boring numbers people." How could media — the green eye-shade crowd — compete for attention with the glamour of the offbeat creative team during a presentation?

Times have changed. The days of the media people being stuck in the backroom are over. "But," sighs Lyn Salzberg, senior vice president/management supervisor at Dancer Fitzgerald Sample Inc., media professionals "have always been rather poor at communicating. Nobody ever taught them." Salzberg, now on the account side of the fence, was in media for 13 years. "People just kind of stood us up and said, 'Okay, now tell them about it.' "

Obviously, clients have shifted their attention. They are more expenditure-conscious than ever. And as companies put a tighter grasp on their money, they

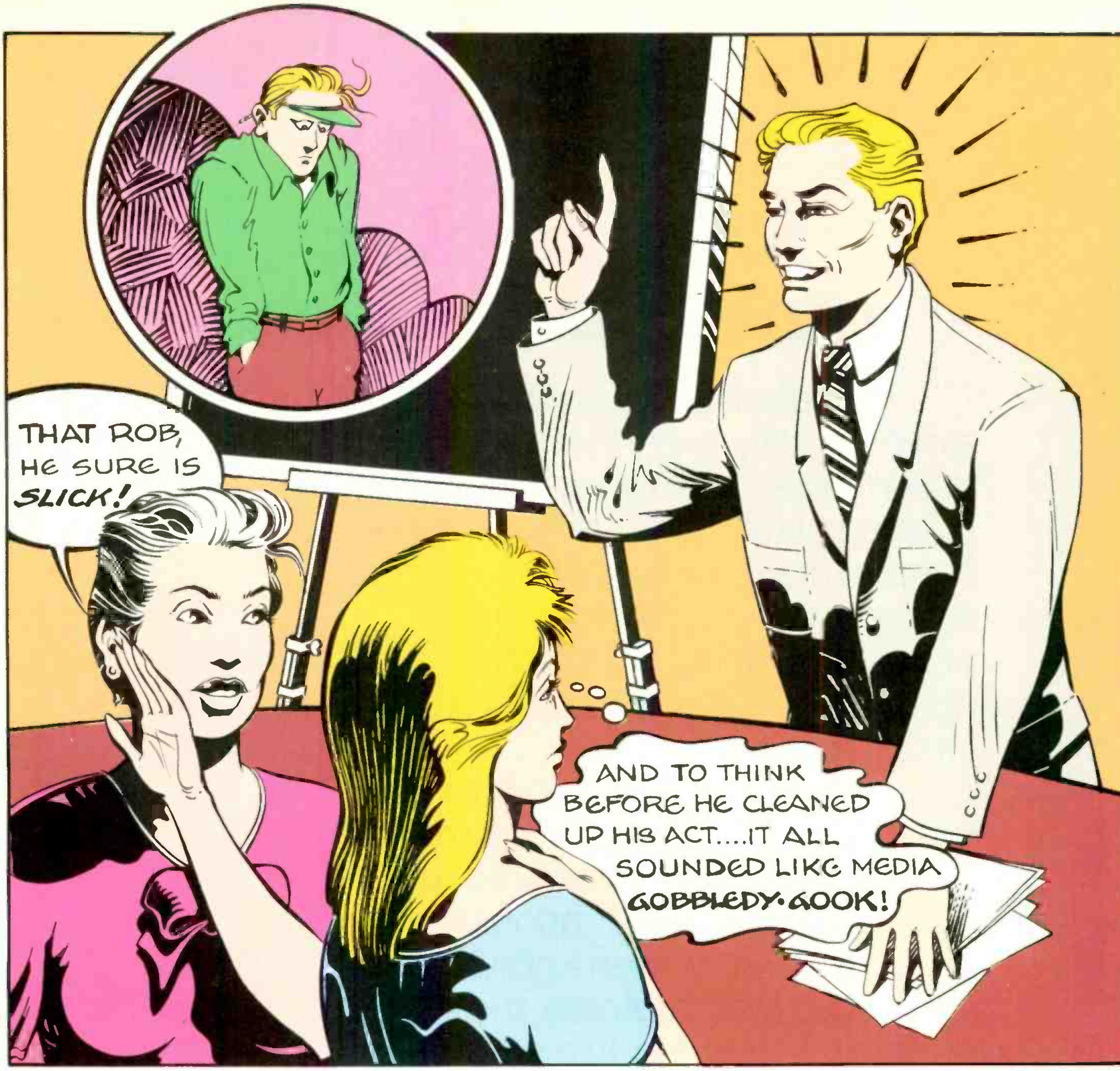


ILLUSTRATION BY JERY

want to get to know who's spending it and how it's being spent. In more and more cases, that means circumventing account people — even sometimes media directors — and going straight to account supervisors or even planners. As Marianne Caponnetto, senior vice president/director of media services at Lord, Geller, Federico, Einstein Inc., puts it, "They don't want filtered-through answers."

While no one is suggesting the elimination of the account staff, media options have become far more complex, making it hard for the non-media person to stay abreast of the changes. "The account team is no longer in a position to carry the ball themselves," declares Joel Kushins. Gone, he says, are the days where you "troop out the media people once a year for the annual meeting, and that's it."

Another explanation for the emergence of the media department has to do, of course, with the agency itself. Plainly put, it is looking to media people to assume more of the burden of selling. While it is still largely the creative effort that wins or loses an account, both advertiser and agency realize that, with the glut of clutter out there, the media plan can make or break the success of that creative. It's now up to agency people to not only sell a creative concept but, increasingly, a media plan, too.

Some cite media department turnover as a reason why junior people especially need to be able to communicate better, sooner. "Because of the changes in staff, people are getting thrown into the fire faster," explains Karen Katz, vice president of Forum Personnel Inc., a recruiting/placement firm.

That, of course, means that at more and more shops media prospects are gauged on their presentation potential. "When we interview, we're looking at them differently now," claims Cheryl Kroyer, senior vice president/media di-

# Butcher, baker, candlestick maker.

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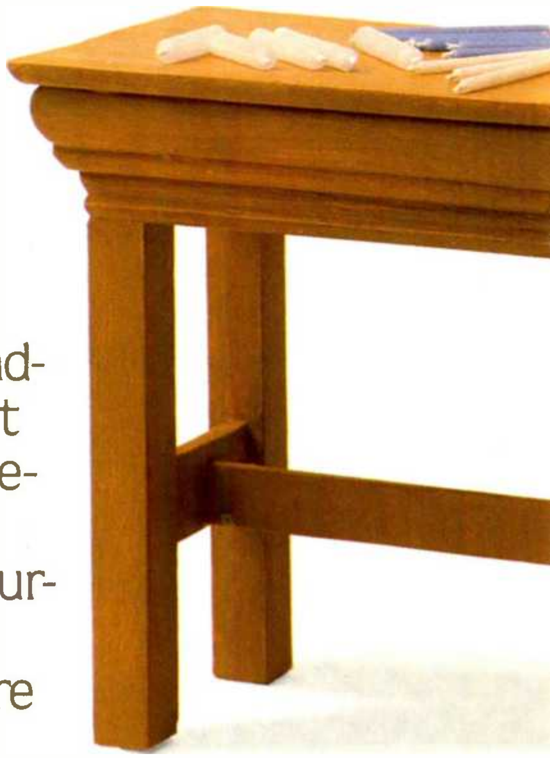


Important people in businesses important to you regard these publications as *required* reading. They are the publications that keep men and women knowledgeable about *their* business, *their* profession, *their* job. In a recent survey of 3,800 industry decision makers, 94 percent said they were

rector at Ketchum Communications Inc. "We want someone who's articulate, intelligent and who we can see down the line being able to really interact with clients." Media job interviews are indeed changing, echos Katz, emphasizing that they "are no longer so technical." They want to know, she says, "Do you have the social graces? Do you know how to use a credit card and not look like an idiot? It's more of an overall picture."

A final reason for media to brush up its skills has to do with being last. When it comes to client meetings, media is frequently at the bottom of the batting order. Time and patience are often running short by then. "I'm always going on last, when everybody's yawning," moans one associate media director. "Once my boss said, 'I hope you're wearing a bikini because they're not going to be awake when you get out there.' "

A host of agencies are doing more than just pay lip service to the idea of sharpening their media staffs' skills. Many have specific programs for their employees.

Ketchum, for instance, has a two-phase polishing program, a plan that's similar to that of a number of other shops. Phase one is a two-part seminar for new hires taught by Ketchum people. One session is devoted to business writing, the other to presentation skills.

## PRESENTING POINTERS

The various skills programs, both in-house as well as those offered by private concerns, differ from each other to a certain degree. But among them, certain "dos" and "don'ts" emerge.

The list-topping blunder media people make is the tendency to overwhelm clients with information, especially the minutia. "Don't boggle them with your brilliance," tells John Connellan, president of Executive Technique, to his media students. Presentations have to get quickly to the main points of the media program. "The media person walks in and they have 50 acetates, or 35 charts," groans Tom Hill, an associate at Communispond Inc., a business-communication consulting firm. "The eyes just glaze over. Most of your clients," explains Hill, a former media man himself, "really just want to know 'How much is it going to cost me?' 'What are our major competitors doing?' 'What's the action timetable?' " It usually can be handled with six or seven graphics.

As important as being short and sweet, says Nick Howse, vice president/media director at Burrell Advertising, is a brief "set-up" to your presentation. "The prelude is really the key to getting the client to understand what the plan is." *Briefly* explain to the client some of the alternatives the media department considered before hitting upon its plan. "Because you're often last to present," explains Howse, "the tendency is to rush through the [prelude] and go straight to the numbers. You're potentially undermining your work if you do it that way."

Before you present, all agree, learn something about your client audience. The presentation should mesh with the expertise of the listeners — how much do *they* know about media and what kind of information do *they* want; hold the peripherals, please. Company chairmen will usually need to be served up something quite different from what's appropriate for regional sales

managers or marketing executives.

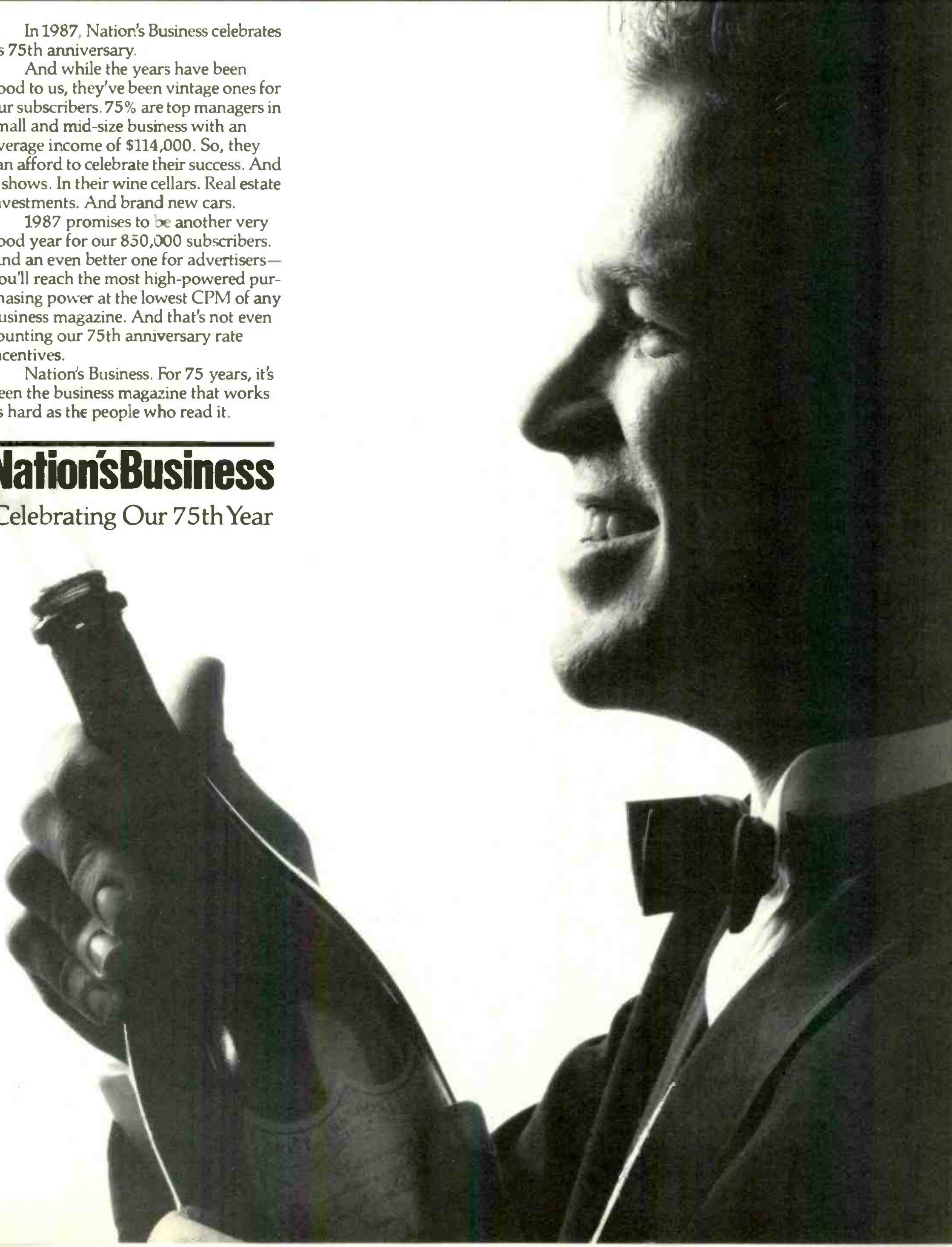
And regardless of what type of audience you're presenting to, use visuals to illustrate concepts — especially numerical concepts — whenever possible. No matter how media-savvy the client people are, things go better with pictures. As one media director insists, the best presentations have the fewest numbers.

Speaking of visual aids: Practice! More media presentations run aground because the speaker hasn't used this slide projector before or didn't realize that chart easel was so rickety.

Not only will graphics liven up a presentation, but so will a bit of enthusiasm. One of the most frequently-sounded criticisms of media talks is the utter lack of excitement the media person radiates about his work. "In a presentation, most media people treat media with about the same level of respect that a mortician treats a dead body," gripes one skills consultant.

Other dos and don'ts are important to remember. If the presentation is to be given to a small group, try to memorize their names before the show begins. When it comes to making eye contact, don't limit it to your notes, the floor or your boss. It's fine to use a podium if you need it for notes or whatever, but don't cling to it as though it were a life preserver. No one looks good with white knuckles. And though it should be obvious, avoid playing with your pen, ring, mouth, or whatever during your spiel.

Finally, while the clothes don't make the presentation, they can make a lousy impression. Though senior media folk usually don't need much re-outfitting, says one media director, junior people sometimes do. "I don't want a media person showing up with black, pointed shoes, white socks and a slide rule in his pocket," explains Ketchum's Kroyer. "My goal is to have it so that you can't tell the difference between media, account and client people" in a meeting, she says. When in doubt, wear a dark suit, matching socks or hose and shoes. Keep your hair simple and off your face, and, ladies, keep makeup understated.



Phase two is a seminar for media people with three to four years of experience. "Basically what this group's done is learn media skills," explains Kroyer. "Now they have to stop being number crunchers and learn how to handle client contact and not only to have an idea, but know how to express it." Outside consultants conduct the three-day seminar.

BBDO says it has been focusing more attention on presentation skills for five years. The agency has both a general, basic program for media beginners, as well as a more advanced program that critiques individual presentation styles. And while Leo Burnett claims to have been sending its supervisors to presentation seminars for 20 years, they say they are starting to send more junior media people out to build their skills.

While exact figures are unattainable, a growing number of agencies are turning to consulting firms to help them refine media's persona. John Connellan, president of The Executive Technique, a communication-skill development company, claims, "More and more media people are in our courses. But they're not coming to us in the hordes I think we'll see in the future."

Connellan, who was an agency man for over 10 years, remembers the most painful media presentation — delivered to Lever Brothers executives — he ever saw. The ill-fated presenter was using a retractable pointer and, as he spoke, compulsively pushed and pulled it, opened and closed it. Suddenly, the contraption worked its way over his finger, cutting the nail off at the quick. The injured media man cursed and flung the pointer skyward.

**It's not just the agency that benefits from well-presented media plans. It's also the presenter.**

He recovered himself sufficiently to continue the presentation.

His finger, however, didn't. As he used it to point to his charts, a tell-tale trail of blood was left on the graphics. "The product people kept leaving the room to bring others in, saying 'You've gotta see this!' " laughs Connellan.

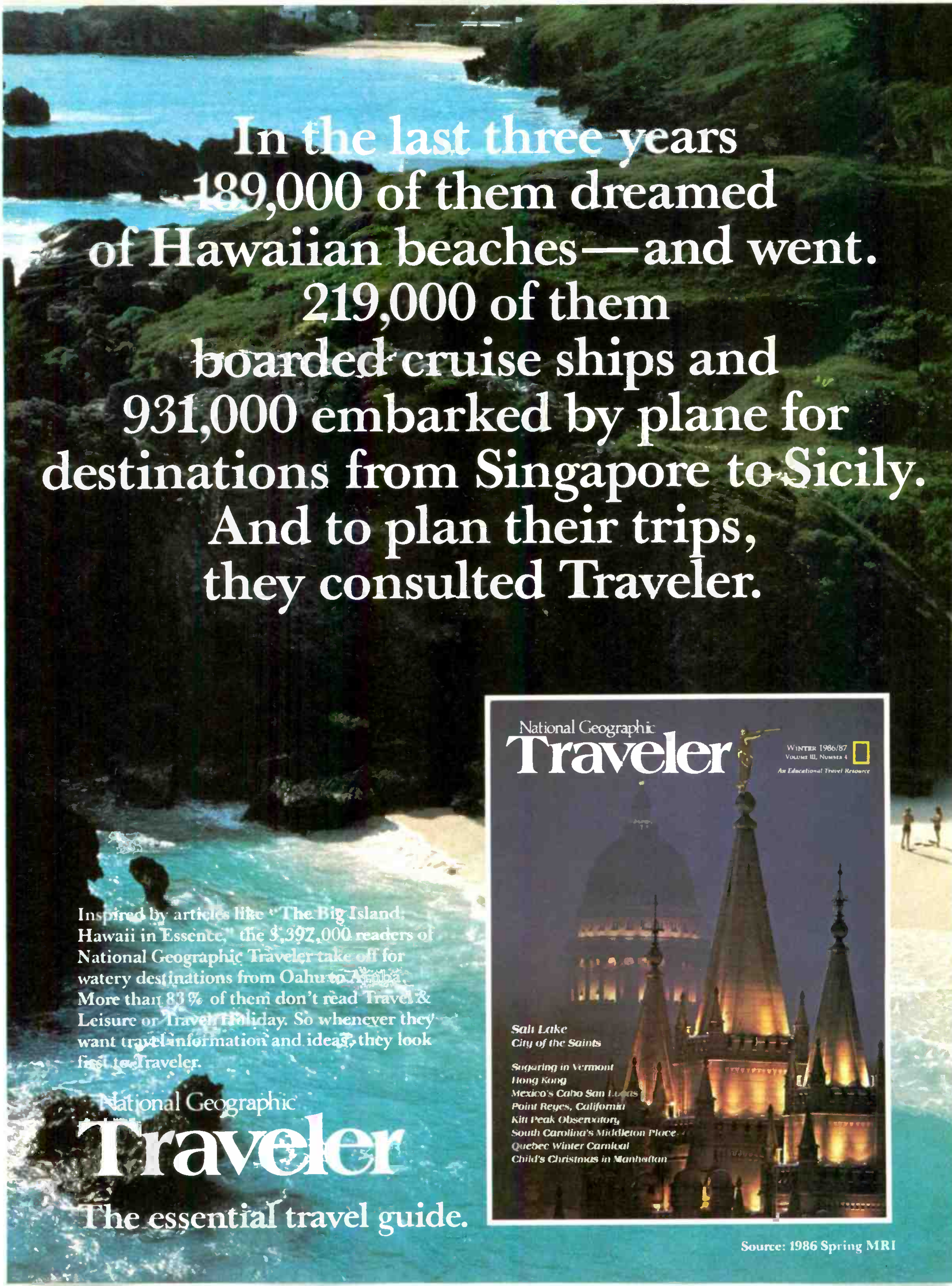
That hapless media soul sounds like the victim of a bad case of nerves, a common media-presentation affliction. One media director tells of a colleague, a director of broadcast, who breaks out in blotches at the very prospect of a presentation. Simple as it may sound, there is a remedy for that, insists Ilene Danuff, assistant media director at Ammirati & Puris. "Remember that you're smarter than everyone else in the room," she exhorts. "*You're* the media expert."

Aside from what a slick presentation can do for clients and for an agency, it's important to remember what it can do for the media presenter. Not only does a good presentation increase the credibility of a media department, but it makes the speaker look more knowledgeable and credible, too. Clients are likely to remember that and so is the agency. As one media pro puts it, "The client will think you're a better media person for it and, if you look good to the client, you'll look better to the agency. I would say it's definite grounds for advancement." ■

## FOREIGN AID

There are a number of places media people can go to improve their general business-communication skills — local colleges, universities and companies like Dale Carnegie. There are few places, however, that offer media-specific communication skills courses. In addition, if you are paying for the course, rather than your business, deductibility under the new tax law can be tricky. According to the accounting firm Konigsberg & Wolf Co., the cost of these courses would be deductible only to the extent that miscellaneous expenses — the category they would be placed under — exceeds 2% of adjusted gross income.

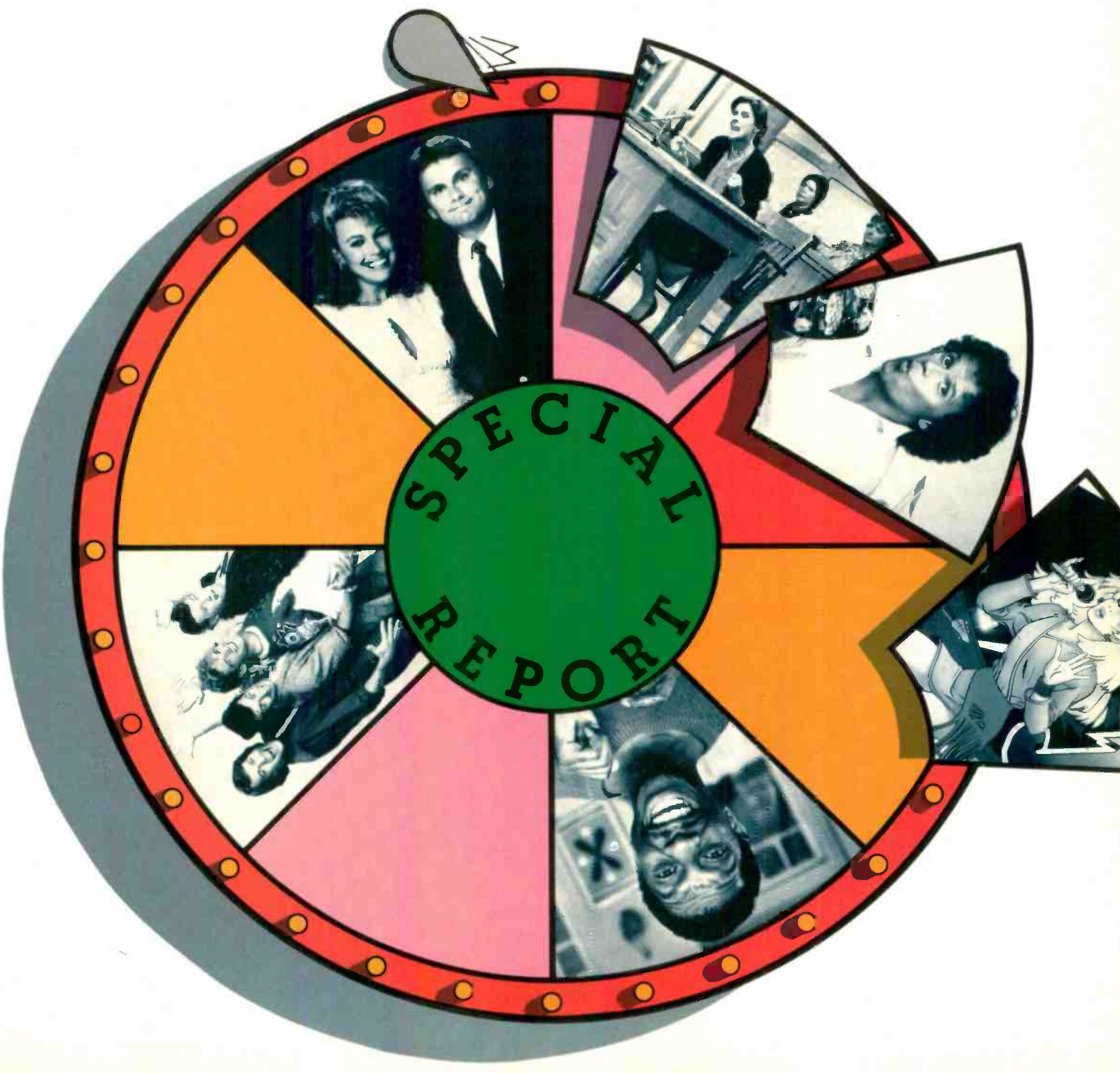
- Communispond Inc. — 212-687-8040. Most programs are tailored to client groups, so they can design media-specific classes; duration is one to five days, most last two days. Course prices can run \$950 for an individual (two-days) to \$12,000 for a tailored course for up to 20 media people (two-days).
- The Executive Technique — 312-266-0001. Most courses are one- or two-day seminars. Costs range from \$795 for one person's participation in a two-day basic business-skills course to \$10,900 total for a tailored, two-day program that can accommodate up to 16 agency employees. Post-seminar, ET offers one "free" brush-up session as well as access to a hotline that nervous presenters can call.
- Fusion Group Ltd. — 212-481-1910. It offers general presentation-skills training for agencies, but can tailor-make courses for media. Can accommodate junior staffers to top-level media people. Seminars run from half-day to four days, usually six to eight participants. Cost to agency is \$2,000 to \$2,500 per day.
- Marketing & Media Education — 212-505-2350. One- to three-day seminars for media people (cost \$375 to \$895); covers media terminology, presentation planning, strategy and execution. Classes average 15 people. M&ME also offers customized seminars at \$2,750 to \$5,000.


In the last three years
189,000 of them dreamed
of Hawaiian beaches—and went.
219,000 of them
boarded cruise ships and
931,000 embarked by plane for
destinations from Singapore to Sicily.
And to plan their trips,
they consulted Traveler.
Inspired by articles like "The Big Island: Hawaii in Essence," the 5,392,000 readers of National Geographic Traveler take off for watery destinations from Oahu to Aruba. More than 83% of them don't read Travel & Leisure or Travel/Holiday. So whenever they want travel information and ideas, they look first to Traveler.
National Geographic
Traveler
The essential travel guide.
National Geographic
Traveler
Winter 1986/87
Volume III, Number 4
An Educational Travel Resource
Salt Lake
City of the Saints
Sugaring in Vermont
Hong Kong
Mexico's Cabo San Lucas
Point Reyes, California
Kitt Peak Observatory
South Carolina's Middleton Place
Quebec Winter Carnival
Child's Christmas in Manhattan
Source: 1986 Spring MRI

# SYNDICATION

## AS THE WHEEL SPINS...





# PLAYERS HEDGE THEIR BETS

## Barter syndicators are scrambling to cover their positions.

*by Marianne Paskowski*

Syndicators are doing their best to put on a happy face when discussing the programs bowing at the Association of Independent Television Stations (INTV) meeting in Los Angeles and the National Association of Television Program Executives (NATPE) confab in New Orleans this month. But it's not easy.

They rave about all the quality, first-run sitcoms or innovative programing ideas such as home shopping syndicated strips or daytime comedy hours now available. They cite the growing clout of the vertically integrated entertainment companies — Lorimar-Telepictures, Fox Broadcasting, Tribune Broadcasting, Viacom, Group W Broadcasting and MCA. These are companies, they point out, which can produce and distribute programs on their own stations or in partnership with other powerhouses so they can assure airtime. And salesmen that they are, the syndicators say they are sure relief from the desultory national ad scene is just around the corner.

GRAPHIC ILLUSTRATION BY JENNY ADAMS

But beneath the bravado, many syndicators are worried indeed about the broadcast economy. The bottom has already fallen out of the very crowded kids barter market. In terms of ratings, kids syndicated programing, on average, is running nearly 40% behind last year's Nielsens.

"This is a very dangerous game we're in right now," acknowledges Dan Cosgrove, Group W Production's vice president of media sales, and this year's president of ASTA, the tv syndicators' association. Group W, a major producer in kids programing, has hits including *She-Ra Princess of Power* and *He-Man and the Masters of the Universe*.

"The upfront commitment for a kids show is astronomical — 65 hours at $250,000 a half-hour," Cosgrove continues. "We might not see enough return on our money. There may not be enough ad dollars for us to recoup," he frets. "This is an area that will be very volatile over the next couple of years," he predicts.

*LBS's* **New American Bandstand,** *Group W's* **Salem's Children.**

Daytime hardly looks better. In that segment, a host of talk/variety and reality-based shows will vie for limited slots (see programing story, pg. 46). "I'm just amazed that anyone would even attempt to launch *any* product in daytime," says Clark Morehouse, vice president for media at Tribune Entertainment. "The upfront market last year for daytime was abysmal, and scatter is not picking up at all. It may take five years to get back to 1985 prices," Morehouse believes.

Even syndicators with first-run sitcoms are squeamish about the upcoming marketplace. This is despite the fact that many sitcoms sold last season are doing well in weekend access, i.e., *It's A Living, Mama's Family* and *Small Wonder*. But this go-round, at least 40 new first-run sitcoms will all attempt to find homes. Stations hope the surplus will help make programing prices more attractive because sitcoms, which are expensive to produce — $350,000 on average per half-hour episode — carry high license fees.

The economy itself and its impact on television ad revenues is another worry for syndicators. Agency buyers and Wall Street analysts pretty much expect demand for national tv time to remain soft, even though network and barter scatter markets have been heating up in the fourth quarter.

"While you are seeing some improvement in scatter, the year will be down," predicts Dennis McAlpine, broadcast analyst at Oppenheimer & Co. Concurs Richard Kostyra, J. Walter Thompson/USA's executive vice president and media director, "There are little blips, but the market is basically flat. And there are absolutely no signs that would lead me to believe that there will be a dramatic increase in ad revenues for 1987."

The decline in demand for national ad time, plus the glut of first-run fare, has caused some syndicators to shift gears. Lorimar-Telepictures, for example, which already owns six stations in small- to mid-sized markets and is a disciple of the vertical integration concept, has nonetheless backed down from purchasing the six Storer tv stations. L-T chairman Merv Adelson cited a weak advertising marketplace as a reason for the canceled deal.

Another major player, Tribune Entertainment, has already decided to sit this round out on the first-run kids programing front. "We are reluctant to get involved in this area for next year," acknowledges Tribune Entertainment's Morehouse. The company currently sells the barter time in *Smurfs* and *G.I. Joe.*, and may handle Claster's *Jem* if it goes to strip.

Fearing that the weak advertising marketplace will prevail, other syndicators like LBS Communications and Television Programing Enterprises are hedging their bets and looking at the economics of the cash end of the syndication business.

The trend by syndicators to move away from barter has left some agency buyers wondering just how much barter time will be available next season. "Syndicators in a soft advertising market are going to look to generate more of their revenues back from cash, offering more cash, or cash-plus-barter deals," says Gary Carr, senior vice president, director of network operations for SSC&B. "And that could tighten up some of the barter inventory," Carr worries.

But at Bristol-Myers, Pete Spengler, vice president of advertising services, is not convinced that the barter inventory will tighten up. "While the NBC O&O's have set the stage for cash/barter deals, I'm not so sure that there are enough stations out there willing to pay cash for programing," Spengler believes.

Karl Kuechenmeister, executive vice president of media at Lorimar-Telepictures, also envisions that more barter inventory will be available for next season. "In kids and late night, there will be just as much or more inventory, but less barter in early fringe and daytime," he advises.

In addition to a net increase in the number of barter units for sale next season, Kuechenmeister is also looking for higher CPM's. "The networks will be looking for price increases next year and will get them," he predicts. "And that means we will follow suit."

At press time, buyers were trying to gauge supply and demand for barter time next year. This is difficult since most of next season's programs will not begin the clearance process for the fall 1987-88 season until NATPE.

While there was plenty of talk last fall about the early deals syndicators would strike to build a base before INTV and NATPE, few deals were actually made. The NBC O&O's did secure five, first-run sitcoms in cash/barter deals to complete their prime time access checkerboard. Two of those new sitcoms, both from MCA TV, *Out of This World* and *Bustin' Loose*, have already cleared 80% and 60% of the country, respectively. And Viacom's off-network hit, *Cosby* (which carries a minute of barter), was pulling in record-breaking prices in Chicago, New York and San Francisco.

Wearing his ASTA hat and capping off 1986 in syndication, Group W's Cosgrove predicts that the year will fall slightly under his $600 million revenue projection, "especially if the scatter market does not materialize as much as we think it will," he adds.

In general, Cosgrove thinks syndication will grow, but at a slower pace. "A smart advertiser," he says, "realizes that the biggest contributor to keeping a lid on network inflation is syndication. Advertisers," Cosgrove concludes, "ought to kiss the ground we walk on just because we exist." ■

**Charles In Charge,
Gidget,
Strike It Rich.**

| Top Five Barter Advertisers/ Jan.-Sept. 1986 | Estimated Expenditures | Spots |
|---|---|---|
| Procter & Gamble | $40,152,350 | 1,603 |
| Philip Morris | $27,251,950 | 1,416 |
| RJR Nabisco | $15,944,550 | 939 |
| Mars | $11,836,200 | 888 |
| Kellogg | $11,718,900 | 1,041 |

*Source: PKA analysis of Broadcast Advertiser Reports data.*

# THE GAME PLAN

## National advertisers spent nearly $600 million in barter syndication last year. What will they do in 1987?

***by Marianne Paskowski and Deborah Silver***

No doubt about it, barter syndication is still *the* alternative for national tv advertisers trying to keep media costs down. There is little agreement, however, among advertisers and buyers on many issues concerning the purchase of barter syndication.

For example, agency buyers and national advertisers seem split on such questions as how viable are agency-wide syndication deals? Or, how risky is it for advertisers to put up seed money for co-productions?

*M&MD* talked with agency buyers and advertisers prior to NATPE to learn more about the hows and whys of buying barter, and what programs, if any, have caught their attention.

**M&MD:** *With network tv prices already low, why buy barter syndication?*

**Donald Miceli,** *Associate director of media services, General Foods:* "Syndication has had a hand in *creating* disinflation in the network tv economy. We look at the price/value relationship and, for the most part, syndication costs went down corresponding to network costs. Because of that, syndication is still a desirable alternative."

**Gus Priemer,** *Director of media and consumer relations, S.C. Johnson & Son:* "The lower network CPM's have reduced our use of syndication to a small degree. After all, there's no show in syndication that some show in network doesn't reach."

**Richard Kostyra,** *Executive vice president, media, J. Walter Thompson/USA:* "Syndication still has the price advantage of being at least 15%-20% cheaper than network, but syndication also has more commercials than network. We are currently willing to accept higher commercialization from

Carr

Reese

O'Connell

Reiss

syndicators, but at 25% less rate."

**M&MD:** *How would you rate this year's crop of syndicated fare and what are you in the market for?*

**Pete Spengler,** *Vice president advertising services, Bristol-Myers:* "We're looking for a show that can clear 75% of the country and has a chance of breaking the 5-6 rating barrier. Our key demo is women, so sitcoms could work, even though there are too many out there."

**Steve Grubbs,** *Senior vice president, director of national tv buying, BBDO:* "There is a need for programs that appeal to youths and for upscale programing, which is the toughest one to deal with. But youth is where you see a tremendous loss in the network arena — both teens and young adult."

**George Mahrlig,** *Director of media services, Campbell Soup Co.:* "Syndicators will have to find new formats or time periods to continue the kind of spectacular growth they've seen. Sitcoms are beginning to cannibalize each other's audience. And this year's kid market is the biggest indicator of the need for syndicators to get into new areas — it was off as much as 45% from last year."

**M&MD:** *Are you (or your clients) interested in equity deals in first-run syndication? This is a deal where an advertiser secures a piece of the back-end either by putting up production money or by making a long-term sponsorship agreement.*

**Gary Carr,** *Senior vice president, director of network operations, SSC&B:* Procter & Gamble is really the only company with enough resources and brands to put a show on and make it pay. But we are all exploring this option. The networks and syndicators are in an environment where they are looking to share the risk."

**Rose O'Connell,** *Vice president, Associate national broadcast director, Foote, Cone & Belding, Chicago:* "None of our clients do it because coming up with the budgets ahead of time is hard. It requires an earlier commitment up front than many clients are willing to make."

**Cassandra Reese,** *Assistant products advertising services manager, Kraft:* "We really don't have any interest in equity positions today, but we are constantly taking a reading to see if we should consider it."

**George Mahrlig** *(Campbell Soup):* "We have a very large interest in owning a piece of programing; in fact, we have a significant piece of two programs which are in development at the network. We see program ownership as a different twist, one that will ultimately produce different results. The goal, of course, is more cost-efficient advertising."

**M&MD:** *Last year BBDO made waves by making agency-wide, multi-client deals with syndicators to negotiate better prices. Is this a good idea?*

**Steve Grubbs** *(BBDO):* "We look for unique opportunities that allow us to do an agency buy. Last year we packaged several clients together for LBS shows like *Fame*, where we got good pricing for high-demand shows."

**Cassandra Reese** *(Kraft):* "I would like to think my agency is thinking about me and my needs instead of grabbing the whole pie and giving each client a piece. We don't want to be lumped in with the beer and cereal people. [Those deals] are clandestine, almost like brokering time inside. It's a thin line they are walking on."

**Mark Reiss** *(Director of corporate media, Adolph Coors Co.):* "The time is right for agency deals, and not just limited to syndication. Such deals could involve network and other media. But companies should identify what their expectations are from such deals. It's an attractive offensive media strategy."

**Richard Kostyra** *(JWT):* "We have looked at agency-wide deals for the last three years and are unable to provide equitable situations to the majority of the advertisers involved. We have found when we tried to do it, that one client benefits at the expense of another."

**M&MD:** *Are you prepared to move quickly in New Orleans if a hot property catches your eye at NATPE?*

**Steve Grubbs** *(BBDO):* "We try to avoid impulse buying. Quite often things look good on the surface, and your competition may be looking to buy the show out. But there is a tendency to jump the gun."

**Richard Kostyra** *(JWT):* "We did not do any deals on the floor last year, but product may move in two phases this year. Everyone is going to try and lock up a few properties, trying to build a base of syndication. Shows that are only one-year-old and successful, like *Oprah* and *Hollywood Squares*, will move fast. But decisions will be held off on the older shows and brand new programs."

**Donald Miceli** *(General Foods):* "If the syndicators have their ducks in a row from the standpoint of clearance lists and program production, we may be in a position to negotiate deals."

**George Mahrlig** *(Campbell Soup):* "There will be more and more pre-sold products from spinoffs and station group participation. Things will look more attractive earlier because we know what the products are.

"But the marketplace may dictate that we wait. The response to NATPE is also a function of people's opinion of where network will be, as well as

## BRISTOL-MYERS GAMBLES ON BACK-END SYNDICATION DEAL

Last summer Bristol-Myers made a big splash on the barter programing front when it signed a multi-year agreement with Group W Productions. The deal was valued by industry sources to be in the "eight-figure" range.

Under this pact, Bristol-Myers and Group W will co-produce a first-run syndicated sitcom, *Together Again*, which, if approved, was scheduled to be marketed in December before NATPE. The arrangement further allows Bristol-Myers to share the profits accrued from the back-end of the deal, if there *is* a back-end.

For that to happen, the sitcom would have to run for three years, or 80 episodes, say many sources. But if that does happen, Bristol-Myers gets "a certain percentage of the profits, commensurate with the amount of dollars it put up front," explains Dan Cosgrove, vice president media sales, Group W Productions. And that's all they would get, according to Cosgrove. "They share in the risk and in the rewards. They don't get all of the ad time either, just some of it which they pay for over and above the cost of participating in the project," he explains.

As part of the deal, B-M will also purchase time on other Group W programs, including *PM Magazine* and *Hour Magazine*. In addition, B-M will also co-produce a series of quarterly one-hour health specials called *Lifequest*, the first of which will air in March on at least 60 stations.

Covering all its bases, Bristol-Myers is looking for similar arrangements with other syndicators. The company has already made "very loose agreements," according to Peter Spengler, advertising services manager, with Tribune Entertainment and Television Programing Enterprises to find projects both parties can work on together. "But we haven't found any yet, and we're not even close," Spengler adds.

*Marianne Paskowski*

**Together Again.**

# The rewards of Money.


Money®
America's Financial Advisor
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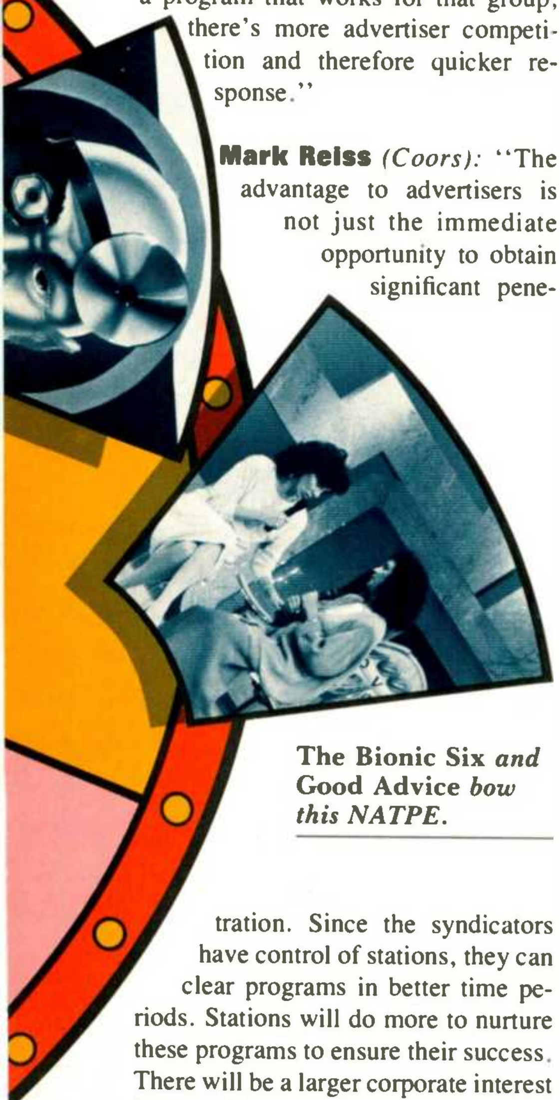
feeling more comfortable in using network as a benchmark in which to negotiate syndication.

"Most of the people who moved early last NATPE were looking for those audiences which are most difficult to reach — 12-34. When you find a program that works for that group, there's more advertiser competition and therefore quicker response."

**Mark Reiss** *(Coors):* "The advantage to advertisers is not just the immediate opportunity to obtain significant penetration. Since the syndicators have control of stations, they can clear programs in better time periods. Stations will do more to nurture these programs to ensure their success. There will be a larger corporate interest in them."



The Bionic Six *and* Good Advice *bow this NATPE.*

**Gus Priemer** *(S.C. Johnson):* "It's to our benefit to have syndicators who have shorter lead times for getting commercials on the air and a broader market coverage."

**Richard Kostyra** *(JWT):* "In a way there is a disadvantage to vertically integrated companies. When the producer also owns stations, what you get is what he wants to put on his stations. His stations are no longer looking objectively at what is the best show. The potential is a lack of objectivity." ■

# LOTS OF TALK— ANY ACTION?

## Comedy is still king, talk is not cheap and advice/therapy shows (sob) are pulling out lots of hankies.

*by Pam Ellis-Simons*

Despite more shows than ever before in the syndication market, the outlook for 1987 barter programing is dim. There will be an increase in the barter load, say observers, but it will be tempered by the notoriously weak advertising climate. Many distributors of expensive sitcoms are asking for a heavier three-unit inventory instead of the usual two-unit, and increasing the commercial time of those programs often to seven minutes in order to lay off their higher costs.

But, says Mark Riely, broadcast analyst for Eberstadt-Fleming in New York, there will be a lot more cash-plus-barter programs this year than all-barter simply because of the weakness in the national advertising market. "The strength is in the local market," he says, "and in that environment, economics suggests that stations take the time to sell local. Barter is probably not the best vehicle to support programing. But it is not a long-term trend and there will be a rebound in the national market next year and the local market may weaken. So it will be more aggressive."

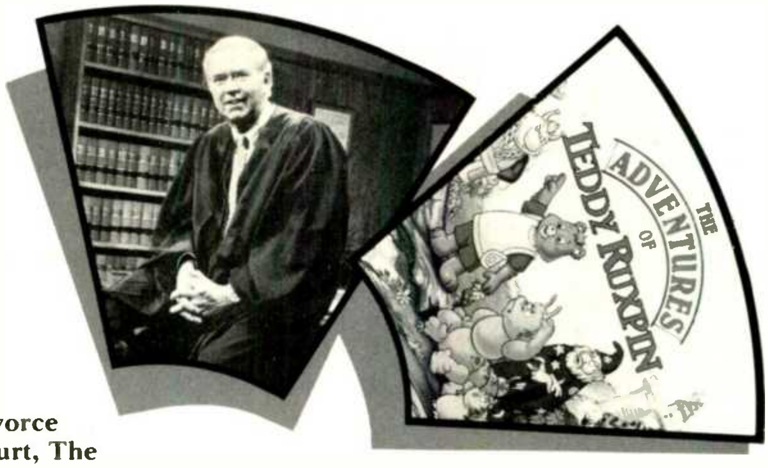
But others aren't too sure barter will rebound to its old strength. Many stations have had their fill of straight barter shows and are increasingly interested in partial cash payments. Fox Television Stations is on a mini-crusade against barter and, except for prime time specials, "we'd rather pay cash and run the shows where we like," says David L. Simon, vice president of programing for the Twentieth-Century Fox Film Corp. subsidiary. "Barter is becoming somewhat of a drug. It used to be regarded as free programing. There is far too much barter programing and it takes away the ability of the stations to sell their own time and program where they want."

Meanwhile, what is being called the Battle of New Orleans is unfolding as programing distributors arm themselves for a sitcom and talk/advise/therapy shows deluge at this month's National Association of Television Program Executives. "There is so much product available it will knock your socks off," says John von Soosten, vice president and director of programing, Katz Television Group. But so much supply will make shopping even more risky. Most of these shows will never see daylight, much less become hits. And some executives think program buyers will hang onto their current inventory, rescheduling them so they work better for them, and buy few new programs.

Many executives echo Buena Vista Television senior vice president Robert Jacquemin's opinion that "there'll be a shakeout from all areas of the business — a lot of producers don't understand the business and the independent stations are going through a similar shakeout."

**Movies:** "The excitement has cooled a bit," says Greg Miller, vice president, tv and cable programing for Taft Broadcasting. "They've turned their attention elsewhere," he adds of fellow buyers. Indeed, compared to the sizzle of first-run sitcoms, few movie packages have received much mention in the months leading up to NATPE. The oft-noted Orion package, including *Desperately Seeking Susan* and other films never seen on over-the-air tv, is going for straight cash. The studios with well-known titles in their barter packages include MGM/UA (*War Games, The Pope of Greenwich Village, Jinxed*), and MCA (*Dune, The Breakfast Club, Fletch*). Watch for a few made-for-tv movie packages.

**Access:** In a replay of last year, sitcoms are once again the hottest category at this year's convention — too hot, some say, for the genre's own good. "There is a risk of fragmenting the audience if there is too much of any form of programing," warns Roger




**Divorce Court, The Adventures of Teddy Ruxpin.**

Lefkon, president of LBS Entertainment. He limited his company's sitcom exposure this year to the 12- to 24-year-old audience with sitcoms about rock groups (*The New Monkees, Rock Candy and the Jawbreakers*) and the NBC pick, *You Can't Take It With You*. Initial reviews panned the latter, however, as not funny, with terrible scripting and acting.

Many say distributors are hoping more stations follow NBC O&O's and checkerboard their schedules, thus allowing more time for weekly sitcoms. This will make it difficult for a major strip show to make it, however, says Steve Goldman, executive vice president, sales and marketing at Paramount TV Domestic Syndication. "The New York stations are set for next fall in their lineup and Chicago and Los Angeles are mostly done — and you need those to clear. It is very grim." Paramount's sitcom entry, *Marblehead Manor*, is also an NBC checkerboard choice and has had good reviews.

"Others are hoping there will be a shakeout of existing programs, opening up spots on the weekend," says one veteran observer. Group W apparently considers the category such a sure winner that it is fielding its first sitcom this year, *Together Again*, starring Richard Kline of *Three's Company* in this sitcom co-produced by Bristol-Myers Company. (See sidebar, p. 43)

But Group W will be battling it out against companies with proven track records. And with so many network-quality shows to choose from, says Katz Television's von Soosten, buyers will probably gravitate to the ones picked by the NBC O&O's, which are sure to get on the air, as well as those produced by major studios with financial backing. "They could launch a show and deficit finance it if necessary" for stripping later, says the executive. "The small guy can't be in the same game."

There are mixed reviews of those five sitcoms chosen by NBC, however. *We Got It Made* and *Suddenly Sherriff* get thumbs up. *Out of This World* is described as "cute but soft" and a disappointment compared to its build-up. Observers also give a lukewarm reception to MCA TV/Tribune Entertainment's entry *Bustin' Loose*, starring J.J. Walker (of *Good Times*). The demo tape, they say, was horrible but they hope for a decent show. The show cleared the Gaylord stations in less than a month, says Sheldon Cooper, president at Tribune Entertainment.

Several studios are offering remakes af off-network shows like *Charles in Charge, That's My Mama Now* and *We Got It Made*, banking on name recognition to give them an edge. *Charles in Charge* has cleared for January, adds Tribune Entertainment's Cooper. "It's a very aggressive, active marketplace but there are only a certain number of good time periods to put these shows in," he notes. "We'll all learn from this season."

If anyone wants to counterprogram sitcoms, Disney is selling an extremely funny celebrity game show called *Win, Lose or Draw*, based loosely on a game Burt Reynolds, who is co-producer, plays with dinner guests. In fact, the written charades game is situated in an exact mockup of his living room, says Buena Vista TV's Jacquemin. No game show has ever made it big without first being on network tv, warns von Soosten, "but this one is more entertainment than a game show, with celebrities. It will bear some watching."

MGM/UA is offering two adventures that may look familiar — *Seahunt* and *Rat Patrol*. With new casting and some new story concepts (*Seahunt* now involves female and male stars), the shows are clearly not risk-takers. "It is very hard to develop brand new shows in syndication," says Dick Cignarelli, executive vice president, domestic syndication at MGM/UA Communications. "They don't get the promotion attention the network shows do. If you can minimize the risk by going back to series that worked in the past, why not take advantage of that?" They may not be workable in an all-comedy access checkerboard, however.

**Daytime early fringe:** Talk shows and reality programing are having a huge resurgence of popularity with the new genre of advice/therapy shows addressing the anxious. Early reports indicate Wil Shriner's comedy/talk hour is getting good reviews, while Geraldo Rivera's new talk show is getting mixed reviews.

For a good addition to the reality/courtroom programs, reps are looking at *Parole Board* from Television Program Source. And many have picked the new *Richard Simmons Slim Cooking* show as a natural. Lorimar-Telepictures' *Value Television*, the home shopping show joint-ventured with Fox Television Stations and Horn & Hardart, has gotten some mixed reviews. Some reps don't like it because it is so commercially-loaded that the entertainment will be lost. They wonder whether there are enough shoppers out there to watch yet another such entry.

Notable for its absence this year is Buena Vista Television's *People* magazine show. Time Inc. dropped out of the venture, fearing the show would hurt newsstand sales, but is rumored to be interested in re-entering. Disney is left with a concept in search of talent and a new name until then.

The slew of therapy shows being offered says something in itself — and they are considered good options. Not all of them are going to make it, clearly, and the winners will probably be determined by the caliber of host. *People in Crisis*, a studio talk show from Viacom, looks good, according to sources. *Strictly Confidential* is the overacted counseling companion for those who like *Divorce Court*.

Game shows are not as exciting this year, say observers. There are many remakes, such as *Match Game*, *High Rollers*, *Split Second* and *Truth or Consequences*. This year's crop introduces the first Spanish-speaking game show for the general broadcast audience, *La Piñata De Los $25,000*, produced by Tri Vista Communications and Estrella Communications. In a good marketing move, Viacom won't burden stations with new commercial commitments if they want to replace a lackluster barter show with *Split Second* in mid-season.

**Late fringe:** Although many shows made for other dayparts can also be played at night, there is growing interest in programing for it exclusively, says von Soosten. One promising show designed for it alone is Paramount's *Friday the Thirteenth: The Television Series*. "We see a viewer need because it is already sold to 60% of the country," says domestic syndication's Goldman. The series, based on the movie but starring ongoing characters, is produced by Frank Mancuso Jr., who produced the film. *Honeymoon Hotel* looks like a good "lightweight — a *Loveboat* on land," according to one rep. An instant strip sitcom from Access, it stars Isabel Sanford from *The Jeffersons*.

*Comedy Court*, a spoof of the court genre shows, has gotten the nod from some who saw it early. Producer Chuck Barris plays the judge who cracks walnuts with his gavel while comic attorneys issue one-liners and a panel of jurors guess the outcome for prizes. MGM/UA has also noted this programing void for late night and is considering a talk show program, says Cignarelli. And reportedly a couple of network affiliates are launching late-night shows for syndication.

**Kids:** Children's animated programing has suffered a severe ratings drop — with as much as $35 million in potential underdelivery of audience owed by syndicators. How this will affect NATPE is unclear. Most of the action has taken place already for fall 1987, with Columbia TV's *Dinosaucers*, Disney's *Duck Tales*, LBS's *The Adventures of Teddy Ruxpin* and Group

## A SYNDICATION SAMPLER

*While there's no lack of programing options being shopped around this year, the following offerings were among those voted most likely to make it on the air by industry experts and insiders.*

### Access

| Title | Distributor | Barter units | Notes |
|---|---|---|---|
| Marblehead Manor | Paramount TV | 3 | Sitcom* |
| We Got It Made | MGM/UA TV | 3 | Sitcom* |
| Out Of This World | MCA TV | 3 | Sitcom* |
| You Can't Take It With You | LBS | 6 | Sitcom* |
| Suddenly Sheriff | Lorimar-Telepictures | 3 | Sitcom* |
| Charles in Charge | MCA TV/ Tribune Ent | 6 | Sitcom# |
| Bustin' Loose | MCA/TV Tribune Ent | 6 | Sitcom* |
| Win, Lose or Draw | Buena Vista TV | 2 | Celebrity game |
| Comedy Challenge | MCA TV | 6 | Comedy game |
| Sea Hunt | MGM/UA | TBA | New show |
| Rat Patrol | MGM/UA | TBA | New show |
| Together Again | Group W | 3 | Sitcom |
| The New Monkees | Colex Enterprises | 6 | New show |
| Rock Candy & the Jawbreakers | LBS | 6 | Music sitcom |

*bought by NBC O&O's for checkerboarding fall 1987
#cleared for January

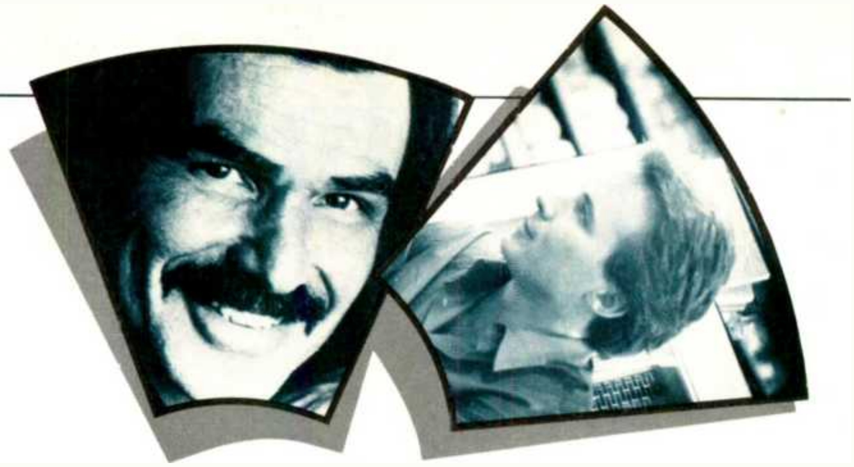
### Daytime/Early Fringe

| Title | Distributor | Barter units | Notes |
|---|---|---|---|
| Parole Board | Television Program Source | 2 | Reality |
| Wil Shriner Show | Group W Productions | 4 | Talk/variety |
| Richard Simmons Slim Cooking | Syndicast | 1 | Cooking |
| Geraldo Live! | Tribune | 4 | Strip |
| Barbara Mandrell | LBS | 2 | Strip |
| Strictly Confidential | Blair | 2 | Strip/therapy |
| On The Move | Blair | 2 | Rita Moreno |
| Value Television | Lorimar-Telepictures | 2 (in fall) | Home-shopping |
| People in Crisis | Viacom | 2 | Strip/therapy |
| Split Second | Viacom | 2* | Game show |
| Match Game | TPS | 2 | Game show |
| La Pinata de los $25,000 | Estrella | 6 | Game show |
| Mr. Romance | Bel-Air Program Sales | 2 | Strip/advise |
| Willard Scott Show | Columbia TV | 2 | talk |

W's *BraveStarr* definite "gos." But some new live-action weekly programs that counterprogram the animation are capturing great attention.

Mattel, Inc.'s new syndication company, MTS Entertainment, is bringing Barbie to life with her own half-hour magazine show. The company is also introducing *Captain Power* and *The Soldiers of Fortune*, a combination live-action, computer-animation adventure half-hour program. John M. Weems, president of the new subsidiary, will divulge barter minutes only at each station presentation but says in an understated way, "we are very, very pleased by the reception to both shows. We have two shows we consider breakthrough — very different than what's out there. They can form a cornerstone for a syndication effort."

Paramount's *Star Trek, The Next Generation*, is also eagerly awaited as a good live entry, although with few of the characters from its cult parent. Some reps consider the stripping of Claster's *Jem*, currently a weekly hit among the otherwise disenfranchised girl audience, to be a winner. Three animated strips by Access Syndication may get response due to their joint-venture with Bohbot & Cohn Advertising, the country's fourth-largest media buying service.



***Burt Reynolds acts up, Wil Shriner talks out.***

**Weekend:** In contrast to the week's slew of sitcoms, several companies are offering looks at the good life on the weekend. *Runaway with Rich and Famous* is a "celebration of vacations and travel and an industry that is virtually untapped for tv advertising dollars," says Mary Jane Hasting, director of operations for Television Program Enterprises, a division of Telerep. "Travel has been in print, but this gives stations a program to go to airlines, banks and travel agencies."

Blair Entertainment is offering The *Best of the Best*, another "celebration" of the best cars, sailboats, vacations and other luxuries. Blair is also offering *The Fan Club* as a way fans can interact with stars and celebrities. Fans videotape questions for their tv and movie favorites, who answer in person or by videotape, with Olympic star Mitch Gaylord hosting. ■

| | | | |
|---|---|---|---|
| Truth or Consequences | Lorimar-Telepictures | 2 | Strip |
| High Rollers | Orion | 2 | Strip game |
| Good Advice | Columbia TV | 3 | Advice show |
| That's My Mama Now | Columbia TV | 3 | Sitcom |

*given back to stations the first 39 weeks as mid-season replacement

## Late Fringe

| Title | Distributor | Barter units | Notes |
|---|---|---|---|
| Comedy Court | Bel-Air Program Sales | 2 | With Chuck Barris |
| Friday the 13th | Paramount | 12 | New tv series |
| Tales from the Darkside | LBS/Tribune | 2 (first year only) | Stripped in fall |
| Honeymoon Hotel | Access | 2 | Strip sitcom |
| TBA | MGM/UA | TBA | Talk show |
| Salem's Children | Group W | 2 | Gothic drama |
| Vidiots | Harmony Gold | 1 | Comedy strip |
| The Laugh Machine | King World | TBA | Standup comedy |
| Matchmaker | Orbis | 6 | Adult dating game |
| NCTV | Orbis | 14 | 90-min. music video/ movie review |

## Kids

| Title | Distributor | Barter units | Notes |
|---|---|---|---|
| JEM | Claster TV | 4 | Stripped in fall |
| Dinosaucers | Columbia TV | 4** | Presold |
| Captain Power | MTS Entertainment | TBA | Live action/ animation |
| Barbie TV Magazine | MTS Entertainment | TBA | Weekly magazine show |
| Teddy Ruxpin | LBS | 4* | Strip |
| BraveStarr | Group W | 4 | Strip |
| Tiffany Blake | Access | 4*# | Strip |
| US Space Force | Access | 4*# | Strip |
| Beverly Hills Teens | Access | 4*# | Strip |
| The Comic Strip | Lorimar-Telepictures | 5 | Strip or stack |
| Bionic Six | MCA | 4* | Strip in fall |
| Karate Kid | Columbia TV | TBA | Strip — fall 1988 |
| Punky Brewster | Columbia TV | 2 | Off network and new |
| Kidsongs | Orbis | 5 | Kids music videos |
| Spiral Zone | Orbis | 5 | Strip |

Note: shows were sold starting earlier this year or last year and are definite go's, along with Disney's DuckTales

*Five in 1988
#Joint-venturer Bohbot & Cohn Advertising has made major purchase already.

# AS THEY SEE IT

## MEDIOLOGY

**by Allen Banks**
***Executive vice president, director of marketing services, DFS/Dorland Worldwide***

### CLUTTER IN THE ERA OF CONTROL

Clutter. (Ugh!) Just the sound of that word conjures up images of disorder, confusion, even noise.

Yet we've been living with clutter (and complaining about it) for at least 15 years. Since the early 70's, when cigarette advertising was taken off the air and the :30 became the basic unit of sale, we have been decrying clutter, yet at the same time we continue to contribute to it. So why keep bringing it up?

Well, because clutter, like so many things we've gotten comfortable with, isn't what it used to be.

Sure, there are some interesting similarities between the 70's and the 80's in how we come to terms with clutter. For example, in the 70's, as today, recall studies suggested that commercials half as long were more than half as effective. As a result, we rushed to embrace the shorter length commercials. And as the number of commercials increased, we examined Burke day-after recall scores and found no fall-off from extended chains, and no significant decline in recall over time. Clutter, we concluded, was an inconvenience but nothing more.

Rather than comforting ourselves with these *similarities*, we should be examining what's *different* about television today that makes clutter more than an inconvenience.

Remember, for example, when some media pundit would take center stage and tell us that the average adult is *exposed* to 300 (or 600 or 900) commercial messages every day?

Well, to begin with, it's no longer relevant to talk about a potential *exposure*.

Consumers have gone from being passive receptors of advertising to active participants in the communications process. They have the technology and the alternatives to see and hear our advertising or not, to be exposed or not.

And that's what makes clutter today different.

Here are what I see as the key variables:

1) **Remote control:** In the 70's, it was "high tech." Now, almost half of all tv households have it, and it enables them to tune out of advertising even faster than Nielsen's current technology can measure.

2) **Cable:** Ten years ago, cable was just going through its first growth spurt with the birth of HBO. Today, the average cable home — that's half of all tv households — can receive between 20 and 30 channels. And a number of those channels are horizontal services like CNN and MTV that encourage short duration tune-in — perfect for a two-minute commercial break. Furthermore, non-commercialized pay tv may be getting viewers accustomed to uninterrupted viewing.

3) **VCR's:** Now in 40% of all homes, VCR's are giving viewers added commercial-free alternatives. They can rent recent movies, or they can tape their favorite programs and play them back while fast-forwarding through the commercials.

4) **Zapping:** A few years ago, a pair of studies from Nielsen and IRI concluded that although changing channels to avoid commercials was taking place, the level was low. However reassuring that may have been, a closer look turned up some revealing findings. Specifically, both studies suggested that tune-outs were concentrated at the top of the hour when program credits, promos, national commercials and local station breaks created the most cluttered environment.

**It's time to rewrite the rules for dealing with clutter.**

5) **15-second commercials:** During the week of October 27, 1986, the networks broadcast 5,543 commercials, an increase of 8%, or almost 400 spots, over the comparable week in 1985. While we all acknowledge that the networks' decision to accept :15's this fall was a positive attempt to encourage more advertisers to use the medium, the impact on television itself may instead have been negative. For example, last year's ABC/JWT research found that since viewers cannot usually differentiate a :15 from a :30, as they see more commercials they assume more time is being taken away from the program and they become more negative toward advertising. In addition, since in many cases product protection within a pod is not assured for :15's, there may be less likelihood of a particular commercial standing out from the rest.

6) **Sports:** The increasing availa-

bility of sports programing on the networks, independents, basic cable, the superstations and pay tv has created an environment where a sports fan needn't "stay tuned" for a single commercial if he's quick with his remote.

7) **Promotion:** Over the last several years, the competitive network environment and closer three-network race have made the networks masters of self-promotion. High-rated or demographically compatible programs are used to promote series and specials, especially during sweep months. For example, *60 Minutes* on November 9 contained over two minutes of promotion for *Murder, She Wrote, Monte Carlo, Fresno, Tuesday Movie, Mike Hammer, Magnum, The Equalizer,* and *Downtown*. And in a recent *Young and Restless* episode, numerous CBS prime *and* daytime programs received promotional activity.

8) **News ID's:** In the mid-70's, the networks found a way to expand their commercial inventory without violating the NAB code: An advertiser who bought a ten-second ID (or a :15 as of 1985) in a one-minute news update

## Comfortable assumptions have been rendered obsolete by the new viewing habits of the average tv viewer.

would benefit from an "in-program" position, and therefore pay a premium. Yet research suggests that the last five minutes of a program are highly vulnerable to channel switching, as a result of program selection as well as local station-break commercialization.

9) **No NAB code:** For over 30 years, the NAB spelled out limits on the amount of allowable non-program material. Then, a few years ago, in the spirit of deregulation, the FCC threw out the formal code, and since then broadcasters have in theory set their own standards and regulated themselves. It is generally felt that because of anticipated audience resistance and current formats of most programs, local stations have adopted the guidelines set down in the last code as their own. Yet as promotion increases on both the network and local level, voluntary compliance becomes iffy. For example, in ABC's *Jack and Mike* of November 11, there were six minutes of national commercials, but four minutes of local commercials, local promotions and national promotions, somewhat over the last NAB guideline.

How, then, can we develop an action plan for dealing with clutter in the 80's, given the fact that all of these variables will increase, especially the use of :15's? How can we assure the continuing value of television? For a start, we can:

1) Create advertising that stands out, that is meant for the consumer of the product, that is so important to the consumer that he or she won't *want* to turn it off.

2) Place that advertising in targeted media that are environmentally compatible with the advertising.

3) Cover all the bases. Buy cable as well as broadcast, so if the viewer switches out, maybe he or she will switch in somewhere else.

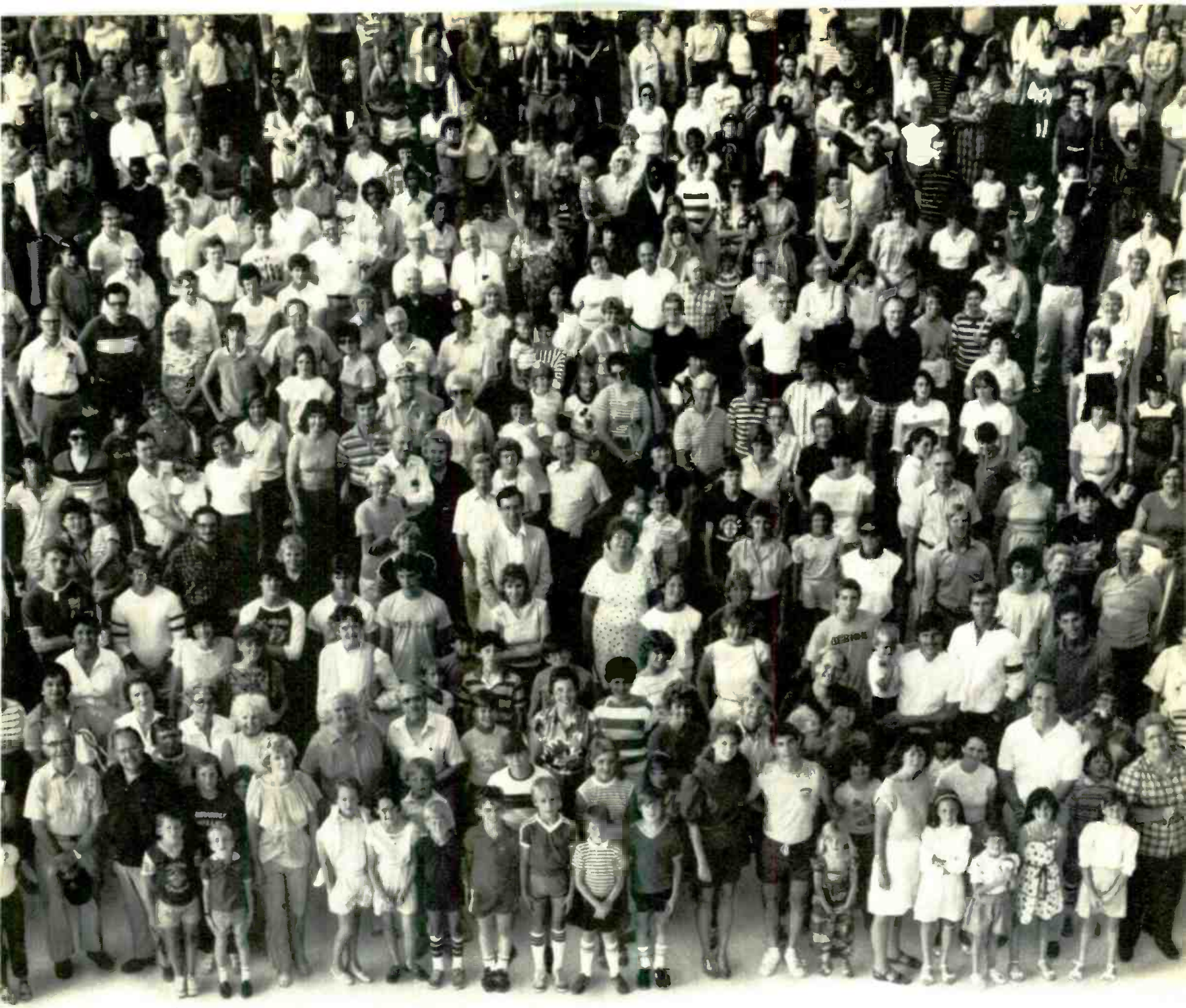
4) Push the audience measurement services for commercial ratings in addition to program ratings. With so much advertising out there, it becomes even more crucial to gauge how we can limit our vulnerability through positioning.

We can't do it alone, though. We need to pressure the networks, as our strongest allies, to help keep limits on the number of messages — including promotions — the viewer sees.

5) Vary the lengths of pods. Add some short pods to limit strings of commercials. Keep viewers guessing as to how long the pods will be. Don't put "position #1" within the first five minutes of the program. Use inserts to keep the viewer tuned through the commercial. Limit promotion; to the viewer, *these are commercials*. Most important, hold to the spirit, if not the letter of the NAB code.

Clutter is no longer just another bit of media jargon. Think of how *you* watch television these days.

Still feel reassured? ■



# Presenting a paper route that delivers customers.

The area our paper route covers is affectionately known as Boothland.

However, it's also known by another, much more impressive label: namely, America's 7th largest metro market. A market with over 3.5 million people, living in 1.2 million homes and spending over 17 billion dollars in retail sales.

Now that we have your complete attention, we'd like you to meet some of our best customers.

If you're looking for women, Boothland offers you America's 11th largest concentration of females between the ages of 25 and 49.

We also have America's 10th largest concentration of households with children. As well as the 9th largest population of 18-24 year-old adults. The 10th largest number of homeowners. And the 10th largest market of households earning over $25,000 a year.

And if you're aiming at men, particularly those between 25 and 49 years of age, you'll do better in Boothland than you will in Pittsburgh, Miami and Minneapolis.

Of course, the best way to reach these people is with Booth Newspapers. Because in our market—which includes 44 Michigan counties and eight major Michigan cities—we deliver over five times as many customers as the Detroit Free Press and the News *combined.*

If you want more information, just give us a call at (313) 540-5600. And let one of the most impressive paper routes in America start peddling your message.

Booth Newspapers. Represented nationally by Newhouse Newspapers.

**Ann Arbor News · Bay City Times · Flint Journal · Grand Rapids Press**
**Jackson Citizen Patriot · Kalamazoo Gazette · Muskegon Chronicle · Saginaw News**

newspapers booth

# RESEARCH

by Meryl Hammond
*Vice president,*
*associate research director,*
*FCB/Leber Katz Partners*

## MEASURING EMOTION

The use of emotion in television advertising is nothing new. For years, companies that sell telephone services, greeting cards, cameras and life insurance have been evoking sentimental responses among consumers. What is relatively new is that many packaged-goods advertisers who have traditionally depended on rational arguments to differentiate their products are beginning to recognize that the use of emotion in their advertising can work well for them.

Until recently, companies could count to some degree on technological breakthroughs to provide unique points of product difference. However, as these advances have grown increasingly difficult to achieve, products in similar categories have become more alike from a functional standpoint. At the same time, marketers are realizing that consumers often select specific brands based not only on complex rational aspects, but on emotional reasons as well.

In an effort to break through clutter and differentiate themselves from their competition, traditionally rational advertisers are turning to less rational approaches. Through advertising, marketers are endeavoring to evoke feelings and communicate brand personalities in an effort to stimulate target audience awareness and interest in using their products.

While a great deal of emotion-based advertising exists, measuring the impact of this type of advertising on consumers remains problematic. Work is currently being done within the research community to develop and validate methods that will yield insight as well as measure reaction to emotional ad content.

A wide range of physiological approaches have been experimented with over the past few years. However, until more experimental kinds of research have been thoroughly tested and validated, understanding reaction to and the impact of emotional advertising on consumers may be best accomplished through an expansion of current communications work.

Traditionally, custom-designed or standardized communications tests have often been used to determine whether viewers understand a commercial. Most frequently, this type of research serves a number of functions.

It employs a series of open-ended questions that attempts to discover whether the main ideas are being understood; it explores commercial likes and dislikes; it ascertains whether the commercial is believable; and it uncovers possible areas of confusion. Lists of attributes are sometimes rated by consumers to learn whether the commercial is effective and whether product attributes are indeed being perceived and acknowledged. For example, consumers may be asked to rate how "interesting" or "informative" the commercial content is, or the extent to which they think the product is "useful" or "better than what they are currently using."

However, these standard approaches to communications tests are less useful when it comes to exploring nonrational commercials, because it is difficult to persuade consumers to talk about emotions evoked or how a commercial makes them feel. Consumers often have trouble verbalizing emotional benefits even though the impact of the advertising may have been felt. Nonrational benefits are far less likely than rational benefits to be articulated by respondents on an open-ended basis in standard questioning situations.

One way to address this dilemma is to expand and improve upon traditional communications questioning approaches to develop questions to which consumers can respond. Difficult-to-articulate responses may be tapped, for example, by supplementing open-ended questions with checklists of words and phrases that consumers may answer easily by rating their reactions on a scale. In some cases, it might be helpful to use visual stimuli, such as photographs of users, to gain insight into what the user might be like, and how he or she might feel.

Research should be designed to differentiate how consumers are reacting to the commercial vs. how they feel about the advertised product. When thinking about the commercial, checklists might include such phrases as: "The commercial made me feel sad," "It made me feel happy," "It moved me," "It annoyed me." The product attributes could include phrases such as: "The product would make me feel confident," ". . . pampered," ". . . like I was doing something good for myself and my family." Respondents would not have to articulate answers but rather simply check their responses on an agree/disagree or similar type of scale.

In cases where commercial or product attributes may have evoked feelings that might be embarrassing for the consumer to admit to, a third person framework could be employed: "The commercial would make someone feel jealous," ". . . sad," ". . . anxious."

Depending upon the nature of the commercial, it may be useful to explore consumer reactions to characters portrayed in the commercials using checklists that include both positive and negative adjectives (e.g., "exciting," "intelligent," "phony," "irritating").

Analysis of all of these more emotional types of responses, in addition to standard communications questions, should give the marketer valuable assistance in understanding how the consumer is responding to the commercial in terms of rational as well as emotional aspects. ■

# MARKETING

**by Charles C. Wanous**
***President,***
***Kerker & Associates, Incorporated***

## THE AWARENESS MYTH

How many times have you or your client said, "What we need to do is build more brand awareness?" Probably more times than you'd care to admit. But take heart.

Most of us have said it because it's been part of the conventional wisdom.

It's safe to say that one of the most widely written advertising objectives is: " . . . to increase brand awareness from X% to Y% in the next 12-month period." On the surface this looks good and most certainly fits with the textbook marketing communications sequence of: unawareness, awareness, comprehension, conviction, action.

But when we pursue that objective, we may be guilty of supporting the Awareness Myth. What is the Awareness Myth? It claims that achieving high levels of simple brand awareness is the mark of successful advertising and will result in increased sales.

Before we support the Awareness Myth and rush full bore into building *just* brand awareness, let's take a look at a very interesting study done for *Time* magazine (June 2, 1986) by Yankelovich, Clancy, Shulman. The study was done to measure the "appeal" of possible presidential candidates, particularly Mario Cuomo, but it also tells us some interesting things about awareness.

First let's agree on semantics. We can very easily relate the definitions of the survey (see chart) to marketing definitions we routinely use.

| Candidate | % familiar with name | Impressions Favorable | Unfavorable | Who is your first choice? |
|---|---|---|---|---|
| Gary Hart | 84% | 67% | 14% | 34% |
| Lee Iacocca | 74% | 65% | 24% | 18% |
| Jesse Jackson | 94% | 47% | 38% | 13% |
| Mario Cuomo | 42% | 64% | 20% | 11% |
| Bill Bradley | 46% | 54% | 18% | 6% |
| Richard Gephardt | 14% | 49% | 16% | 1% |
| Bruce Babbitt | 8% | 25% | 38% | 1% |
| Lyndon LaRouche | 39% | 9% | 75% | 0% |
| Joseph Biden | 6% | 39% | 22% | 0% |

*Reprinted with permission by Los Angeles Times Syndicate*

| **Survey definition** | | **Marketing definition** |
|---|---|---|
| Familiar with name | = | Brand awareness |
| Impressions | = | Brand perception |
| First choice | = | Brand intent to purchase |

Let's role play for a moment. Let's say that your objective is to generate the highest "brand awareness" in the market. If your product is Jesse Jackson, you're ecstatic. You've got the highest brand awareness. Terrific, right? Wrong. You also have the highest unfavorable brand perception among the leaders . . . and the lowest intent to buy.

Okay. You've switched companies and you're now the brand manager for a new brand called Lyndon LaRouche. Since you are new to the market, you know for sure that you must build brand awareness. So you work hard and conduct a survey to see how you're doing. The results come in and you're on Cloud 9! Your brand awareness is a respectable 39%. Yippee! How about a raise, boss? But wait a minute, 75% of the folks perceive your brand unfavorably and worse yet, *no one* wants to buy your brand.

Let's pretend you are now on your third job (all steps upward, of course). In your new job you've decided to focus on building *favorable* brand awareness along with *high* brand awareness. In this case, since it's a bigger and better job, you have three products to manage. You do your research, run into your boss and say, "Gee, look at this. My three brands, Cuomo, Bradley and Gephardt, all have higher favorable brand perception than the awareness leader, Jackson." Well, that's terrific until your boss points out that your three brands all rank lower than the Jackson brand on brand intent to purchase.

What can we learn from our role playing? Many things possibly, but one comes clearly to mind: Don't ever settle for simple brand awareness.

Yes, it is important for large numbers of prospects to be aware of your brand. But that's only a part of the evaluation and a small part at that. We should focus our attention on building a perception of our brand that satisfies a prospect need or want. Many would call this a "favorable perception."

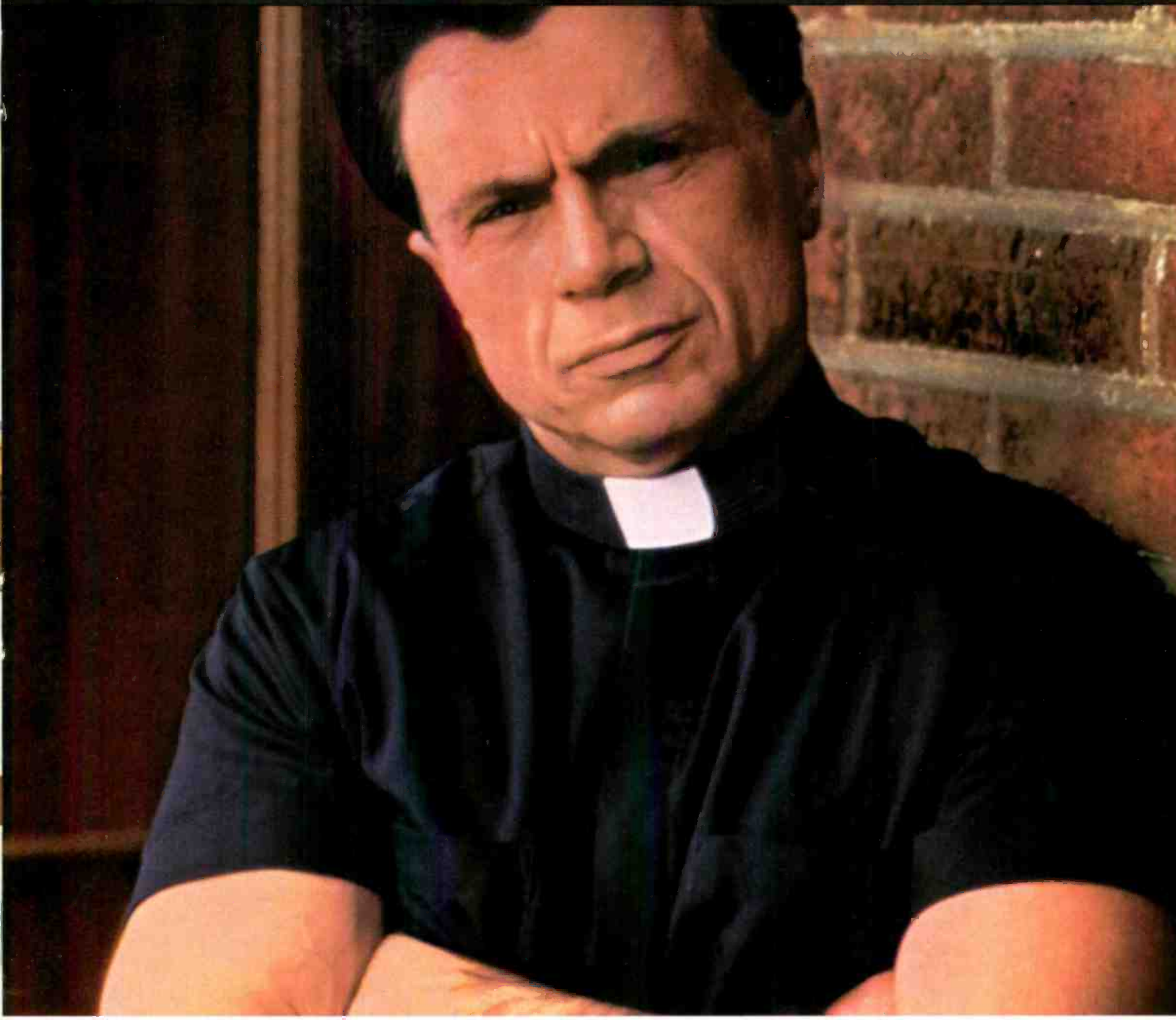
Are there still doubters in your company? Well, then try out some behavioral science on them. The human mind is incapable of having awareness without perception. Even if your prospect has no knowledge of your company or product, he/she will form an initial perception based on the smallest of stimuli. It might be as simple as the sound of your company name or the design and color of your logo. But make no mistake about it, they will form a perception.

**Marketers should focus attention on building a brand perception that satisfies a prospect need or want.**

We have brand perception whether we want it or not. Thus, it's very important to attempt to manage that brand awareness . . . to attempt to make sure the prospect perceives our brand the way we intend him/her to perceive it. And as any good marketer knows, it *must* be the way that meets the prospects' needs . . . not ours.

The next time you're tempted to "generate brand awareness," remember the tricky trap of the Awareness Myth. ■

# SO YOU NEVER EXPECTED CBN TO MUSCLE-IN ON THE COMPETITION



Okay, that's it. No more Mr. Nice Guy.

What does it take to get you to notice CBN? Maybe we should hit you with a few facts.

Let's start with our programming. This Fall we're presenting "Hell Town." It's the kind of bold, exciting entertainment our viewers want. And we're back with a brand-new season of "The Campbells." The show that surprised everyone by becoming the highest-rated original dramatic series on basic cable TV.

You may also be surprised at the kind of advertisers we attract. Companies like Procter & Gamble and Nabisco. General Foods. American Home Products. Advertisers who want to reach over 31,000,000 subscribers in a refreshingly different environment.

And the biggest surprise of all may be who those subscribers are. Sure, we're as solid as ever in middle America, but we're also reaching the big city people you want to talk to. Affluent. Educated. Family-oriented. In fact, 70% of our households are in A&B counties.

So if you're looking for an upscale audience in a great programming environment, don't be surprised. Just call Doug Greenlaw at (212) 997-1710.

He'll be glad to fill you in on all the facts. And don't worry. He's still a nice guy.

**JUST WATCH US** CBN® CABLE NETWORK

# TELEVISION

**by Frank Massaro**
***Senior vice president, media director, Brouillard Communications***

## A BUYER'S GUIDE FOR CORPORATE ADVERTISERS

Many corporate advertisers would like to put their corporate message before their target audiences via television because they recognize the impact and awareness-building power of the medium. It is also a fact that most corporate advertisers use only the print medium.

The reason is seemingly obvious. The corporate advertiser, with narrow target audiences, finds tv expensive, wasteful and, to many, environmentally inappropriate. Hence, many corporate advertisers settle for a medium that, while effective, is second-best to television.

Yes, print is more efficient, highly targeted and it usually provides a more compatible environment — but its communications value cannot match television. Any corporate advertiser who has experienced the television medium will attest to that.

But television for corporate advertisers should not be evaluated only on the basis of traditional media criteria, i.e., target audience CPM's, reach, frequency, audience composition (waste), etc. Certainly these criteria are important — but television for the corporate advertiser is a different animal than television for product advertising, whether the product be toothpaste, shampoo, hamburgers, automobiles, beer, computers or long-distance telephone services.

Product advertising creates conflicts for the viewer or consumer — Colgate vs. Crest, Miller vs. Bud, IBM vs. Apple, McDonald's vs. Burger King, AT&T vs. MCI. Corporate advertising does not work that way. It does not require the viewer to make a choice, but rather it attempts to build knowledge and a favorable feeling or attitude about a particular company. The viewer is not faced with a conflict. Nor must the viewer make a decision. The viewer can see a corporate ad or commercial for competing companies like Rockwell and Eaton — and the viewer can be favorably influenced by both. Now, hopefully, the viewer is an individual who influences the purchase decision of institutional investor groups and thus he *can* recommend the stock purchase of both. It is not a case of one or the other.

Because corporate advertising's task is different from that of product advertising, the ground rules change substantially. At Brouillard Communications, we have developed the following guidelines that address both the effective use and affordability of television for corporate advertising.

**Guidelines — Using Television for Corporate Advertising:**

- Recognize that television is primarily an entertainment vehicle and *not a business tool* — even news and business programing is produced with an entertainment slant. The viewer, however elusive or affluent, is turning to television to be entertained. Yes, the viewer turns also to television for information, but he or she wants it in an entertaining format.

- Recognize that your target audience consists of *human beings* — with television viewing habits very similar to yours. They watch the news, late more than early, they love sports and are particularly enamored with major sporting and political events. As busy as they are, they find time to be entertained by television. The *majority* of them do not watch early morning news. Sunday morning informational programing or cable.

- Recognize that *reach* is a very important part of the effectiveness equation. However small or narrow the target audience, achieving substantial reach of that target is critical. Substantial reach (over 70%) cannot be attained via concentration of activity in business-oriented programing such as offered by the networks on Sunday mornings and at various times by the cable networks. Certainly, this kind of programing should be a part of the mix, but only a small part of it.

- Recognize that *frequency*, while desirable, is not as critical as it is to product advertising. Product advertisers, particularly packaged goods, require the kind of top-of-mind awareness that coincides with weekly or monthly purchase cycles. The corporate action cycle is much longer and therefore heavy frequency is not required. Attitudes and feelings can be effectively developed *at low frequency levels over time*. Consistency is more important.

**Within limits, tv makes sense for corporate image campaigns.**

- Recognize that television will deliver a substantial "waste" audience — but recognize also that in this so-called "waste audience" are *many desirable secondary targets and targets of the future*. It does not hurt to have the public thinking well of you. Companies that have had to deal recently with public disasters could have more easily and effectively handled their problems if the so-called waste audience had previously been exposed to a corporate advertising campaign.

- Recognize that television for the corporate advertiser *can be affordable because you do not need as much*. Corporate advertisers do not participate in the competitive shouting arena of the soaps, the beers, the cars and the burgers. High frequency levels are not necessary, although some degree of continuity is required. Effective television campaigns can be developed nationally within a \$4 million to \$5 million spending range, and for a lot less on a local or spot basis.

- Recognize that television does not

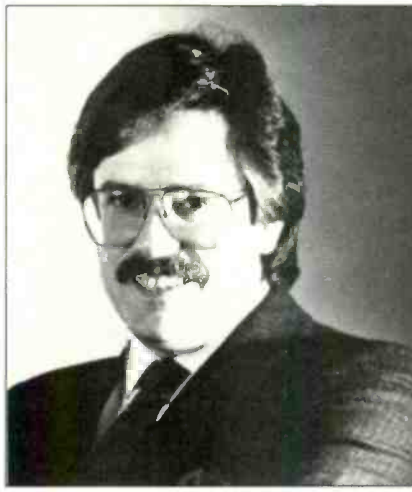
have to be used nationally. Many of the target audiences of corporate advertisers, such as the financial community, managers of major corporations, the government or their own employees, are often disproportionately *concentrated in a handful of cities*. This fact enhances the affordability of television. It can be used in selected markets.

- And finally, recognize the *potential of television as a communications vehicle*. Think not of high production costs, double-digit CPM's, the notion of audience waste or lack of highly rated business programing. Rather, think of the bottom line. *Television gets the job done*.

The intent here is not to discredit the value of print. It remains the heart and soul of corporate advertising and, along with television, provides the corporate advertiser with the ideal media mix. The intent of the above is also not to say that television is right for all corporate advertisers — because it is not — but I believe that it does present a great untapped resource for many. ■

# MAGAZINES

**by Michael Gross**
*Vice president, associate media director, J. Walter Thompson, USA*



## RENEWAL FAITH, OR LACK THEREOF

Have you ever tried asking magazine sales representatives what their publication's subscription renewal rate is? I suggest you try it sometime . . . and good luck.

If you ask this question often enough to a wide variety of magazines, you may begin to get an uncomfortable feeling that there is a conspiracy going on in the publishing industry. A conspiracy that seems designed to keep planning folk in the dark about a number that could shed some light on a magazine's vitality. A conspiracy that takes the only number on an ABC statement that could provide an indication of the relationship of a magazine's readers to its editorial and hides it behind a cloud of obfuscation and misinformation.

While I am certain that magazine publishers and circulation directors do not meet as a cabal in some dark, subterranean refuge smelling of burning incense while they chant over inverted copies of the SRDS and divine mystical ways of keeping important information a secret, what I *have* found in my investigations is, at the very least, intriguing.

Ask the forbidden question and you

will probably get one of two answers.

Sometimes, the answer will be "I can't tell you. That is proprietary information and the circulation department will not release the figure to us."

The most popular answer usually goes something like this: "I don't know...but it's high." Probe a bit and try to determine the definition of "high." "Oh, somewhere around 50, 60 or 70%" is a popular retort.

Obviously, the rep doesn't have a clue. But rather than admit ignorance, the rep will give you a range that is so broad that there is a good chance that the correct answer may be in there somewhere.

Even though you might then send the rep back to his or her publisher or circulation director, you might decide to check out Paragraph 11 of the ABC statements, because it is here that subscription renewal information will appear. However, let me save you a little time. Of the 506 pink sheets that appear for U.S. publications, subscription renewal percentages are given for only four publications: *Reader's Digest* (63.6%), *The New Yorker* (75.5%), *Florida Trend* (67.9%) and *National Geographic* (86.0%). The fact that 0.8% of pink-sheeted publications list this figure makes one wonder why the vast majority of magazines choose to ignore this optional listing.



Certainly, it would seem as if something unusual is afoot. But, of course, once the reps get back to you, your fears will be assuaged. Or will they?

Quite often, I'm sorry to say, the reps will not get back to you at all. But if they do, here too, the answers fall into two general categories.

The first category is somewhat insulting to planning people. The rep may say something like, "I've been told that it would be dangerous to release the figures because planners wouldn't know how to use them."

Really? Then release the figures and tell us how you think they should be used. Do magazine publishers really think that any planner worth his or her salt is going to make a media decision based purely on one, obscure number? I think not.

The other category of answer does have a certain degree of validity, as it presents the real, but not insurmountable problem of mathematical calculation.

The problem is caused by the number of variables that are an inherent part of a magazine's circulation make-up. Among these problem-causing variables, all of which can be found on the ABC statement, are "Authorized Prices," "Duration of Subscriptions Sold," "Channels of Subscription Sales" and "Use of Premiums." Each of these factors muddies the waters of subscription renewals. For example, if the renewal price is considerably higher than the introductory price, then the renewal percentage will be lower. Additionally, there is a higher chance of a subscriber renewing if the initial subscription was sold for a long duration. Obviously premiums, gift subscriptions and Publishers' Clearing House deals all exacerbate a sticky situation and ultimately affect the renewal rate.

But there is one great equalizer, and that is time. I think circulation directors know this, and the fact that they have calculated their publication's renewal percentage is a clear indication of this.

It seems to me that a circulation director who has no idea of what percentage of subscribers renew is not doing his or her job. While it may be a cumbersome mathematical exercise, it is by no means as complex as the Theory of Relativity. In fact, if magazines can make a statement about planners abusing this figure and if reps can say that the circulation department will not release the figure, does this not imply that a figure exists? And if it exists, why do magazines not want it to be public knowledge?

My theory is that renewal rates are probably low. How low? I'm not exactly sure, but I would not be surprised if the average renewal rate was somewhere around 40%. In media planning, unless you're talking about ratings or share, this kind of average is usually pretty low. Would you like to tell the client that your media plan will reach such a small percentage of the target audience? Hell no.

Is this a reasonable figure for subscription renewals? It may very well be. Of course, we will never know until the figures are released.

**Of the 506 ABC pink sheets for U.S. magazines, only four supply subscription renewal percentages.**

Are magazines afraid that the rate may be lower than the competition? Possibly, but the computation of relative renewal rates is a simple exercise, and if a magazine knows its own percentage, then it should have a pretty good idea of where the competition stands. If a book's rate is lower than its competition in the short term, it may be more the result of premiums or low-price subscription offers.

Over time, however, this could be an indication of weak editorial that just does not continue to attract the support of subscribers. Magazines with a clean pink sheet and a strong editorial story should welcome a comparison with the competition. Magazines with a high renewal rate that is not boosted by give-aways and major reductions off the cover price should scream it from the rooftops. Let the advertising community know that here is a publication that its subscribers love. After all, they keep coming back for more. And if the typical rate is low, so be it. Everything is relative, anyway. Talk about why your 45% is better than the other guy's.

I'd love to have a circulation director point out to me just how stupid and naive I am. All I'm looking for is a straight answer. The ABC statement provides a lot of good, useful numerical information. It also is flexible enough to provide an important, optional piece of data that can provide some insight into the editorial vitality of a magazine.

I'd really like to believe that a conspiracy does not exist, but the evidence seems to lead down that path. I haven't found the proverbial smoking gun, but why am I having such a difficult time getting at the truth? ■

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# BRAND REPORT

**No. 139: Cruise Lines**

# LINER NOTES

*by Paula Schnorbus*

Cruising isn't strictly targeted to the tuxedo and evening gown crowd anymore. But even if activewear is the ship's normal attire, your sneakers had best be Reeboks and not Pro Keds.

The $3 billion cruise industry has been picking up a greater and wider range of passengers with the addition of less expensive, weekend cruises that include airfare. Still, the top 10 cruise lines go after potential cruisers with above-average annual household income of $30,000, while one company boasts clientele that rakes in annual family income of at least $200,000.

This is quite a turnaround. Cruising sank as a principal form of transpor-


**Media Expenditures 1985 (000)**

| | Media Total | Magazines | Sunday Magazines | Newspapers* | Network Television | Spot Television | Outdoor | Spot Radio** |
|---|---|---|---|---|---|---|---|---|
| American Hawaii | 5,717.3 | 2,473.7 | 651.9 | 1,977.4 | – | 36.2 | 434.1 | 144.0 |
| Carnival | 16,044.1 | 25.1 | – | 6,429.1 | 8,659.0 | 929.8 | 1.1 | – |
| Cunard | 8,791.4 | – | – | 8,791.4 | – | – | – | – |
| Holland America | 4,593.7 | 611.2 | 53.3 | 3,766.4 | – | 17.1 | 145.7 | – |
| Norwegian Caribbean | 10,023.0 | 254.6 | 20.4 | 7,043.4 | 2,352.8 | 339.3 | – | 12.5 |
| Princess | 6,426.3 | – | – | 6,197.7 | – | – | – | 228.6 |
| Royal Caribbean | 9,574.1 | 2,964.9 | 18.2 | 6,591.0 | – | – | – | – |
| Royal Viking | 7,301.1 | 2,254.1 | 73.7 | 4,899.1 | – | 47.1 | – | 27.1 |
| Sitmar | 5,795.5 | 576.0 | 61.4 | 5,158.1 | – | – | – | – |

*Sources: BAR/LNA Multi-Media Service, 1985 (LNA figures weren't available for Cunard and Princess cruise lines.); *Media Records/National Brand Expenditures, 1985; **Radio Expenditure Reports, 1985.*

Note: Expenditures for 1985 weren't available for Admiral Cruises Inc. since it was formed last year by these three principals: Eastern Cruise Lines, Western Cruise Lines and Sundance Cruises.

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tation after airplanes took over transatlantic service in the 1950's. The leisure angle moved in to take up the slack and by the 1970's, the cruise industry was growing at an annual rate of 20%, which recently has slowed to 10%, according to Ken Grant, cruise editor of *Travel Agent* magazine.

"Possibly, when demand was very good, [the cruise lines] ran into a situation where everyone was filling up their ships," explains Grant. "Then they raised prices. Nobody turned off. They were slow to readjust prices and fast to build new ships."

That produced the cruising industry's quirky debate of overcapacity versus underdemand. An onslaught of ships have been hitting the water and not enough berths are being filled. Critics call it overcapacity, but cruise advocates call it underdemand.

A.K. Lanterman, chairman of Cruise Lines International Association, maintained that overcapacity is necessary in the cruise industry.

"When demand is strong, many ships are ordered at the same time," said Lanterman, who is also president of Holland America Line-Westours Inc. "But oversupply is good because when the supply is there, the industry spends more money on promotion, which inevitably broadens markets."

Whether overcapacity or underdemand, the result is most cruise lines hold rate increases and use competitive discount programs to attract vacationers. On the trade side, commissions and other incentives are offered to the all-important travel agents as a way to galvanize them into hustling cruises. Travel agents do 90% to 100% of the cruise companies' bookings.

Only 3% to 5% of the U.S. population has ever taken a cruise. Although the cruise vacationer's average age is getting younger, Daniel A. Nesbett, chairman of the New York chapter of the Travel & Tourism Research Association, says, "The seniors' market is the best overall market for cruise lines. Even though people in their 50's or 60's may not have a huge income, their disposable income tends to be higher. They've paid off their houses and gotten their kids through college."

One of the biggest problems facing the cruise industry is getting vacationers to take that initial cruise. Once they've done it, the repeat factor is high, says Robert Dickinson, Carnival Cruise Lines Inc.'s senior vice president, marketing and sales.

"Our job is kind of like telling a hermit about sex," quips Dickinson. "He won't know what you're talking about at first, but once he tries it, he's going to like it."

The most popular cruise spot is the Caribbean, with Alaska in second place, according to Grant. Alaska gained popularity after ships were rerouted from the Mediterranean because of the terrorist scare in the Middle East. This year some cruise lines have rescheduled Mediterranean cruises, citing rebounding tourist interest.


***Cruise lines position themselves as a dream come true.***

But overall, the trend is toward shorter cruises, stresses Nesbett. "People don't have the time," he adds. "A childless couple in their 30's who are both working don't have time to take a two-week cruise. Fifty percent of women work, most full time. The long-weekend cruises have come on line to accommodate that kind of market."

Newspapers are the communicator of choice for cruise marketers, but "print can be one-dimensional," says William Smith, Sitmar Cruises senior vice president, marketing and sales. With television, "you can show action and what takes place aboard the ships," he explains.

Media Records puts the 1985 national ad investment figure at $91.9 million for newspapers. The industry, according to Leading National Advertisers, spent another $36.8 million in LNA's seven measured media in 1985, though that figure is very conservative. For the first half of 1986, LNA reports media expenditures were $22.9 million for the cruise industry. Six-month figures weren't available from Media Records.

The following marketing profiles are for the 10 largest cruise lines according to number of bed nights for 1987, or the number of beds multiplied by the projected number of nights in operation, as calculated by Cruise Lines International Association.

### CARNIVAL

Almost anyone who has ever seen a morning or evening news show has caught Kathie Lee Gifford crooning, "In the morning, in the evening, ain't we got fun?"

Carnival Cruise Lines Inc., which touts theirs as the "fun" ships, is finishing its twelth year with 100% occupancy. It also has the highest double-occupancy passenger capacity and will reach 8,800 in March with the launch of a new ship.

Carnival's media budget alone will be more than $20 million this year. More than $10 million of that will be invested in network tv advertising, where 30-second spots are used, except during an *ABC News Brief* when a 15-second spot is plugged in.

"The average age [of a cruiser] used to be deceased" is a favorite line of Robert Dickinson, Carnival's senior vice president, sales and marketing. Hence, Carnival will keep Gifford in its ads this year because she is "perky, vivacious and fun," which is effective for Carnival's aim of bringing that average down.

"We're marketing to a younger clientele than the cruise industry," says Dickinson. About 30% of Carnival's passengers are under 35; 30% are over 55, and the balance is in the middle. Carnival operates in the Caribbean and around western Mexico.

Carnival also runs ads in newspapers in about 200 markets, using Sunday travel sections primarily in the U.S. and Canada. Fewer magazines are used, such as *Cruise Travel*, *Travel-Holiday* or the cruise section of *Modern Bride*. "We have done some *Sunset* or *Southern Living*, but it takes a real effort to get noticed. They're pretty thick publications," observes Dickinson.

**Some lines are hoping for a younger cruiser and are adjusting their marketing accordingly.**

Consumer discounts are pretty much limited to a "Super 'C' Saver," which slices $200 off the price of a cabin, according to Joy Cardieu, marketing coordinator. Carnival uses the promotion once or twice a year during slow periods if a ship "isn't booked as rapidly as we'd like." Referring to other cruise lines, Cardieu comments that Carnival doesn't "inflate rates and then come back with a $300 rebate."

Travel agents take care of 99% of Carnival's bookings. Dickinson says cruises are occasionally given away as incentive to travel agents, depending on the ships' space availability.

Carnival also has a contest called "mystery vacation" for travel agents. A Carnival scout anonymously visits a travel agent and inquires about vacations. If the agent's first suggestion is a cruise, he is awarded $10 on the spot. If the agent suggests a Carnival cruise, he wins $1,000.

"It allows us to see how travel agents sell or don't sell. It's as much of an industry program as a Carnival program," explains Dickinson.

### NORWEGIAN

Norwegian Caribbean Lines' recent introduction of a new president, Rod McLeod, includes an introduction of a new advertising campaign beginning in March.

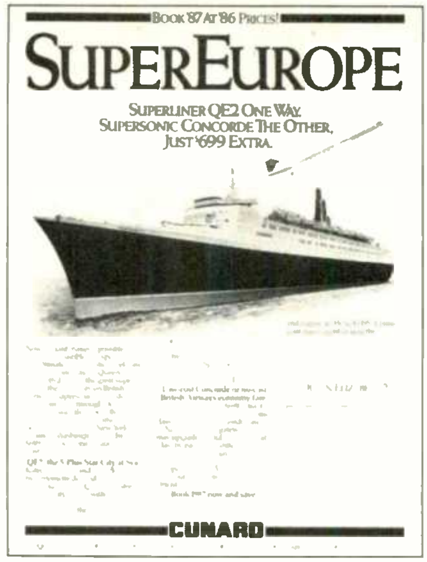
McKinney, Silver & Rockett of Raleigh, N.C., which previously was with Royal Caribbean, followed McLeod from his spot there as senior vice president, sales and marketing, to his new top post at Norwegian. Former agency Beber Silverstein & Partners in Miami had coined Norwegian's last slogan, "We're going to spoil you."

Ric Widmer, senior vice president, marketing and sales at Norwegian, notes the new strategy of the $15 million media budget, not including production costs, will include more network television, which will account for 60% of the cruise line's advertising. Norwegian will buy 15- and 30-second spots. He wouldn't elaborate on their placement in television schedules.

Magazines will account for 30% of Norwegian's advertising. More mass audience magazines such as *People*, *Travel & Leisure*, *Time* and *Newsweek* will be used.

Only 10% of Norwegian's advertising will be in newspapers, which previously had handled the main thrust. In its newspaper buys in the top 20 markets, Norwegian doesn't limit itself to the travel sections on Sunday, but also goes for the first section. Widmer points out that "newspapers' own research" has concluded that 45% to 90% of readers never get into travel sections.

Norwegian's target audience is anywhere from 35 to 49 years old with an annual household income of more than $35,000. These cruisers have had at least some college, are married, but




***Cunard pairs the Concorde with its cruise packages.***

don't have any children.

A new ship this year will bring total double-occupancy passenger capacity to about 6,300 from 4,664. With cruise prices holding steady, special discounts will be cut out entirely in 1987. Norwegian previously did a mail drop to several million households, offering dollars-off coupons and saving cruisers anywhere from $200 to $250.

Travel agents, who book 100% of Norwegian's trips, are offered familiarization cruises and seminars at sea on a space-available basis. They also may be offered a "walk-through for the weekend." Agents may eat on board a docked ship but stay in a local hotel.

**CUNARD**

Cunard, perhaps best known for its Queen Elizabeth II luxury liner, not suprisingly has a "very affluent target audience." Household income ranges from $40,000 to $200,000 a year.

Cunard is "so targeted that tv is not an appropriate medium," explains Ronald Santangelo, vice president, marketing communications. Because cruise prices have been flat, Cunard's advertising budget of more than $12 million enjoyed only a "nominal" increase this year.

Ads appear in the travel sections of Sunday newspapers in only the top 15 markets since the bulk of Cunard's business comes from New York, California and Florida.

Ads also appear in upscale magazines such as *Gourmet*, *Vogue*, *Town & Country*, *Travel & Leisure*, *Smithsonian* and *Architectural Digest*.

Cunard's seven ships with double-occupancy passenger capacity of 4,940 sail all around the world, in addition to its transatlantic cruises. Cunard continued its trips through the Mediterranean last year despite a dropoff in American tourists. In the past, those cruises had been 70% American and 30% European. Last year, the ratio was 55% American and 45% European after Cunard beefed up its advertising 30% in Europe.

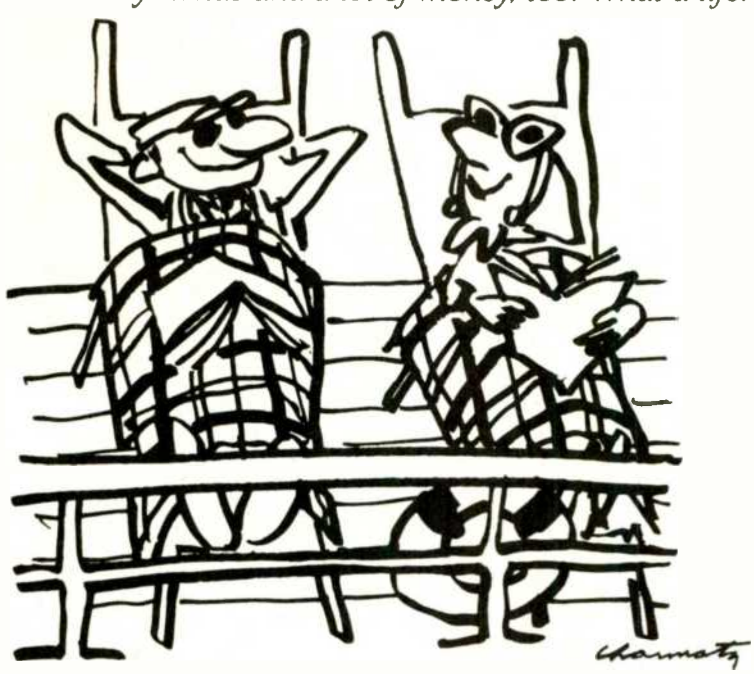
Direct-mail marketing also is used. Cruisers can get discounts for selected dates, or even half price for one cruise if two are booked simultaneously.

Travel agents account for 96% of Cunard's bookings. For the sale of a few cabins on Cunard's less luxurious vessels, a travel agent can earn a compact disc player. If an agent sells five cabins, he or she wins a large-screen color television.

**ROYAL CARIBBEAN**

Royal Caribbean Cruise Line is increasing its media budget 30% in 1987





with the introduction of the "largest cruise ship in the world," Sovereign of the Seas, which boasts a 2,276 double-occupancy passenger capacity.

The Miami cruise line's working media budget will be $13 million to $14 million, according to Mike Petty, director of marketing.

Petty calls the introduction of the new ship Royal Caribbean's "biggest challenge." He added that the ship won't be tested by herself. As with Royal Caribbean's four other ships, which have a 4,220 double-occupancy passenger capacity, the cruise line will try to attract first-time cruisers from 35 to 54 years old with household incomes of more than $40,000 annually.

Special promotions don't sail with Royal Caribbean. "Royal Caribbean is unique in the cruise industry in that we do our best not to price promote," states Petty, who reasons that passengers get "more for the money [they] are paying."

Consumer advertising is confined solely to Sunday travel sections of daily newspapers and special travel inserts that appear in the papers during summer and winter. The inserts are available in about 25 local markets.

**Sitmar will launch a television ad effort this year with image-building as its aim.**

Overall, the marketing target is "international," says Petty. "Ten years ago, 60% to 70% of our business came out of the top 20 markets. Now those markets account for 40% of [Royal Caribbean's] business."

Royal Caribbean recently adopted Chiat/Day as its advertising agency following the jump of Rod McLeod, the cruise line's former senior vice president, sales and marketing, to his new post of president and chief operating officer of Norwegian Caribbean Lines. With him went the line's previous agency, Kinney, Silver & Rockett of Raleigh, N.C.

### SITMAR

Sitmar started in 1939 as a transport ship moving immigrants between Southampton, England, and Sydney, Australia. But it's been a North American cruise line for 15 years now, and its Australian cruising clientele now accounts for only a quarter of its business.

The cruise line adopted Campbell-Ewald Co. as its ad agency last May, and this year marks Sitmar's initial voyage into television advertising. William Smith, senior vice president, marketing and sales at the Los Angeles-based cruise line, explains that television advertising will be used to communicate an image. "You can visually depict the setting you're trying to create," Smith says. "Radio or print ads are more effective at driving a price." The markets for what will probably be 30-second television spots weren't determined.

With the advent of electronic advertising at Sitmar, its 1987 advertising budget is up about 115% to $15 million, Smith reveals. Broadcast ads will take up about 15%, trade magazines 35% and consumer magazines and newspapers the remaining 50%.

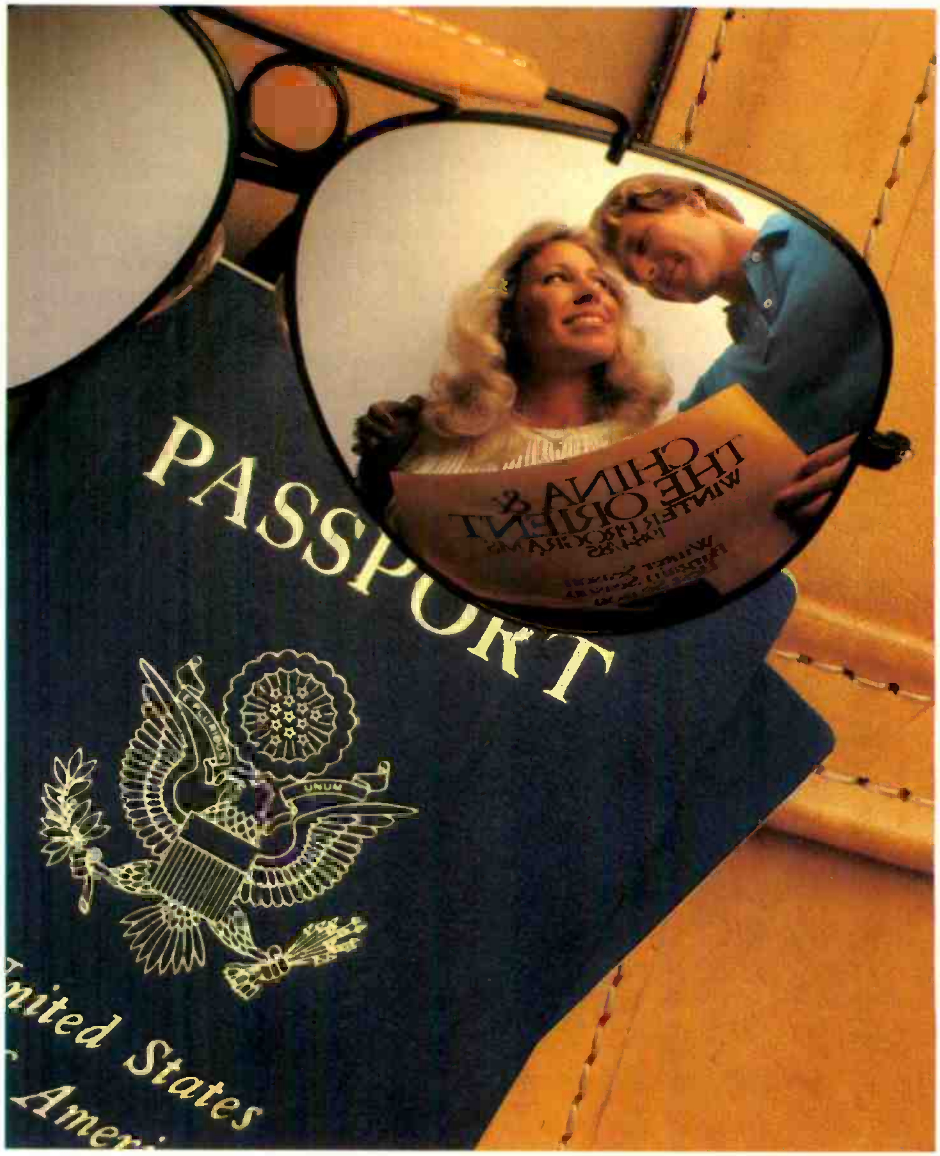
Smith further adds that the tv spots will be aimed at image building, emphasizing "that Sitmar is a quality product for the experienced cruiser. Our past advertising was a lot less targeted and specific. We feel it's very important to position ourselves to the consumer and trade," he explains.

The retail message, with more pricing and details, will appear in newspapers, primarily Sunday travel sections and cruise sections of about 70 papers in the top 26 markets. Sitmar also will advertise in consumer magazines such as *Smithsonian*, *National Geographic* and *Travel & Leisure*.

Youth fever has not caught on with Sitmar. The average age of a North American Sitmar cruiser is 54 with a target household income of $35,000 a year. The line is going after "retired, older couples, middle-aged working couples, or more mature singles in their 50's," Smith points out. "The reason

# More about Florida's Money Market

Nearly half the population of Fort Lauderdale/South Palm Beach hold passports. Almost 40% used them in the past three years.




The News/Sun-Sentinel delivers two out of three readers in Florida's affluent Money Market.

*Fort Lauderdale/South Palm Beach*
**News/Sun-Sentinel**
*Florida's Money Market*

*Represented nationally by C.W.O. & O.; Sunday Magazine Network, in Florida by Publishers Representatives of Florida.*

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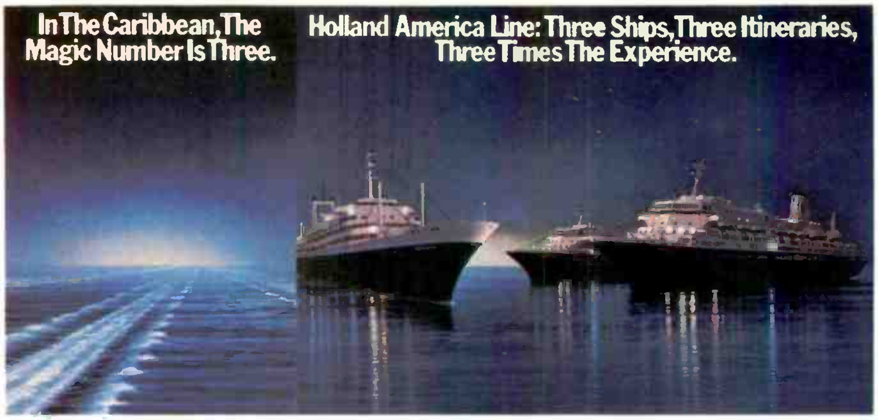



***This three-page foldout exhibits Holland America's Carribbean accent.***

is cruises are longer, so we need to get to that segment with more disposable time or leisure to take a longer cruise." The bulk of Sitmar cruises go to the Caribbean, Alaska and Mexico.

North American cruisers will be offered a super-saver program with discounts on selected sailings. Sitmar also will offer advance-purchase discounts and group rates.

Travel agents book almost 100% of Sitmar's cruises in North America. Sitmar advertises in several trade publications, including *Travel Weekly, Travel Age West, Travel Age East, Travel Agent, Travel Trade* and *Tours & Travel News*. Sitmar offers travel agents familiarization trips, reduced rates and incentive programs.

Sitmar also offers a "partnership" program for smaller travel agencies, whereby they can win bonus commission dollars and cooperative dollars that go into an account from which they may draw funds for promotional and advertising needs.

### PRINCESS

Advertising for Princess Cruises is going to play off our memories of the popular *Love Boat* television series by reeling in Gavin McLeod, who played the ship's captain.

"We feel he is just perfect as our spokesperson," says Michael Hannan, senior vice president, marketing services. McLeod will be featured in all consumer and trade advertisements.

The cruise line is reviving the Mediterranean trips it canceled last year because of poor sales and, so far this year, "bookings are encouraging," says Hannan. Princess's five ships, which travel around the world, have about a 3,800-passenger capacity based on double occupancy.

Princess considers its product "upscale," with most of its clientele over 35 with annual household income of $40,000 plus. "Our cruises tend to appeal to that group and older," Hannan notes, adding that two-week jaunts attract cruisers age 50 and older.

Consumers can save hundreds of dollars in advance bookings. "These discounts are very successful. They help us tremendously in planning and in advertising," says Hannan. "We have a better picture earlier of the popularity of various departures."

This year's advertising budget is $10 million, up from last year's $7 million. Annual revenues were more than $250 million last year, according to Hannan.

Like its competitors, the company advertises in travel sections of Sunday newspapers in larger market areas such as Los Angeles, Chicago, New York, Detroit, Dallas, San Francisco, Phoenix and Seattle. Since half of Princess's business comes from the western U.S., it invests half of its advertising budget there.

The cruise line runs ads in regional lifestyle magazines such as *Sunset, Southern Living, Los Angeles* and *The New Yorker*. It also buys ads in *National Geographic, Gourmet, Signature, Architectural Digest* and several consumer travel magazines, including *Travel & Leisure, Travel-Holiday* and *Cruise Travel*.

While Princess places four-color unit ads in travel industry magazines such as *Travel Weekly, Travel Agent* and *Travel Age*, it doesn't dangle free cruises in front of travel agents to generate sales even though they book all of Princess's business.

"We don't do any real promotional stuff with the trade," outlines Hannan. "We prefer to work with travel agents by helping them with sending out brochures, doing presentations and cooperative advertising on a local market basis."

Princess hasn't done any spot market television advertising recently because "a lot of the information can't be condensed into a 30-second commercial," Hannan says. He noted that although television commercials could get complicated because of the cruise line's eclectic destinations, Princess is considering testing the medium again.

### HOLLAND AMERICA

Holland America Line-Westours Inc. had its start 114 years ago carting immigrants from Europe to the U.S. Today, it concentrates on Caribbean and Alaskan leisure cruises.

Traditionally, Holland America's berths have been filled by cruisers age 45 and older, says Rich Skinner, corporate director of public relations and sales promotion. "There has been a trend toward skewing into a younger group in the last few years, especially in the Caribbean," he acknowledges. "Even Alaska seems to have a downward trend." Holland America goes for a "balanced" advertising product, says Skinner. "We haven't segmented like other cruises," adds Jan Edmonson, vice president, management supervisor, of Elgin Syferd, the company's advertising agency. "We don't think we can because demand is so small."

Holland America had $270 million in revenues in 1985. Skinner won't reveal the total advertising budget except to say the company spends "several million dollars." He adds that marketing, advertising and public relations expenses grow 20% yearly.

Holland America advertises mainly in Sunday travel sections of daily newspapers in 15 markets on the East and West Coasts. The West Coast provides about 60% of the cruise line's business, according to Edmonson. Print advertising is used because cruises are considered a "complex product" that require study, explains Skinner.

Edmonson details, for example, that Alaskan cruises are pitched to a "bit older" crowd in "upscale, consumer magazines," such as *Smithsonian*, *Travel & Leisure*, *National Geographic*, *Gourmet* and *Modern Maturity*.

Holland America's "alumni" are the target of a direct mail program that includes newsletters and special discounts. And, if a cruise isn't filled near the departure date, a discount rate is advertised in select secondary markets via local newspapers.

Travel agents generate about 99% of Holland America's sales. The company creates incentive for travel agents by giving away cruises through lottery sweepstakes and various contests and trivia puzzles.

### ADMIRAL

A cruise usually conjures up a picture of couples on romantic getaways. At Admiral, "housewives alone chaperon each other and have a ball," says Robert R. Mahmarian, senior vice president, sales and marketing.

Mahmarian said Admiral uses a

"shotgun approach" with consumers. "We're beginning to talk of the value of cruising as a vacation alternative to anything else," he says.

Admiral, which has three ships with double-occupancy passenger capacity of 2,504, is a combination of Eastern Cruise Lines and Western Cruise Lines and the recently acquired Sundance Cruises. The merger didn't affect the advertising agencies used by Eastern and Western, which will continue with Ryder & Schild Inc., and Sundance, which still uses Ehrig & Associates.

Admiral's passenger age ranges from 37 to 55 for its cruises, which hit the Caribbean, Mexico and Alaska. Average household income of cruisers is $30,000 to $35,000 a year.

Mahmarian explains that housewives and families are attracted to the cruise line because the third or fourth passenger sometimes gets a free ride as a special promotion.

Admiral's 1987 advertising budget is $11 million, according to Mahmarian. In the past, all ads were in newsprint. Next year, about 70% of the ads will appear in newspapers in about 82 markets. "We won't give up the travel section of Sunday newspapers," Mahmarian insists. The other 30% will be used for Admiral's entry into magazine and television advertising. Examples of Admiral's magazine selection include *McCall's*, *Southern Living* and *Sunset*.

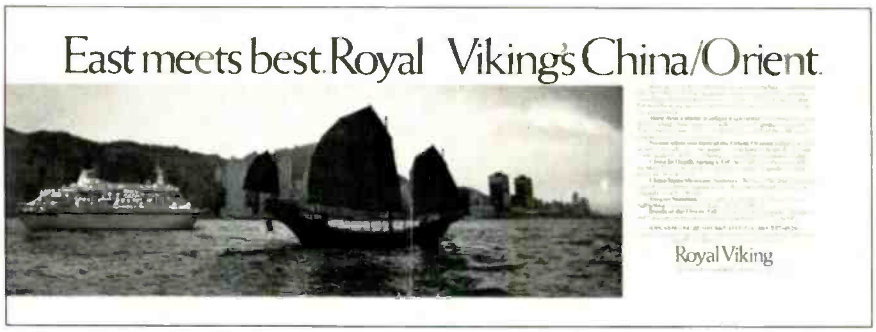
In addition, Mahmarian notes, "About 60% of cruises are being decided by the man and not the woman, so a newspaper like *USA Today* is a good opportunity to advertise because it has that kind of mixed reader."

Television spot commercials are used as a "veneer, an overlay over other advertising," he adds. "When you're buying a cruise you need to inspect more. A 30-second commercial can get you interested, but can't sell you a cruise."

Incentive programs for travel agents, who book 100% of Admiral's cruises, include some override commissions for large revenue producers, in addition to the usual 10% commission given throughout the country and the 15% commission in Florida. Admiral also shares ad costs with agencies through co-op advertising.

**ROYAL VIKING**

Royal Viking, which targets 50-year-olds who make more than $50,000 a year, reports that 50% of its cruisers sail with the line a second time.




***Half of Royal Viking's passengers return to the line for a second sail.***

The "exclusive" luxury carrier almost splits its magazine and newspaper advertising 50-50, but 5% of its budget goes to cable television's Arts & Entertainment Network. "It's done rather well for us," says John B. Richards, vice president, marketing and planning, referring to the cable advertising. "It's the most targeted electronic media available to us. We just can't use broadcast media as effectively."

Richards noted that the cruise line's passengers usually have incomes of about $100,000. The target is someone who is an experienced cruiser and has taken an international vacation in the last three years.

Royal Viking's three ships, each of which hold 710 passengers double occupancy, travel to destinations around the world, including the path Leif Ericsson followed when he traveled to New Foundland almost 1,000 years ago, and a tour of Pacific battlegrounds of World War II.

Royal Viking's print schedule includes a variety of travel, literary and special interest magazines such as

*Travel & Leisure, Travel-Holiday, Signature, Harper's, The New Yorker, The Atlantic, Food & Wine, Gourmet, Bon Appetit, Architectural Digest, Better Homes and Gardens, Sunset, Golfer's Digest* and theater publications such as *Opera News*.

The 15-year-old cruise line usually runs ads only in the travel sections of some 35 to 40 Sunday newspapers in the top 20 markets. Newspapers include the *New York Times, Los Angeles Times, San Francisco Chronicle* and *Christian Science Monitor*.

Royal Viking's media budget and its direct marketing budget are $6 million each. The direct marketing campaign goes to past Royal Viking cruisers who get tips on discounts and special interest programs.

Travel agents book 98% of Royal Viking's trips. The cruise line offers the agents familiarization trips at an "attractive rate," says Richards. Commission rates vary by program and type of cruise. Large volume producers get override or special commission rates as an incentive system.

**Newspapers are the medium of choice for liners to pitch their ports.**

**AMERICAN HAWAII**

American Hawaii Cruises pitches its trips to the 35-and-older crowd with an annual household income of $30,000, according to Bob Monfrini, an account executive with keye/donna/pearlstein, the cruise line's advertising agency.

Although the cruise line is in the midst of planning its 1987 advertising campaign, due out in March, Monfrini said the bulk of ads will appear in newspapers, with magazines in second place. It isn't yet known if television will be used.

American Hawaii uses newspapers in 25 markets nationwide for its Hawaiian cruises. The emphasis is on West Coast newspapers for the Tahitian cruises, Monfrini said.

Trade books such as *Travel Age West, Travel Weekly* and *Travel Agent* will be used this year. American Hawaii also will run ads in *Sunset, Travel & Leisure, Signature* and *Islands*, Monfrini said.

In 1987, cruisers can score discounts by booking six months in advance and earn a free stay in a hotel before or after a cruise to get an extended stay in the islands, according to Monfrini.

The advertising budget wasn't available, but Monfrini said that Leading National Advertisers' total of $224,100 for January to June 1986 was a low estimate, while Radio Expenditure Reports shows $48,780 spent in spot radio for the six-month period. Media Records shows $2.0 million in newspapers for 1985. ■

# BROADCAST BEAT

*by Marianne Paskowski*

## PEPSICO'S HAYES HOPS TO RAB

Henry Hayes, Pepsico's director of corporate media, will soon don a new hat. On January 5, Hayes, a 15-year veteran of Pepsico and creator of its media department, joins the Radio Advertising Bureau as senior vice president, sales and marketing.

Hayes' mission at RAB is to drum up more ad dollars for radio, a medium that has seen national spot dollars shrink in 1986, although network radio revenues increased 15%. Hayes will work hand-in-hand with agency and clients to promote the increased use of radio advertising. It's a role he expects to find exciting, especially since the still-shakey outlook for network tv could mean good news for radio ad sales.

"Advertisers are going to be looking for a better return on the dollar in this severe climate, so I think agencies will look with more favor on radio because it is so efficient," Hayes explains. Meanwhile, at Pepsico, no replacement for Hayes has been named. At press time, the company was looking outside its own ranks for a new media mogul.

## THE CBS-EYE VIEW

This year has the potential of being the most significant year for network television since 1976. That's the word from David Poltrack, CBS/Broadcast Group's vice president of research, who told attendees at the PaineWebber media outlook what to keep on eye on in 1987.

He began by recalling another watershed year in broadcasting -- 1976 -- when the vigorous marketplace, coupled with the satellite delivery of cable as well as the profitability of large market independent tv stations, spurred competition in the video marketplace.

This year may be a watershed year as well, Poltrack notes, pointing out the following trends:

* 1987 will be the first year that all three networks will be operating in their new, leaner, downsized mode.

* 1987 will be the year of a new NFL contract presenting the possibility of non-network NFL coverage, and probably ushering in a new era of tv sports.

* 1987 will be the year that a new form of tv audience measurement debuts.

* 1987 will be the first year that the full impact of the mega-agency and mega-client organizations will

be felt in network negotiations.

* 1987 will be a year that includes an election year/Olympics year upfront -- a traditional rebounding point for the networks following past down cycles.

## AND THE VISION FROM VITT

Culled from his own list of media predictions for 1987, here's how Hal Katz, executive vice president of Vitt Media, sees the upcoming broadcast year shaping up:

* Cable tv will proliferate, particularly the home shopping networks.
* Cable, based on the success of ESPN's The America's Cup, will compete with network tv for rights to broadcast major sporting events.
* Al Davis, owner of the Oakland Raiders, may be the first NFL owner to cut a pay-per-view deal with cable operators in that market.
* Network affiliates in major markets will follow the lead of WABC-TV, New York, which cut back local news one-half hour, moved up the network news feed and inserted a game show in that slot to be more competitive with independent stations.
* Local stations will switch affiliations and align themselves with the strongest networks.
* There will be a wider acceptance of the 15-second commercial in local tv markets as well as a drop in price. Ten-second spots will disappear.
* And the barter syndication business will top a billion dollars in revenue.

## SALES SCORE FOR 1988 SUMMER OLYMPICS

General Motors, Coca Cola, McDonald's, Visa and Federal Express have all made major product exclusivity commitments to NBC's coverage of the 1988 Summer Olympics.

Those commitments, plus the sponsorship from two other unnamed advertisers, translate into a 40% sold-out position, reports Bob Blackmore, senior vice president, sales, NBC Television Network.

While many naysayers thought the games would not sell well because of the location and the subsequent time delays, Blackmore is more optimistic. "The games take place in late September when HUTS are traditionally higher, and the 14-hour time difference between Seoul and New York gives the network the potential to televise more than 130 live hours of event coverage during the key dayparts of prime time, late night and weekday morning. These are key selling points that the ad community is recognizing and reacting to," Blackmore believes.

# THE ECONOMIC OUTLOOK: LOOK OUT!

## THE CLOUDS

Overall U.S. economic growth should continue next year, but at a slow and uneven pace. As in 1985 and 1986, the economy should be led once again by the consumer sector (two-thirds of the economy) and by continued strength in the financial markets; capital goods industries and nonresidential construction are expected to lag. With few strong inflationary pressures likely, interest rates are widely expected to remain generally stable. Ironically, already weakened regions (such as the Southwest and Great Plains) may begin to halt their slide or even rebound next year, while today's relatively faster-growth regions (particularly New England and California) will likely lose some forward momentum.

For sure, even the sluggish economic growth expected next year is by no means assured. Unless the trade deficit closes significantly, many import-sensitive industries (such as textiles and apparel, consumer electronics and capital goods) will continue to face powerful competitive price pressures and erosion of domestic market shares. Another year of weak (or even negative) profitability in these industries could put many companies at risk and will jeopardize jobs throughout the goods-producing sector. These losses, in turn, would spill over inevitably into many of the service industries that have provided the bulk of new job creation since 1982.

Persistent large trade deficits would also strain congressional efforts to reduce the federal budget deficit. By curtailing domestic income growth, the disparity between imports and exports cuts into the government's tax base and precipitates serious revenue shortfalls that enlarge the budget deficit. If this occurs in 1987, federal spending cuts mandated under the Gramm-Rudman-Hollings Deficit Reduction Act would be invoked and the economy would lose a powerful engine of economic growth.


ILAN RUBIN

Ultimately, the most critical policy strategies next year may emanate from the Federal Reserve. Most economists expect the Fed to continue to pump up the money supply and push down interest rates indefinitely in order to sustain economic growth and reduce the exchange value of the dollar (which would make imports more expensive and U.S. exports cheaper abroad). Yet this policy stance is not riskless. Lower domestic interest rates and stronger total spending could increase consumers' appetites not only for U.S. goods, but for imports as well. They would also raise U.S. inflation rates and make it more difficult for the government to finance its debt. Under these conditions, the Fed could find itself forced to *tighten* monetary policy and to put *upward* pressure on interest rates, perhaps by mid-1987. Such a stance would strain many interest rate-sensitive industries (such as housing, cars and thrift institutions) and make additional economic growth very hard to come by.

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*Steven R. Malin is regional economist for the Economic Policy Research unit of The Conference Board, Inc.*

### OUR READERS TELL US . . .

With the forecast looking rather grey, Research USA, Chicago, polled a sampling of our readers to see how such thinking was affecting ad plans.

**1. How do you think the economy will change over the next six months?**

| | |
|---|---|
| It will greatly improve | — |
| It will somewhat improve | 29.4% |
| It will stay the same | 31.2 |
| It will somewhat weaken | 38.5 |
| It will greatly weaken | .9 |
| | 100.0% |

**Base: 109**

**2. What do think will happen to the following during the first half of 1987.**

| | Interest Rates | Consumer Spending | Inflation |
|---|---|---|---|
| Will rise | 34.9% | 28.4% | 38.5% |
| Will stay the same | 38.5 | 45.0 | 61.5 |
| Will fall | 26.6 | 26.6 | — |
| | 100.0% | 100.0% | 100.0% |

**Base: 109**

**3. Has your organization specifically revised its advertising budgets for the first half of 1987 because of economic uncertainty?**

| | |
|---|---|
| Yes | 41.3% |
| No | 58.7 |
| | 100.0% |

**Base: 109**

**If "Yes":**

**a. How much have your ad budgets changed overall for the first half of 1987?**

| | |
|---|---|
| They're up 1% to 9% | 33.3% |
| They're up 10% to 19% | 11.1 |
| They're up 20% or more | 8.9 |
| They're down 1% to 9% | 26.7 |
| They're down 10% to 19% | 17.8 |
| They're down 20% or more | 2.2 |
| | 100.0% |
| Total "up" | 53.3% |
| Total "down" | 46.7% |

**Base: 45**

## THE STORM

Fundamental long-term changes combined with short-run developments will propel the economy into a sharp downturn in the next 18 months. The advertising marketplace will also be buffeted by the confluence of both long- and short-run changes and it too will suffer a decline.

Over the past several years, the U.S. economy has become far more competitive as a result of deregulation, foreign competition and technological advances. The traditional corporate structure was created when only a few firms controlled an industry. The corporation was never designed to deal with true market competition. Much corporate activity lately has been focused on mergers and acquisitions, a fundamentally misguided strategy since smaller entities are better suited for a competitive environment. In the meantime, virtually all the new jobs and new production have occurred in the large number of new, smaller companies that have emerged in the last few years. By the next century, the traditional U.S. corporation will have given way to numerous smaller companies that can serve their market niches more efficiently.

In the short run, the loss in market share of the large companies is creating intense pressure for trade restrictions or tariff protection. Trade restrictions always lead to disaster. They create inflation. They choke off growth in productive and expanding industries in a vain attempt to protect stagnating industries. They curtail exports (the U.S. is the leading exporter) as foreign countries suffer a loss in trade income or retaliate with their own trade restrictions. They curtail the influx of productive foreign capital. And they have *always* resulted in an economic decline, the Great Depression being only the most dramatic example.

Budget deficits are also viewed as the great economic bugaboo because they supposedly fuel inflation and raise interest rates. The fact that interest rates and inflation have steadily fallen does not appear to have affected this view. It is true, however, that higher taxes deflate the economy. In any case, it appears that the pressure for higher taxes and some form of trade protection appears so great that something is likely to be enacted in the next year. Either one would be sufficient to derail the economy.

The timing could not be worse. The economic expansion that began in 1983 is getting long in the tooth and is losing momentum. The new tax reform, which in the long run will be beneficial, will in the short run encourage consumers to reduce their debt, which means reduce their spending. At the same time, the corporate turmoil is creating job insecurity that is usually reflected in a spending cutback as well. Thus, too many things are likely to go wrong in the next year which leads to the prediction of a sharp downturn sometime in the next 18 months. Real growth, on average, will be zero or negative.

*David Wilkofsky is chairman of Wilkofsky Gruen Associates Inc., a business analysis and planning consultancy.*

**b. What changes were made for each of the following media?**

| | Consumer Magazines | Business/ Trade Publications | Newspapers |
|---|---|---|---|
| Up | 40.6% | 48.8% | 30.3% |
| No change | 29.7 | 32.6 | 45.5 |
| Down | 29.7 | 18.6 | 24.2 |
| Ave. % up | 7.5% | 15.5% | 10.3% |
| Ave. % down | 13.0 | 10.3 | 13.2 |
| Base* | (37) | (43) | (33) |

* Based on those answering question

| | Television | Cable | Radio |
|---|---|---|---|
| Up | 55.0% | 25.0% | 64.7% |
| No change | 17.5 | 65.6 | 35.3 |
| Down | 27.5 | 9.4 | — |
| | 100.0% | 100.0% | 100.0% |
| Ave. % up | 8.8% | 8.0% | 9.1% |
| Ave. % down | 22.8 | * | — |
| Base | (40) | (32) | (34) |

* Insufficient responses

| | Outdoor | Sales Promotion | Direct Marketing |
|---|---|---|---|
| Up | 25.8% | 34.4% | 64.3% |
| No change | 54.8 | 43.7 | 21.4 |
| Down | 19.4 | 21.9 | 14.3 |
| | 100.0% | 100.0% | 100.0% |
| Ave. % up | 9.2% | 11.3% | 18.2% |
| Ave. % down | 27.5 | 19.3 | 6.0 |
| Base | (31) | (32) | (28) |

**4. Have there been cutbacks in your own organization over the past few months?**

| | |
|---|---|
| Yes | 47.7% |
| No | 52.3 |
| | 100.0% |

**Base: 109**

**If "Yes," in which of the following areas were cutbacks made? (Check all that apply)**

| | |
|---|---|
| Budget cuts | 59.6% |
| Top management cuts | 21.1 |
| Mid-management cuts | 46.2 |
| Staff cuts | 80.8 |

**Base: 52**

# SALES PROMOTION

*by Russ Bowman*

## WHAT'S "IN-STORE" FOR 1987

As the Point-of-Purchase Advertising Institute (POPAI) posted their 50th Anniversary, exhibitors and members attending their "Marketplace 86" at Expo Center in Chicago had plenty to celebrate. According to the association's survey of spending, P-O-P business volume for the first part of 1986 is up 22% over 1985.

What's more, results of their pilot study on supermarket shopping show 80.7% of all brand purchase decisions are made in-store (at the "point-of-purchase"). This represents a dramatic increase from the 64.8% in-store decision rate recorded in the first landmark POPAI/DuPont study in 1977.

POPAI defines purchase decisions in four categories:

1) Specifically Planned: shopping with a specific item and/or brand in mind.

2) Generally Planned: shopping with a category in mind, but not a specific brand.

3) Substitutions: switching brand decisions after entering the store.

4) Unplanned Purchases: impulse-purchased items not considered prior to entering the store.

The fourth category, impulse purchasing, according to the new POPAI study, now represents over 60% of all buying decisions (up from 47% in their 1977 study).

"This fact alone places an incredible emphasis on the importance of marketers having an in-store presence due to the tremendous impact of merchandising in influencing sales," notes Albert Saia, chairman of the board of POPAI and president of Thomas A. Schultz Co.

In some categories the in-store purchase decision rate is even more dramatic. According to POPAI news, "90% of cookie shoppers pick their brand while still in the aisles." Other high in-store purchase decision categories included canned soup at 79%, candy and gum at 81% and both coffee and soft drinks at 67%.

PROGRESSIVE GROCER

*In-store like this is hard to miss.*

**POPAI's study shows that 80.7% of all purchase decisions are made in the store.**

*ActNow gives out coupon booklets.*

**What's new in P-O-P:** The annual POPAI trade show "Marketplace" exhibited the usual fare of displays with dramatic lighting, action and special effects. The POPAI study is certain to increase interest in in-store video terminals, especially those with interactive touchscreens that invite greater shopper involvement. One such company, ByVideo, offers two units that can be modified for various retailing needs. Its "InfoPort" and "Uniport" both feature laser videodisc players, infrared touchscreens and 16-color computer-generated graphics. Their "Uniport" model also includes a credit card reader and receipt printer which allows customers to order from the terminal.

Perhaps these "retail theaters," expensive as they are, will represent a more logical future for in-store technology than the attempts over the past five years to establish in-store coupon dispensing terminals. Most of these fell by the wayside (see "Sales Promotion," January 1986).

Catalina Marketing's "Coupon Solution" survived the coupon terminal fallout thanks to a unique twist. Their system is the first to employ checkout scanners which track purchases and print out coupons for Catalina's clients that either compete with the purchases or relate to them (a coupon for a baby powder to those who purchase disposable diapers, for instance). The Coupon Solution, which is now operating in Los Angeles and Chicago, has recently added Baltimore-Washington (Giant Food) and Dallas (Tom Thumb) to their list and expects to be in 700 stores by the end of 1987.

Meanwhile not all that's in-store for the future of P-O-P is designed to dazzle the eye. Interest in the music that plays above shoppers heads has been renewed with new tape broadcast and possibly even satellite systems that in-

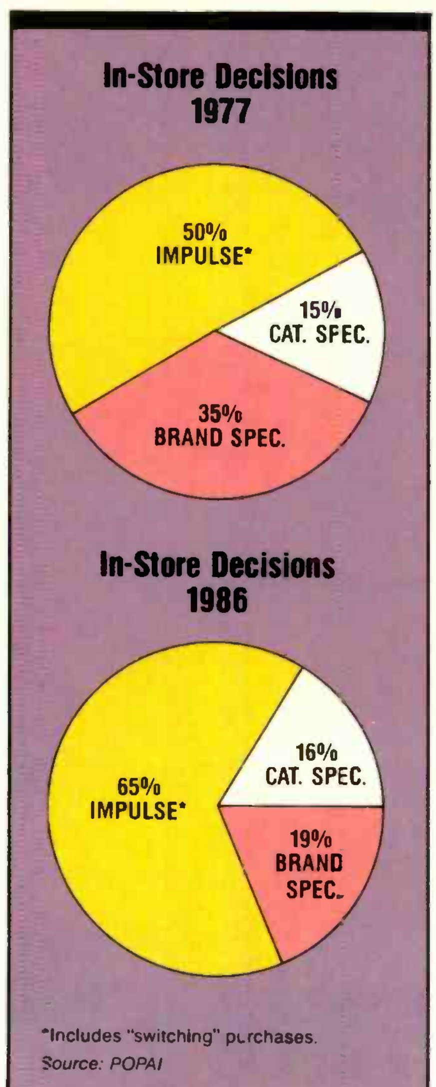
## P-O-P's success may put it back in the mainstream of companies' marketing budget plans.

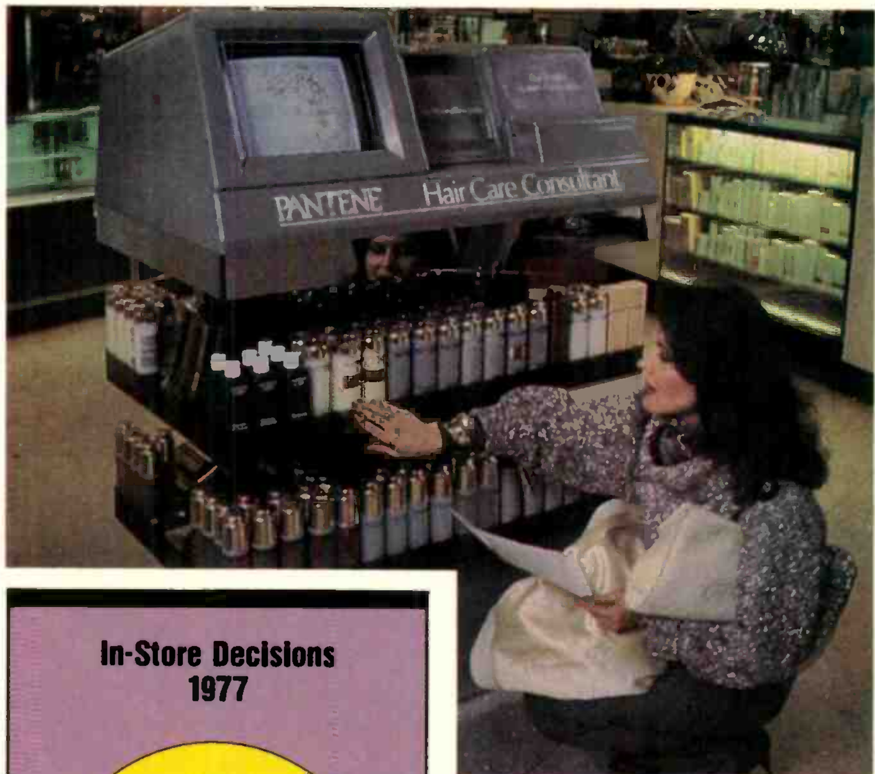
clude radio commercials for manufacturers products and retail features. One such system, POP Radio, kicked off their idea in chain drug stores and now is installed in over 4,000 drug units, including Eckerds, Brooks, Peoples, Thrift and others. POP Radio features customized, pre-recorded DJ-hosted programs that sound like "live" radio.

Like its visual counterpart, ActMedia, POP Radio offers advertisers *guaranteed* in-store advertising at very efficient rates. For example, a typical one-month, 30-second schedule on POP Radio delivers a CPM of 35¢, or about 2.9¢ per announcement.

**Person-to-person in-store:** In last January's article on in-store activity, demos and in-store couponing were identified as key growth areas in the promotion business. *Progressive Grocer*'s recent special report, "Merchandising in Action," confirms this trend and cites Vons Grocery, with 180 California supermarkets, for conducting 21,000 in-store demonstrations over a 12-month period. Ralph's (another mammoth West Coast chain) has "experienced sales increases of +400% from in-store sampling." One liqueur brand that normally sold about 100 bottles per store moved 1,800 bottles during the week of the sampling.

However, the co-operative in-store coupon hand-out programs have not been that successful for some companies. Both the Stratmar Company and




*New technologies mean new opportunities to get attention.*

Donnelley Marketing (Contact) have dropped their co-op planned national in-store plans. ActMedia, on the other hand, is more bullish on their "ActNow" national co-op that reaches approximately 12 million shoppers. They have scheduled six ActNow programs for 1987, one more than 1986. Their November 1986 co-op handed out booklets with $3.85 worth of coupons from Nabisco, Johnson & Johnson, Quaker Oats, Procter & Gamble, Sara Lee and others.

Once upon a time, many brands and companies had a separate column in the yearly budget for P-O-P advertising. Some still do. But, with the implications gleaned from POPAI's newest survey and the trend to guaranteed "implimentations," P-O-P advertising may well be back in more marketing budgets through the end of the 1980's, and beyond.

# ON THE DOCKET

*by Ann Lallande*

## THE NEW YEAR: WHAT'S UP ON THE HILL

As the 100th Congress gathers for its swearing-in ceremonies, advertisers and broadcasters are closing ranks against a legislative hit list that could give new meaning to what FTC chairman Daniel Oliver likes to call "the coming of age in advertising regulation." Many of the issues are not new, but some are taking on a prominence they never previously enjoyed. As a result, promises Daniel L. Jaffe, senior vice president for government relations at the Association of National Advertisers (ANA), "1987 will be an extremely hectic year for advertisers."

The November election and the resulting change in Senate leadership were a wash in many ways for media interests. "Advertising issues don't break down clearly along Republican and Democratic lines," says Jaffe. "You have to go issue by issue, committee by committee and person by person to see how they fare."

For example, legislation calling for restrictions on outdoor advertising, which Senator Robert T. Stafford (R-Vt.) supported, faces a tougher road now that Stafford no longer chairs the Committee on Environment and Public Works. Similarly, the campaign to source license music performance rights has lost the high visibility platform — if not its momentum — which Senate Judiciary Committee chairman Strom Thurmond (R-S.C.) provided with his sponsorship.

By the same token, however, several initiatives opposed by advertisers, such as warning labels for aspartame, will suddenly gain the spotlight.

The following is a sampling of what advertisers and broadcasters can expect out of Washington this year:

SCOTT POLLACK

- **Tobacco:** The movement to ban all advertisements and promotions of tobacco products promises to make a fast break from the legislative gate this year. "It will be a top priority of the 100th Congress," says one House staffer.

Advertisers vehemently oppose the initiative, arguing that it sets a bad precedent for the industry. "For the first time in the country's history," says ANA's Jaffe, "an attempt is being made to ban advertising for a product that is legally sold."

On this issue, however, the tobacco and advertising industries face a full court press. As the legislators see it, the tobacco ads are targeting teenagers, since most smokers are hooked before their 18th birthdays. In the House, Rep. Henry A. Waxman (D-Calif.) chairman of the Subcommittee on Health and the Environment, and Rep. Michael L. Synar (D-Okla.) have teamed up against them. In the Senate, Sen. Bill Bradley (D-N.J.) will introduce legislation to disallow tax deductions for tobacco ads, though his bill would permit deductions for promotional efforts.

The Department of Health and Human Services, for its part, plans to tackle the problem of teen smokers in a different way. It is urging states to prohibit the sale of all tobacco products to anyone under 18.

- **Labels** — *Aspartame*: The safety of aspartame, which is sold under the NutraSweet brand name, has been a source of controversy for years. Now, even though aspartame has earned the Food and Drug Administration's approval, Sen. Howard M. Metzenbaum (D-Ohio) wants the product reevaluated. His legislation, which Sen. Orrin G. Hatch (R-Utah) kept from seeing the light of day during the last Congress, is likely to call for independent testing of aspartame, the establishment of a national hotline for consumer complaints, labels to show quantity content and warning labels advising against consumption by infants. In addition, says a Senate staffer, Metzenbaum is concerned about the veracity of advertisements that closely associate aspartame with such natural substances as bananas and cow's milk. Metzenbaum's staff expects hearings to be held as early as February, and they are predicting that portions of the bill will be enacted into law during this session.

*Alcohol*: Since 1979, Sen. Thurmond has been trying to enact legislation which would require warning labels on liquor bottles. Last year, the Senate's version of the Anti-Drug Abuse Act called for warning labels on all alcoholic beverages, but when the bill went to conference, the provision was dropped and replaced by a sense-of-the-Senate resolution that recommends additional studies on the effectiveness of warning labels. Most observers assume Sen. Thurmond will not give up his fight and some think that there is increased public support for this type of legislation.

The Distilled Spirits Council of the United States (DISCUS) is certainly taking the threat seriously. "Warning labels are part of a much larger agenda that neo-prohibitionists have to limit access to alcoholic products," says Timothy C. Dudgeon, assistant director of federal government relations at DISCUS. "If we don't consolidate our resources, we could have a problem. This is not going to go away."

*All-terrain vehicles*: Sen. Edward M. Kennedy (D-Mass.) and Sen. Albert Gore (D-Tenn.) made an unsuccessful bid to incorporate a requirement for warning labels on all-terrain vehicles (ATV's) in the injury prevention bill signed by the President in November. One part of the ATV section made advertisers especially nervous. It would have directed that warnings be included in all ATV ads.

It is not clear whether the senators will try to reintroduce ATV legislation this year. They may well wait to see what kind of action the Consumer Product Safety Commission (CPSC) decides to take. The CPSC staff recently presented the commissioners with 11 possible courses of actions on ATV's. Their suggestions range from the initiation of proposed rule-making procedures for warning labels' standards to the development of point-of-sale information and vehicle performance requirements.

• **Mini FTC's:** There have been complaints that the Federal Trade Commission is simply asleep on the job as watchdog against unfair and deceptive business practices. Perhaps as a result, Sen. Metzenbaum may reintroduce S1313. Bill S1313 would allow state attorney generals to sue in federal courts to stop fraudulant and deceptive companies from operating in other states as well as their own.

**Advertising issues don't break down clearly along Republican and Democratic lines. You have to go issue by issue.**

State AG's welcome the legislation. They say it nicely parallels similar provisions in antitrust law and they reason it would make much more efficient use of the limited resources of law enforcement officials and the courts.

Business, on the other hand, is appalled. "You don't have to be superstitious to dislike this legislation," says the ANA's Jaffe. "It would create 50 little FTC's and when they sue in the district courts, they'll be making federal law, not just state law."

• **Election Campaigns:** Television ads during this fall's election may have set a new standard for what Gene Karpinski, executive director of the U.S. Public Interest Research Group, calls "30-second defamatory mudspots that no one can answer." As a remedy, Sen. Claiborne Pell (D-R.I.) proposes that 15 minutes of prime radio and tv time be made available, at no cost, to the national committees of each party every weekday night for 30 days preceding federal elections.

The National Association of Broadcasters (NAB) views the notion with distaste but it may have little cause for concern. After every election, people complain that it was the worst they have ever seen, says one ad man who has supported similar initiatives since 1972, "but three months later they have all forgotten it."

• **Heads Up** — *Indecent programing:* With the Administration wanting to do battle against pornography, sexually explicit broadcasts are likely to come under close scrutiny. The Federal Communications Commission has already turned its attention to the issue. Last year it requested that three radio stations respond to complaints of obscene and indecent broadcasts. One of these, WYSP in Philadelphia, airs the Howard Stern show which has long prided itself on its shock value.

*Minority-owned stations:* In the House, Rep. Cardiss R. Collins (D-Ill.) will call for a change in IRS laws to prohibit advertisers who have discriminated against minority-owned and formatted broadcast stations from taking tax deductions on their advertising expenses. Meanwhile, the FCC is reevaluating its policy of giving preference to women and minorities in comparative license proceedings.

*Fairness Doctrine*: The U.S. Court of Appeals for the District of Columbia is expected to rule any day now on a suit brought by the Radio and TV News Directors Association that seeks the same First Amendment rights for electronic journalists that are enjoyed by the print media. Last year the courts ruled that the FCC did not have the authority to enforce the Fairness Doctrine and if they now declare the policy unconstitutional, there will be an uproar on Capitol Hill. To insure against any precipitous action by the FCC, Congress prohibited the agency from using its funds to dismantle the Doctrine. In addition, it directed the FCC to study alternatives to current policy and a report to Congress in October.

# TOOLS OF THE TRADE

*by Wallis E. Wood*

CHRIS REED

## WHAT A DIFFERENCE A PAGE MAKES

In his heart of hearts, the typical top executive at an industrial company does not believe that business-to-business advertising works. Oh, he'll run an ad here and an ad there, even a six-page schedule when he has a major push, but he doesn't believe the way the typical consumer goods company executive believes that advertising makes sales.

The Advertising Research Foundation/Association of Business Publishers study of the relationship between business-to-business advertising and sales may change that.

"Results of the study demonstrate that business-to-business advertising in vertical trade publications can have a substantial positive effect on sales," says Michael J. Naples, president of the ARF.

Naples, in reporting the findings for two of four products studied at an ARF conference this fall, said, "In both instances, sales levels increased as the number of advertising pages was increased, and in general the rate of sales increase — three- and even four-fold in some instances — was consistent with the rate of increase in ad pages."

The study, a joint effort of the ARF and the ABP, was originally conceived in 1983 and fielded in 1984 after an industrywide fund-raising effort that brought in $390,000 from 47 publishers, agencies, manufacturers and research companies. Sponsoring organizations contributed $6,000; the four advertisers with a participating product contributed $30,000 each. Participating publishers contributed incremental advertising space (beyond that of the advertiser's "normal" schedule) at half the regular cost.

The ARF and ABP agreed going in that they would publish the results whether or not a link between advertising and sales was established. The ARF was entirely responsible for the study's design and implementation; the ABP promoted industry support. A 10-person management control group created for the purpose monitored the project from the beginning. Only this group, plus the president and research director of the ARF and its research company (International Communications Research of Media, Pa.), know the identities of the four products studied and the publications in which they were advertised.

The study had three objectives: to measure the effect of business-to-business advertising on the sales of a variety of products; to identify the role of the intervening variables; and to evaluate varying media weight and ad frequency schedules.

The first chore was choosing the products. Since the advertising campaign was set for a one-year period, the researchers had to select products for which observable change would be possible within a year. They gave priority to products in the growth stage of their life cycle. "The more room there is for growth in market share or total sales, the easier it should be to observe and measure that growth," says Naples. "In addition, it was important that prior attitudes and opinions about a product not unduly confound the experiment." They therefore gave priority to new entries, products not previously advertised and post-recession entries into advertising markets.

They had to find products that manufacturers advertise in vertical trade publications that have computerized circulation lists and with virtually all circulation controlled. Finally, they had to select products for which "clean" sales data were available — sales numbers both accurate and as free as possible from influences outside the experiment. "We did not want the participants to upset the test by introducing another new product with the same name or carrying out some blockbuster advertising during the one-year period," says Naples.

Ultimately, 15 companies offered 18 different products, filling out an elab-

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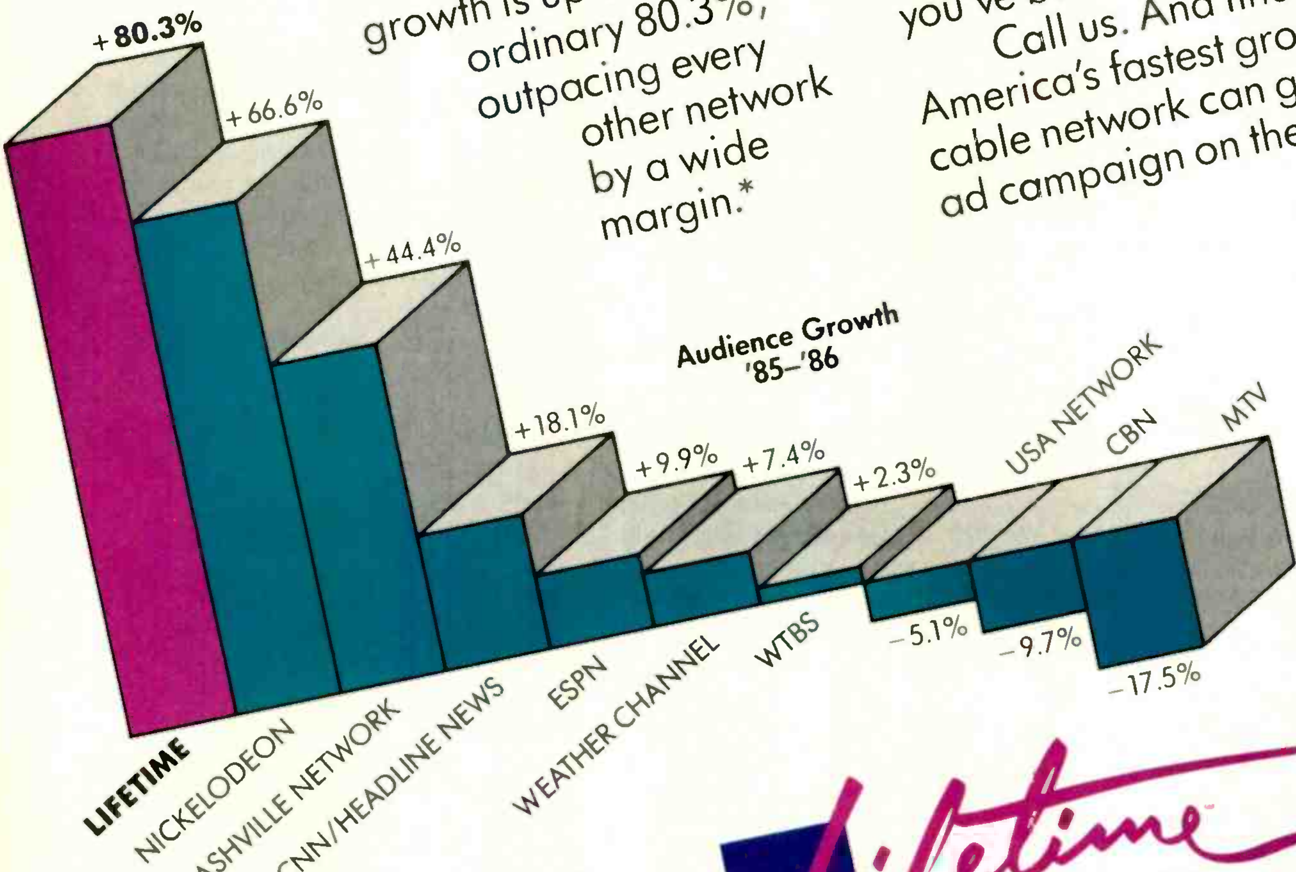
## The Fastest Growing Cable Network

Lifetime features the highest concentration of women 18–49. In 1986, audience growth is up an extraordinary 80.3%, outpacing every other network by a wide margin.*

Lifetime is the only network—cable or broadcast—created exclusively for today's woman. A growing audience with the key demographics you've been looking for.

Call us. And find out how America's fastest growing cable network can get your ad campaign on the move.




*Source: Subject to qualifications available upon request. NHI 1985–86, 7A-1A; Cable Network Pocketpieces and NCAR Report.

Lifetime
The Fastest Growing Cabletelevision Network

Hearst/ABC–Viacom Entertainment Services.

orate questionnaire on each. The four products the ARF chose were:

- A disposable safety product. It sells for under $10, but is usually bought in lots. It has a large number of potential buyers, and the time between an initial purchase consideration and the actual sale is relatively short. While this is not a new product for the manufacturer, the company is trying to reach a new market with it.
- A commercial transportation package that costs around $10,000, has a large number of potential buyers and a moderately complex purchase process (because it has a long life span and is a major expenditure). The various components all exist, but they have never been packaged together before. Also, dealers sell this product to end-users throughout the country, which means that the manufacturer can advertise to the dealers, to the end-users, or both. The study used both dealer and end-user magazines.
- A construction material.
- Highly specialized laboratory equipment.

While the ads for these last two products have run, ICR is still collecting the sales data. Results will not be available until mid-year.

Each product was advertised for a year in appropriate vertical publication(s), with the circulation lists divided into light, medium and heavy advertising cells.

The light cell consisted of "normal" advertising schedules, which, of course, varied by product. The medium cell consisted of approximately twice the number of ad pages as the light cell, while the heavy cell consisted of approximately four times the number of pages as the light cell.

With the disposable safety product, not only was the pattern of sales response clearly tied to advertising levels and timing, but both sales and profits (based on advertising cost-effectiveness) were maximized at the highest advertising level (see table).

With the commercial transportation component package, the study actually measured nine cells (low, medium and high for both dealer and end-user publications). Naples reports that between June and December 1985 — the seven months after the first ad started to have an effect — sales in the "high/high" cell were 3.5 times those in the "low/low" cell. And while the profit indexes are not those of the safety product, they show the same positive relationship.

William O'Donnell, the ABP's executive director, hopes that the study's findings, which include attitude and product awareness and reader service and 800-number inquiry data, as well as sales results, will change some industrial company executives' attitudes. "Seeing the results that are possible with a doubling or quadrupling of existing page levels should be a real eye-opener for advertisers," he says.

### The Profit/Advertising Relationship

**Disposable safety product**

| Level of Advertising | Index Cumulative Profit after 16 Months |
|---|---|
| None | 100 |
| Six black/white only | 268 |
| Six black/white, one color | 360 |
| Six black/white, four color | 444 |
| Six black/white, 11 color | 510 |

**Commercial transportation component package**

| Level of Advertising End-user | Dealer | Indexed Cumulative Profit after 11 months |
|---|---|---|
| None | None | 100 |
| Low | Medium | 114 |
| Medium | Low | 116 |
| Medium | Medium | 158 |
| High | Medium | 164 |
| Medium | High | 239 |
| High | High | 242 |

*Source: Advertising Research Foundation*

### INDEX TO ADVERTISERS — January 1987

# THE LAST WORD

*by John L. Stanton, Ph.D.*

## HEALTH CLAIMS IN SMALL DOSES

The controversy concerning the over-use of health and nutrition claims in food advertising continues to hold the attention of most food marketers.

Now, after years of dialogue, the FDA is expected to revise its policy on diet, health and food advertising. While the dialogue goes on, however, food companies have continued to advertise their products and, to various degrees, have made health and nutrition claims.

To assess the state of such claims, research has been conducted, under my supervision, by the Academy of Food Marketing at St. Joseph's University, with the support of Campbell Soup Company.

The results, based on advertising claims examined during the year 1985, proved that health concerns have thus far had little effect on the way the food industry has advertised.

The Academy of Food Marketing began tracking changes in the mix of advertising claims in print media in 1985, with special attention given to health and nutrition claims. Print ads were tracked to show the variety of appeals made.

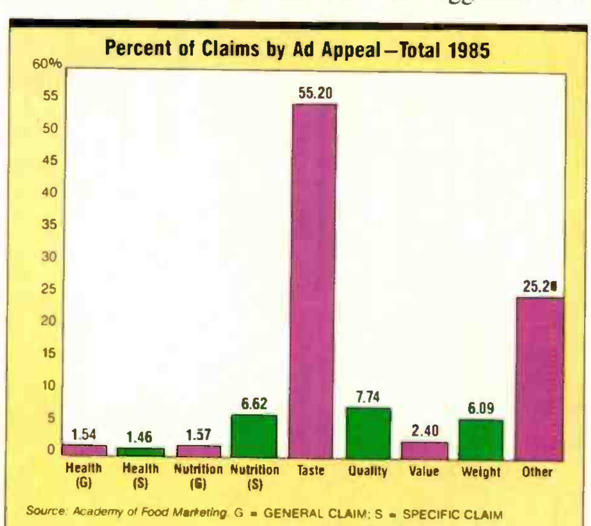
The 21 magazines in the study were *Cosmopolitan, Better Homes and Gardens, Good Housekeeping, Family Circle, Ladies' Home Journal, Prevention, Reader's Digest, TV Guide, Self, Woman's Day, Modern Maturity, Glamour, McCall's, Newsweek, People, New Woman, Redbook, Seventeen, Time, Vogue* and *Southern Living*.

Food ads were categorized according to the type of claim(s) made. The seven claim categories used were

***Stanton sees no strong trend.***

health, nutrition, taste/flavor, quality, value, weight control and a miscellaneous/other category. Health and nutrition claims were specifically given two classifications — "general" and "specific." (See chart).

A "health-general" claim is where a health outcome was suggested as a




possible result from use of the product group or from a nutrient in that product group. However, no specific disease, condition or malady is mentioned in the ad. Also included in this category would be recommendations from health organizations such as the American Heart Association where the reference is just "Recommended by," without a reason. "Health-specific" claims are similar to health-general except that the health outcome is specifically mentioned in the advertising.

The same structure was used in the nutrition category to distinguish between general and specific claims. Advertising claims that refer to the body's nutrient content without being specific, e.g., "all the nutrition your body needs," were classified as "nutrition-general." Also, ads where most nutrients are mentioned, such as meeting 100% of all the RDA's, were classified as nutrition-general. "Nutrition-specific" claims would include ads where specific nutrients or minerals such as sodium or calcium were mentioned. One additional point is that ads that mentioned the caloric content were classified as "weight control" and not nutrition-specific. The other claims are self-evident.

In summary, food manufacturers do not appear to have jumped on the bandwagon of making health claims. Health and nutrition claims are among the smallest claim categories. The use of health claims is the *lowest* of any claim category — health-general, 1.54%, and health-specific, 1.46% of all claims made. Nutrition-general was 1.57% and nutrition-specific was the largest of the four at 6.62% of the claims. Taste/flavor appeals dominate *all* categories, covering 55.2% of all the claims made.

Is the food industry reluctant to make health claims because they feel that other claims such as taste are more persuasive? Do they feel more scientific substantiation is needed first? Are they waiting for a response from the government agencies such as the FDA? Regardless, the food industry has demonstrated a "wait-and-see" attitude and is waiting for a responsible reply from the government agencies.

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