

DUTCH BOY PAINT ADVERTISING

1955

This year "Dutch Boy" Paint advertising was on a considerably stepped-up basis compared with previous years. The reasons for doing this, we believe, still apply.

1 - We need to maintain our advertising in proper proportion to that of our competition. Our rank this year, on the basis of figures for the first six months, is about tie for third, which is where we were in 1947, the year we went into the mixed paint business.

2 - We still have the objective of increasing our share of the paint market. Advertising is an indispensable tool in accomplishing this.

3 - Present indications are that the paint market will continue to be good in 1955. Home building has been so active the past few years that "surfaces to paint" are at an all-time high. The potential is there to get.

4 - The new housing act is generally expected to step up home building. This means an ever growing market for paint.

5 - So much of today's paint market has switched to "do-it-yourself" that brand name consciousness is more important than ever. Constant, consistent advertising is the only way this can be built up and maintained.

So, this recommendation is that "Dutch Boy" advertising be kept at approximately the same level as this year. What competition will do we, of course, do not know. If this year's expenditures are any criterion, any change in 1955 will be on the up side.

However, changes in the theme and direction of the advertising are, we believe, necessary and desirable.

First: more emphasis on exterior paint.

Sales of exterior paint, a field in which "Dutch Boy" has long had a relatively high position, have not had the increase that greater distribution would indicate.

NL 000039925

There are a number of reasons for this condition, not related to advertising in any way. However, a contributing factor may have been the complete absence of national advertising support in the year 1953.

While an effort to compensate for this 1953 deficiency was made this year, it is felt that even more should be done in 1955.

In order that more insertions may be provided for at no increase in total cost, the following allocation of space is recommended:

6 black and white pages in The Saturday Evening Post
3 black and white pages in Better Homes and Gardens
3 black and white pages in American Home
3 black and white 2/3 pages in Farm Journal

This schedule represents a total of 15 advertisements for "Dutch Boy" House Paint in 1955 as compared with 12 in 1954 - an increase of 25%. Actually from the standpoint of number of messages delivered to the buying public (fifty-seven million compared with forty-three million) the increase will be greater than 25% - it will be approximately a 35% increase.

This number of insertions will also allow us to have a concentration of 10 advertisements during the early house painting season with the balance in the Fall.

This enlarged schedule, at about \$20,000 less cost, is made possible by the substitution of black and white space for full-color space. While we fully recognize the attention value of color, the switching to black and white is not the handicap to house paint advertising that it would be to interior paint. It is our considered judgment that the increase in impressions compensates for the loss of color.

Second: continued program on interior paints.

"Dutch Boy" now has two lines of interior paints - the Color Gallery line and the Wonsover line. This year most of the advertising was devoted to Flat Wall Enamel which is the Color Gallery flat. Wonsover was featured in part of the Fall advertising.

NL 000039926

The Sales Department has requested that next year emphasis be concentrated on "Dutch Boy" Paints for interior decoration rather than on a particular type of paint. We propose to do this in both the shelter magazines, Better Homes and Gardens and American Home, as well as in the farm field. A five-insertion schedule in full color, the same as this year in these magazines, is recommended.

Third: localized advertising.

Magazine advertising has been the backbone of "Dutch Boy" advertising for many, many years. It has been responsible for building up the "Dutch Boy" recognition that our dealers know is their best stock in trade.

Our competition, at least those with national distribution, use magazines for this very same reason. But they also do a certain amount of advertising in media that give more intensive local coverage and they do it in areas where it will do them the most good.

Ever since we have actually been in the mixed paint business we have suffered from the lack of this concentrated effort. This has been generally recognized by management, sales and advertising but with an advertising budget that, until this year, was on such a low base it was impossible to do anything about it.

Even with the increased appropriation, we must effect a compromise to do this localized effort. But everyone concerned agrees that the time has come to do something definite.

By putting our house paint advertising in black and white, and limiting our interior paint advertising to three magazines instead of four, we can, without adding to our overall expenditure this year for all advertising, devote \$120,000 to advertising our paint products in strictly local media.

It is not practical at this time to specify the exact disposition of this sum except to say that it will be expended to do the best job in those areas where most needed. These areas will be worked out in close cooperation with the Sales Department.

Obviously, within the limits of this sum, it will not be a national effort in any sense. Advertising will be high spotted. All media - newspaper, television, radio, outdoor, and even direct mail, will be considered and the one best suited to the problem and the area will be chosen.

In addition to concentrating this supplemental advertising in areas where we have the best distribution and the best prospects of adding volume, it can also be used in those areas where we are weak.

In the Atlanta and Southwestern branches, particularly, "Dutch Boy" is not the well known, widely recognized brand that it is in most other parts of the country. This is a terrific handicap in opening up dealerships as well as developing sales in stores we already have. Additional concentration of advertising can be of great help in these areas.

Choice of Magazines

We believe that with the amount of money we have to invest in magazine space the four selected are the best buy for the reasons stated.

The Saturday Evening Post

"Dutch Boy" Paints have been consistently advertised in the Saturday Evening Post for more than forty years. There is a reason. With an ever-growing circulation of more than four and a half million and an estimated readership of nine million (70% of these readers are homeowners), there could be no more logical medium than the Post as the number one medium for promoting the sale of products used in and on the home.

Better Homes and Gardens

A study of the Better Homes and Gardens audience gives some idea of the importance of this market to "Dutch Boy". A recent survey shows that in just one year 63% of the families receiving Better Homes and Gardens did some inside painting, and 40% did some exterior painting. Of those who did inside painting 91% bought the paint, and 80% did their own painting. Of those who did some exterior painting, 85% bought the paint, and 72% applied the paint themselves.

NL 000039928

Could there be any better indication of the importance of the Better Homes and Gardens audience with its nearly four million circulation.

American Home

American Home reaches homeowners at a lower cost per reader than any of the other magazines in the shelter field. American Home also leads in percentage of its readers who have bought or built a house in the past twelve months. American Home supplies the type of editorial background which helps to put the readers in the right frame of mind for "Dutch Boy" messages. American Home devotes well over 25% of its entire editorial content to building. American Home has been used consistently for many years by such leading paint companies as Sherwin-Williams, Pittsburgh, Glidden, Devoe, B.P.S. and U. S. Gypsum.

Farm Journal

There should be at least one national farm paper to carry our advertising. This year Farm Journal was substituted for The Country Gentleman.

We recommend that Farm Journal be retained on the schedule. It has the largest circulation of any national farm magazine. It has the largest circulation in those sections of the country where our distribution is best and where "Dutch Boy" sales are largest. It carries the largest volume of advertising of any farm magazine.

Advertising to the Trade

The retailer was never more important to "Dutch Boy" sales than he will be in 1955.

Distribution of our interior line still has a long way to go. While the salesman in the field must bear the brunt of the job of widening distribution, it is the responsibility of the advertising to pave the way for him and prepare the dealer for the salesman's solicitation.

In 1955, advertising to dealers must do a job for more items in the line. As is the case with consumers, dealers must be told of the plus values in Wonsover as well as the Color Gallery. At the same time they must be constantly reminded of the fact that "Dutch Boy" House Paint is the top-quality product in its field.

NL 000039929

Reports from the field indicate that in the past two years, since the introduction of the Color Gallery, there has accumulated considerable evidence that our "Dutch Boy" advertising to the trade has been successful in helping to line up dealers and keep old dealers sold.

Cooperative Advertising

As I said last year, this is the "Topsy" of our budget. It just grows and grows.

This year it will exceed the amount budgeted although I increased the figure from \$125,000 to \$150,000.

Most of this excess is due to the direct mail program which we restored this year after a three year's lapse.

Estimates of the number of names to be circularized in this campaign were based on our previous experience over a three-year operation which averaged 60,000 names. This year the order totaled 300,000 names.

The dealers are paying about \$60,000 of their own money for this campaign but we are obligated for an equal amount so the increase of \$25,000 in the budget amount is considerably short of covering.

The campaign was well worth-while. Many dealers stated that it paid off better than any advertising they had ever done. We are recommending the continuance of a similar effort in 1955. It definitely fills a need with so many of our good dealers and does a constructive job. Next year, however, we are making certain economies that will materially decrease our share of the cost although we will keep the dealers cost the same.

In the paint business cooperative advertising is a "must". Our competition all do it, many of them on an even more liberal basis. And, by and large, it is a good investment. Due to the controls we place on media, we can make sure that practically all the advertising is sound. It should be remembered, too, that the dealer is investing his own money to match ours.

Special Fund

This year we set up in the budget a special fund of \$35,000 for experimental promotions. As it happens, the only use of this fund was the special Nalcrete campaign in Florida which involved about \$4,000 worth of newspaper advertising. Incidentally, the campaign was successful in signing up about 30 new dealers badly needed in this area. We are told that the repeat orders from these dealers are very satisfactory.

In view of the fact that we are proposing \$120,000 allotment for localized advertising, it is felt that this special fund is no longer needed. The flexibility that we needed before is now contained in this other plan.

Pacific Coast Operation

Appended is the budget for the Pacific Coast, including Schorn. The suggested expenditures are, we believe, necessary ones and represent, for the most part, the same amounts used for the past few years.

The largest item is the \$90,000 specified for general advertising. Fifty thousand dollars of this represents their share of the national advertising. This year we set up the practice of charging the Pacific Coast, since it is a separate operation accounting-wise, with 15% of the space advertising cost. This represents an average of the circulation the four magazines place with the Pacific Coast territory.

The balance of \$40,000 they wish to use in promoting Nalcrete, which they have now, and a new interior flat paint on a latex base, which they hope to develop. ✓

We are thoroughly in favor of devoting a portion of this money to promoting Nalcrete. In this they have a specialty product ideal for stucco surfaces so prevalent in the Southern and Central divisions. Its potential is great enough to justify much more than the \$5,000 they were able to put behind it this year.

As far as the other product is concerned, it is difficult to project a promotional program on a product that is still a question mark. Our recommendation is to place this on a "when, as and if" basis. ✓

NL 000039931

Non-space Budget Items

A good part of our total budget is made up of expenditures for advertising other than space. Such things as store signs, point-of-sale material, color cards, etc. are involved. All of these items except one logically belong in an advertising budget.

The one exception to our mind is the supply of miniatures for the Color Gallery. Unlike color cards, these have no direct advertising value. They are a service item - a necessary part of the Color Gallery operation. I recommend that their cost, which this year ran about \$35,000 be classified as a production cost the same as cans and labels.

Pocket Editions, which are simply a collection of these miniatures, are already charged to the branches although the original cost is paid by this department. Of course, in most cases, the branches in turn collect from dealers which would not be the case with the miniature supply for the Color Gallery.

Program Cost

The total amount budgeted for national magazines and trade advertising in the Eastern branches during 1954 was \$528,182. The program suggested for 1955, including the \$120,000 for localized effort previously discussed, totals \$527,510. However, the total budget, including Pacific Coast, requested for 1955 is \$1,541,510 compared with \$1,627,182 in 1954 or \$85,672 less. If the above \$35,000 transfer is accepted, the net difference is \$50,672.

Summary

Without lessening out total advertising effort in view of continuing competitive promotion, it is necessary for us to provide greater flexibility.

National advertising is a "must" for a company in our competitive position in the industry. However, concentration of advertising in areas where we are best qualified to get sales plus special promotions where we are weak should help in the development of more business.

True, this means a certain weakening of our national effort but we believe that the necessary compromise is, in view of the overall potential, well worth-while.

NL 000039932

Our desperate need for dealers in certain high potential markets should make it clear that a modest budget to continue and step-up this effort will pay off. Our recent experience in Florida where nearly 30 dealers were signed up in a two-week period with a concerted drive plus local advertising is an indication that it can be done.

We have a big investment in this paint business. There is also a big potential. We hope you will agree that this potential is great enough and likely enough to continue our present efforts to achieve it.

NL 000039933

Paint Advertising - 1955

Eastern Budget

		1954 Budget	Actual Exp. To Oct. 1
National Magazines	\$ 340,860*	\$ 463,708**	\$ 420,000
Trade Papers	66,650	64,474	30,000
Localized Advertising	120,000	----	----
Dealer Cooperative Advertising	150,000	150,000	173,000
Classified Phone Book Advertising	32,000	32,000	31,000
Booklets and Folders	80,000	80,000	62,000
Color Cards	60,000	50,000	95,000
Signs (store front and others)	50,000	50,000	37,000
Window and Store Displays	60,000	35,000	53,000
Dutch Boy Dealer Magazine	18,000	18,000	10,000
Exhibits	15,000	15,000	15,000
Office Expense	4,000	4,000	8,000
Salaries	60,000	70,000***	47,000
Branch Expense	90,000	105,000	60,000
Rent, Light and Heat	10,000	10,000	7,000
Artwork, Proofs, Travel Expense	15,000	15,000	21,000
Contingency Fund	30,000	40,000	----
Special Fund	----	35,000	1,000
Color Gallery	----	35,000	35,000
Painter Caps	----	5,000	1,000
Pacific Coast Branch	APPROVED BY \$1,201,510	\$1,277,182	\$1,106,000
Schorn Paint	EXECUTIVE COMMITTEE 310,500	310,500	172,000
	NOV 28 1954 39,500	39,500	30,000
		\$1,627,182	\$1,308,000

* \$50,000 additional is included in Pacific Coast budget
 ** \$75,000 additional was included in Pacific Coast budget
 *** included allowance for an extra man who was not hired

NL 000039934

National Magazines - 1955

House Paint Program

<u>Magazine</u>
Saturday Evening Post
Better Homes and Gardens
American Home
Farm Journal

<u>Space</u>
6 pages B & W
3 pages B & W
3 pages B & W
3 2/3 pages B & W

<u>Cost</u>
\$ 76,950
38,400
31,210
16,500
<u>\$163,060</u>

Interior Paint Program

<u>Magazine</u>
Better Homes and Gardens
American Home
Farm Journal

<u>Space</u>
5 pages 4-color
5 pages 4-color
5 2/3 pages 4-color

<u>Cost</u>
\$ 87,500
67,500
22,800
<u>\$177,800</u>

Total Space Cost	\$340,860
Estimated Art, Cuts, Typesetting	50,000
	<u>\$390,860</u>

Trade Papers - 1955

(All Black and White)

Mixed Paint Line:

	<u>Space</u>	<u>Cost</u>
American Paint and Wallpaper Dealer	10 double pages	\$ 6,600
Paint Logic	6 double pages	1,360
Hardware Age	8 double pages	3,840
Hardware Retailer	8 double pages	4,200
American Lumberman	8 double pages	4,760
Building Supply News	8 double pages	4,200
American Painter and Decorator	8 double pages	5,280
National Painters Magazine	8 pages	3,000

Dry Pigments:

American Paint Journal	9 double pages	1,620
Oil, Paint & Drug Reporter	9 30" units	981
Paint Industry Magazine	6 pages	690
Paint, Oil & Chemical Review	9 pages	1,009
Official Digest	12 pages	1,020
Paint & Varnish Production	12 pages	1,380
Convention Daily	5 7" x 10"	610
Total Space Cost		<u>\$40,550</u>
Estimated Art, Cuts, Typesetting		<u>18,600</u>
		<u>\$59,150</u>
Sweet's Architectural Catalog		5,000
Misc. Publications		<u>2,500</u>
Net Total		<u>\$66,650</u>

NL 000039936

Pacific Coast Branch

	1955	1954
Dealer Presentation	\$ 8,500	\$ 10,000
Painter Advertising	3,500	5,000
Architect Promotion	8,500	---
General Advertising	90,000	75,000
Export Advertising	7,500	10,000
Hawaiian Island Advertising	6,000	5,000
Cooperative Advertising	45,000	45,000
Cooperative Adv. Production	5,000	3,500
Color Gallery Distribution	2,500	7,500
Dealer Merchandising	---	7,500
Direct Mail Program	15,000	---
Dealer Signs	10,000	20,000
Dealer Electric Signs	5,000	10,000
Telephone Book Listings	12,000	11,000
Window Displays	7,500	15,000
Color Planning Service	---	8,000
Cooperative Color Booklets	7,500	7,500
Stuffers and Mailers	5,500	5,500
Company Store Advertising	8,000	15,000
Company Store Displays	9,500	9,500
Company Store Signs	5,000	4,000
Contingency Fund	3,000	4,000
General Office Expense	36,000	32,500
	<u>\$300,500</u>	<u>\$310,500</u>

NL 000039937

Schorn Paint

	<u>1955</u>	<u>1954</u>
Dealer Presentation	\$ 2,000	\$ 1,000
Dealer Aids	2,500	2,500
General Advertising	15,000	18,000
Cooperative Advertising	5,000	3,000
Cooperative Adv. Production	1,000	500
Dealer Signs	1,000	1,000
Telephone Book Listings	500	500
Window Displays	2,500	3,000
Color Books and Folders	4,000	4,000
Company Store Advertising	3,000	3,000
Company Store Signs	800	800
Contingency Fund	2,200	2,200
	<u>\$39,500</u>	<u>\$39,500</u>

NL 000039938

November 16 1954