

\$1,608,700

I am submitting herewith, the 1957 budget covering all "Dutch Boy" paint advertising. It is in two parts; one, amounting to \$1,194,000, applies to the Eastern operation; the other, amounting to \$421,000, to the Pacific Coast branch. The total is \$1,615,000.

Memorandum - This authorization is subject to instructions to be issued by Mr. O. A. Mann

EASTERN BUDGET

The 1957 budget shows a decrease of about \$200,000 or 14% less than the estimated amount that will be spent in 1956.

It will also reduce our advertising expenditure to 6% of estimated 1957 sales compared with 7.4% of actual sales in 1956 and 8.8% in 1955.

Media Advertising

We propose to invest \$476,000 of the Eastern budget in national media in 1957. This is less than we spent in 1954 and 1955, despite the fact that space costs increased about 10% in that period.

However, it does represent a better proportion of our total budget (about 40%). In 1956 the percentage slipped to 27% due to increased expenditures for cooperative advertising and for color cards, both of which we expect to reduce in 1957.

Our most successful experience this year with the introductory advertising for Nalplex, consisting of six successive pages in Look plus the color card insert, has proved to all of us that dramatic advertising pays off.

For 1957 we will use a Spring push-off for both House Paint and Nalplex of a three-page, full-color advertisement, the former in the Post, the latter in Look. Not only will we get domination through the use of three successive pages but also from the type of treatment being used which is distinctly different from anything previously seen in the paint industry. These would be followed throughout the year by three full-color pages on both products in both magazines plus six 4-color pages in Better Homes and Gardens.

** Stang 6300 for advertising in Modern Railroads eliminated from amount of requested budget*

We have cut down our paint advertising in dealer trade magazines to bring it in line with what our competitors are doing. We have added two fields, however. One is motels. This is an attractive and rapidly growing paint market and in Nalplex we have an ideal product. Advertising should help us get our share of this business. The second is railroads. We now have a line of paints suitable for this market and advertising is needed for promotion.

Cooperative Advertising

For nearly four months early in 1956 we allowed dealers to advertise Nalplex without regard to their normal allowance, 2% of annual purchases. In other words, we matched dollar for dollar. This naturally increased normal expenditures. Also with a new product there was more incentive on the part of more dealers to advertise it causing a further increase.

In 1957, we will not offer unlimited advertising. We will not operate a direct mail plan which was charged to cooperative. We will not have a new product to promote. This, we estimate, will effect a saving of \$150,000.

Color Cards

The 1956 figure includes the cost of 5,000,000 color card inserts in Look magazine which will not be a repeated item in 1957, of course. Also some special cards are not being reprinted and there are no new products requiring color cards. We expect to effect a saving of \$145,000.

Color Gallery

In 1957 we expect to gradually replace existing Galleries, most of which have been in use several years and have become worn and unsightly, with a new and attractive but less expensive model.

PACIFIC COAST BRANCH BUDGET

Their request totals \$421,000 (compared with \$341,000 for 1956) and includes "Dutch Boy" advertising in the 13 western states, Schorn advertising and advertising in Hawaii. Although this is \$80,000 more than requested in 1956, most of this (\$65,000) is just an accounting transfer. It represents the cost of color cards

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which were not included in the advertising budget prior to this. Previously this expenditure was charged directly to sales expense. This revision brings their practice in conformity with the Eastern operation.

The \$110,000 for General Advertising, includes a charge of \$83,000, representing their share of the national media advertising costs. This is about \$20,000 more than they were charged in 1956. The balance of the General Advertising fund is to be used for local promotion of Nalcrete in the Central and Southern Divisions where it has such excellent sales potentials.

T. Howard Sarine
Advertising Manager

Submitted
November 27, 1956

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Paint Advertising - 1957
Eastern Budget

		1956 <u>Expenditures*</u>
Media Advertising (national & local)		
Magazines	\$ 440,000	\$ 335,000
Business Papers	36,000	50,000
Space Placed Direct	3,000	6,500
Cooperative	175,000	325,000
Classified Phone	50,000	45,000
Promotional		
Booklets & Folders	60,000	95,000
Color Cards	175,000	320,000
Dutch Boy Dealer	20,000	19,000
Trade Shows	15,000	17,000
Point of Sale		
Window & Store Displays	45,000	70,000
Store Signs	45,000	40,000
Special		
Factory Signs	4,000	4,500
Color Gallery	25,000	----
Painters Caps	----	5,000
Administrative		
Assn. Memberships	2,000	1,200
Personal and Travel Expense	5,000	4,500
Office Expense	4,000	4,000
Rent, Light & Heat	10,000	10,000
Salaries	52,000	50,000
Misc. Production Costs	3,000	3,000
Contingency Fund	25,000	----
	<u>\$1,194,000</u>	<u>\$1,404,700</u>

* Last two months estimated

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National Magazines - 1957

<u>Publication</u>	<u>Space</u>	<u>Cost</u>	
Saturday Evening Post	3-page 4-color spectacular	\$ 98,688	
	3 single 4-color pages	85,815	
			\$184,503
Look	3-page 4-color spectacular	82,186	
	3 single 4-color pages	74,715	
			\$156,901
Better Homes & Gardens	6 single 4-color pages		\$123,675

Total Space Cost	\$465,079
Less Cash Discount	8,079
	\$457,000
Estimated Art, Cuts, Type	60,000
	\$517,000

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Trade Magazines - 1957

Mixed Paint Line

Publication	Space	Cost
American Paint & Wlp. Dealer	10 double pages	\$ 7,400
Paint & Wallpaper Logic	6 double pages	2,340
American Painter & Decorator	8 single pages	2,880
American Motel	12 single pages	3,900
		<u>\$16,520</u>

Dry Pigments

American Paint Journal	9 double pages	\$ 1,900
Oil, Paint & Drug Reporter	9 30" units	1,359
Paint Industry	6 single pages	690
Paint, Oil & Chemical Review	9 single pages	1,152
Official Digest	12 single pages	1,020
Paint & Varnish Production	12 single pages	1,560
Convention Daily	5 7" x 10" units	700
		<u>\$ 8,381</u>

Industrial Paints

Modern Railroads

6 double pages

\$ 6,300

Total Space Cost \$31,201
Less Cash Discount 401

\$30,800

Estimated Art, Cuts, Type 11,200
\$42,000

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**Recap Showing Costs
Division between Eastern Branches
and Pacific Coast Branch**

	<u>Total Space and Preparation Costs</u>	<u>Eastern Share</u>	<u>Pacific Coast Share</u>
Consumer Magazines	\$517,000	\$440,000	\$77,000
Trade Magazines	<u>42,000</u>	<u>36,000</u>	<u>6,000</u>
	\$559,000	\$476,000	\$83,000

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Pacific Coast Branch - 1957

		1956
Dealer Presentation	\$ 10,500	\$ 8,500
Painter Advertising	6,500	3,500
Architect Promotion	----	5,500
General Advertising	110,000	100,000
Export Advertising	5,500	5,000
Cooperative Advertising	55,000	44,000
Cooperative Advertising Production	5,000	5,000
Color Gallery Distribution	13,500	18,000
Direct Mail Program	----	10,000
Dealer Signs	13,500	10,000
Dealer Electric Signs	7,500	5,000
Telephone Book Listings	12,000	12,000
Window Displays	15,000	13,500
Cooperative Color Booklets	2,500	2,500
Stuffers and Mailers	4,000	5,500
Company Store Advertising	2,000	3,000
Company Store Displays	8,000	9,500
Company Store Signs	4,500	3,000
Color Cards	60,000	----
General Office	37,500	36,000
Contingency Fund	----	3,000
	<u>\$372,500</u>	<u>\$302,500</u>

Schorn Division - 1957

		1956
Dealer Presentation	\$ 1,000	\$ 500
Dealer Aids	1,000	100
General Advertising	15,000	16,500
Cooperative Advertising	2,500	2,500
Cooperative Advertising Production	1,000	600
Direct Mail	---	1,500
Dealer Signs	1,500	1,500
Telephone Book Listings	2,000	1,800
Window Displays	1,500	1,000
Color Books	2,000	1,000
Company Store Advertising	2,000	2,000
Company Store Signs	200	500
Color Cards	4,000	---
Contingency Fund	300	500
	<u>\$34,000</u>	<u>\$30,000</u>

Hawaiian Islands - 1957

		1956
General Advertising	\$ 4,750	\$ 5,400
Cooperative Advertising	2,500	1,500
Direct Mail	---	200
Dealer Signs	400	400
Dealer Electric Signs	250	100
Telephone Book Advertising	600	600
Company Store Advertising	2,000	100
Company Store Signs	3,000	100
Color Cards	1,000	---
Contingency Fund	---	100
	<u>\$14,500</u>	<u>\$ 8,500</u>

Pacific Coast Branch Budgets Grand Total \$421,000

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