

How To Set Up An In-House Advertising Agency

FUNCTION OF ADVERTISING AGENCIES

Most firms turn over the entire problem of advertising to advertising agencies. This practice generally costs the advertiser nothing because the agency receives a commission from the medium in which the advertisement appears. The medium returns to the agency 15 percent of the cost of space sold to the advertiser. With this return the agency can offer its clients other services in addition to placing advertisements, and still make a profit.

Agencies are often equipped to handle every phase of the Program. They may help with research, prepare the advertisements and select the media in which the ads are to be run, and they may also assist in other phases of marketing and even in product development. However, the primary duty of an advertising agency is to suggest the best media in the best combinations for the advertiser.

YOUR "IN-HOUSE ADVERTISING AGENCY

Enclosed with this report is a starting supply of the "Ad Insertion Form" you will need to use in processing your advertising orders. Before proceeding further, please examine it carefully. It is mainstay, the primary piece of literature that will establish you as an Advertising Agency. You may wish to modify the form to suit your own needs.

An "In-House" agency simply means placing your ads yourself, instead of paying an outside agency the commission. You insert the ads, deduct the commission (usually 15%). However, YOU MUST USE THE PROPER FORM. An order placed under your ordinary business letterhead will not do. Also, it is a good idea to preface your masthead on your FORM with the words "Advertising Agency." For example, Smith's Advertising Agency instead of Smith & Company.

It is also recommended that you have a small quantity of business letterheads printed under your advertising agency designation. You will need these for your correspondence with publishers.

Many publishers stipulate on their rate cards "discount available to recognized agencies only." This is the reason you need the professional FORM - without it - most publications will not recognize you as an agency.

The three essentials in your operation of an "In-House" advertising agency- proper Form - advertising agency masthead - remittance with order.

Before placing ads, obtain current Rate Cards from the publications that interest you. A rate card will show - Display advertising rates. Classified advertising rates. Commissions and frequent discounts. Mechanical and production requirements. Insurance, closing and cancellation dates. Circulation information. Specifications for advertisements. Miscellaneous.

SOME THINGS YOU SHOULD KNOW

Advertisers and advertising agencies assume liability for all content of advertisements including text, representation and illustrations and also assume full liability for any claims against the publisher arising therefrom. Publishers will not assume responsibility for errors in key number and no allowances or deductions are given should such errors occur; or any error due to illegibly written copy. Publishers will not guarantee proofs for correction if copy is not received by closing dates. Cash with order unless credit has been established.

Most publishers reserve the right to revise all copy to conform with their standard or to decline advertisements which request any advertiser to submit his literature and/or merchandise before accepting an ad. Advertisers using a post office box number must furnish a complete name and address for recordkeeping.

Generally, rates are subject to change without notice except on contracts which have been accepted and acknowledged by the publisher. Proofs are not submitted on classified ads but correct insertion of your advertisement will, in most cases, be guaranteed.

Original art must be mounted and camera ready. If two or more colors are to be used, they should be attached to black art on an overlay with register markings denoting trim, bleeds, etc.

Advertisements which stimulate editorial content must be clearly defined and labeled "Advertisement."

California law requires all mail order advertising for companies in that state to carry a legal address.

WHERE TO FIND PUBLICATION ADDRESSES ALONG WITH ADVERTISING RATES AND REQUIREMENTS

These are the books professional advertising agencies depend on in locating publication addresses along with advertising rates and requirements. Because these references are all rather large and expensive (over \$100.00 each retail), it is suggested you inquire at your local library for copies. While they cannot be taken out, many libraries today provide a reprographic machine that can quickly copy pages you need from the books. Ask about it.

"BUSINESS PUBLICATIONS RATES & DATA" - Over 4,00 business, trade and technical publications, contains editorial profiles, rates, mechanical requirements, copy regulations, circulation, personnel, issue and closing dates.

"CONSUMER MAGAZINE & FARM PUBLICATION RATES & DATA" - More than 1,500 consumer and 200 farm publishers. Includes editorial profiles, ad rates, mechanical requirements, copy regulations, circulation, personnel, issue and closing dates.

"NEWSPAPER RATES & DATA" 1,600, U.S. daily newspapers, newspaper groups, supplements and comic section. Includes ad rates, special features contract and copy regulations, mechanical requirements and latest circulation figures.

"CO-OP SOURCE DIRECTORY" - Over 2,800 co-op advertising programs.

Each includes eligible media, timing, accrual, participation, ad specifications, media requirements, aids available from manufacturers, reimbursement method and more.

"COMMUNITY PUBLICATION RATES & DATA" - All NAAP members, plus other weekly newspapers and shopping guides. Includes personnel, ad rates, closing time, circulation and mechanical requirements.

All these books are published by - Standard Rate and Data Service, Inc., 5201 Old Orchard Road, Skokie, IL 60077. They will be glad to send you descriptive literature and price lists under your letterhead request.

"CATHOLIC PRESS DIRECTORY" - A wide variety of American Catholic magazines with a total circulation of over 30 million. Your client's product or service advertising programs can find a highly responsive audience among American Catholic magazine readers. It's available from Catholic Press Association, Suite 401, 119 North Park Avenue, Rockville Centre, NY 11570.

AS LONG AS YOU HAVE AN "IN-HOUSE" AGENCY" WHY NOT PLACE ADVERTISEMENTS FOR OTHERS AND POCKET THE COMMISSION?

There's a lot of money to be made through placing small ads for small mail order firms- and it's the perfect repeat business. The one thing all have in common is that they must renew advertising to stay in business. The requirements are simple and initial investment is minimal. It's strictly a service business - no stock to carry, low overhead.

For a good idea of how to go about setting up your operation, write to the below small mail order Advertising Agencies, and request copies of their Advertising Guide Books. These you can use for reference in preparing your own ad rates brochure.

Chicago Advertising Agency
28 E Jackson Blvd.
Chicago, IL 60604

Columbia Advertising Agency
P.O. Box 1285
Richmond, IN 47375

National Mail Order Classified
Post Office Box 5
Sarasota, FL 33578

Morlock Advertising Agency
188 W Randolph St.
Chicago, IL 60601

HOW TO MEASURE PROGRESS

The growth of an advertising agency business can be measured in various ways but the most important item that concerns you is the growth in capital. How much more is the business worth today than it was a year ago or when you first started it? The capital section of the balance sheet will show precisely that. It will help you decide whether the work and worry connected with the business have been worthwhile. It will let you know whether the business is stagnant or is declining. It will disclose the soundness of your financial position. Especially in a small business there is always a danger of "eating into" capital. If you take out of the business from month to month whatever money is considered necessary as operating expenses, you do not know at

any time whether you really have earned that money. A comparison of capital figures in the balance sheet over a period of months will show up any tendency to dissipate the agency's capital.

The total of assets is also an indication of what progress you have been making. It represents the total amount of resources under your control and even though they are partly offset by liabilities they are still a pretty good measure of your economic power. For this reason, the size of banks, for instance, is usually measured in terms of their total resources, that is, their assets, rather than their capital alone.

FOUR BASIC STEPS FOR EFFECTIVE ADVERTISING

1. THE WORDING OF YOUR AD is the most important single factor. It's what you say that determines whether your ads work or not. It pays to give a great deal of time, thought and research to the actual wording of the ad. Should the ad have a lot of wording in it, or should it be extremely short? The decision as to the type of wording is the key to more sales. Headlines must have dynamic stopping power. The headlines has to get the reader to look at your ad. Sub-headlines are also important, especially where copy is long. Not only must your headlines have powerful appeals, but the body text should have punch to maintain interest and induce prompt action.

2. SELECT THE RIGHT PUBLICATION or publications to run your ads. The publication in which you run your ad is the market place. When your ads appear in the right publication, you protect your advertising investment. Find out whether mass, class, service or other types of publications are best for your proposition. Should you use large circulation publications or small circulation ones? Should they be aimed at consumer, dealer or particular trade, or a combination of all? Decide whether you will use newspapers, magazines, or trade papers. Where you run your ad is many times the answer to results.

3. BUDGET YOUR ADVERTISING BY MONTH. By deciding how much money you will spend each month for advertising, you make sure that you do no spend too little or too much in proportion to the sales desired and the potential sales obtainable. The correct budget for advertising has a bearing on your profits. It is always wise to divide your budget for advertising according to the periods of the year.

4. DEVELOP A PLAN OF REPEAT BUSINESS from either inquiries or orders received. It is important to get new customers as cheaply as possible and then build them up. Know where you're going and what your sales objectives are. Think out the plan behind the advertising. Decide what a new customer should cost you and how to develop that customer into one who will buy from you again and again.

LEGAL ASPECTS

Effective advertising must be based on a sound product. Misrepresentation may sell goods, but it also builds ill will. Since the advertiser who misrepresents his product harms not only the public but the whole industry as well, organized efforts have been made to prevent objectionable advertising. One of these was

the model statute against fraud in advertising drafted in 1911 by the magazine Printer's Ink. The statute has since been enacted by 48 states, in either the original or a modified form,,, and covers 98 percent of the population of the United States.

Further government control over advertising was achieved by the Federal Trade Commission Act (1914), as amended by the Wheeler-Lea and other acts. These gave the Federal Trade Commission, among others (e.g., the Postal Service), the power to prosecute for unfair methods of competition and unfair or deceptive acts and practices, including false advertising.

Another protection for the consumer is the Audit Bureau of Circulations; its function is to determine the net paid circulation of newspapers and magazines. Practically all major magazines and newspapers which accept advertising submit audited accounts to the A.B.C.