

ADVERTISING.

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In submitting this paper on the subject of Advertising I would make it clear that although I have certain contacts which provide me with some knowledge as regards the use of advertising, there are many specialised activities of the practitioner in advertising of which I have no practical experience, and on the economic side I depend upon higher authority than my own experience. It is not in any sense a technical paper on Advertising, but it purports to summarise certain aspects of this business activity, and to furnish some comments upon criticisms, which have been rather frequent recently, of its utility. Whatever may be the reason advertising is attracting more attention than formerly; people who do not like it are becoming more prominent, and their dislikes are being advertised. When the *Economic Journal* includes a special article on the subject; when the B.B.C. allows Mr. Max Beerbohm to ventilate his views which, while couched in humorous vein, undoubtedly disturbed the minds of a number of persons interested in advertising (both the users and the sellers of space); and when Mr. Samuel Courtauld in his article on the "Relations of Government and Industry" devotes quite a number of paragraphs to depreciating its value, I think there is no great excuse needed for bringing the subject under the notice of this learned Society.

Advertising is simply a part of a selling process. It cannot be isolated as some separate business activity and taxed or regulated apart from general economic considerations which would primarily concern the question of production. I shall deal later on with some of the specific criticisms which have been directed against the obvious faults of advertising. Their importance and their volume is somewhat exaggerated. There is naturally a tendency in almost all activities whether of business or of sport to overdo things. Nature, indeed, runs to excess, but a certain amount of toleration is usually necessary, the tares must be allowed to grow up amongst the wheat, and nobody needs to make his garden a desert because the weeds have to be constantly cleared away. There is evidence that the extravagances and absurdities of advertising are fully known to those mainly concerned. What follows will clarify the position and, perhaps, lead to a better understanding of the issues involved.

Advertising may be general or specific. By *general* advertising I mean what is technically called mere publicity: the repetition, for instance, of the name of a commodity or the name and address of a firm with regularity and frequency. Also co-operative schemes which cover the field of propaganda for the sale of specific goods and services, e.g., gas and electricity, oranges, tomatoes, figs, fish, milk and bread, etc. (Taylor, *Economics of Advertising* (page 194) lists 33 such items as so advertised). *Specific* advertising is to be found in the "Classified" columns of the daily papers, Property Advertising, Company Prospectus, Mail Order Advertising, Catalogues and Circulars. In this group the

seller discloses the specific article he has for sale, gives it a price or invites inquiries and, in many cases, enters into elaborate arguments as to why he believes the consumer should be interested. The primary object of advertising is to carry out a function which in the earlier days of commerce occupied the attention of the middleman. The old definition of the middleman was—"a trader who bought from the man who did not know where to sell and sold to the man who did not know where to buy." It has been one of the principal accomplishments of advertising through the medium of printed matter to make this function less necessary and the wholesaler now is part of the network of distribution which connects the producer with the consumer through retail channels, but the producer can, if he wishes, trade direct with the consumer and he often uses both methods of selling. When advertising is mentioned the majority of people at once picture in their mind the Press advertising in papers and magazines and also poster advertising. It will be helpful, therefore, to give an indication of the relative importance of the media used by quoting what is termed the "appropriation" made by typical advertisers. The statistics in Tables I to V which follow relate to Great Britain, this type of information not being available for this country.

TABLE I
Main Forms of Media used by Advertisers

	Actual appropriation of 24 firms for one year		Comparison of two years' aggregate expenditure	
	£	£	Percentages	
			1936-37	1935-36
Press Media :				
National dailies ..	363,714			
Sundays ..	134,693			
London evenings	43,856			
Provincials ..	143,912			
Periodicals ..	151,696			
Trade and Technical Journals ..	38,228			
Other Publications	4,602			
		880,701	55	55
Direct Mail ..		32,362	2	1
Outdoor Publicity :				
Posters ..	61,135			
Signs ..	13,860			
		74,995	5	4
Coupon gift schemes		165,725	10	10
Films and slides ..		66,632	4	3
Radio ..		38,759	2½	1
Sales promotion :				
(Displays, dealer aids, joint advertising with dealers, exhibitions, Air advertising, sampling and miscellaneous) ..		331,826	21	25
Overseas Advertising		9,090	½	1
Total ..		£1,600,080	100	100

Source : *Advertiser's Weekly*, 10th Sept., 1936.

This relates to Display Advertising, that is to say, it omits the "Classified" columns and other advertising which appear in the news-

papers. This sample is quoted here for the purpose of showing the variety of media used.

Statistics regarding the cost of advertising as a whole are not available, but there is valuable information on the expenditure in all important dailies and weeklies on what is called Display Advertising. I give in Table No. II two columns, one showing the classification as regards commodities advertised and the other the distribution of the expenditure between Morning papers, Weekly papers, etc.

TABLE II

Analysis of Total "Display" Advertising Expenditure for 1938.

	Expen- diture	% of Total	Percent- age Incr. or decr. on 1937		Expen- diture	% of Total	Percent- age Incr. or decr. on 1937
	£				£		
<i>Commodities</i>	000's			<i>Media</i>	000's		
Food and Drink	5,174	24.91	+ 1.36	London Morn.	7,590	36.56	- 1.74
Medicinal ...	3,337	16.06	+ 0.57	" Evg.	1,008	4.85	- 11.85
Motoring ...	2,104	10.13	- 5.59	Nat. Sundays ...	2,334	11.25	- 3.81
Household				Prov. Dailies ...	3,658	17.62	- 3.03
Equipment ...	2,569	12.36	- 5.23	" Weeklies	1,141	5.50	+ 11.30
Toilet ...	2,285	11.07	+ 4.84	Magazines ...	4,083	19.66	+ 0.49
Household Stores	1,743	8.38	+ 6.75	Technical ...	529	2.55	- 4.59
Smoking ...	1,747	8.41	- 6.60	Trade ...	418	2.01	- 2.62
Wearing Apparel	1,177	5.67	- 6.02				
Radio and Music	625	3.01	- 24.33				
Total ...	20,761	100.00	- 1.71		20,761	100.00	- 1.71

Source : *Statistical Review*, April, 1939.

The available figures regarding the use of total newspaper space refer to Daily papers, and below is given an analysis of one week showing that advertisers use from 25 per cent. to 38 per cent. of available space, and that in the lower priced group of papers the proportion used for display is about 50 per cent. as against 23 per cent. in such papers as the *Times*.

TABLE III

Dailies	Total Space Sq. ins.	Total Advts. Sq. ins.	Display Advts. Sq. ins.	News Sq. ins.
	000's	000's	000's	000's
2d. group	252	65 25.8%	15	187 74.4%
6 papers				
1½d. and 1d. ..	857	233 27.2%	126	624 72.8%
29 papers				
Evening	456	173 38%	87	283 62%
15 papers				

Source : *Newspaper World*, Sept., 1931.

As an indication of the trend of advertising which is referred to later in the paper, and as giving further light on the use of space, I give the

figures printed in the *Economist*, 4th June, 1932, showing the results of a "sample" inquiry based on data given in the "Space Barometer" of the "Newspaper World." The figures relate, in the case of each winter, to the aggregate of the first weeks of the months of October, January, February and March. The "General Group" comprises three "national" and five provincial penny dailies; the "Illustrated Group" consists of two "national" dailies.

TABLE IV

	1928-9	1929-30	1930-31	1931-32
<i>General Group :</i>				
Total Space 1000 sq. in.	1,044	1,068	989	983
News "	645	710	666	690
Advertisements "	400	358	323	293
Percentage Ratio of Advts. to Total Space "	38.3	33.3	32.7	29.8
<i>Illustrated Group :</i>				
Total Space 1000 sq. in.	182	167	158	151
News "	118	109	103	101
Advertisements "	63	58	55	49
Percentage Ratio of Advts. to Total Space "	34.7	34.9	34.6	32.8
Space as percentage of figures for 1928-29				
<i>General Group :</i>				
Total Space "	100	102	94½	94
News "	100	110½	103	107
Advertisements "	100	90	81½	73½
<i>Illustrated Group :</i>				
Total Space "	100	91½	87½	83
News "	100	92	87½	85½
Advertisements "	100	92	87	78½

As indicating the importance of advertising in the finance of a newspaper, figures published by P.E.P., in 1925, show a Sales Revenue of £1,600,000 and an Advertising Revenue of £1,800,000, making up the total gross receipts. This calculation is for a morning newspaper with a 2,000,000 circulation and 20 pages in size. For a newspaper with 1,000,000 circulation and 16 pages in size the relevant figures are £800,000 Sales, and £750,000 Advertising.

The modern developments in printing, block making, photography and electrical signs; have all been drawn upon and freely used by advertisers here and elsewhere. A wider conception of advertising would include in its embrace other forms of calling attention to business or professional activities; if a bank or insurance company selects a corner site and erects a large attractive building it does that for the purpose of advertising its services, the structure is not always such as would be required merely to carry out the activities of the business adequately or to cover the particular site, it is designed to impress the public with a sense of reliability, solidity and respectability; the picture house with its flashing lights and somewhat garish appearance reveals itself in a form which it believes will attract its customers. Modern developments in shop fronts, window displays and fittings, interior decoration in shops, etc., all indicate the same purpose, even in its modest way the name-plate on a building or a house is a form of

advertising. In recent years the means of contact with the public have been expanded by the use of Radio and Pictures. With Sponsored Programmes we are all familiar and Documentary films, Screen displays and other devices have been, and no doubt will be, exploited. The wider field of propaganda and personal publicity is outside the scope of this paper.

While there are not any published figures to indicate by statistical measurement the value or volume of advertising as a whole, there exists a large accumulation of statistical data produced by the sellers of advertising space for the purpose of bringing under the notice of advertisers the facts which are deemed most convincing when putting forward the claims of their respective publication or publications. Individual publishers, individual publishing groups and publishers' associations produce these details in large quantity. Moreover, this market research and readership survey is also carried out by independent bodies making investigations, etc. The introduction of the Research Bureau is largely due to the fact "that the imaginative enterprising type of mind needed in the advertising world is probably not well adapted to the carrying out of investigations for which accuracy and patience are the chief requisites" (Taylor, p. 175); a judgment which is fully borne out by experience. As evidence of the type of information which is provided by newspapers for the guidance of their clients, I would refer to an elaborate publication entitled *Advertisers' Aid*, issued by the Newspaper Society on behalf of the provincial newspapers. In this the general industrial development is shown and the preliminary summaries of the 1935 Census of Production; gross output is given for all classified trades, also for building and coal-mining; the number of men employed and the location of the businesses are quoted, and a further paragraph indicates the developments which are known to be in hands indicating, for instance in Scotland, the development of blast ovens, aircraft factories, munition factories, etc., also a note of the orders which have been placed for battleships: details which are vital to any advertiser or advertising agency are also given for over 1,000 publications, the rates charged and the number and width of columns. The County figures are separately set out showing the list of publications in its area, the rural valuation, the occupation of the population as given in the 1931 Census; an Income Tax classification as in the middle of 1936 is also given of families (a) considered likely to afford a considerable range of luxuries and to be responsive to the appeal of quality; (b) may be expected to buy with discrimination, but their means strictly limit their range of luxuries; (c) those in poorer circumstances, to whom the price factor is of supreme importance and whose range of purchase is comparatively narrow. For each County the male and female occupied population is given as distributed between industry, agriculture, transport, distribution, professional, clerical, etc. The number of motor vehicles in use is also quoted, both private and commercial: the number of motor cycles, and the number of insured persons as in July 1937, and an estimated average number in employment in 1937 is also shown.

A more intensive presentation of figures is made by a Group owning Provincial Dailies, under a title, "Marketing Facts and Figures for the City of 'X,'" covering successive years. "X" is taken as the centre of a circulation area, and the distribution of the circulation in orbits having a radius of 5, 10, 15 and over 20 miles. It is somewhat interesting to note that in 1935 the 10 mile radius enclosed 67 per cent.

of the circulation, whereas in 1939 it covered only 62 per cent., and the 15 mile radius was also some 4 per cent. lower in 1939 than in 1935, showing the outward trend of population. Much of the information is given diagrammatically; full information as regards the number of houses, and the families living in the various sized houses, from 3 or more living rooms upwards; the occupations are given in detail; there is a long list of classified shops, and a list of all the multiple shops, and the number of branches. The consumption of gas and electricity is noted for 6 selected years over a period of 10 years, as also are the number of Wireless Licences given for the Bristol Postal area, and the number of telephone subscribers. A duplicated statement towards the end gives a comparison of "X" with the rest of England and Wales. This procedure is repeated for other cities.

Market research, as it is called, is not confined to individual publishers, or to publishing groups. There are independent bodies carrying out investigation which purports to be an impartial examination of the field, and to correct errors of exaggerations or emphasis which may have been discovered in the claims put forward by the individual publications. The general result is to provide some defence for the inexpert or credulous advertiser against the claims which may be put before him by those who are selling space. The approach to the matter is indicated by the following extracts from a journal published by one of these organizations:—

"To be of practical value to a manufacturer a report of an investigation must among other things truthfully represent the opinions of his existing or potential customers. If the truth has not been recorded by the investigator, if a proper cross-section of the public has not been taken, then the entire work is not only valueless but extremely dangerous and may easily result in great loss from misguided efforts. For two years we have never hesitated to criticise space selling propaganda put out by newspapers and journals where our own work has conclusively proved the statements to be ill-founded." This particular publication claims to have "debunked" pseudo-statistical reports published under the banner of "market research." In one of the issues there is a complete analysis for the month of September, 1936, of 9 Daily papers and 12 Sunday papers giving precise information as to the number of inches of space occupied by the proprietors of 63 groups of commodities, beer, jam, cigarettes, furnishers, motor cars, etc. This kind of information is given to enable advertisers to follow the extent of current advertising in a manner which will enable them to measure their own advertising, newspaper by newspaper, against the total volume for the group, and the volume used by leading advertisers (for in each group the figures for two leading advertisers are given).

On the question of sampling, Mr. B. S. Rowntree, in "Poverty and Progress," gives an interesting example of his tests. Having analysed his inquiries, which covered 16,362 houses, he then took 1 in 10, 1 in 20, 1 in 30, 1 in 40 and 1 in 50, and compared the results with the full analysis. Over the total of working-class families he found the percentage for those with incomes below the minimum to show a variation which was immaterial. But when analysing the causes of poverty dealing with 7 groups and one-third of the total working-class population, the variations run up as much as 20 per cent. I quote this from an advertising trade paper to show that there is an appreciation of the danger of a haphazard selection on an improper cross-section associated

with an enquiry even when made by an experienced team of investigators. Full use is made of all these facts by the expert advertiser to any manufacturer or merchant. A marketing programme must embrace a selection of suitable media according to the price of the article and the area to be covered. The design of the package or container has to be carefully chosen, the channels of trade—wholesale and retail—have to be studied, and the work of each salesman examined, possibly samples have to be distributed. The whole has to be very carefully correlated as to the time of appearance. It is not suggested that every advertisement implies all these processes, but it is claimed that they are essential to advertising as a whole, and at some time or another must receive consideration from the advertiser. It is surely a mistake to write off such work as unnecessary and parasitical as is done by Mr. Samuel Courtauld. There is a determined effort to base selling policy on relevant facts and to economise selling expenses.

The development of the use of statistics has been gradual. In the early days of advertising there was a recognition of the qualitative aspect, and publishers' rates indicated what users of space considered to be the value of a particular medium. With the remarkable rise that took place in the publishing world, starting about 40 years ago, and showing continuous development ever since, the quantitative factor began to enter into the minds of both the seller and the buyer. It became clear that as between any two publications in a somewhat similar group of papers, as, for instance, the national dailies or the periodicals, the one with the greatest number of readers occupied a superior place, and could charge a higher rate; this, for instance, leads to claims such as the following:—"The cost of a page in . . . per thousand of its 2,800,000 guaranteed circulation will vary from 3s. 5d. to 5s. 8d., according to the position required. No paper with this class of circulation can claim so low a cost per page per thousand of circulation"; it will be noted that a qualitative factor is claimed in the reference to the *type* of reader.

From the newspaper publisher's point of view the advertising revenue soon became an important factor in the business of publishing; claims were made for large circulation, which at once raised a question as to what is "circulation." Is it the number of readers? Is it the number of copies distributed? Or is it the number of copies sold? For a short while there were exaggerated claims made because each compiler had his own subjective method of estimating the average number of readers of each copy in the family, in the clubs, etc. The next step in the process was to establish a claim as regards net sales, and to guarantee the figures an organization came into being which secured that the net sales were calculated on a uniform basis, and in a manner which really represented the truth. But the fact that a higher revenue could be obtained for large circulations than for small (and competition between the various papers was made possible and was encouraged by a lowering of the cost of production, because the price of paper fell rapidly) brought about an enhancement of the sales effort by coupon offers encouraging the public to buy more than one copy, and even net sales mounted to still further heights; but, after all, net sales which did not represent an increase in readers could not lead to any very satisfactory results for the advertiser, and the progression was somewhat checked. "By the middle thirties . . . the parties concerned decided to call a halt. The newspapers themselves realised that the fundamental position had stabilised and that they were, by the

methods of gifts, free insurance and canvassing, merely chasing their own tails. And the people for whom the chasing was being done—i.e., the advertiser—began to show a new interest in where his money was going." (Extract from "Newspaper Reading in the Third Year of the War," by P. Kimble.) It would be of interest to speculate upon the course of events had the proposal of a leading newspaper proprietor to produce a $\frac{1}{2}$ d. paper been persisted in and proved successful. One of the obstacles was the magnitude of the change, which was greater than the distributors could accept. Does the absence of flexibility in our coinage system tend to prevent a change which would secure to the consumer a price advantage rather than non-price coupon or other benefits? Is there any evidence on the point elsewhere?

Having described as best I could, though imperfectly, the scope of advertising and given some idea of its value and volume, it becomes necessary to consider its place in the business structure.

In February, 1937, Lord Stamp, in addressing the Advertising Association in London, maintained, without qualification, that advertising that is informative and not merely assertive adds to mutual exchange and so increases the national income; that rival advertising is not wholly uneconomic, because by it trial is made, and that advertising is the great agent of the principle of substitution which works unceasingly towards the reduction of costs, the introduction of new methods, and the maintenance of quality: the wider the range the wider the exchange, and advertising is an essential complement to the division and stabilization of labour. Intrinsically advertising need not be apologised for. (He had some comments to make upon other aspects of advertising to which I shall refer later.)

Advertising, however, has been a subject of comment and criticism in several journals. I have referred to Mr. Rothschild's article in the "*Economic Journal*," (April 1942). In addition to that I have been fortunate in having my attention called to reviews of a book by an American, Professor N. H. Borden, entitled, "Economic Effects of Advertising," and published under the auspices of the Harvard University. I have not had an opportunity of reading the book itself, but there are reviews in the "*Times Trade and Engineering Supplement*" of October 1942 and the August 1942 issue of "*Economica*" (by Mrs. Robinson).

The first-mentioned article is chiefly concerned with the relation of advertising to the trade cycle, and its utility in encouraging an employment of resources when productive activities are slack. Mr. Rothschild comments upon the absence of reliable statistics (a point which is very noticeable); points out that the precise results of an advertisement or series of advertisements cannot be easily—if at all—ascertained by the firm using such; considers that even "combative" advertising as distinct from "constructive" advertising is of value in maintaining employment, and that the alternative to advertising may not be increased production and consumption of capital goods, but idleness of the resources involved.

It is true that during a depression advertising tends to decrease. The following Table reveals the change between 1929 and 1933 in the volume of Daily paper space used. (Financial Dailies are not included.)

TABLE V

Group	July, 1929	July, 1930	July, 1931	July, 1932	July, 1933
	Total Advertising space in Thou. Sq. Ins.				
A. (6 Dailies 2d.) ..	99	88	80	74	71
B. (28 ,, 1d. & 1½d.)	202	268	247	255	254
C. (14 Evening 1d. & 1½d.) ..	170	164	162	164	161
Total Display space in Thou. Sq. Ins.					
A. (6 Dailies 2d.) ..	34	32	26	24	22
B. (28 ,, 1d. & 1½d.)	176	158	140	151	147
C. (14 Evening 1d. & 1½d.) ..	104	95	93	97	95

Source : " *Newspaper World* ", July, 1933.

It will be noted that the lowest figures occurred in the year 1931 and that the two-penny group suffered most. Not only that but whereas the other groups show a recovery from the lowest figure in 1931 the fall continued in this group; the evening papers show the greatest resistance; the percentages for 1933 on 1929 are 28, 16 and 6½ respectively for each group. The figures for display advertising alone were also taken out for the same month; they show similar movements as regards the volume of space used, that is to say, 1931 is the lowest figure; the percentages for 1933 compared with 1929 are 35, 16½ and 8½ respectively for each group.

The "*Economist*," referring to the article by Mr. Rothschild, comments upon what he describes as the economic "lack-logic" of the advertising habits of the business world. I wonder how far readers will agree that this criticism is pertinent. Why should firms as a whole employ their resources in doing something which they believe is unproductive? Why challenge their decision? He admits, indeed, that advertising expenditure is less elastic than other kinds of expenditure, and in that I think he is referring more particularly to those manufacturing firms with large resources and widespread interests who can maintain general publicity so that the public may not forget about their products, but how can the majority of firms continue a selling policy under circumstances where it is clear there are not buyers? It would seem to be an anomalous position. If, under the circumstances of depression, publicity and advertising is to continue, it can only be as part of a programme which is directed to create purchasing power. Advertising cannot operate in a vacuum. The wisdom of such a programme in any particular set of circumstances becomes a matter of wide economic significance, but cannot be discussed here. If adopted it must be advertised.

The conclusions reached by Professor Borden are summarised in the "*Times Trade Review*" at considerable length. The real importance of his book consists in its being a factual study, and it is likely—I should think—that in the near future similar studies will be made as the result of the various criticisms now appearing upon this interesting subject. It is not easy to summarise a summary, and, while I quote some of the findings as given in the source mentioned, these cannot convey the full results of Professor Borden's book:—

"Advertising's outstanding contribution to consumer welfare comes

from its part in promoting a dynamic, expanding economy. Advertising's chief task from a social standpoint is that of encouraging the development of new products. It offers a means whereby the enterpriser may hope to build a profitable demand for his new and differentiated merchandise which will justify investment. From growing investment has come the increasing flow of income which has raised man's material welfare to a level unknown in previous centuries. In a dynamic economy, however, advertising plays a different role. It is an integral part of a business system in which entrepreneurs are striving constantly to find new products and new product differentiations which consumers will want. Without opportunity to profit relatively quickly from the new products which they develop, entrepreneurs would not be inclined either to search for them or to risk investment in putting them on the market. Advertising and aggressive selling provide tools which give prospect of profitable demand. Since advertising has in large part been associated with the promotion of new and differentiated merchandise, a substantial part of advertising costs should be looked upon economically as growth costs. They are the costs incurred in raising the economy from one level to another. From the standpoint of social welfare these costs have been far more than offset by the rise in national income which they have made possible. Such costs should not be prevented or decried. In the future if man's material welfare is to be raised to higher levels in our free economy, the spark of enterprise must be kept glowing brightly; the chance to profit from the new should continue to exist. So long as individual enterprise flourishes and a dynamic economy continues, advertising and aggressive selling will play a significant social role." (T. T. and E. S. Oct. 1942.)

Mr. Samuel Courtauld primarily objects to the use of public money for teaching advertising salesmanship; but his criticism is based upon his views as to the place advertising plays in business. Summarised briefly, they are as follows: It is used to sell things to people who cannot afford them, competition advertising is a costly national extravagance, it causes economic waste, production power is wrongly employed, fraudulent sales and dishonest prospectuses bear hardly upon honest and useful competitors, transfers business from one manufacturer to another without increasing total volume; ultimate consumer who has to pay gets less or inferior products for his money; the judgment could hardly be more severe—there is one helpful admission, however, in the sentence: "Advertising, of course, has a legitimate function: to let people know where they can get what they want. Moreover, an advertising campaign to introduce a really valuable commodity, hitherto unknown, to the public, is wholly justifiable, and is a legitimate business expense."

It would really appear that the indictment should be framed against human nature than against advertising. Human fallibility or gullibility is no new feature of social life. "Passing off" was known of long ago; "sanding the sugar" is not a new device; waste in production is no novelty. I was interested to note that Mrs. Robinson, in reviewing Professor Borden's book, states, "it is impossible to separate advertising from other forms of 'aggressive selling' or to separate 'aggressive selling' from the economic system of which it is an integral part."

Experience would suggest that advertising is of substantial benefit to the consumer. It tends to secure uniformity of price, and for consumers as a whole that may be considered a benefit. It helps to secure quality because the description of the advertisement accompanied by specific

types of wrapping and branding prevents substitution, and in connection with certain classes of goods it ensures a certain degree of service. From the manufacturers' point of view these things can only be accomplished with the assistance of advertising, and on the assumption that manufacturers, as a whole, know their business best, and that in the long run the manufacturer must sell his goods at a price to attract the consumer, little question need be raised. Price maintenance, undoubtedly, at one and the same time prevents large scale retail trading based upon quantity because prices cannot be cut, and facilitates wide distribution and sale at numerous points where the shopkeeper can trade within the allowed margins. This particularly applies to articles sold in small quantities over a wide area. In the case of dearer articles, as, for instance, motors, photographic apparatus, etc., price maintenance is more concerned to secure service, and the structure of distribution is maintained to achieve that end. I do not regard this economic process as being determined mainly by advertising. The fixed price, cheap price, and non-price competitive struggle may be facilitated but is not induced by advertising. It may be that this system is developing its own faults. There probably is a history of action and reaction in the forms of retail selling and distribution just as in other human affairs. The present generation sees the drawbacks of the price maintenance system and is not conscious of some of the disadvantages which led to its adoption. From a knowledge of the Book trade, where the Net Book system under which a publisher fixed the price of his article and then secured the co-operation of other publishers to maintain the fixed price in the book shops, it is certain that the publishers adopted a policy which suited themselves. It is probable also that they acted in what has turned out to be the best interests of the consumer, and so secured the maximum sale of their goods. To illustrate my point I quote from a letter dated 13th March, 1890, written by the late Charles Eason, Senior, to Mr. Frederick MacMillan :—" I have been 25 years in the trade. In my several positions as assistant and master I have had a fair opportunity of following all the aspects of this question. The varying allowances made to the public in the conflict between buyers and sellers have been a great injury to the morals of the Book selling trade. I have known 5 copies of a 21/- book sold to the public on the same day in the same shop at 5 different prices: full price, 5% off, 10% off, 15% off, and 2d. in the shilling. It was not what was the true price of the book, but how much can I get, and what is the state of the buyer's mind? Is he ignorant or learned in the ways of Booksellers? The moral sense of both buyer and seller is blunted and in the higgling that goes on statements are often made by both parties which are not true, and all because of the fiction of published price which an unwise system of trade terms has originated and now supports."

There is, no doubt, another side to this, as to most questions. In the *Economist* of October 17th I found a paragraph dealing with retail problems, particularly regarding the motor trade: " It has never yet been demonstrated in the motor trade or in any other trade why manufacturers cannot be content to sell their wares to retailers at the price they set, which presumably enables them to make both ends meet, and then to leave retailers to make the best bargain they can with customers. It cannot surely be supposed that retailers will put themselves out of business by fixing too low a price; and it is self-evident that it is diametrically opposed to the interests of consumers for manufacturers to dictate, not only the final selling price, but also

the conditions of sale, including all the lavish shop-fittings and publicity devices for which the consumer and nobody else has got to pay." I do not accept the statements as conclusive, and certainly not as self-evident. There are other points of interest in connection with price maintenance which one would like to discuss, but which would be quite inappropriate here. I think I have not gone outside the boundaries of my subject in the comments made.

Reference to the criticisms of advertising arising from its extravagances and abuses has been left to the end; that these exist it is admitted, that they arouse concern in the minds of advertisers, both space sellers and space users, will also be shown. In the address given by Lord Stamp to the Advertising Association, to which reference has already been made, he said:—"Extrinsically, advertising has been abused, and the hard things said about its vulgarity, its wastefulness, its deception, its bludgeoning defence of monopoly, have often been deserved. . . . It was the promise of health and the promise of fortune—medicine and finance respectively—which early strained the ethics of advertising, and to-day, too, provide its most insidious temptations. Appeal to the individual through fear, shame, vanity, ostentation and snobbery perhaps we cannot stop, nor the choice of the lower good against the higher. But at least we can protect the weak from misdirection, and gradually raise the standard of judgment, form and respect for social good. . . ." He was addressing an organization which, through its Investigation Department, has been for many years circularising advertising agents and newspapers with information concerning undesirable advertisements; taken over a long period the list is really very formidable. It represents a very substantial amount of work by way of inquiry and examination of individual advertisements, and it is of great value to those publishers who wish to procure information for the purpose of keeping faith with their readers. The procedure suffers from the defect of all voluntary procedure, namely, that it is not 100 per cent. effective, and there is an under-current of opinion which appears to have been growing in volume that no solution would be satisfactory without government intervention. This raises a very important point because legislation on these matters is faced with great difficulty of definition; so much so, indeed, that it might become futile or obstructive. The few who are determined to continue the issue of objectionable advertisements and the few who are prepared to receive the advertisements so as to enhance their revenue may find ways of evading the law. Few would question, I think, the superior advantage of a voluntary code, and one would think that only the most extreme necessity should justify a request for government intervention. One of the difficulties arises from the feeling of frustration which is experienced by individuals or a committee continuously at work without achieving complete satisfaction as to the results. The position is by no means unique. This sense of frustration and desire for 100 per cent. perfection shows itself in other trade activities in connection with many of which, I believe, the same comments would be applicable. To a certain extent the law does give some protection. The columns of "*Truth*," to take one instance, have constantly been used to expose abuses. Sometimes they are found to be within the law. Sometimes the shrewdness of the advertiser saves him from prosecution. This is particularly true in connection with certain financial advertising. All cases reveal how difficult it is to protect people who will do little to help themselves, and who are gullible or greedy or both. It is a very

human problem not in any way confined to these Islands. I find in a Trade paper, under the heading "Better Keep on the Safe Side," some notes as to the position in the U.S.A. :—"Mr. Roosevelt's Government is standing no nonsense from over-imaginative advertisers these days. While this applies to everybody it is a matter of very special importance to all those concerned with food, drug and cosmetic advertising. Make a statement which you can't back up with proof and you are lucky if you only get a prompt demand to 'cease and desist.' Then if you try to be a show-off and think you can out-smart Uncle Sam, any one of a number of things might happen—in fact, will most certainly happen. You may be presented with a very hefty fine or you may have your stock of goods confiscated; you may find yourself in behind bars, or out on bail. And it makes no difference who or how prominent you and your business may be. . . . Even the most correct statements, according to the old standard, have now to be edited, pruned and sterilized of all misleading words of praise and/or claim. 'Cure' is practically eliminated from the advertising dictionary of the States. The same applies to a considerable extent to 'Best,' 'Finest,' 'Cheapest.' It's even dangerous to say such a thing as 'Doe's Doses relieve a cold.' Instead you must say 'Doe's Doses help to relieve the discomfort (or pain, unpleasantness, or similar qualifying word) resulting from a cold.' In fact, this situation has resulted in the publication by the National Better Business Bureau of 'A Guide to National Advertising,' which it would be well for every British advertiser in, or interested in, the market in the States, to have on hand. . . . But both the advertiser and the publisher, in the vast majority of instances, recognise to-day that protecting public confidence is their only hope of protection for themselves. 'A Guide to National Advertising' will be a friend as well as a guide, and may well become the constant companion of every advertising agency as well as of publishers."

In Great Britain the Official Journal of the Pharmaceutical Society has drawn up a series of conditions which will, in future, govern the acceptance of advertisements by them. The principal points dealt with are (a) an advertisement cannot be accepted for a product which is advertised elsewhere in terms which are objectionable or grossly exaggerated, and (b) that an advertisement will not be accepted if elsewhere than in the Journal the product is advertised in terms implying that it is a benefit in certain illnesses and a cure for certain others. Another paragraph deals with a statement regarding vitamin content.

This action is complementary to that of the special Proprietary Medicines Committee of the Advertising Association whose recommendations on the type of advertising to be accepted have been adopted by all the principal Trade Associations interested in publishing printing and advertising.

It is often complained that both in town and country advertisements are placed in unsuitable positions as offending the amenities of the surroundings. As a rule, the members of Trade Associations are careful in this respect, and in recent years great pains have been taken to try and avoid objections of this kind. It often happens that the offence is caused by a small local advertiser who has not recognised the difficulties he is creating for advertising as a whole, or, if he does, is not concerned. In the Scott Report of "Land Utilization in Rural Areas" the matter is specially dealt with, and both in Great Britain and Eire it comes within the scope of the Planning Acts. There is an Advertisements Regulation Act as far back as 1907. At the same time it is recognised "that certain signs erected quite near to towns do

serve a useful public service"; it is suggested that developments should be subject to a licence; exceptions must be made to meet legitimate claims in country areas. In the broadcast made by Mr. Max Beerbohm which has received so much attention, he ranks advertisers as the Fifth Estate, and hopes that if they are strong they will be merciful. He waxes strong on the "loathsome red-hot coal illuminations" appearing on buildings in London—"If such things must be allowed, let them be done with some semblance of taste and fancy." This sentiment would be re-echoed by all the principal users, but, of course, "de gustibus non est disputandum." For instance, he shows his personal dislike (which I share) to the current practice of printing the letterpress of a magazine in "disjected fragments" between the pages of advertisements. This practice has been followed by a large number of journals over a long period during which their circulations have increased sometimes in a spectacular manner. A publisher evidently knows his advertisers and readers and success is the acid test of the accuracy of his judgment, and those who dislike the habit must console themselves with the thought that they possess some unusual and distinguishing characteristics not those of the man in the street.

It must always be remembered in connection with judgments on advertising that the intellectual, refined, cultured and highly aesthetic appeal may not, in fact, effectively advertise the produce with which it is associated. If the only recollection it leaves is the cleverness of the sentence or slogan, the humour of picture or cartoon, it has failed in its mission. That this is frequently the case can be testified to by those who have participated in a competition to identify well-known slogans with the goods advertised. Sometimes even the class of goods cannot be recognised: often the precise product is not recalled to memory. On the other hand, some advertising which is deemed crude and, perhaps, even vulgar, rivets the attention and fixes itself on the memory.

In one of his comments Mr. Samuel Courtauld suggests, "more might be done to check redundant or unscrupulous advertising by taxation or otherwise." The taxation of advertising is a subject on which I have at present collected no information. It occurs to me, however, that the assumption that redundancy could be defined is unsound. Is there a redundancy of advertisements of some particular commodity at a particular price, or is too much spent on some particular commodity, or is there too much spent on advertising as a whole? It seems to me if such questions could be answered, the planning problem could be solved. The real answer, however, I think, is that if the goods have been produced it is better to let them be sold, and it is through advertising alone that the consumers' preference at a particular price can readily be ascertained. I hesitate to believe that taxation could be a cure for unscrupulous advertising, or, perhaps, I should put it in a somewhat different way, that I believe the tax which would be adequate to deter the offender would be too burdensome and unfair to the legitimate advertiser, for on the whole I think the type of advertising which Mr. Courtauld probably has in mind provides a wider margin of profit than legitimate business. It is a different question if the taxation is proposed for revenue purposes: then the problem of discrimination does not arise, but would it not be difficult to cover the whole field and would it not be better to tax the goods rather than a particular mode of selling?

What is the impression conveyed by this survey of advertising? To some extent that will, no doubt, be revealed by the comments which it evokes at this meeting. For my part I can see a very useful business activity promoting more immediate and direct contact between the producer and the consumer, enabling life to become more varied and providing the consumer with a knowledge as to how he can escape from the tyranny of routine and price control. On the whole, it brightens life for us all, and as far as Press advertising is concerned it secures a circulation of news and opinion which would not otherwise be possible, since it enables papers and magazines to be sold cheaper than they otherwise would be. In facilitating movement it may tend to accelerate the pace of change by reducing the time it takes for an invention to pass from the laboratory through the factory to the consumer, and it also may make change more intelligible and acceptable.

Its exuberance may lead to its downfall. Do not the poets warn us that "goodness" may grow to a "plurisy" and "die of his own too much" and that nature may become "strangled with her waste fertility"? This end, however, is not inevitable. Advertising one may hope will never earn such an epitaph.

DISCUSSION.

Mr. Lyon: It gives me very great pleasure to propose a vote of thanks to our ex-President, Mr. Eason, for the paper which he has just read to us this evening on the subject of Advertising. As he has told us the subject is one of very great importance nowadays and one which it is very well worth while to have brought forward for discussion before Members of this Society. It would be rash for me to offer any criticisms on the observation of a man who is an expert on the subject, and a part of whose successful publishing and book-selling business is concerned with the business of advertising, but I feel sure he will forgive me if I just refer briefly to some thoughts on advertising which his paper has inspired.

Advertising is sometimes spoken of as a sort of conspiracy between the producer and seller of goods at the expense of the buyer, perhaps even Mr. Courtauld has that opinion, but I think that modern advertising is a great help to the buyer in most cases and is greatly appreciated by him; advertising aims to inform as well as to persuade and generally is in the interests of the public.

The three principal factors in advertising are: first, the advertiser, whether he be a manufacturer or producer, or even in some cases the Government; secondly, the advertising medium which is in varying degrees the Press, the poster, the pamphlet associated with display sales, the coupon gift schemes, window displays, films, radio, etc.; and thirdly, the modern advertising agency. The advertising agency is frequently brought in as a consultant before an advertising campaign is fully planned. Some of the big manufacturing firms have an advertising department as part of their organisation but notwithstanding this they conduct their advertising through an agency, as they recognise that such concerns have certain rights from the public Press which the ordinary business man is not able to obtain. I notice, for instance, that Messrs. Guinness, who for a great many years did not advertise publicly, now do so through the firm of Benson, Ltd., who also look after the Press advertising of Austin Motors and many other big manufacturing firms.

Mr. Eason deals in his paper mostly with Press advertising and with the advertising of branded articles. The Press is used to keep the name of an article, or a trade mark distinguishing the article, before the public and thus to establish "goodwill" which is sometimes described as the probability that the old customer will resort to the old place.

Mr. Courtauld, whose opinion was quoted by Mr. Eason, would appear to be obsessed with the notion that a factory manager who has to undertake 100 per cent. of responsibility for production and quality of goods is frequently paid a salary of the range of £700 per annum, whereas the sales manager for that firm is paid a salary of as much as £5,000 per annum. He should be reminded of the recent case of fruit advertising where an expenditure of £100,000 on Press advertising repaid within twelve months an increased return of £2 millions worth in sales.

Mr. Eason makes a passing reference in Table I of his paper to the fact that poster advertising accounts for only 4 or 5 per cent. of the total gross annual expenditure on advertising. Some of those engaged on designing for this class of work are eminent artists who are doubtless paid very big fees. We all remember one of the early posters of Pears Soap "Bubbles" by Sir John Millais, and recently the London, Midland and Scottish Railway Company engaged Sir William Orpen to design some of their big posters of holiday resorts, of railway stations, and of means of transport.

The publication *Advertisers' Aid* serves to bring together much statistical information of use to advertisers. We have in this country corresponding information available for the business community in the many Government statistical publications, such as the *Reports on the Census of Population, The Census of Production, The Census of Distribution, 1933*, and in the *Statistical Abstract*, which is published annually. I often think business-people do not make sufficient use of all the information that is put at their disposal in Government Reports which are authoritative and have been compiled often at great expense.

There is no doubt that in recent years the Association of Advertising Agencies has helped a great deal in keeping out of the public Press advertisements which are fraudulent or undesirable and not fit to put before the public, and it is gratifying to note that when they make recommendations of this kind the recommendations are submitted to the Newspaper Associations, who always endorse them and act on them.

I am sure all the Members and visitors present have had great pleasure in listening to the paper, and I have much pleasure in proposing that the thanks of the Society be given to Mr. Eason for his most interesting paper.

Seconding the vote of thanks, **Mr. Brian D. O'Kennedy** said the paper was an exceedingly interesting one and showed that Mr. Eason had made a very exhaustive study of the subject. Contrasting the progress made in all branches of advertising with the position which existed thirty years ago when he (Mr. O'Kennedy) was responsible, in conjunction with another advertising man, for establishing the first advertising service agency in Ireland, Mr. O'Kennedy said that the advertiser of those days was quite satisfied if he saw his name in the largest possible type coupled with some trite and meaningless phrase such as "Best and lasts longest" or "Best quality at lowest price". Now it was realised that advertising must be informative, it must be

interestingly presented and it must create confidence. Vast sums are spent to-day on drawings and production work, often several times greater than the cost of the space in which the advertisements appeared. Many famous artists contributed to make advertisement pictures real works of art.

This great advance in the technique of advertising must be credited primarily to the work of the modern advertising service agencies which, with their highly skilled staffs, their market research specialists, idea men and artists, were constantly striving for new and higher standards. Their work had undoubtedly changed the whole course of advertising, and turned it into the vital electrifying force it is to-day.

An interesting point brought out by Mr. O'Kennedy was that some years ago, when the Government was endeavouring to ascertain the amount of the invisible export of this country he had pointed out that at that time advertising formed a not unsubstantial "invisible export" which was apparently not included in the Government figures. He had ascertained that probably about £200,000 came into this country in payment for advertising space in the newspapers, on the hoardings, railway stations, trams, etc. This figure was now substantially reduced—happily, he thought—because many of the firms whose advertising formerly reached Irish media from outside the country were now established here, and though their advertising had increased rather than diminished it was now an internal affair and therefore could no longer be classed as an invisible export.

Turning to the future of advertising, Mr. O'Kennedy said it was not easy to foretell what may happen when peace breaks out again, but unless there was a complete cataclysm, upsetting the whole structure of business as we knew it to-day, he predicted that the advertising of to-morrow would be something vastly greater, vastly more powerful, vastly more interesting than anything we had known. It would compete with the editorial columns in interest and attention-compelling values. It would reach out into the air, not in the crude way in which many American commercial broadcasts have done, but in a way which by sheer interest will hold the attention of millions of listeners. It would reach out into the streets, making of the hoardings in very truth the poor man's picture gallery. Advertising was still in its infancy when the war began. This war had brought home to us the amazing power of mass propaganda. Advertising was in all essentials mass propaganda adapted to the needs of business. In the world of the future advertising would assuredly play a tremendous part.

He had very great pleasure in seconding the vote of thanks to Mr. Eason which had been so ably proposed by Mr. Stanley Lyon.

Mr. Geo. E. Shanahan, in supporting the vote of thanks, congratulated Mr. Eason on his admirable and informative paper. There was no doubt that, with all its admitted blemishes, advertising was a great stimulant to business, and to journalism, without which many publications now available at reasonable prices would be economically impracticable. As instance of the importance of advertising in the extension and development of business, two typical instances occurred to him as illustrative of successful achievements. In his early days the most enterprising of business firms in advertising was that of Holloways whose pills were reputed to be a panacea for all ailments. Every journal of any standing—daily, weekly, monthly—got a share

of the cornucopia of £60,000 per annum paid for years by this firm on advertising. The second instance was perhaps the most striking of the two. It related to his old friend the late Viscount Wakefield, who was founder and head of the well-known firm of Messrs. C. E. Wakefield & Co., London. When he (Mr. Shanahan) first met Mr. Charles Wakefield (as he was then) over forty years ago, he was the travelling representative of an American oil company. A few years later, having—largely due to a marvellous personality—established an extensive business for the American company, he was successful in forming a British oil company which he advertised extensively and continuously in Great Britain and Ireland. As a result, the American firm was largely eliminated and the new British firm prospered to such a wonderful extent that during his lifetime Charlie Wakefield—who meantime, as his well-known philanthropy became established, had received a knighthood, then a baronetcy, and subsequently, to crown all, a peerage—gave away for charitable and national purposes over a million of money, and when he died two years ago he left £800,000. He was Lord Mayor of London in 1915-1916. He (Mr. Shanahan) enjoyed his hospitality at the Mansion House at that period. There had been in the past a good deal of objectionable advertising calculated to lower the moral tone of the people who lent a willing ear to such improprieties, but fortunately this unpleasant phase had diminished very largely in recent years, and need not now be regarded as a regrettable feature of the advertising system.

There was one other point worth mentioning, namely, propaganda, which Mr. Eason had advisedly ignored. In his (Mr. Shanahan's) opinion, propaganda could not be dissociated from advertising when they had the experience of broadcasting over the air of announcements relative not only to current news but also to charitable and national purposes. In the long run, only truth prevails. Finally, with all its admitted blemishes, advertising exercised a marvellous and beneficial power in the land.

He would conclude by *mis*-quoting Shakespeare :

“ Sweet are the uses of *advertisement*
Which, like the toad, ugly and venomous,
Wears yet a precious jewel in its head.”

Mr. C. E. McConnell, F.I.P.A., Chairman of the Publicity Club of Ireland, complimented Mr. Eason on the very excellent and comprehensive paper he read. He said he would make his remarks as brief as possible owing to the shortage of time, and said he would refer to one point which was touched on in the paper, viz., wastage in advertising. He also said he would try, in the time at his disposal, to go behind the scenes of an advertising agency and give an idea of some of the difficulties that professional advertising men had to contend with in conducting the advertising of any Irish product on the British market, which should, of course, be of great interest to those present. He referred to Irish eggs which bore the official Government mark Éire-Irish.

First of all, he said wastage in advertising was the same as in any other commercial activity, such as manufacture, distribution and selling; in no other selling activity was it harder to compute wastage than in advertising.

He referred to the paper he read to the Publicity Club of Ireland

in 1940, the title being, "Wastage in Advertising and Selling", and after referring in a brief manner to the different types of wastage, he concluded his remarks by stating that "in no other selling activity is it so difficult to compute the value of results as in advertising. The sound method to adopt, therefore, is to place a certain value on the results aimed at, and to measure the advertising by this standard".

He then went on to refer to advertising Irish eggs in Great Britain, and said that when he was asked by the Department of Agriculture to conduct this scheme, he was faced with a great difficulty, and that was, to make popular an article bearing a brand against an article without a brand. He explained that all English-produced eggs fetched a higher price than imported eggs, and that the British egg had no mark; therefore, his principal aim was to make the Irish egg, which was looked upon as foreign with a trade mark, equal in value to the British-produced egg without a mark.

In consultation with the Government Department concerned, he took advantage of the methods of distribution to enclose a number of leaflets, suitably printed, which contained a number of recipes for the cooking of eggs. These leaflets, in addition, told the story very clearly of the Government control and methods of grading, sorting and exporting the eggs.

The slogan used in the leaflets, and subsequently in the Press advertisements, was "yesterday's egg on your table to-morrow", and upwards of 5,000,000 leaflets were printed and distributed to the shops where the eggs were sold; thus a very large expense was saved.

Each case also contained a price card giving to-day's price, and the experience gained was that all these leaflets were distributed to the consumers in the shops, which had a very decided effect on the public mind.

To support this, a scheme of Press advertising was linked up with it, and this had the effect of drawing the trade away from the markets where they had a good distribution, and therefore the larger demands had the effect of bringing the price almost to the British level. Unfortunately, war conditions prevented the continuance of this scheme, which was highly successful in its inception.

Mr. McConnell concluded by stating that this is a very good example of one of the many problems that face a modern advertising agency, and the success is some small justification for their existence. He also referred to his starting his business career in the firm of Messrs. Eason & Son, and again thanked the speaker for an excellent paper.

Mr. E. K. Eason: Advertising is one of the means by which the ground is prepared in the mind of the buyer so that he discovers and buys the things he needs. Without advertising, goods produced in one place could not be sold to consumers distributed over a million other places.

The Government Stationery Office could take lessons from advertisers regarding the lay-out of their publications, including forms, so as to attract readers and secure the maximum attention to their contents.

Professor B. F. Shields: Mr. Eason deserves our best thanks for placing before us very useful data on advertising, and asking us to consider what Mr. McEvoy calls the terrible force of advertising and

what some regard as the many-headed monster of publicity. It is a subject that most economists avoid, probably because little or no information is available on the costs of advertising as a part of the prices of articles advertised; yet it is possible to deduce certain provisional conclusions on the general economic effects of advertising on production, consumption and prices. The late Professor Marshall appears to consider most forms of advertising, except those which he calls constructive, as purely social waste. In his *Industry and Trade* he defines constructive advertisements as all measures designed to draw the attention of people to opportunities for buying or selling, of which they may be willing to avail themselves. In fact, the advertisement of almost every article offered for sale would come under this definition.

Some advertisements have their special uses. They make known to consumers certain articles and their properties. For instance, well-directed publicity may be given to new inventions and useful products, which may result in an immense addition to the public welfare. This does not imply that all advertisements present a truthful or reasoned statement of the goods advertised. They are not written to persuade people to make a careful selection of articles required. They appeal not to reason, but to the emotions of the public by constant suggestion, iteration and attractive illustrations.

The real question at issue from the point of view of the community is who pays for the enormous sums spent in advertising? Does advertising lead to such increased demand for particular articles that they can be or are sold at lower prices? What happens in the case of competitive goods that are not so extensively advertised or not advertised at all? It must be admitted that some advertising is economic waste, especially if it merely leads to an addition to the ordinary prices necessary to cover production and distribution costs and normal profits. On the other hand, if it provokes an increased demand and lower price for the article, it may prove beneficial to the community. Part of the price paid by the consumer is the cost of the advertisement. He pays for the reputation value created. The price may be increased so as to cover the additional advertising expenses, or there may be a reduction in unit production costs as a result of greater production, which will about equal or exceed the advertising costs. In the first case, if the advertisement is wholly competitive, the price will be of a dual nature, that of the commodity and of its reputation, and the national dividend will be accordingly diminished. If there is little or no competitive advertising, and production costs are reduced as in the second case, there will be a diversion of part of the national resources to produce and purchase the commodity advertised; and as people consider the latter more valuable than other articles which they formerly bought, the national dividend is consequently increased.

Advertising has facilitated large-scale production of some staple commodities, thus rendering possible the economies of mass production, standardisation and lower unit production costs. The demand for an article may be adjusted to the supply of goods in a business. On the other hand, it may handicap the producer or retailer who does not advertise, and whose goods are as good as, or even better than, the advertised articles. It tends to induce the consumer to place greater emphasis on the reputation of an article, and less on its quality, and, in some case, to minimise its price. Extensive advertising is carried out by manufacturers of branded goods for which they fix the prices

to be charged by retailers. By doing so, they prevent mark-down prices and quick turnover which are features of successful merchandising. Without price maintenance, the inefficient retailer tends to be eliminated, and the burden of waste that he saddles on society is kept at a minimum. Under this system, in lines where there is little or no competition between manufacturers, undue profits may be secured by those handling their products.

The Irish Census of Distribution, 1933, referred to by Mr. Lyon, created great interest among economists and leading business men in England. In the course of a lecture on the methods of the compilation and the main conclusions of this census before Section F of the British Association in Nottingham, in 1937, Professor Shields stated that he stressed how economically the investigation was carried out, much more cheaply, relatively speaking, than that of similar censuses in Canada and U.S.A., and the wealth of systematic information afforded on the retail trade of the country. The work of our State statistics department in this and other analysis of the economic activities of the country cannot be too highly praised. If another census were taken for some year in the near future, a better appreciation of the part played by the distributive trades in Éire would be possible.