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How to create advertising that sells

by David Ogilvy

Ogilvy & Mather has created over \$1,480,000,000 worth of advertising, and spent \$4,900,000 tracking the results.

Here, with all the dogmatism of brevity, are 38 of the things we have learned.

1. The most important decision. We have learned that the effect of your advertising on your sales depends more on this decision than on any other: *How should you position your product?*

Should you position SCHWEPES as a soft drink—or as a mixer?

Should you position DOVE as a product for dry skin or as a product which gets hands really clean?

The results of your campaign depend less on how we write your advertising than on how your product is positioned. It follows that positioning should be decided before the advertising is created.

Research can help. Look before you leap.

2. Large promise. The second most important decision is this: what should you promise the customer? A promise is not a claim, or a theme, or a slogan. It is a *benefit for the consumer*.

It pays to promise a benefit which is unique and competitive. And the product must *deliver* the benefit you promise.

Most advertising promises *nothing*. It is doomed to fail in the marketplace.

"Promise, large promise, is the soul of an advertisement"—said Samuel Johnson.

3. Brand image. Every advertisement should contribute to the complex symbol which is the brand image. Ninety-five percent of all advertising is created *ad hoc*. Most products lack any consistent image from one year to another.

The manufacturer who dedicates his advertising to building the most sharply defined personality for his brand gets the largest share of the market.

4. Big ideas. Unless your advertising is built on a BIG IDEA it will pass like a ship in the night.

It takes a BIG IDEA to jolt the consumer out of his indifference—to make him *notice* your advertising, *remember* it and *take action*.

Big ideas are usually *simple* ideas. Said Charles Kettering, the great General Motors inventor: "This problem, when solved, will be simple."

BIG SIMPLE IDEAS are not easy to come by. They require genius—and midnight oil. A truly big one can be continued for twenty years—like our Eyepatch for Hathaway shirts.

5. A first-class ticket. It pays to give most products an image of quality—a first-class ticket.

Ogilvy & Mather has been conspicuously successful in doing this—for Pepperidge, Hathaway, Mercedes-Benz, Schweppes, Dove and others.

If your advertising looks ugly, consumers will conclude that your product is shoddy, and they will be less likely to buy it.

6. Don't be a bore. Nobody was ever *bored* into buying a product. Yet most advertising is impersonal, detached, cold—and dull.

It pays to *involve* the customer.

Talk to her like a human being. Charm her. Make her hungry. Get her to participate.

7. Innovate. Start trends—instead of following them. Advertising which follows a fashionable fad, or is imitative, is seldom successful.

It pays to *innovate*, to blaze new trails.

But innovation is risky unless you pretest your innovation with consumers. Look before you leap.

8. Be suspicious of awards. The pursuit of creative awards seduces creative people from the pursuit of sales.

We have been unable to establish any correlation whatever between awards and sales.

At Ogilvy & Mather we now give an annual award for the campaign which contributes the most to *sales*.

Successful advertising sells the product without drawing attention to itself. It rivets the consumer's attention on the *product*.

Make the product the hero of your advertising.

9. Psychological segmentation. Any good agency knows how to position products for *demographic* segments of the market—for men, for young children, for farmers in the South, etc.

But Ogilvy & Mather has learned that it often pays to position products for *psychological* segments of the market.

Our Mercedes-Benz advertising is positioned to fit nonconformists who scoff at "status symbols" and reject flimflam appeals to snobbery.

10. Don't bury news. It is easier to interest the consumer in a product when it is *new* than at any other point in its life. Many copywriters have a fatal instinct for burying news. This is why most advertising for new products fails to exploit the opportunity that genuine news provides.

It pays to launch your new product with a loud BOOM-BOOM.

11. Go the whole hog. Most advertising campaigns are too complicated. They reflect a long list of marketing objectives. They embrace the divergent views of too many executives. By attempting too many things, they achieve nothing.

It pays to boil down your strategy to one simple promise—and go the whole hog in delivering that promise.

What works best in television

12. Testimonials: Avoid irrelevant celebrities. Testimonial commercials are almost always successful—if you make them credible.

Either celebrities or real people can be effective. But avoid *irrelevant* celebrities whose fame has no natural connection with your product or your customers. Irrelevant celebrities steal attention from your product.

13. Problem-solution (don't cheat!) You set up a problem that the consumer recognizes.

Then you show how your product can solve that problem.

And you prove the solution.

This technique has always been above average in sales results, and it still is. But don't use it unless you can do so *without cheating*; the consumer isn't a moron, she is your wife.

14. Visual demonstrations. If they are honest, visual demonstrations are generally effective in the marketplace.

It pays to *visualize* your promise. It saves time. It drives the promise home. It is memorable.

15. Slice of life. These playlets are corny, and most copywriters detest them. But they have sold a lot of merchandise, and are still selling.

16. Avoid logorrhea. Make your *pictures* tell the story. What you show is more important than what you say.

Many commercials drown the viewer in a torrent of words. We call that logorrhea (rhymes with diarrhea).

We have created some great commercials *without* words.

17. On-camera voice. Commercials using on-camera voice do significantly better than commercials using voice-over.

18. Musical backgrounds. Most commercials use musical backgrounds. However, on the average, musical backgrounds reduce recall of your commercial. Very few creative people accept this.

But we never heard of an agency using musical background under a new business presentation.

19. Stand-ups. The stand-up pitch can be effective, if it is delivered with straightforward honesty.

20. Burr of singularity. The average consumer now sees 20,000 commercials a year; poor dear.

Most of them slide off her memory like water off a duck's back.

Give your commercials a flourish of singularity, a burr that will stick in the consumer's mind. One such burr is the MNEMONIC DEVICE, or relevant symbol—like the crowns in our commercials for Imperial Margarine.

21. Animation & cartoons. Less than five percent of television commercials use cartoons or animation. They are less persuasive than live commercials.

The consumer cannot identify herself with the character in the cartoon. And cartoons do not invite belief.

However, Carson/Roberts, our partners in Los Angeles, tell us that animation can be helpful when you are talking to children.

They should know—they have addressed more than six hundred commercials to children.

22. Salvage commercials. Many commercials which test poorly can be salvaged.

The faults revealed by the test can be corrected. We have *doubled* the effectiveness of a commercial simply by re-editing it.

23. Factual vs. emotional. Factual commercials tend to be more effective than emotional commercials.

However, Ogilvy & Mather has made some emotional commercials which have been successful in the marketplace. Among these are our campaigns for Maxwell House Coffee and Hershey's Milk Chocolate.

24. Grabbers. We have found that commercials with an exciting opening hold their audience at a higher level than commercials which begin quietly.

What works best in print

25. Headlines. On the average, five times as many people read the headline as read the body copy.

It follows that, if you don't sell the product in your headline, you have wasted 80 percent of your money. That is why most Ogilvy & Mather headlines include the brand name and the promise.

26. Benefit in headlines. Headlines that promise a benefit sell more than those that don't.

27. News in headlines. Time after time, we have found that it pays to inject genuine *news* into headlines.

The consumer is always on the lookout for new products, or new improvements in an old product, or new ways to use an old product.

Economists—even Russian economists—approve of this. They call it "informative" advertising. So do consumers.

28. Simple headlines. Your headline should *telegraph* what you want to say—in simple language. Readers do not stop to decipher the meaning of obscure headlines.

29. How many words in a headline? In headline tests conducted with the cooperation of a big department store, it was found that headlines of ten words or longer sold more goods than short headlines.

In terms of *recall*, headlines between eight and ten words are most effective.

In *mail-order* advertising, headlines between six and twelve words get the most coupon returns.

On the average, long headlines sell more merchandise than short ones—headlines like our

"At 60 miles an hour, the loudest noise in this new Rolls-Royce comes from the electric clock."

30. Localize headlines. In local advertising it pays to include the name of the city in your headline.

31. Select your prospects. When you advertise a product which is consumed only by a special group, it pays to "flag" that group in your headline—MOTHERS, BED-WETTERS, GOING TO EUROPE?

32. Yes, people read long copy. Readership falls off rapidly up to fifty words, but drops very little between fifty and five hundred words. (This page contains 1909 words, and *you* are reading it.)

Ogilvy & Mather has used long copy—with notable success—for Mercedes-Benz, Cessna Citation, Merrill Lynch and Shell gasoline.

"The more you tell, the more you sell."

33. Story appeal in picture. Ogilvy & Mather has gotten notable results with photographs which suggest a story. The reader glances at the photograph and asks himself, "What goes on here?" Then he reads the copy to find out.

Harold Rudolph called this magic element "story appeal." The more of it you inject into your photograph, the more people look at your advertisement.

It is easier said than done.

34. Before & after. Before and After advertisements are somewhat above average in attention value.

Any form of "visualized contrast" seems to work well.

35. Photographs vs. artwork. Ogilvy & Mather has found that photographs work better than drawings—almost invariably.

They attract more readers, generate more appetite appeal, are more believable, are better remembered, pull more coupons, and sell more merchandise.

36. Use captions to sell. On the average, twice as many people read the captions under photographs as read the body copy.

It follows that you should never use a photograph without putting a caption under it; and each caption should be a miniature advertisement for the product—complete with brand name and promise.

37. Editorial layouts. Ogilvy & Mather has had more success with editorial layouts than with "addy" layouts.

Editorial layouts get higher readership than conventional advertisements.

38. Repeat your winners. Scores of great advertisements have been discarded before they have begun to pay off.

Readership can actually *increase* with repetition—up to five repetitions.

Is this all we know?

These findings apply to most categories of products. But not to all.

Ogilvy & Mather has developed a separate and specialized body of knowledge on what makes for success in advertising *food products, tourist destinations, proprietary medicines, children's products*—and other classifications.

But this special information is revealed only to the clients of Ogilvy & Mather.

Ogilvy
& Mather

2 East 48th Street, New York, N.Y. 10017

How direct response advertising can increase your sales and profits

Even if your company has never used direct response, read what Ogilvy & Mather has learned from half a billion coupons

Ogilvy & Mather has created more than \$150,000,000 worth of direct response advertising—in mail and media—for the American Express Company, Burpee Seeds, Cessna Aircraft, Nationwide Insurance, Shell Oil, Sears, Roebuck and other clients.

In the process, we have learned that direct response advertising can help sell \$750,000 jet airplanes as well as 25¢ packets of flower seeds.

Here are a few of the ways Ogilvy & Mather uses this most *accountable* form of advertising as part of our clients' marketing programs. Some of them may be useful to you.

1. Direct response can be your "secret weapon" in new product introductions. Cessna Aircraft used direct mail in its introduction of "Citation," a new \$750,000 business jet. Ogilvy & Mather began mailings to a list of key corporate executives and their chief pilots long before the first "Citation" was in production.

Sales leads in response to these mailings helped "Citation" become the world's largest selling business jet in just one year.

2. A remarkably efficient way to reach your best prospects. Today Mercedes-Benz diesel engine cars sell well in America. But ten years ago, it was difficult to identify and reach the limited number of high-potential prospects for diesel cars.

Ogilvy & Mather compiled a list of people who matched the demographic profile of *existing* diesel car owners, then sent them an 8-page letter. As a direct result of the letter, Mercedes-Benz sold 716 diesel cars within eight weeks.

3. How to land your most profitable new customers. Ogilvy & Mather has developed special acquisition programs designed to acquire new credit customers for our clients on a highly selective basis.

These programs combine sophisticated list segmentation techniques with a remarkably precise formula that identifies the profitable customer; establishes his real value; and reveals how much should be spent to acquire him.

PRESENT VALUE FORMULA

$$PV = \int_0^5 (\alpha \pi \eta e^{-t/\lambda} - \alpha d e^{-t/\gamma} - \alpha C_b e^{-t/\lambda}) e^{-\rho t} dt - Se^{-\rho L} - M - RC_p$$

This is an example of a "present value" economic model. This model—programmed with test results and appropriate up and downside risks—reveals the true cost of acquiring a new credit customer and predicts the net profit he will return over the next 5 years.

4. How to build a bank of localized leads for your sales force. The pinpoint accuracy of direct mail makes it the ideal medium for obtaining sales leads exactly where you need them most.

Our computerized "Commodity Futures List Bank" supplies *localized* leads to Merrill Lynch representatives from Saskatchewan to San Francisco.

5. Direct response can make television dollars work harder. Television commercials for American Express Credit Cards end with a request for a direct response by phone. This produces tens of thousands of applications for the Card.

Ogilvy & Mather has also improved response to direct mailings by timing mail drops to coincide with television advertising.

6. Direct response is an indispensable element in successful travel advertising. Direct response, in mail as well as other media, has proven to be a key ingredient in marketing travel.

The secret is to close the sale by mail—or to obtain a highly qualified lead—instead of wasting a fortune mailing expensive booklets and pamphlets.

Ogilvy & Mather coupon advertisements for Cunard have paid out four times over in immediate ticket sales.

A direct mail offer of free London theater tickets produced response rates as high as 26 percent for the British Tourist Authority.

7. You can now sell high-ticket items direct by mail. Today's ever-increasing distribution of credit cards has revolutionized marketing by mail.

Credit cards now make direct mail practical for selling sewing machines, calculators, color television sets and many other products costing hundreds, even thousands, of dollars.

As sales costs escalate, more and more manu-

How to capitalize on new profit opportunities in direct marketing.

Today, more and more major corporations are considering direct marketing in their search for new sources of profit.

It pays to look before you leap into this highly specialized business.

Ogilvy & Mather has found that the odds for success improve if you can use your own customer list and retail packages as an entrée into direct marketing.

One mail marketing business we helped develop now does fifty million dollars in annual sales.

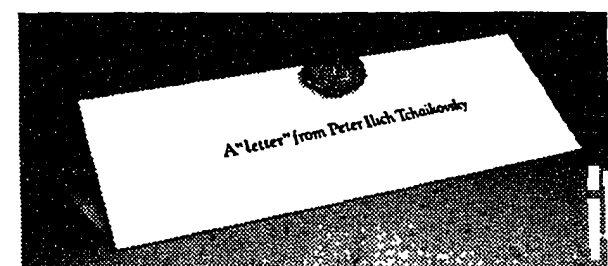
facturers will turn to this new way of selling direct to the consumer.

Techniques that work best in direct response advertising

8. Challenge dogma. Ogilvy & Mather has found that it often pays to challenge dogma and test for breakthroughs. Our tests show that:

- An inexpensive offset letter can often out-pull far more costly computer letters.
- "On-page coupon-envelopes" can be more cost efficient than expensive preprint inserts.
- An innovative *letter* can be more important to your success than a big, beautiful 4-color brochure.

Note: These examples are not offered to create new dogma but to emphasize that *it pays to test*.



This innovative "personal" letter from Peter Illich Tchaikovsky—created from hundreds of letters actually written by the great composer—substantially increased response for a new record offer.

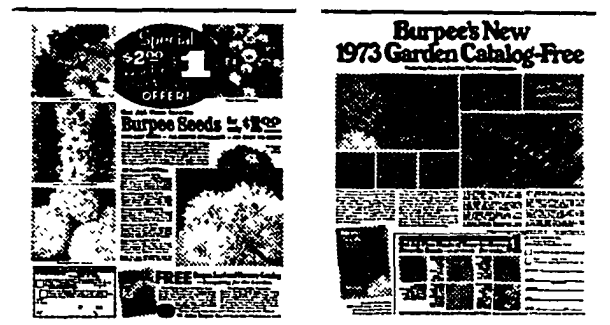
9. How to make long copy succeed. Tests show long copy usually, but not always, pulls more orders than short copy in direct response advertising.

Specifics are the key ingredient in successful long copy. Glittering generalities turn readers off. Beware of long copy that is lazy. Supply facts and figures. They impress the reader and help close the sale.

10. The way you position your offer can double your response. We recently split-run three new advertisements against a successful Burpee advertisement that featured a \$1 offer in the headline.

All three new advertisements improved

response. The one shown below increased results 112 percent.



The reason: The new advertisement offered a free catalog—and clearly positioned Burpee as America's leading breeder of new flower and vegetable varieties for the home gardener.

11. It pays to demonstrate. Product demonstrations are not easy to do in direct mail. But they are worth the effort. They can be exceptionally effective.

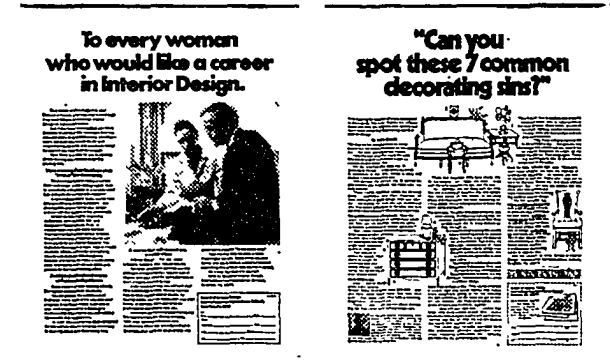
Ogilvy & Mather's mailing for Cessna's "Citation" jet enclosed a recording that contrasted the "Citation's" low noise levels with competitive jets—and even an electric blender.

The record proved Cessna's case; words alone could only have made a claim.

12. Asking the reader to quiz himself increases response. Inviting readers to take a quiz involves them with your advertising.

This can pay handsome dividends, as this split-run test shows.

WHICH AD PULLED BEST?



The advertisement on the right invited the reader to quiz herself—as we are doing here by asking you to guess which ad pulled best. (The "quiz," of course, by 250 percent.)

13. The "close" is crucial in direct response. The reader who makes a mental note to "mail the coupon later" usually never does.

One survey showed that less than a third of the readers who *intended* to send in a coupon actually did so.

Ogilvy & Mather uses a four-point checklist to ensure that our copy does all it can to get the reader to tear out the coupon before he turns the page.

14. The position of your advertisement can make the difference between profit and loss. Tests show that the back page of a publication, or the back of one of its sections, can pull 150 percent better than inside pages.

PO3C—page opposite third cover in magazines—is another winning position. You can often buy it without paying a premium.

15. New direct mail techniques. The efficiency of mailings can be substantially improved through new techniques.

These techniques—"merge-purge," "hot-line" mailings, timing sequence—produce more response for every dollar invested.

16. Separate the wheat from the chaff. List segmentation concentrates your dollars where they will do the most good.

List segmentation—by both demographic and psychographic factors—becomes critical to profit as direct mail costs go up and up.

Take full advantage of computer technology and sophisticated segmentation procedures—zip code analyses and consumer criteria grids.

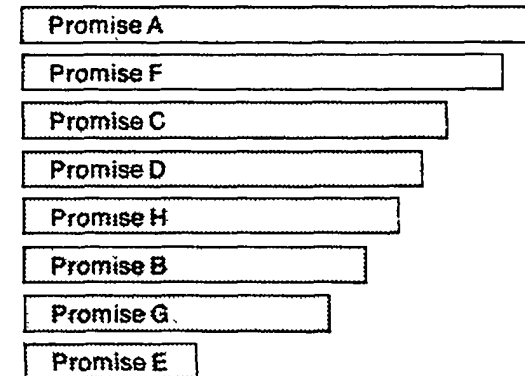
They now make it practical to single out your best prospects.

Separating the wheat from the chaff is the secret to successful direct mail.

17. Pretesting copy can reduce costs and improve response rates. Ogilvy & Mather's Research Department has developed inexpensive techniques that rank copy promises *before* mail or media testing.

This saves time and money—and increases your chances for success.

COPY PROMISES CAN VARY WIDELY IN APPEAL



"Promise Test" research ranks your selling points before mail or media testing. In the above example from an actual test the winning promise proved to be almost three times stronger than the weakest one.

18. Success can be exported. Ogilvy & Mather has found that direct response principles which work in the U.S. are frequently just as effective when applied abroad.

We export these principles to 57 Ogilvy & Mather offices in 30 countries, and coordinate international campaigns through New York.

Example: A series of new direct response advertisements and mailings, initiated in New York and carried out by our Paris office, tripled response for one of the leading book clubs in France.

19. The most accountable form of advertising. Claude Hopkins titled his famous book "Scientific Advertising."

He emphasized that coupon feedback makes direct response the most *accountable* form of advertising. It allows you to measure precisely what every dollar invested returns in sales and profits.

We use coupons and sales conversion rates to evaluate the specific contribution direct response advertising makes to our client's marketing programs. Results show direct response has increased sales and profits in almost every case.

An Invitation

Ogilvy & Mather's Direct Response Division employs three dozen people who specialize in this demanding discipline.

The body of our experience—which can only be hinted at in the space available here—is revealed in a slide presentation: "What Ogilvy & Mather has learned about direct response advertising and marketing."

To arrange a presentation, please mail the coupon today.

Ogilvy & Mather

Barry Blau, Managing Director
Ogilvy & Mather, Direct Response Division
2 East 48th Street, New York, New York 10017

I would like to arrange for a special presentation of "What Ogilvy & Mather has learned about direct response advertising and marketing."

Name _____
Company _____
Title _____
Address _____
City _____ State _____ Zip _____
Telephone _____

How to create financial advertising that sells

by Ogilvy & Mather

Ogilvy & Mather has created over \$100 million worth of advertising for clients in many financial fields—banking, insurance, investments, credit cards. Here are twelve of the things we have learned.

1. The most important decision. How should you position your financial product or service? This is the most important decision you will make. It affects the way you conduct your business, as well as what you say in advertising. Merrill Lynch is positioned as a total financial services center, not as just a stockbroker. American Express Travelers Cheques are positioned for domestic travel, as well as foreign. The Fidelity Bank of Philadelphia is positioned as the bank that does the most to stretch your money. The results of your campaign depend less on how your advertising is written than on how your product is positioned. It follows that positioning should be decided *before the advertising is created*. Research can help. Look before you leap.



Consistency pays. The positioning for this American Express Card campaign is 10 years old. It won the 1973 David Ogilvy Award—given solely for success in sales.

2. Build a bond of trust. Any advertisement is likely to work better if readers believe it. In financial advertising it pays to build a bond of trust. This is because many financial services offer benefits that cannot be seen or measured for years, yet are vital to the customer's well-being.

Here are five ways to build trust:

- **Demonstrate your stability.** You are asking people to come forward with hundreds, even thousands, of dollars. Perhaps their entire life savings. Nobody wants to entrust his money to a bank or brokerage house that might fail. Your advertising can help build confidence in your stability. When Merrill Lynch was still a private company, they didn't have to publish an annual report. But they published one anyway, and offered it in advertising. Merrill Lynch's philosophy of "doing business in a goldfish bowl" suggested that they had nothing to hide. It paid dividends in goodwill and new business.
- **Find a spokesman your prospects will trust.** When Ogilvy & Mather was looking for a spokesman for New York's Bowery Savings Bank, we asked this question: "Who personifies New York at its best, and would be trusted instinctively by New Yorkers?" Joe DiMaggio led the list by a wide margin and became The Bowery's spokesman. Within eight months, awareness of The Bowery's advertising increased 50 percent.
- **Be scrupulously honest.** In a commercial about their annual report, City Investing Company said: "Where we did well, we show you. And

where we didn't do so well, we show you that, too. People trust a company that tells the truth.

- **Show who is behind those granite walls.** It is easier to trust a human being than a faceless company. Investors, for example, want to know *who* is handling their money. Lionel D. Edie & Co., the investment advisory subsidiary of Merrill Lynch, showed their top investment advisors in their advertising. It helped establish person-to-person contact with dozens of prospective accounts.

- **Don't be cute.** People take their money seriously and are seldom disposed to trust it to a comedian. Ogilvy & Mather has found that it pays to

Notes on corporate advertising to the financial community

Few security analysts or sophisticated investors will admit that advertising can affect their evaluation of a company. Ogilvy & Mather's research tells a different story.

If you are considering advertising to the financial community, here are five keys to success:

1. Be ready to make a long-term commitment—three to five years—or the money you spend will be wasted.
2. Give a candid indication of how you plan to grow in earnings per share. The people who recommend or buy your company's stock *hate* surprises.
3. Make sure your financial reports—and your advertising—are *easy to understand*. Financial experts will avoid a company whose communications are hard to decipher.
4. Measure your results. Be as hard-nosed about your advertising investment as any other investment you make.
5. Be different. Your advertising must set you apart from other corporations—or it will pass like a ship in the night.

leave whimsy to those who advertise whimsical products.

3. Offer a unique benefit—and advertise it. American Express is the only brand of travelers cheques which guarantees an emergency refund 24 hours a day, 365 days a year, anywhere in the continental U.S. Their advertisements never fail to mention this fact.

4. Simplify your offer. Like every other commercial bank in Philadelphia, The Fidelity Bank offered a schedule of reduced checking costs for customers who kept certain balances in their checking account or savings account. The idea was unwieldy and complicated to explain in advertising.

Unlike the other banks, Fidelity *simplified* its offer by advertising free checking for anyone who kept at least \$400 in a savings account.

Result: In just four months, Fidelity Bank *quadrupled* the number of customers in its free checking program—and enjoyed a healthy increase in savings deposits.

5. Go on television. There is a theory that television provides too much "waste circulation" to be efficient in reaching upper income groups. This theory has been proven false. The visibility and impact of television can more than offset the diversity of its audience.

We have used television effectively for *all* our financial clients.

6. Find a unique symbol. A distinctive and memorable visual symbol can give your advertising

ing a hook that will catch in your prospect's mind.

- **The Merrill Lynch bulls** symbolize the company's confidence in the long-term strength of the American economy.

- **The Nationwide blanket** symbolizes the complete coverage Nationwide can provide for your home, car, and family.

7. Go first class. It pays to give your service an image of quality. If your advertising looks cheap or ugly, prospects will assume that your service is shoddy.

8. Unify your advertising. Often a financial advertiser offers different services to different groups of people. Without a common theme, the advertising may seem to come from several small companies, rather than from one large one. That charging herd of bulls makes *every* Merrill Lynch advertisement work toward a common cause even when the services offered are different.

9. Talk your customers' language. Part of Joe DiMaggio's appeal to New Yorkers is that he's a "regular guy." He never talks in trade jargon never builds a wall of arcane verbiage around The Bowery's services.

By the end of his first year as spokesman, The Bowery's share of the growth in savings bank deposits jumped over 60 percent.

10. Make sure people know you really want their business. Many people are *afraid* of financial institutions. For example, they hesitate to ask for a loan out of fear of being turned down.

Fidelity Bank cut through this fear by announcing: "Fidelity Bank has \$10 million to lend by May 1." The money was gone in 60 days.

11. Make the most of news. We have found that financial advertising gets more readership when tied in with *news*.

But make sure you act fast. A Merrill Lynch advertisement on Phase Three controls was written, approved, set in type, and sent to newspapers within 12 hours of the newsbreak.

In the summer of 1971, many Americans abroad were unable to exchange their dollars for foreign currency because of an overnight devaluation. Immediately, Ogilvy & Mather people in London and Paris filmed interviews with Americans whose vacations had been saved by the American Express Card, which was still usable because charges on it are made in the local currency.

Within days, these interviews were on the air in television commercials. The number of people who rated the American Express Card as the "best general-purpose credit card" grew 40 percent faster than projections.

Merrill Lynch is bullish on America.



A distinctive symbol. Six weeks after this commercial went on the air, over 65 percent of the target audience could identify the firm that was bullish on America.

12. Don't be afraid of long copy. A financial commitment is intensely interesting to the person about to make it. Be sure to give your prospects plenty of information.

Research shows that although readership falls off rapidly up to fifty words, it drops very little between 50 and 500 words.

One of the best coupon advertisements for Merrill Lynch contained more than 1,145 words. "The more you tell, the more you sell."

How to integrate direct response into your marketing plan

If you have a new product or service, make sure your key prospects get the news ahead of the general public—in the mail.

And don't ignore your current customers. They are often your best prospects.

Financial clients of Ogilvy & Mather

American Express Card
American Express Travelers Cheques
American Express International Banking Corp.
The Bowery Savings Bank
City Investing Company
The Fidelity Bank
Merrill Lynch & Co., Inc.
Nationwide Insurance

In collaboration with Hodes-Daniel Advertising, Ogilvy & Mather's Direct Response Division offers financial marketers a unique combination of services.

Hodes-Daniel has specialized in financial direct marketing for 30 years. They can also computerize your mailing list, print your mailings, and send them out.

Thus you can now get all the marketing services you need from a single source. Which should mean greater speed, better coordination, and more efficient use of your marketing dollars.

Fidelity Bank has \$10 million to lend by May 1



Many people are afraid to ask a bank for money. Fidelity's direct approach made it easier to ask. Result: every cent of the money was gone in 60 days.

Invitation

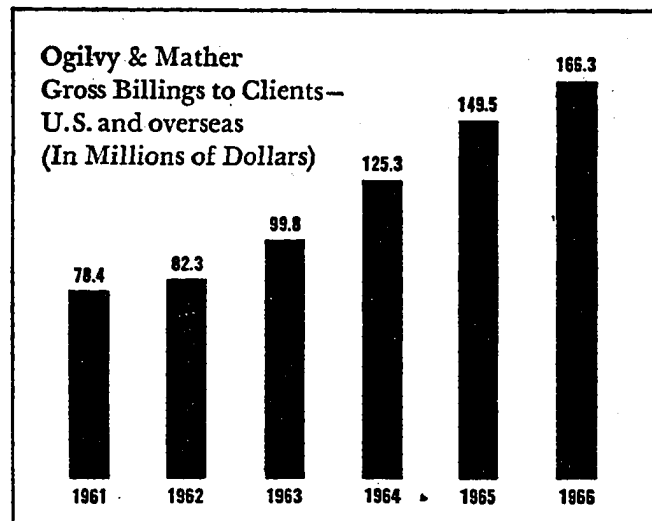
Ogilvy & Mather has a comprehensive one-hour slide presentation on financial advertising. If you would like to see this presentation, please write on your company letterhead to any of these heads of Ogilvy & Mather offices: Andrew Kershaw in New York; Michael Turner in Houston; or Cy Schneider in Los Angeles.

Ogilvy & Mather

2 East 48th Street, New York, N.Y. 10017
2600 Two Shell Plaza, Houston, Texas 77002
5900 Wilshire Blvd., Los Angeles, Calif. 90036

Ogilvy & Mather reports on its first year

On April 26, 1966, Ogilvy & Mather International, the twelfth largest advertising agency in the world, became a public company. Our first Annual Report was mailed to shareholders last week. Text and illustrations shown here come from that report. If you would like a copy, write Shelby H. Page, Treasurer, Ogilvy & Mather Inc., 2 East 48th Street, New York, N.Y. 10017.



Performance in 1966

In 1966, Ogilvy & Mather International billings increased 11.2 percent to \$166,300,297.

Fee and commission income increased 12.4 percent to \$26,674,905.

Earnings per share increased only slightly—from \$1.31 in 1965 to \$1.32 in 1966.

Profits in the United States increased by 75 percent. This increase was offset by a profit reduction in the United Kingdom and Europe. The United States agency contributed 84 percent of net income from operating subsidiaries. Lower profits overseas were partly the result of economic conditions. The deflationary curbs placed on the British economy in 1966 led to a cutback in some advertising expenditures. Similarly, Germany has been suffering an economic downturn which was reflected in reduced advertising expenditures.

Three quarterly dividends of 10 cents per share were paid—after we became a public company in April.

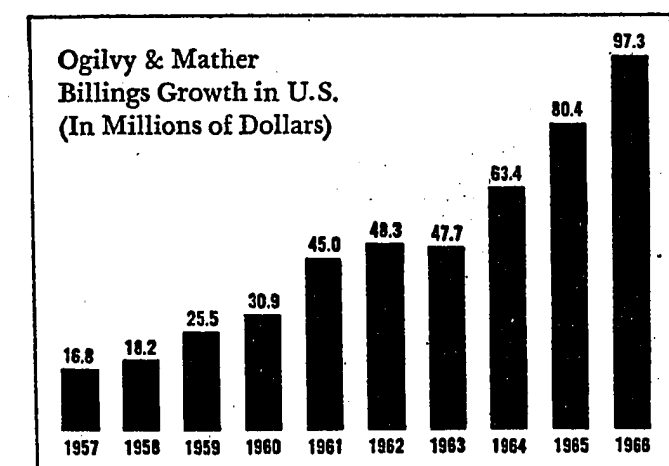
New Accounts

In each of the seven countries where we have offices, we added new clients in 1966. In the U.S. we were appointed by Mars, Incorporated, General Cigar Company, Merck & Co., Gillette Safety Razor Company.

In Canada, we were selected by General Foods to handle five products. In England, we added Gillette, Bristol-Siddeley Engines, and new products for Pet-foods and HP Sauce. New clients in Continental Europe included ICI Fibres, American Express, Bristol-Siddeley Engines, Gilbey's Whisky and Vesta foundation garments.

Growth in the U.S.A.

The United States accounts for 67 percent of the world's advertising expenditures. The chart below shows our billings growth in the U.S.—from



\$16,765,000 in 1957 to \$97,273,107 in 1966. In the past ten years, we have grown from forty-fourth largest U.S. agency to eighteenth largest.

Over this same period, the compound annual growth rate of the U.S. Gross National Product has been 5.9 percent. The billings growth rate of the twenty-five largest agencies has been 6.5 percent; the growth rate of Ogilvy & Mather (U.S.) has been 21.6 percent.

A large part of our growth in the United States has come from additional business awarded us by existing clients. In the past five years our billings in the U.S. have grown over \$52,000,000; almost \$31,000,000, or 58 percent of this growth is additional business from existing clients. Growth with present clients is the best testimonial to our agency's service.

Growth in Europe

Our agencies in the United Kingdom and Germany are major ones. According to *Advertising Age*, in 1966 our agency in the United Kingdom was the fourth largest; our agency in Germany the seventh largest. We have confidence in their continued growth in spite of difficulties in 1966.

In the first quarter of 1967, new accounts with annual billings of over \$6,000,000 were gained in Europe. (In Great Britain: the Gas Council, Omega Watch Company, Reckitt's Wonderset hair spray, and new assignments from Unilever and Gillette. In Germany: Alete baby foods and a new assignment from Unilever.)

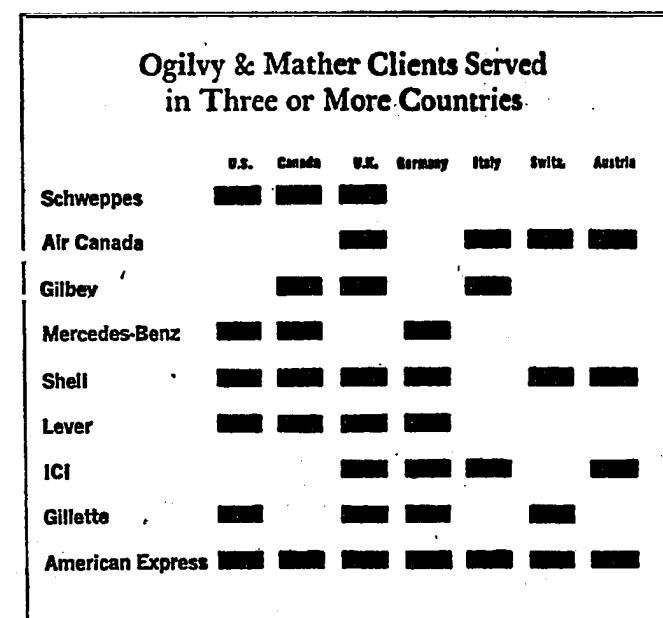
Early in 1967 we entered into an agreement with the Trio Advertising Agency in Switzerland under which we propose to combine our Swiss and Italian offices with the Trio offices in these two countries. We believe this step will improve our operations in Switzerland and Italy.

Our program for strengthening management and reducing costs in Europe was well in train by the end of 1966. We look to a greater profit contribution from Europe in 1967.

International Service

The advertising business is growing rapidly throughout the free world as more economies become more consumer-oriented. Manufacturing companies expanding internationally need advertising agencies that can provide international service.

There is mounting evidence that the same advertising campaigns usually have the same appeal to the consumer in North Dakota as to the consumer in Frankfurt or Toronto. We have geared ourselves to create international campaigns.



Today, Ogilvy & Mather has offices in seven countries. These countries account for 85 percent of world advertising expenditures. We serve the American Express Company in all seven countries. The Omega Watch Company is the most recent addition to our roster of international clients. We plan to

open an office in Melbourne, Australia in the second half of 1967.

Our Board of Directors is composed of ten of the Directors of our companies in England, Canada and the United States.

We exchange personnel between our offices. We have Englishmen working in New York, Frankfurt and Vienna. One of our American Vice-Presidents, working in London, was recently elected to the Board of our English company. Another has been appointed to head our German company. Our U.S. training program exposes nationals from our other offices to American marketing and advertising methods.

New Management in 1966

The year 1966 marked the introduction of new management blood throughout our company.



ALAN N. SIDNAM Vice-Chairman, N.Y. JOHN ELLIOTT, JR. Chairman, N.Y. JAMES R. HECKIN, JR. President, N.Y.

John Elliott, Jr., 46, became Chairman of our U.S. company; James R. Heekin, Jr., 40, became President; and Alan N. Sidnam, 50, Vice-Chairman.

James Benson, 41, became Managing Director of our London company, succeeding Guy Mountfort, who had reached retirement age. Angus Ross, 46, became Deputy Managing Director. Donald Atkins continued as Chairman.

John Straiton, 44, became the President of our Canadian company.

Henry P. Bernhard, 39, from our New York office, became head of our German company, succeeding the late William Heumann.

An advertising agency is *people*. To keep our competitive edge, we take unusual pains to recruit, train and promote able young men and women. Of fifteen new Vice-Presidents named in the U.S. in 1966, fourteen were promoted from within. We believe this testifies to the effectiveness of our recruiting and management training programs.

The Campaigns We Create

Our business is to create great advertising. It is hard work. While great advertising may sometimes result from superficial inspiration, it is more likely to be on target when creative minds are armed with *facts*—facts about the product and the market. We believe that consistently successful advertising is born of a marriage of painstaking research and creative inspiration.

We spend a higher percentage of our income on research than do most advertising agencies, and this expenditure is still going up. We view this as an investment to create better advertising for our clients and so strengthen our relationships with them.

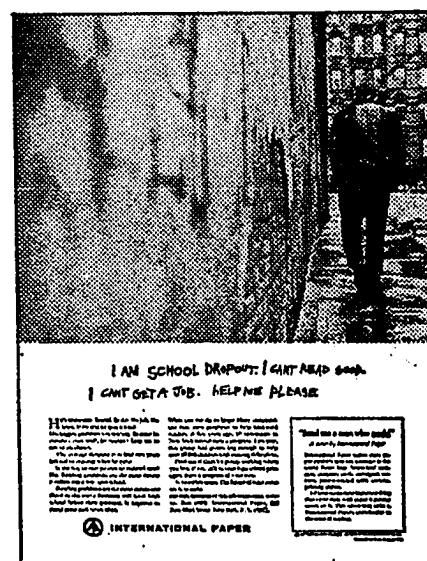
In 1966, we believe that Ogilvy & Mather International won more major awards for creative excellence than any other agency in the world. For example:

At the Venice International Advertising Film Festival, Ogilvy & Mather won more awards than any other agency.

In the 1966 "Saturday Review's" contest for "Distinguished Advertising in the Public Interest," Ogilvy & Mather won the two first places and *one quarter* of all the awards. Over the years, we have won 47 "Saturday Review" awards.



TV Commercial for SEARS, ROEBUCK
First Prize 15th International Advertising Film Festival Venice



Advertisement for INTERNATIONAL PAPER
First Place "Saturday Review" Awards
for Distinguished Advertising in the Public Interest

Above, and on the facing page you'll find examples of our campaigns in 1966. These tiny reproductions hardly do justice to the advertising. But we wanted to give you as many reminders of our creative work as possible.

Last year, we produced 466 television commercials in the U.S. About 65 percent of our U.S. billings were in television. In Canada we produced 186 commercials, in English and French.

A Diversified Portfolio

We are very proud of our roster of clients. They include many of the great names of industry throughout the world.

We have a highly *diversified* portfolio of accounts—more than 150 of them—ranging from groceries to gasoline, from toiletries to travel, from eggs to electronics. This kind of diversity makes for stability in our business.

Below we've listed our clients in the United States. We commend them to you.



Donald Atkins
Vice-Chairman

David Ogilvy
Chairman

Ogilvy & Mather Clients in the U.S.A.

American Express

Bristol-Myers

British Travel Association

Campbell Soup Company

Commonwealth of Puerto Rico

The Drackett Company

General Cigar Company, Inc.

General Dynamics

General Foods

Gillette Safety Razor Company

C. F. Hathaway

International Business Machines

International Paper Company

KLM Royal Dutch Airlines

Lever Brothers

Mars, Incorporated

Mead Johnson Nutritionals

Mercedes-Benz

Merck & Co.

Michaels/Stern

Morgan Guaranty
Trust Company of New York

Nationwide Insurance Companies

P & O Lines

Pepsi-Cola Company

Schweppes (U.S.A.)

Sears, Roebuck

Shell Oil Company

Shell Chemical Company

Steuben Glass

Zippo Manufacturing
Company

How much should you spend on advertising?

Ogilvy & Mather can often answer this question through the use of a new analytical tool.

For the last year, Ogilvy & Mather has been using a technique that reveals the relationship between advertising expenditure, market share and profit.

This technique makes use of a mathematical model developed by the Hendry Corporation, an independent group of marketing consultants.

Ogilvy & Mather is the only advertising agency with rights to use it.

Its validity has been demonstrated with many products in many categories of consumer goods.

The information needed for the model is available from the current files of most advertisers. No need for extensive market tests or elaborate market research.

Results can be obtained quickly, and inexpensively.

The technique is new. Some of our clients are using it in planning their advertis-

ing budgets. Others are testing it in the marketplace. Still others are considering how to apply it to their particular problems, or how best to translate what it tells them into marketing action.

We believe it is an important new tool for guiding strategic planning. It forces objective thinking.

The varying uses of the theory are reflected in the examples that follow. We put them forward to indicate how this new tool might help you clarify your own thinking about questions such as:

What is the optimum spending level for your product?

Analysis for one of our clients showed that he could cut advertising by \$3,000,000—with little decline in share of market but a significant increase in profits.

A similar analysis for another client

showed that he should double his already large advertising budget if he wished to achieve optimum profits.

If you manufacture a product with a small share of market you may choose to advertise beyond the point of maximum profit—in order to maintain distribution. This analysis will indicate how much advertising should be used.

On the other hand, if your product enjoys a high share of market, you may wish to sacrifice some profit in order to sustain this high share—for competitive reasons. Again, our analysis will suggest the appropriate level of advertising to accomplish this.

Whatever your marketing objectives, we believe you can now determine the optimum level of advertising consistent with them.

How much of your share of market is due to advertising?

For some products advertising accounts for a major part of their share of market; without any advertising their survival would be doubtful. For example, one brand studied had an 11 percent share of market. Analysis showed that its share would be only 6 percent in the absence of advertising.

For another brand, our analysis found that advertising contributed only one share point out of nine. However, unit margins were high enough to make this one share point very profitable.

We believe that for the first time it is possible to find out in dollars and cents what you are getting for your advertising dollars.

How can you best allocate your total advertising among different brands or among different forms of a single brand?

Most manufacturers who sell a number of products determine advertising budgets brand by brand. Total profits for the company can sometimes be increased by spending more on some brands and less on others than was determined on an individual basis; while the aggregate company advertising expenditure remains the same.

Ogilvy & Mather can now help you determine when this is the case—and how much to spend on each brand.

If your brand comes in more than one form you may be missing profit opportuni-

ties as a result of inefficient division of your advertising budget among the various forms.

One of our clients was marketing a product in four forms. All of the advertising was placed behind Form I. Our analysis showed that if he shifted a large part of his budget to Form III, he would increase his profit without affecting his total share of market.

How can you best allocate your advertising budget to different sales territories?

In the same way that brand shares can vary by sales territories, the productivity of advertising can also vary from territory to territory.

A regional analysis showed how one of our clients could realize \$300,000 in additional profit if he would reallocate his \$4,000,000 advertising budget.

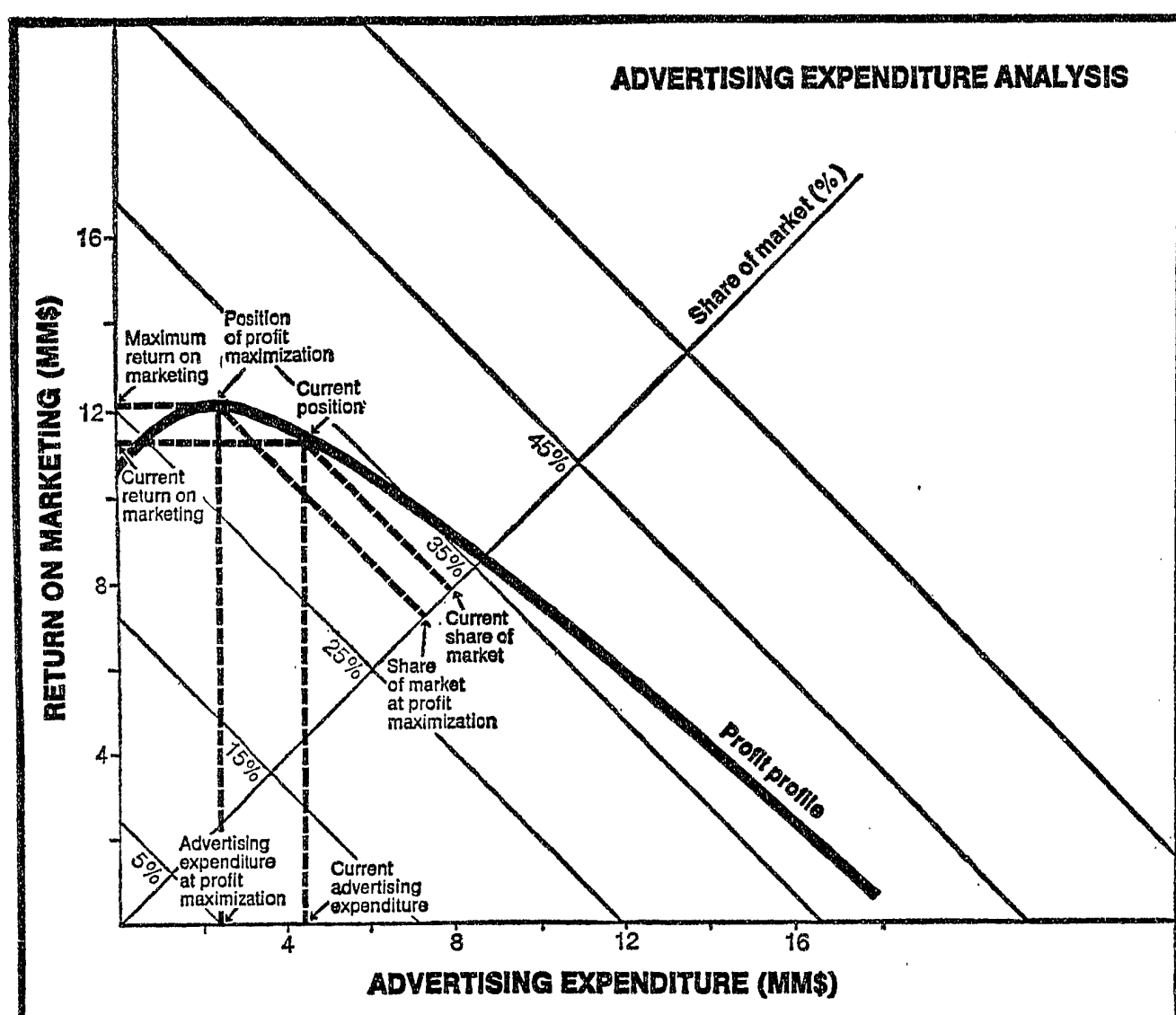
The analysis showed him how to distribute the money so that, dollar for dollar, it was equally productive in each of his marketing areas.

How big an advertising budget to introduce new products?

For one of our clients we found that the marketing objectives for a new product could not be achieved at an affordable level of advertising. So we advised them not to advertise at all.

For another new product, a brief market test was used to obtain data for use in the mathematical model. We were then able to determine the optimum advertising budget. The analysis indicated that less advertising than was used in the test would yield the most profitable results.

N.B. This method of analysis reflects conditions in the market at the time it is made; it does not allow for subsequent major changes. If marketing conditions change substantially, the analysis must be repeated.



A schematic representation of the relationship between Advertising, Share of Market and Return on Marketing. (Return on Marketing = Profits + Allocated Costs; it excludes the cost of advertising.)

This analysis shows that a cut of \$1,900,000 in Advertising (from \$4.3 to \$2.4 million) would result in maxi-

mization of return on marketing and an increase in returns (over and above the cut in advertising) of \$900,000 (from \$11,200,000 to \$12,100,000). This, however, would result in a drop in share of market of 3.5 percentage points (from 33.5 to 30.0) which might be harmful to the momentum of the brand in a highly competitive market.

Ogilvy
& Mather

2 East 48th Street, New York, N.Y. 10017

How to launch new products

Ogilvy & Mather has helped to launch 73 new products. Forty-five are now established brands—double the usual rate of success. This experience has taught us certain principles. If you observe these principles when you introduce a new product, you will increase your chance of success.

Many of the rules that follow will seem glaringly obvious. Yet new product after new product is launched with sublime disregard of these basic truths. They almost always fail. "Those who do not remember the past are condemned to relive it."

I. The Product

Beware of launching a new product unless it has a real point of difference which can be perceived by the consumer.

If a particular market category is growing by leaps and bounds, or has very few brands in it, it is possible to introduce a "me-too" product successfully. But the risks are great.

"Second" brands in a market typically get only half the share of the pioneer—unless the second brand spends outrageously more. It is usually better to wait until you have a product with a real difference.

The difference may be in terms of better performance or better quality. Dove Beauty Bar was easily recognized as a better quality product. Better looking, better lathering, better for the skin.

The difference may be better value. It may be in providing a new use or a new service. It may consist of solving a problem which other brands do not solve.

For example, the Shell No-Pest Strip eliminates flying insects, without cumbersome spray bottles. Max-Pax Ground Coffee Filter Rings filter out messy grounds and sediment, and give a less bitter tasting cup of coffee.

Too many new products have only minor

Soap dries your skin, but
DOVE creams your skin
while you wash



1957: Dove is launched.

technical differences which can only be perceived in a laboratory.

Use research to make sure that consumers can see what's different about your product when they use it, and that this difference means something to them.

II. The Package

Your package should help position your product and express its promise and personality.

1. Make sure your package is working with the personality you are trying to build for your product—not against it. For example, Pepperidge Farm Old-Fashioned Cookies come in an old-fashioned paper sack, not a fancy box.

2. Make your package reflect the taste of the

customers you are trying to attract. Hershey's new Special Dark Chocolate Bar is intended for grown-ups, not children. So the Special Dark package is sophisticated and contemporary looking.

3. Put your advertising promise right on the package, in the same words your advertising uses.

The Shake 'n Bake package says "For crispy chicken without frying"; so does the advertising. Dove Dishwashing Liquid says "Leaves hands feeling soft and smooth"; so does the advertising.

4. It helps to make the product visible through the package—like Contac Capsules.

NEW! PRIME TAKES THE PLACE OF CANNED DOG FOOD

Tender, beefy chunks in cellophane packets. Just tear and pour—nothing to mix, nothing to add. And no refrigeration ever.



1964: Gaines Prime is launched.

5. Don't skimp on package design, graphics, or quality. It will cost you more in the end.

Start worrying if your package is indistinguishable from your competitor's. It will get lost on the shelf. A "me-too" product in a "me-too" package is an invitation to disaster.

III. The Name

The name should help position your product and spell out its promise.

A good name can reinforce your advertising. It can give your brand meaning on the shelf. Your product is less likely to get into trouble if you follow these guidelines:

1. Choose a name that will help position your brand. Like Swanson's new Hungry Man Dinners.

2. Put your product promise in the name. Like Shell No-Pest Strip. Roast 'n Boast. Sears

Powermate Vacuum Cleaner.

And Sears Dial-Easy Sewing Machine.

3. Make your brand name memorable. Like Tijuana Smalls.

4. Don't pick a name that's so vague that it could apply to almost anything. Names like NoDoz, Electra-Perk, Spray'n

Vac all identify the product category quickly.

5. Make your brand name easy to pronounce. Especially if it's a product the customer must ask for, out loud.

To be sure the name you are considering avoids the pitfalls listed, test it. Product formulas can often be changed.

Packages can be redesigned. But once your product is launched under a certain

name, that is its name, forever. So test.

Test alternatives to see which name makes your product sound most effective. And most convenient. And safest. And most appetizing. (Names affect taste.) Test to see which name makes your product sound newest.

Test for negatives, too. Your name could mean something embarrassing in another language. Or it might be so dull that nobody will be able to remember it. When it comes to names—look before you leap.

1. The price of a new product should be consistent with the image you are trying to build. An elegant perfume almost has to be expensive. A special food for lap dogs can be expensive. But a food for large dogs had better be reasonably priced.

2. If your new brand is a "me-too" product—never price it above competition. But if your new brand has a real difference, people will usually be willing to pay more for it. Another reason for waiting until you have a product with a difference.

Direct Response: A Secret Weapon

Ogilvy & Mather has learned how to employ direct response as a "secret weapon" in new product introductions. Direct response techniques can often be used to pretest the consumer appeal of a new product at only a fraction of market test costs. Direct response can also "seed" new products among key consumer segments of the market. As market test costs escalate, this could be one route to greater efficiency in new product introductions.

Test for negatives, too. Your name could mean something embarrassing in another language. Or it might be so dull that nobody will be able to remember it. When it comes to names—look before you leap.

IV. The Price

1. The price of a new product should be consistent with the image you are trying to build. An elegant perfume almost has to be expensive. A special food for lap dogs can be expensive. But a food for large dogs had better be reasonably priced.

2. If your new brand is a "me-too" product—never price it above competition. But if your new brand has a real difference, people will usually be willing to pay more for it. Another reason for waiting until you have a product with a difference.

V. The Advertising

In his book "Confessions of an Advertising Man," David Ogilvy listed principles for creating advertising that sells.

The following principles are vital when it comes to advertising new products:

1. The results of your advertising will depend less on how it is written than how it is positioned. The positioning must be decided before the advertising is created.

2. Unless your advertising is built around a BIG IDEA, it will flop. It takes a BIG IDEA to make the consumer notice your advertising, remember it, and act on it in the marketplace.

3. Your product will only be new once. Say it is new—loud and clear. And be sure you say what's new about it.

4. If possible, put the price in your advertising. It answers the first question every consumer is sure to ask.

5. Tell your customer how to use the product. Tell her how it will fit into her life. Show the product in use.

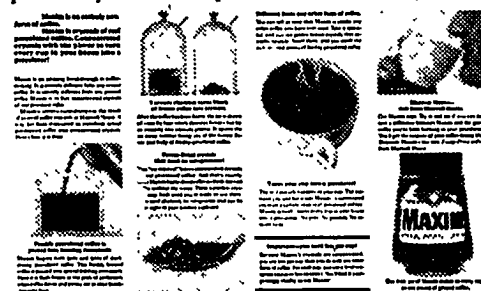
6. Be sure to hammer home the name of your new product. Don't be shy about repeating it in your advertising—many times.

7. Don't be afraid to state the obvious. The benefits of your new product may be obvious to you. You have been

Maxwell House Announces

Maxim Freeze-Dried Coffee

Now, an entirely new process called freeze-drying actually makes it possible for you to brew real percolated coffee...without a percolator!



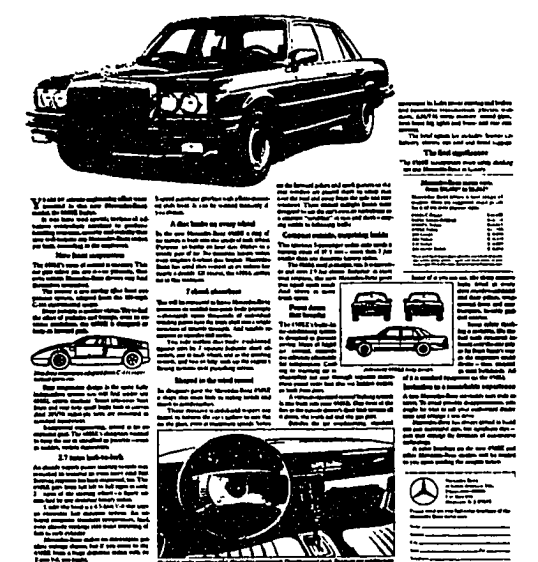
1968: Maxim is launched.

thinking about them for years. They may not be so obvious to the consumer.

8. Don't overclaim. Today's consumer is an intelligent and skeptical woman. If you make exaggerated claims, she will turn you off.

If you have done your homework, and have a well-researched strategy and good executions of

Introducing a \$13,500 sedan that promises the most remarkable driving experience of your life: the new Mercedes-Benz 450SE



that strategy, you should be able to live with your advertising for years.

"Pete the Butcher" has been selling Shake 'n Bake on television for four years. The Shake 'n Bake promise hasn't changed at all in seven years.

Our Dove "Face Test" commercials ran for eight years.

And Titus Moody has been the spokesman in Pepperidge Farm commercials for fifteen years.

Sometimes advertising is allowed to change with the arrival of each new copywriter or each new brand manager. The manufacturer who dedicates his advertising to building a sharply defined personality for his new brand right from the start, and who sticks with it, will get the largest share of market.

Amazing Mathematical Model predicts new product potential

Ogilvy & Mather is now working with a fascinating new products marketing model.

This model can help you determine: which product fields are most vulnerable to a new entry, what share of market can be anticipated for a new product, what level of first-year advertising is needed to get that share of market, how to allocate introductory advertising funds for the most profitable share, and what sustaining level of advertising will result in maximum profit.

If you would like an invitation to a special presentation describing this marketing model in detail, please write to Stanley Canter at our New York office.

Ogilvy & Mather

2 East 48th Street, New York, New York 10017
2600 Two Shell Plaza, Houston, Texas 77002
5900 Wilshire Boulevard, Los Angeles, California 90036

How to run an advertising agency

by David Ogilvy
Chairman, Ogilvy & Mather International

Ogilvy & Mather now has offices in seventeen countries. As a guide to the heads of these offices, who are meeting in New York this week, David Ogilvy recently set down his principles of management. Here they are in abbreviated form.

For an unexpurgated version write Ogilvy & Mather, 2 E. 48 St., New York, N.Y. 10017.

I believe in the Scottish proverb: "Hard work never killed a man." Men die of boredom, psychological conflict and disease.

The harder our people work, the happier and healthier they will be.

Make working at Ogilvy & Mather fun. When people aren't having any fun, they seldom produce good advertising. Kill grimness with laughter.

Maintain an atmosphere of informality. Encourage exuberance. Get rid of sad dogs who spread gloom.

Always be honest in your dealings with clients. Tell them what you would do if you were in their shoes.

While you are responsible to our clients for sales results, you are also responsible to consumers for the kind of advertising you bring into their homes. Tell the truth.

No phonies or zeros

Our offices must be headed by the kind of men who command respect. Not phonies or zeros.

Qualifications for the Heads of our offices:

1. High standards of personal ethics.
2. A big man, without pettiness—a formidable individual.
3. Stable, guts under pressure, resilience in adversity, a deep keel.
4. Brilliant brain—not a safe plodder.
5. Commitment—dedicated, a hard worker.
6. A streak of unorthodoxy—the urge to innovate.
7. The courage to face tough decisions, including firing non-performers.
8. Inspiring enthusiast—with infectious gusto.
9. Decisive—speed in grasping nettles.
10. Ability to hire and promote good people.

If you treat your lieutenants as subordinates, they will be less effective in their jobs; they will come to resent their subordination.

Our Top Management in each country

should function like a Round Table, without the overt discipline of a military hierarchy—with its demeaning pecking order.

An egalitarian structure encourages independence, responsibility and loyalty. It reduces dependence on ONE MAN, who is sometimes absent, often fallible and always mortal.

The key to success

The key to success in management lies in this concept of PARTNERSHIP. Partnership between the Heads of our offices and their colleagues at the Round Table. Partnership between our offices in different countries.

Happy partnerships are as difficult to sustain as happy marriages. The challenge can be met if those concerned have clear-cut divisions of responsibility and don't poach on the other fellow's preserves.

"Why beholdest thou the mote that is in thy brother's eye, but considerest not the beam that is in thine own eye?"

Superior service to our clients depends on making the most of the men and women on your staff.

Give them challenging opportunities, recognition for achievement, job enrichment, and responsibility.

Treat them as grown-ups—and they will grow up.

Help them when they are in difficulty. Be affectionate and human, not cold and impersonal.

Give outstanding performers spectacular rewards. Nothing is too good for our make-or-break individuals.

Encourage free communication upward. Senior men have no monopoly on great ideas.

Nor do Creative people. Some of the best ideas come from clients, account executives, researchers and others.

Don't be a hermit

Do not summon people to your office—it frightens them. Instead, go to see them in their offices.

A Chairman who never wanders about his agency becomes a hermit, out of touch with his staff.

Never hire relatives or friends.

Sack incurable politicians.

Crusade against paper warfare. Encourage your people to air their disagreements face-to-face.

Discourage secrecy.

Discourage poaching.

Compose sibling rivalries.

Avoid duplication of function—two

people doing a job which one could do.

Ferment and innovation

Your paramount hiring problem is this: Advertising is one of the most difficult functions in industry, and too few brilliant people want careers in it.

1. Make a conscious effort to avoid recruiting pedestrian hacks.

2. Create an atmosphere of ferment, innovation and freedom. This will attract brilliant recruits.

3. If you ever find a man who is better than you are—hire him. If necessary, pay him more than you pay yourself.

In recruitment and promotion we are fanatical in our hatred for all forms of prejudice. We have no prejudice for or against Roman Catholics, Protestants, Negroes, Aristocracy, Jews, Agnostics or foreigners.

The most important function

The Creative function is the most important. The Heads of our offices should not relegate their key creative people to positions below the salt.

They should pay them, house them and respect them as indispensable Stars.

We also value our good Management Supervisors. They stimulate our service departments to do great work for clients.

Our Management Supervisors are equivalent to the partners in great law firms. They must be stable, courageous, professional and imaginative.

They must work in fruitful partnership with our creative people—neither bullying them nor knuckling under to them.

This is not a job for lazy, frightened mediocrities, nor for superficial "contact" men.

No agency has greater respect for the importance of the research function—particularly in the creative area.

The most valuable quality in a Research Director is his integrity. A dishonest one can do appalling damage.

It is also important that a Research Director be able to work sympathetically with our creative people. And he should be able to use research fast and cheaply.

Disciplines

In all our departments, our top people must instill a healthy discipline. Due dates must be met. The staff must arrive on time. Telephones must be answered politely. Security must be policed.

It is also the duty of our top people to sustain unrelenting pressure on the professional standards of their staffs. They

must never tolerate mediocre creative work or sloppy plans.

In our competitive business, it is suicide to settle for second-rate performance.

Fee or commission?

We offer our clients a choice of fee or commission. Fees offer four advantages:

1. The advertiser pays for what he gets—no more, no less.

2. Every fee account pays its own way. Unprofitable accounts do not ride on the coattails of profitable accounts.

3. The agency has an incentive to provide non-commissionable services.

4. Unforeseen cuts in advertising expenditure do not result in temporary personnel layoffs.

Then there is the commission system, and some clients prefer it. Both systems will continue for years to come. We should be open-minded about them.

New accounts

The most difficult decisions are which new accounts to take and which to reject. The primary considerations should be:

1. Does anyone in our Top Management really want the account? We should never take a new account unless at least one of our key men can approach it with tremendous enthusiasm.

2. Do we believe that good advertising can sell the product?

3. Would the marriage be a happy one? Unhappy marriages do not fructify—and they do not last.

4. Has the account potential for growth? The prime responsibility for new business must lie with the Head of the office. He should not allow his Management Supervisors to spend too much time assisting him in this area; their prime responsibility must always be to our present clients.

Ogilvy & Mather offices

NORTH AMERICA

New York
Los Angeles
(Carson/Roberts)
Houston
Toronto
Montreal

EUROPE

Amsterdam
Brussels
Frankfurt
London
Milan
Paris
Vienna

LATIN AMERICA

Bogota
Buenos Aires
Caracas
Mexico City
Rio de Janeiro
São Paulo

AUSTRALIA

Melbourne
Sydney

NEW ZEALAND

Wellington
Auckland

SOUTH AFRICA

Johannesburg

How to create industrial advertising that sells

by Ogilvy & Mather

Ogilvy & Mather has created industrial advertising for over 200 of our clients in 30 countries.

Here, with all the dogmatism of brevity, are some of the ways we have learned to get the best results.

1. Use your best people. Industrial advertising can be even more challenging than consumer advertising. Often it aims to influence decisions involving hundreds of thousands of dollars.

If you want first-rate industrial advertising, assign it to first-rate people. At Ogilvy & Mather, the people who develop industrial advertising are the same people who develop consumer advertising. The same account executives. The same copywriters and art directors. The same media people.

2. Prove your case. Advertising with a largely emotional appeal can sell some types of consumer products. But rarely, if ever, will it sell industrial products. Hard-nosed buyers, men whose business is spending money wisely, need an airtight argument to be convinced.

• **Use case histories and testimonials.** Buyers like to know how well your product has worked for others. This is the headline for an International Nickel advertisement:

"Chattanooga's 348,000-Barrel LNG Tank Is Now 4 Months Ahead of Schedule. Easy-Welding 9% Nickel Steel Is One Reason Why."

An impressive case history, directly responsible for new business for International Nickel.

• **Demonstrate.** Show what your product will do. *Torture tests* can be unusually effective. To demonstrate the strength of International Paper's cardboard meat container, Ogilvy & Mather showed one box supporting six grown men and a steer.

After reading this advertisement, the head of one of the largest meat-packing firms in the U.S. sought out International Paper. Until then, IP had been unable to get in touch with him.

Another way to demonstrate is to put the proof of your product's capabilities right in the reader's hands.

In Australia, Ogilvy & Mather helped launch a new copier for Repco Canon. The advertisement was an actual copy

made by a Repco Canon copier, inserted into the leading financial/business paper.

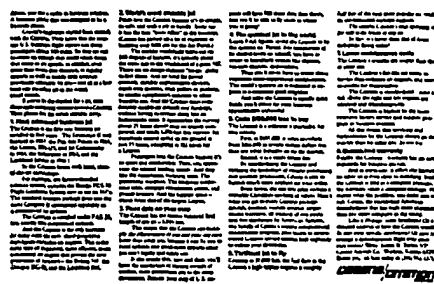
In the first two months, sales were *double* the company's original estimates.

• **Use long copy.** See the box below.



Cessna's sensible Citation vs. other jets.

(Or, how to get a more versatile business plane for a lot less money.)



Typical advertisement for the Citation has 1100 words. (See box below.)

3. Create uses for a new material. Once you identify your market, develop possible uses for the material. Then show them in your advertising.

Shell Chemical wanted to sell polypropylene plastic to the packaging industry—but polypropylene plastic had never been used for packaging. So Shell asked industrial engineers to develop *models* of packages that could be made of polypropylene. Ogilvy & Mather featured the models in advertisements. One of the hypothetical packages was eventually used by a manufacturer who became a good customer of Shell.

4. Develop a single advertising format for all your product groups. Otherwise your advertisements will seem to come from several small companies rather than one large corporation. When Ogilvy & Mather developed an overall format for all Owens-Corning Fiberglas advertisements, research showed a *doubling* of recognition of Owens-Corning as a large, nationwide corporation.

5. Get the reader to participate. One way: quizzes. International Nickel ran quizzes for two years. Here's one of the headlines:

"Are You an Expert on the Uncommon Cold? Try This Cryogenic Quiz."

Each quiz advertisement got top "noted" and top "read most" scores every time it ran. *Note:* The quiz

implies that *you* have the answers. This helps establish your company as a leading expert in your field.

6. Make your advertisement a product guide—with your product the hero. An insert Ogilvy & Mather produced for Massey-Ferguson in England showed fourteen types of ploughs and what each does best in bedding the soil:

"The Massey-Ferguson Guide to Better Bed-Making."

Massey-Ferguson salesmen found the advertisement pinned up on walls of many agricultural dealers. And on farms, as well.

7. Put a strong promise in the headline. This is the most effective way to alert those few readers who are *prospects* for your product.

"Fiberglas Is More Than a Weather-Resistant Lighting Pole. It's a Way to Cut Maintenance Costs Almost to Zero."

One order resulting from this advertisement was enough to pay for the entire campaign for a year.

8. Use cutaway drawings, diagrams, graphs. For Shell Chemical, Ogilvy & Mather used a diagram to explain a chemical process and a chart to give data for typical applications. These were the only illustrations in an advertisement that helped develop multimillion-dollar sales for Shell.

9. Include the price when you can. Contrary to what many advertisers believe, price does not scare readers away. Research shows that a promi-



Shell created packaging ideas to illustrate new uses for polypropylene plastic. See #3.

nent price *increases* readership—even a *high* price. Buyers know that quality merchandise costs more than shoddy merchandise.

How to get more for your money

10. Concentrate your forces. Run in fewer magazines. McGraw-Hill research shows that you spend your money more wisely when you run in the top two of the top five magazines in a field.

You'll usually reach about 86 percent of the total audience for all five publications—at 47 percent of the cost of running in all five.

11. Think smaller. Don't use spreads, for example, unless the importance of your story justifies the sheer impact of a spread—or you need the space to prove the claim in your headline. Spreads cost twice as much as pages but almost *never* produce double the readers or double the coupons.

If possible, split-run full pages with smaller sizes. Find out which size is most cost-effective. In England, Ogilvy & Mather experimented with various sizes of newspaper advertisements for 3M and discovered that an advertisement less than a quarter of a page actually pulled more coupons than full pages.

12. Consider 2-color—a real bargain. You get almost as many readers as with 4-color—at about one third the extra cost.

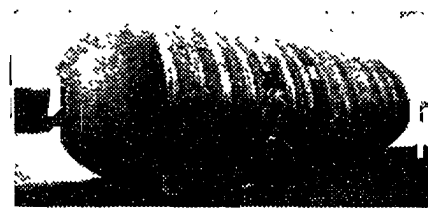
CAUTION: Use the second color *functionally*. Focus attention on product features. Highlight key words. Show how your product operates. *Help* the

reader. Using a second color merely for decorative purposes often looks cheap and can actually *lose* readers.

13. Repeat your winners. Industrial advertisers are notorious for killing their advertisements



The old way.



The Fiberglas way.

Owens-Corning Fiberglas

This advertisement got top "noted" and top "read most" scores on its eleventh insertion—as it did the first.

before they earn their keep. A waste of money.

An Ogilvy & Mather advertisement for Owens-Corning got top "noted" and top "read most" scores in *The Wall Street Journal* the eleventh time it ran—just as it did the first.

We have seen *coupon response* hold up through the *eighth* insertion.

These are only a few of the ways to make industrial advertising more effective. Ogilvy & Mather has a one-hour slide presentation with 75 more facts that can help make the difference between outstanding and mediocre industrial advertising.

If you are interested in seeing this full presentation, please write on your company letterhead to any of these heads of Ogilvy & Mather offices:

Andrew Kershaw
2 East 48th Street, New York, New York 10017

Michael Turner
2600 Two Shell Plaza, Houston, Texas 77002

Cy Schneider
5900 Wilshire Blvd., Los Angeles, Calif. 90036

Ogilvy & Mather Offices

We have learned that the same techniques work in our offices all over the world. We apply them for our clients in:

Argentina	Germany	Nigeria
Australia	Holland	Norway
Austria	Hong Kong	Singapore
Belgium	India	South Africa
Brazil	Indonesia	Spain
Canada	Italy	Sweden
Colombia	Kenya	Thailand
Denmark	Malaysia	United Kingdom
Finland	Mexico	United States
France	New Zealand	Venezuela

Ogilvy & Mather

2 East 48th Street, New York, N.Y. 10017

Ogilvy & Mather answers a common question about long copy

Ogilvy & Mather has prepared many industrial advertisements with very long copy. Yet readership research shows that the vast majority of the readers of any advertisement never get beyond the headline.

Since so few people read the copy at all, why does Ogilvy & Mather recommend long copy so often?

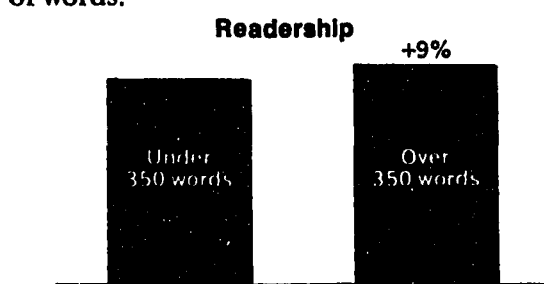
The answer is that those relatively few people who read the copy are *prospects* for your product or your service.

If you aren't in the market for a product you are unlikely to read an advertisement for it, no matter how long or short the copy. (Most readers of *The Wall Street Journal* have little interest in industrial advertising—or Ogilvy & Mather. Chances are they haven't read this far.)

But real prospects—especially industrial prospects responsible for spending large sums

—are hungry for information. Research shows that industrial advertisements with really long copy actually tend to get read more thoroughly than advertisements with shorter copy. (See chart.)

You might be able to sell a candy bar with very short copy. But you could never make a case for buying a Cessna Citation in a handful of words.



Source: McGraw-Hill LAP Study

Ogilvy & Mather reports on its most profitable year

Ogilvy & Mather International, the ninth largest American advertising agency, became a public company in 1966. Their fourth Annual Report was recently mailed to stockholders. Text and illustrations below are taken from that Report. For a complete Report, write Shelby H. Page, Ogilvy & Mather, 2 East 48 St., New York 10017.



In 1969, we maintained our unbroken record of topping the preceding year.

Our net income increased by 15 percent to \$2,330,384, or \$2.08 per share, compared with \$2,026,092, or \$1.86 per share, in 1968.

Our billings increased to \$229,564,903 from \$205,254,489 in 1968, or 12 percent.

We paid four quarterly dividends, the first of 12½ cents per share, then three of 15 cents per share; 57½ cents per share for the year.

Profits outside the United States increased by 68 percent, as a result of more profitable operations in England, Canada, Germany, Australia and Austria.

We expanded into Latin America, Holland and Belgium. Ogilvy & Mather now has 30 offices in 14 countries. The earnings of our newest acquisitions will contribute modestly to our 1970 figures.

In all countries where we have offices, we added new clients in 1969.

Growth in the U.S.A.

For the sixth consecutive year, Ogilvy & Mather (U.S.) made substantial gains over the preceding year.

Billings increased to \$152,349,280, a growth of 10.1 percent over 1968. We added a greater volume of new business than in any previous year.

We were appointed by Owens-Corning Fiberglas, Hershey, the French Government Tourist Office, Menley & James (Contact) and Cessna. The full effect of these additions will be felt in 1970.

In 1969, we resigned two unprofitable accounts, and we lost two accounts.

Growth with present clients is the best testimonial to an agency's performance. We have grown with virtually all our clients, the most striking examples being American Express, Bristol-Myers, General Foods, Lever Brothers, Sears, Roebuck and Shell.

Promotions from our ranks

In November, Andrew Kershaw was elected President of Ogilvy & Mather (U.S.) succeeding James R. Heckin, Jr., who left the agency. For nine



JOHN ELLIOTT, JR., Chairman and ANDREW KERSHAW, President—New York

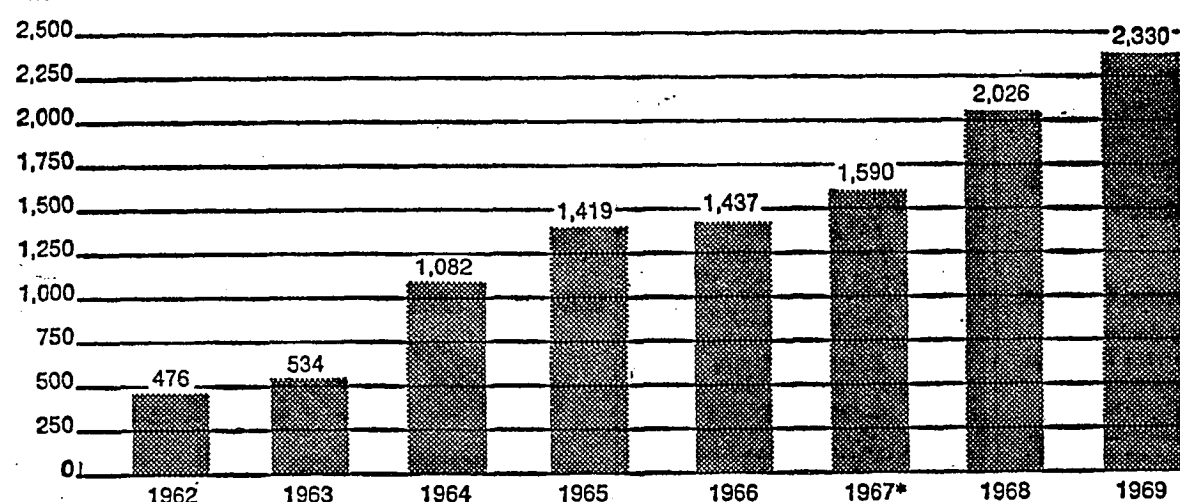
years, Mr. Kershaw has been Chairman of our Canadian agency, which he built into one of the best known in Canada. He has been a Director of our U.S. company for eight years.

During the year, we elected four new Directors of our U.S. company. We also elected four Senior Vice-Presidents and eight Vice-Presidents. All these new officers were promoted from our ranks. We grow our own.

In February, 1970, we opened a 30-man office in Houston to service Shell, which has moved the headquarters of its marketing operations to Houston.

We are keeping an increasingly tight rein on costs. In 1969, we instituted even more precise budgetary controls. A traditional, though rudimentary, measurement of an agency's efficiency is the ratio of employees to billings. In 1959, we had

OPERATING INCOME
THOUSANDS OF DOLLARS



*Before extraordinary charge of \$253,019 arising from the devaluation of the British pound.

1969, we had 5.9. As salary costs are forced up by competition and inflation, this ratio must go down even further. We believe there is still room for improvement in our efficiency.

Growth of international operations

Profits from our international operations increased 68 percent in 1969. This was on top of a 64 percent increase in 1968. We look to continued growth of our operations outside the United States.

In London, despite continuing curbs on the British economy, new accounts raised our billings by almost eight percent.

Our new clients include the British Steel Corporation, Cinzano, Hambros Bank, International Publishing Corporation, and the Southern Gas Board. Ten new assignments came from Reckitt & Colman, Unilever, Mars, and John Player & Sons. We lost one account and resigned another.

On January 1, 1970, James Benson became Chairman of Ogilvy & Mather (London), succeeding Donald Atkins, who continues as Vice Chairman of our parent company. Angus Ross became Deputy Chairman.

With a balance of payments surplus at last achieved, the outlook for British business looks more buoyant. Our London office expects a further advance in 1970.

Expansion in Europe

In January, 1970, we announced our expansion into Amsterdam and Brussels, through the acquisition of a majority interest in the Van Maanen agency, which is now known as Van Maanen, Ogilvy & Mather.

Van Maanen is one of the largest agencies in Holland. It was founded in 1921 and five years ago opened a branch office in Brussels.

Our Dutch colleagues, Cor Bandt and Eddie de Smet, continue as Managing Directors of Van Maanen, Ogilvy & Mather. Henry P. Bernhard, Chairman of Ogilvy & Mather's Continental offices, represents the parent company in the management.

In Germany, Dieter Starck was appointed Managing Director of our Frankfurt company. We won ten new accounts, including the major appliances of AEG-TELEFUNKEN and Veith-Pirelli tires. We received new assignments from Unilever and Effem-Mars.

In Austria, Helmut Zambo moved from our Frankfurt office to become Managing Director of

our Vienna office. We gained eight new accounts, including Mercedes-Benz Wiesenthal and Schweppes.

In Italy, Gianni Muccini joined us as Chairman of our Milan office, to work in partnership with Robert Lasagna, Managing Director. We added Isolabella, Reckitt and the milk campaign for the Province of Milan.

In Canada, existing accounts grew, new accounts were won, and we purchased the Mac Shoub Group. This acquisition, in combination with our already established service office, gave us a full-service profit center in Montreal. What's more, it added a most valued client to our roster: Seagram.

Andrew Kershaw continues as Chairman of Ogilvy & Mather (Canada), but the day-to-day running of the company has devolved on John Straiton, President, and Robert Miller, Managing Director.



Ogilvy & Mather has offices in 14 countries

Our Australian offices, under the leadership of Michael Ball, continued their remarkable growth. Billings were up 85 percent over 1968. In 1969, we gained seven new accounts, including Dunlop and Nabisco. We were also awarded new assignments from Bristol-Myers, General Foods, Unilever and other clients.

Early in 1970, Michael Ball was elected a Director of the parent company.

First steps into Latin America

In 1969, we took our first steps into Latin America. We acquired a substantial minority ownership in CORPA, the largest advertising agency in Venezuela. CORPA is associated in Mexico with Panamericana de Publicidad, and in Colombia with Patino Ponce de Leon. All three agencies are now functioning as members of the Ogilvy & Mather group of agencies. William Phillips represents the parent company on the Board of CORPA.

Early in 1970, we announced the purchase of a substantial minority interest in Standard Propaganda, the largest Brazilian advertising agency. It has eight offices, with headquarters in Rio de Janeiro.

We look forward with enthusiasm and confidence to our partnership with these excellent agencies and their heads, Dr. Alfredo Machado Gomez, Jacques A. Regis Eticvan, Raul Gutierrez, Alvaro Ponce de Leon and Cicero Leuenroth.

Planning for continued expansion

We are planning further international expansion. International companies are turning more and more to those advertising agencies that can provide first-class international services. We now serve 17 clients in three or more countries.

We regard all our 30 offices (and others as they are added) as one agency indivisible, with common policies and uniform standards of service.

Toward this end, we are stepping up the movement of our most talented people from country to country. We sent one of our New York men to be the Chairman of our Continental offices; a man from our Toronto office to launch our Australian company; a man from Frankfurt to head up our Austrian office; a man from New York to head up creative work on the European continent. We have brought the head of our Toronto office to be the President of our New York office. And so on. There will be more of such movements in the years to come.

To accelerate this process of internationalization, we have appointed International Management Supervisors to manage our international accounts. Some of them work out of our New York office, others out of London and Frankfurt.

Ogilvy & Mather is dedicated to six purposes, which bear restatement:

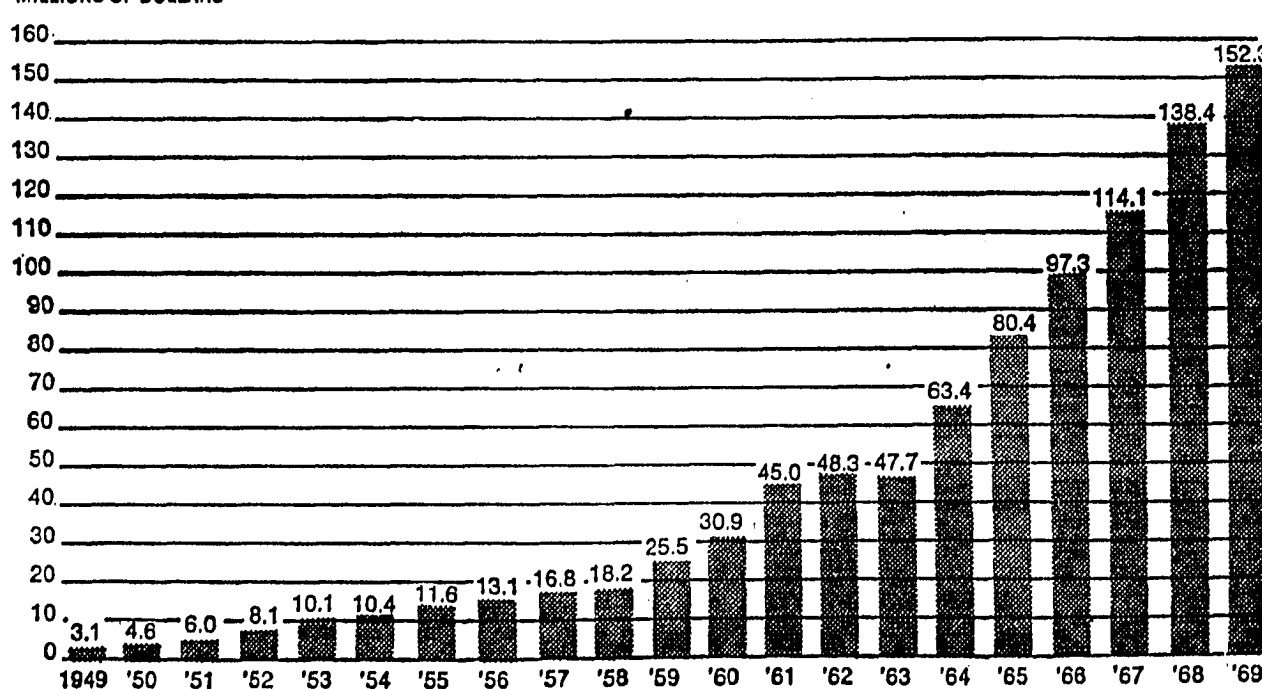
1. To serve our clients more effectively than any other agency.
2. To earn an increased profit every year.
3. To maintain high ethical standards.
4. To run the agency with a sense of competitive urgency.
5. To make Ogilvy & Mather the most exciting agency to work in.
6. To earn the respect of the community.

Ogilvy & Mather has an exceptionally diverse roster of clients—a fact which adds to our stability and growth potential. We list our U.S. clients below. We commend their fine products to you.

Ogilvy & Mather Clients in the U.S.A.

AMERICAN EXPRESS
BRISTOL-MYERS
CAMPBELL SOUP COMPANY
Pepperidge Farm
CESSNA AIRCRAFT
THE DRACKET COMPANY
FALSTAFF BREWING CORPORATION
FRENCH GOVERNMENT TOURIST OFFICE
GENERAL CIGAR
GENERAL FOODS
C. F. HATHAWAY
HERSHEY FOODS CORPORATION
HERTZ INTERNATIONAL
INTERNATIONAL BUSINESS MACHINES
INTERNATIONAL NICKEL
INTERNATIONAL PAPER
KLM ROYAL DUTCH AIRLINES
LEVER BROTHERS
MARS INCORPORATED
MENLEY & JAMES
MERCEDES-BENZ
MERRILL LYNCH, PIERCE, FENNER & SMITH
MICHAELS/STERN
NATIONWIDE INSURANCE COMPANY
OWENS-CORNING FIBERGLAS
SCHWEPPE
SEARS, ROEBUCK AND COMPANY
SHELL CHEMICAL COMPANY
SHELL OIL COMPANY
STEUBEN GLASS
UNITED STATES TRAVEL SERVICE
ZIPPO

OGILVY & MATHER 21 YEAR BILLINGS GROWTH - NEW YORK
MILLIONS OF DOLLARS



Ogilvy & Mather reports on its most successful year to date.

Ogilvy & Mather International, the tenth largest American advertising agency, became a public company in 1966. Their third Annual Report was recently mailed to stockholders. Text and illustrations below are taken from that Report. If you would like the complete Report, write Shelby H. Page, Ogilvy & Mather, 2 East 48 St., New York 10017.



DAVID OGILVY
Chairman, International

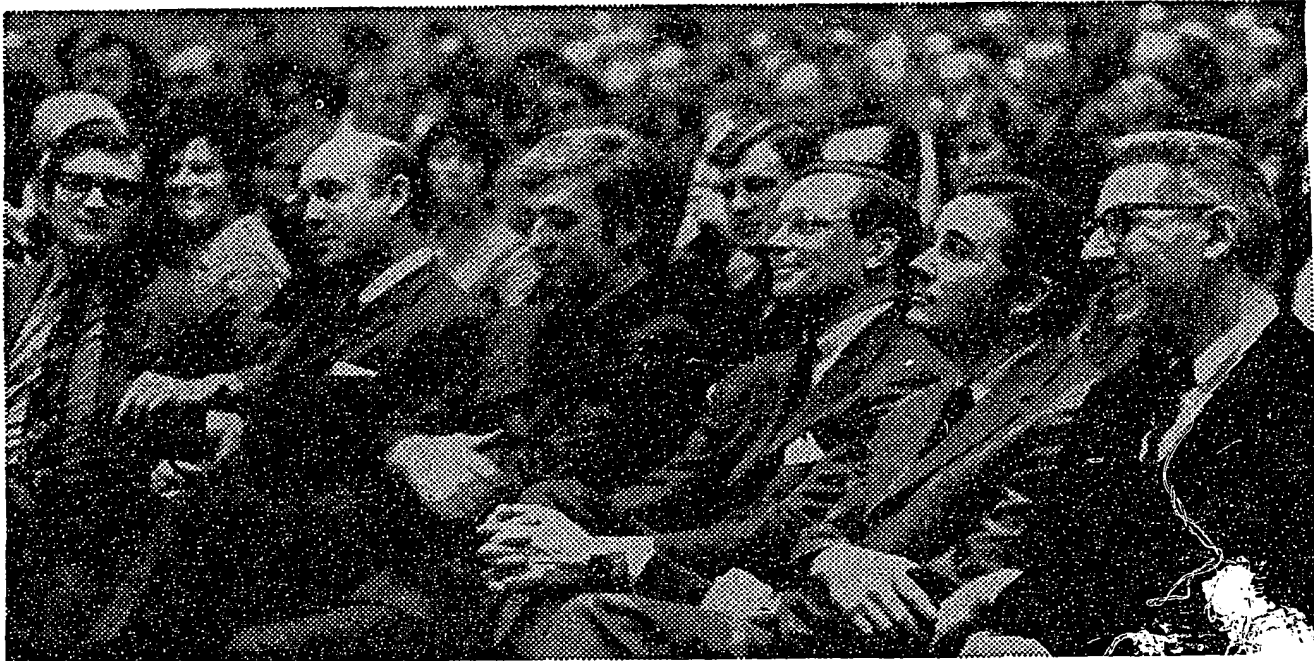
1968 was a year of unprecedented growth for Ogilvy & Mather. Operating income increased 27 percent to \$1.86 per share, compared with \$1.46 per share in 1967.

Billings increased to \$205,254,489 from \$179,209,499 in 1967.

We paid four quarterly dividends of 12½¢ per share: 50 cents per share for the year.

In the United States, operating income increased 18.7 percent. Seventy-five percent of the company's income was earned within the United States.

Outside the United States, operating income increased 64 percent, as a result of more profitable operations in England, Germany and Australia, and the elimination of losses in



Six New York Directors at 1968 Annual Staff Meeting: JOEL RAPHAELSON, Creative Director; MICHAEL G. TURNER, Management Supervisor; WILLIAM B. TAYLOR, Creative Director; ALDEN H. SULGER, Jr., Management Supervisor; ROBERT H. SAVAGE, Management Supervisor; STANLEY D. CANTER, Director Marketing Services.

had not previously been handling.

In Germany, we added nine new accounts and regained an old one, Carstens Champagne.

Other new clients on the European continent included Imperial Chemical Industries in France, Singer in Austria and Centrale del Latte di Milano in Italy.

The thrust of our new Australian office continued. We added 11 accounts, opened a second office, in Sydney, and made a profit in our first full year of operations.

Growth in the U.S.A.

For the fifth consecutive year, Ogilvy & Mather made substantial gains over the preceding year.

Billings increased to \$138,425,010, a growth of 21 percent over 1967. This increase was attributable mainly to additional billings from existing clients; these more than offset the loss of the Mead Johnson account, part of the Mars account, and our resignation of the General Dynamics account.

In the three years since a new team was appointed to manage Ogilvy & Mather in the U.S., billings have increased 72 percent and profits 125 percent.

Nevertheless, we have adhered to our policy of controlled growth—with a limited number of accounts. In 1965, we had twenty-four clients with billings of \$80,400,000. Today we have only thirty clients, billing at a rate of \$150,000,000. Growth with present clients is the best testimonial to an agency's performance. We have grown with virtually all our clients, some of the most striking examples being American Express, Bristol-Myers, General Foods, IBM, Lever Brothers, Sears, Roebuck, and Shell.

The most recent of our new accounts, Hershey, is unusually newsworthy. For the past sixty-six years the name of this company has been a household word—without benefit of ad-

vertising. We take special pride in having been appointed Hershey's advertising agency.

Our U.S. company employs 870 men and women. Of these, sixty-three are officers. Since we became a public company three years ago, only four officers of Ogilvy & Mather (U.S.) have resigned to join other agencies. We think that this low turnover of key personnel is one cause of our strength.

In 1968, fifteen new vice-presidents were elected, fourteen from within the U.S. company and one from outside. We believe in promoting from within, with an occasional transference of new blood from outside.

We elected eight new senior vice-presidents, seven of whom had been vice-presidents.

During the year we increased the size of the board of our U.S. company from twelve to seventeen—to train more of our people in agency management, to draw on their abilities, and to improve communications within the agency.

We have always had an open-door non-discriminatory employment policy. However, it became apparent in 1967 that something more was needed; only three percent of our employees were Negro or Puerto Rican—about average for the advertising agency business at that time.

Early in 1968, we instituted a positive action program for recruiting and training members of minority groups. In March, 1968, the counsel for the New York City Commission on Human Rights said, "Your program could well serve as the model for the advertising business."

It was, therefore, a little disheartening, a month later, to be cited by the New York State Commission on Human Rights for discriminatory practices. Subsequently, however, the Chairman of that Commission has said, "I would like to publicly commend Ogilvy & Mather for the kind of progress they have shown...they are setting a wonderful example for the rest of the agencies in New York City and around the country."

Today, nine percent of our employees are members of minority groups, and the percentage is increasing. Blacks and Puerto Ricans are adding to our strength in all departments.

Planning for future growth

Even though Ogilvy & Mather has become one of the biggest American agencies, we are still only one third the size of the biggest. We have a

potential for growth in all the countries where we now operate, and in other countries as well.

Our concern is to maintain the high quality of advertising that has come to be expected of us. Therefore we shall not be opening offices helter-skelter around the world. Our expansion will be deliberate; we want to be the best—wherever we are. Easier said than done.

Ogilvy & Mather is dedicated to these six purposes:

1. To serve our clients more effectively than any other agency.
2. To earn an increased profit every year.
3. To maintain high ethical standards.
4. To run the agency with a sense of competitive urgency.
5. To make Ogilvy & Mather the most exciting agency to work in.
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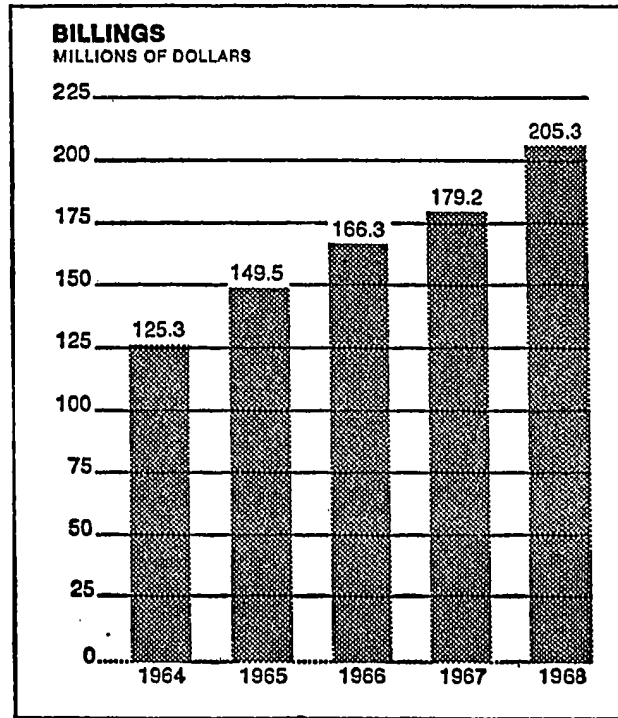
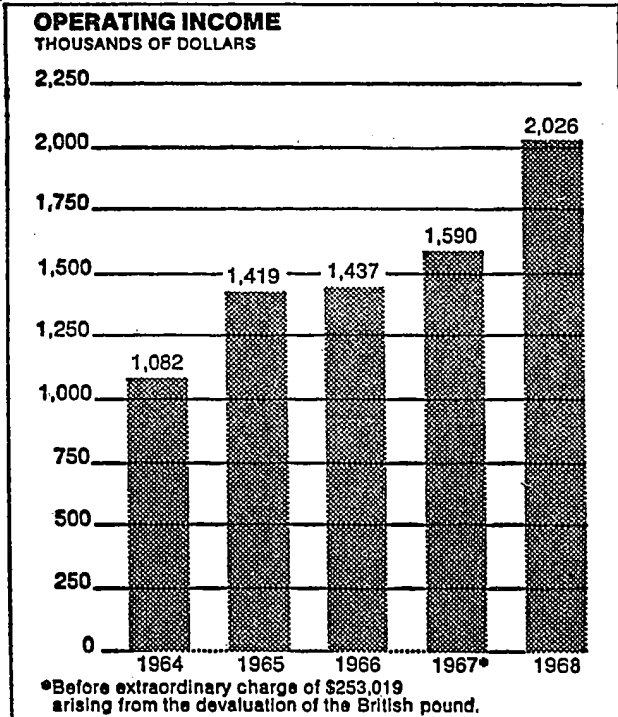
We cling to the belief that great advertising is born of a marriage of objective research and creative inspiration. And to another basic belief—that the measure of great advertising is not the attention it attracts to itself, but the sales it produces for the product.

We see an expanding future for agencies that can serve international accounts superbly well. We find mounting evidence that the advertising and marketing strategies that work in one country work in others. We believe that, increasingly, international advertisers will benefit from concentrating their advertising in international agencies that can provide campaigns which cut across national boundaries. We have had striking success in doing this.

Ogilvy & Mather has a highly diverse roster of distinguished clients, which adds to our stability and growth potential. We list our U.S. clients below. We commend their fine products to you.

Ogilvy & Mather Clients in the U.S.A.

AMERICAN EXPRESS
BRISTOL-MYERS
BRITISH TRAVEL ASSOCIATION
CAMPBELL SOUP COMPANY
Pepperidge Farm
COMMONWEALTH OF PUERTO RICO
CONSOLIDATED EDISON
THE DRACKETT COMPANY
GENERAL CIGAR COMPANY
GENERAL FOODS
THE GILLETTE COMPANY
C. F. HATHAWAY
HERSHEY FOODS CORPORATION
HERTZ INTERNATIONAL
INTERNATIONAL BUSINESS MACHINES
INTERNATIONAL NICKEL
INTERNATIONAL PAPER
KLM ROYAL DUTCH AIRLINES
LEVER BROTHERS
MARS INCORPORATED
MERCEDES-BENZ
MERRILL LYNCH, PIERCE, FENNER & SMITH
MICHAELS/STERN
MORGAN GUARANTY TRUST
NATIONWIDE INSURANCE
OWENS-CORNING FIBERGLAS
SCHWEPPE
SEARS, ROEBUCK
SHELL CHEMICAL COMPANY
SHELL OIL COMPANY
STEBEN GLASS
UNITED STATES TRAVEL SERVICE
ZIPPO



Switzerland, where we closed our Zurich office.

In each of the eight countries where we have offices, we added new clients. Highlights since our last Annual Report:

Our U.S. company was appointed by International Nickel, the United States Travel Service and, early in 1969, by Owens-Corning Fiberglas, and Hershey.

In Britain, new clients included British Rail, Findlater Mackie Todd and Massey-Ferguson. New assignments came from Gillette, Dornay Foods, HP Sauce, Players, and Unilever.

In Canada, the year was notable for a dramatic increase in business from existing clients. Lever awarded us seven more brands; General Foods two more; Johnson & Johnson one more; and Campbell Soup all the brands which we

CLIENTS SERVED IN THREE OR MORE COUNTRIES

	U.S.	CANADA	U.K.	GERMANY	ITALY	AUSTRIA	FRANCE	AUSTRALIA
Air Canada*								
American Express								
Bristol-Myers								
General Foods								
Gillette								
Hertz*								
ICI								
Lever								
Mars								
Mercedes-Benz								
Rowntree								
Schwepes								
Shell Chemical								
Shell								
U.S. Travel Service*								

*These clients are served in many additional countries throughout the world through associated agencies.

Ogilvy is on the move

As Ogilvy & Mather enters its fifth decade in the U.S., The Ogilvy Group is on the move worldwide.

Its Annual Report shows record profits for 1988, and \$560 million in new business. It now serves more international clients than any of its competitors.

And Ogilvy's move next month into centralized headquarters in Manhattan's Worldwide Plaza reflects vigorous growth in the 1980s and bright prospects for 1989 and beyond.

Read on for latest developments.

There's a lot going on throughout The Ogilvy Group these days.

Our Annual Report for 1988, just out, shows the company reaching new highs in revenues, profits, earnings per share, and dividends.

New business is coming in at a rate of about \$10 million a week—\$560 million last year, \$185 million so far in 1989. (\$308 million came in last year as 1045 new assignments from present clients—1045 votes of confidence.)

Ogilvy keeps on winning a healthy assortment of the more serious creative awards, confirming its reputation as an intensely creative organization.

A strategy for future growth is both ambitious and realistic. It addresses changing client needs and what it takes to meet them—what it takes to sell products today and to build and nurture enduring brands.

The Ogilvy Group is fortunate in having unusually stable management and a corporate culture that provides a true partnership around the world.

And as if to give personal impetus to the company's thrust, next month 1489 employees in New York will start moving into new headquarters in midtown Manhattan's Worldwide Plaza. This efficient new office complex provides attractive real estate terms and places under one roof diverse Ogilvy operations that have been outgrowing facilities scattered around town.

Innovations in client service

David Ogilvy says he believes that "the purpose of everything we do should be to improve our services to clients." Earlier this month Ogilvy & Mather Worldwide, the largest unit in The Ogilvy Group, announced organizational changes designed with that goal in mind.

These innovations will improve our service to the growing group of clients who employ two or more of our services in advertising, direct response, public relations, and sales promotion. A new position, the Client

Service Director, will represent no single discipline or office. His or her mission will be the solution of a client's problems and the building of its brands by whatever means may be appropriate.

38% of revenues outside advertising

The new organization reflects the changing nature of our business. Forty years ago, when the company opened its doors in the United States, 100 percent of its business was in advertising. Today 38 percent comes from our other creative and marketing services.

Ogilvy & Mather was among the first to realize the full implications of direct response as a complement to mass marketing. Ogilvy & Mather Direct is now the largest such firm in the world, and the acknowledged leader creatively.

The Ogilvy Public Relations Group is another booming operation with revenues up 25 percent in 1988.

Promotional Campaigns around the world and the SAGE group in the U.S. provide a unique cluster of services to help clients at the retail level.

To better understand the consumer, we purchased Research International in 1987; we then acquired two major U.S. firms, Decisions Center and Cambridge Reports. The three make up the leading custom market research firm in the world.

Our plans for growth concentrate on these five core services. They allow us to work with our clients from the beginning of the marketing process to the purchase that comes at the end. With this capability we believe we can help build brands more effectively than our competitors.

50 clients in five or more countries

Industry figures published in *Advertising Age* show that Ogilvy & Mather works for 50 clients in five or more countries, compared with 34 for its closest competitor. In 1988, 54 percent of our revenues came from outside the United States.

Our network now consists of 356 offices in 53 countries, including:

- 126 advertising agencies
- 59 direct marketing companies
- 53 public relations companies
- 26 retail marketing services and promotion companies
- 42 marketing research companies

Despite this rapid worldwide expansion, we see size as no object in itself. "We are not in the business of putting dots on a map," says Chairman Ken Roman. "We will go only where our clients go and where we can run a healthy, first-class operation. We are committed to service, not size. In David Ogilvy's words, megamergers are for megalomaniacs."

Awards that count

The Ogilvy Group, like most of its leading competitors, wins dozens of awards every year for its creative work.

We attach special importance to the Direct Marketing Association's international Echo Awards which take into account hard evidence of results as well as creative qualities. Ogilvy & Mather Direct won nearly 25 percent of all 1988 Echos—four times as many as the number two firm.

Effectiveness is the sole criterion for the awards given by the U.K.'s Institute of Practitioners in Advertising. In 1988, Ogilvy & Mather won the Grand Prix for television, for Winalot Prime dog food.

Another prize that counts is the Stephen E. Kelly Award, given by U.S. magazine publishers to the one campaign each year that makes the most creative use of magazines. In 1988 Ogilvy & Mather won the Kelly for the fourth time in the seven years of its existence.

Separate agencies in The Ogilvy Group have developed outstanding creative reputations of their own. These include Scali, McCabe, Sloves, a network of 16 offices in 9 countries; and Cole & Weber in the Pacific Northwest.

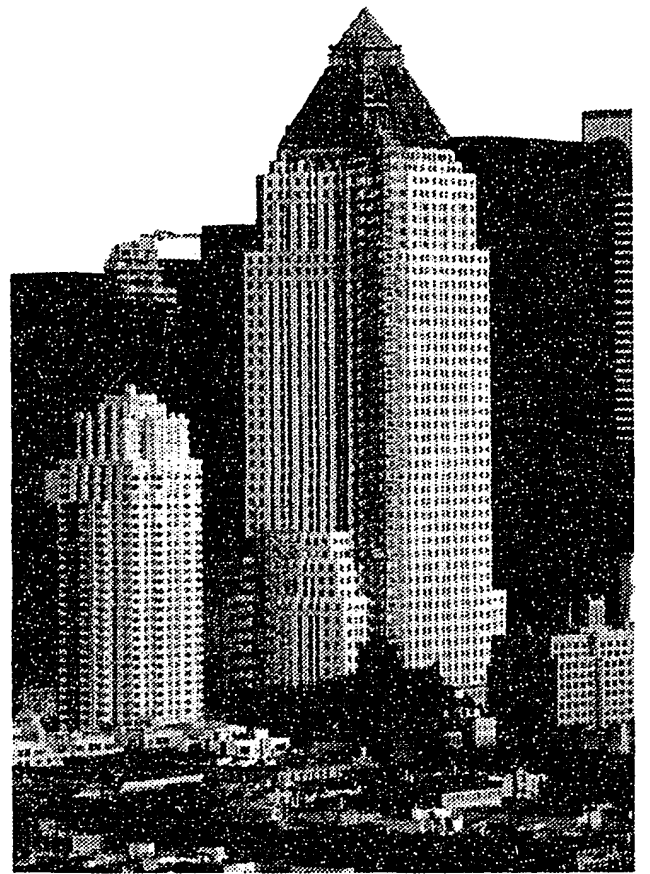
The real story about margins

Here are the facts about the 1988 profit margins of The Ogilvy Group:

- In advertising, our largest business,



Directors of The Ogilvy Group: Kenneth Roman (left), Chairman; Alexander Brody, President, International, Ogilvy & Mather Worldwide; Norman C. Berry, President, Creative, OMW; Graham Phillips, President, North America, OMW; and John Gill, Treasurer and Secretary. Their length of service to the company averages 18 years.



Move to new headquarters. Starting next month, the first 13 floors of New York's new Worldwide Plaza (above) will house six Ogilvy units that are now working out of four Manhattan locations.

operating margins were 9.7 percent. While it's hard to make direct comparisons for business segments, we believe that this is among the very top performances for publicly held international agencies.

- In direct response and public relations, our margins are higher than they are in advertising.
- Our margins for our retail and sales promotion businesses overseas are well above our 9.7 percent advertising margins. In the U.S. they are lower—a direct result of investment in the SAGE group of companies, an ambitious addition to our marketing services.
- In our research businesses our margins are below our advertising margins. In part this is because of accounting procedures in the research industry, in part due to restructuring the business since its purchase by The Ogilvy Group. We expect sharp improvement in research margins in 1989.

Prospects for 1989: healthy growth

With the company on the move on so many fronts—creative, organizational, international, financial—we expect record profits again in 1989, as well as further improvement in margins.

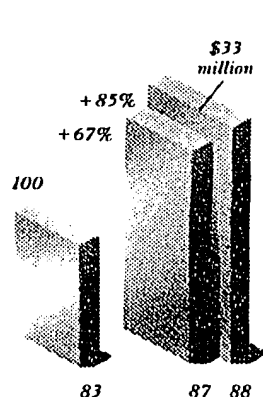
Among the reasons for this expectation is our practice of mixed farming—maintaining a healthy balance between U.S. business and international business, between advertising and other disciplines, between local and worldwide accounts.

The Ogilvy Group is in fine enough balance on all these scales to adjust to whatever changes in the marketplace may come our way. The company is poised to enter the 1990s under a full head of steam.

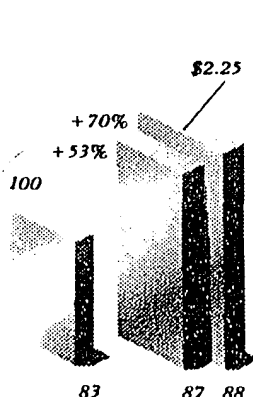
For a copy of The Ogilvy Group's Annual Report for 1988, write to Toni Maloney at Two East 48th Street, New York, N.Y. 10017; after May 12, at The Ogilvy Group, Worldwide Plaza, 309 West 49th Street, New York, N.Y. 10019-7399.

The Ogilvy Group

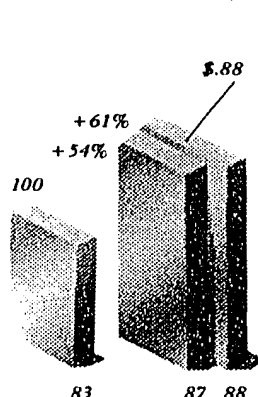
Net Income
(% increase over 1983)



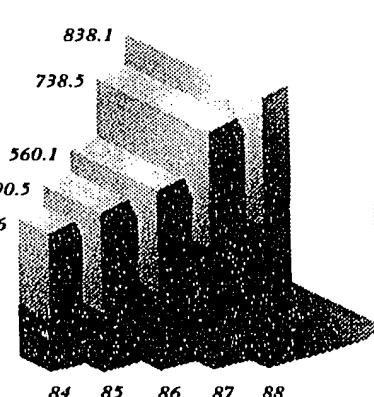
Earnings Per Share
(% increase over 1983)



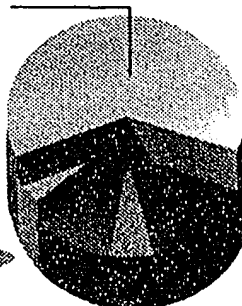
Dividends Per Share
(% increase over 1983)



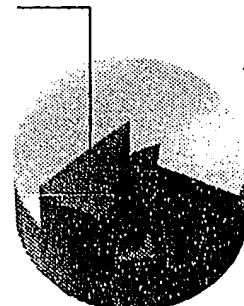
The Ogilvy Group Revenues
(\$ million)



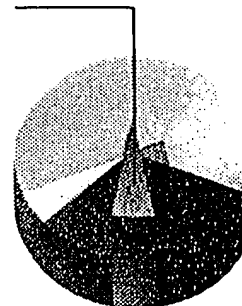
Advertising grew by 11.5% in 1988 and contributed 62% of The Ogilvy Group's total revenues.



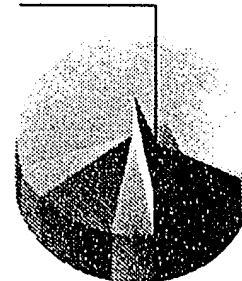
Direct Marketing grew by 14% in 1988 and contributed 11% of The Ogilvy Group's revenues.



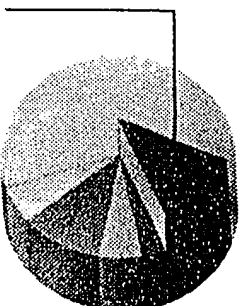
Public Relations grew by 25% in 1988 and contributed 6% of The Ogilvy Group's revenues.



Retail Marketing Services & Promotion grew by 85% in 1988 and contributed 3.7% of The Ogilvy Group's revenues.



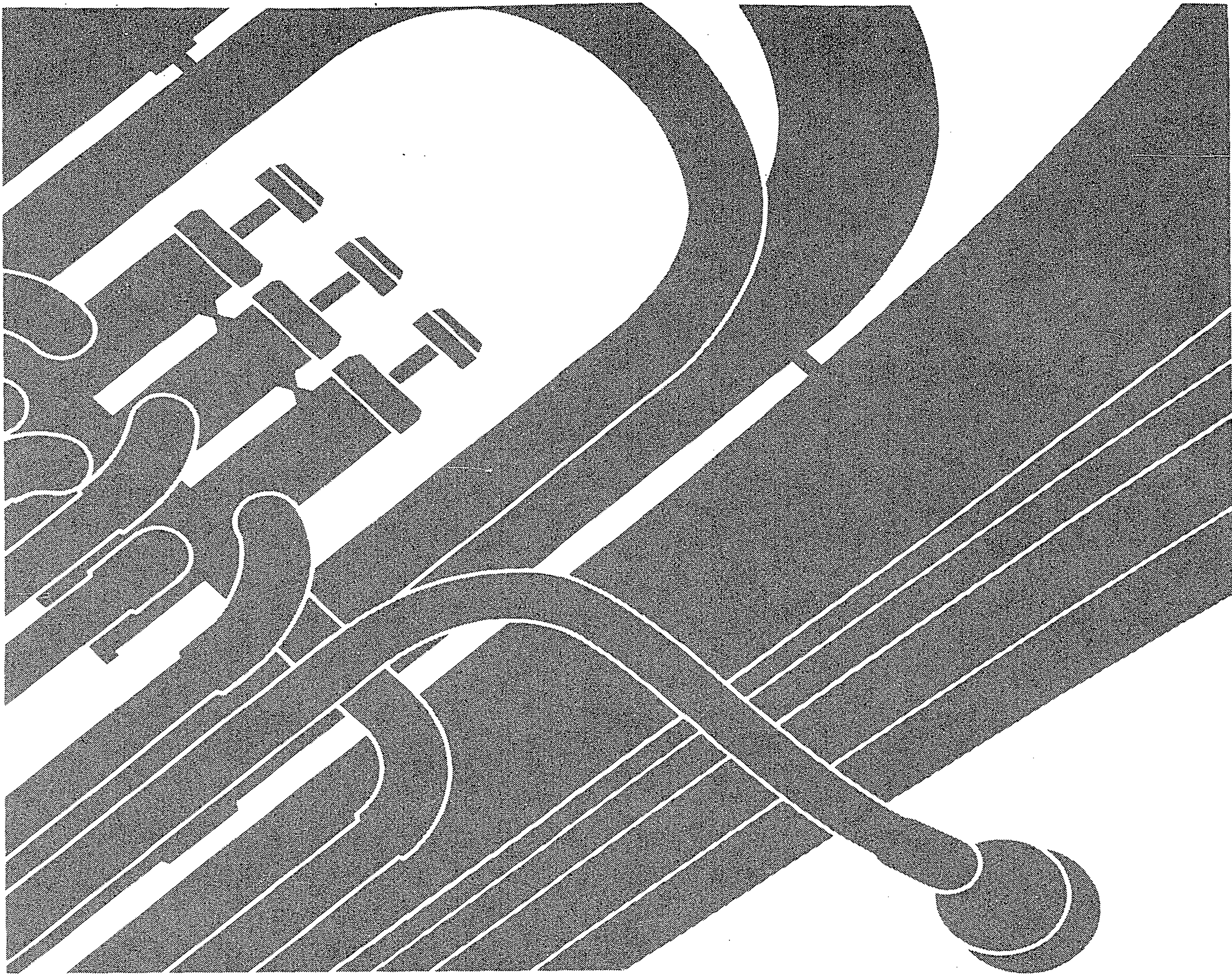
Marketing Research grew by 15% in 1988 and contributed 12.5% of The Ogilvy Group's revenues.



As revenues of The Ogilvy Group reached a record \$838 million in 1988, net income, earnings per share, and dividends also set new records. The charts above show percentage increases over 1983 as a five-year-old base.

■ U.S. ■ International
Both U.S. and international revenues continued to grow in 1988; international revenues reached 54% of the total.

Ogilvy Orchestration



What today's advertisers should expect from their agencies

Advertisers should expect more than they ever expected in the past. An outstanding advertising campaign should be the minimum requirement.

Your edge in the marketplace comes from driving your advertising to its full potential. Your agency should know how to speak with a dozen voices that *sound as one*—to any target audience, in any market or group of markets—locally, nationally, or internationally. In direct response, in sales promotion, on cable, in public relations, as well as in thirty seconds on television.

That is the purpose of what we call Ogilvy Orchestration.[™]

"Maximum effect" for clients

To orchestrate is "to arrange or combine so as to achieve maximum effect." Ogilvy Orchestration combines our services to achieve maximum effect for our clients. Many instruments, many voices, one big sound.

That is the goal. But the road is strewn with booby traps. We've learned some lessons on how to steer clear of them in the twenty years since David Ogilvy first sounded his trumpet for "one agency indivisible."

Here are some of the things we do to deliver on what Ogilvy Orchestration promises.

We put ideas first

We exorcise any delusion that systems can replace ideas. Before you can have orchestration you've got to have something to orchestrate. *Ideas are the tunes the orchestra plays.*

Ogilvy & Mather has created long-lived ideas with client after client, year after year—from "Dove[®] is 1/4 moisturizing cream" to the car breaking the paper barrier for Shell, from Smith Barney's "They make money the old-fashioned way...they earn it" to "Don't Leave Home Without Us"[®] for American Express.

The right hand must know what the left hand is doing

Suppose you are a multinational company. Ogilvy & Mather assigns an International Management Supervisor to orchestrate all our work for you—to assure that it reflects a common point of view, a common tone of voice, and the same uncommon standards.

Every Ogilvy & Mather office and division well understands this. They rally behind the

International Management Supervisor. This harmony of purpose is at the heart of Ogilvy Orchestration.

What if your operations are in a single community? The same principle applies.

Recently an Ogilvy & Mather client in Atlanta opened a new medical center. One

Ogilvy & Mather Worldwide

U.S. offices: Atlanta, Chicago, Hawaii, Houston, Los Angeles, New York, Washington, D.C.

O&M Direct

O&M Graphic Services

O&M Hispanic

O&M Partners

(a full-service, medium-sized agency)

O&M Presents

(corporate film, video, special events)

O&M Promotions

O&M Public Affairs

O&M Recruitment

Advertising

O&M Yellow Pages

A. Eicoff & Company
(specialized broadcast marketing)

Dudley-Anderson-Yutzy
The O&M Public Relations Company

Euramerica
(multilingual communications)

Rolf Werner Rosenthal
(health-care communications)

person took charge of orchestrating their public relations, their direct response, their advertising, and their promotional literature.

One image, one point of view—from four Ogilvy & Mather divisions.

We cherish "the freedom of a tightly defined strategy"

Ogilvy & Mather has developed a unique Strategy Blueprint that guides our work worldwide. But this doesn't imply any wish to ship untouchable commercials around the world. Quite the contrary.

"Give me the freedom of a tightly defined strategy!" says Norman Berry, our worldwide creative head.

"Without a tightly defined strategy, you get anarchy. With one, you gain the freedom to execute it as many ways as circumstances may require."

Many offices and disciplines may take part in developing a Strategy Blueprint. Once

approved, it serves as a link for everybody working on the account.

We have abolished the "subsidiary stigma"

Ogilvy & Mather has no subsidiaries—no demeaning subordination of one discipline to another. Our offices and divisions stand shoulder to shoulder, each a full partner, and each a leader in its own right.

Ogilvy & Mather Direct, for example, is the world's largest and fastest growing direct response network. Its data-based techniques are pushing out the frontiers of direct marketing.

And so on, from public relations and health-care marketing through dealer lists in Yellow Pages advertisements.

Issue few commands—but spread the word

If our people are to serve you as an orchestra they must abide by the same principles and strive toward the same goals. Such common purpose is seldom achieved by fiat.

So we train. We think that we train more diligently, at all levels and across all disciplines, than any other agency.

Nearly ten years ago David Ogilvy fully turned over the management of Ogilvy & Mather to his successors. But he stays active in our councils—and what he stands for influences the way we conduct our business.

Long ago he defined our job: "I believe that everything we do should have as its purpose to improve our service to our clients." It is no coincidence that Ogilvy Orchestration carries his name.

Would you like to know more?

Our new booklet, *Ogilvy Orchestration*, describes each of our services and how we orchestrate them for various clients. For a copy, write or call Jules Fine, Director of Marketing, Ogilvy & Mather, 2 East 48th Street, New York, NY 10017, (212) 907-3400.

Ogilvy & Mather

©Ogilvy & Mather Worldwide, 1985

Dove[®] is a registered trademark of Lever Bros. Co., Inc.
*Registered service mark of American Express Travel Related Services Co., Inc.

David Ogilvy: "I believe that the purpose of everything we do should be this—to improve our services to our clients"

Today in San Francisco, Ogilvy & Mather International opens a four-day meeting of its worldwide management—on *Serving Our Clients Better*. Below, from our 1983 Annual Report, a few words about our expanding services and our most successful year.

Report to Stockholders

IN 1983, we grew substantially and made good financial progress. Income and profits reached record levels, despite the negative impact of the strong dollar on profits earned overseas in other currencies. We even made a profit in Sweden, where we have suffered consistent losses in the past.

We enter 1984 with a lot of thrust, fueled by an improving economic climate, a record amount of new business gained in 1983, several new agencies added by



WILLIAM E. PHILLIPS

"We continue to widen the range of creative services we offer our clients."

acquisition, and strong forecasts from virtually all our offices worldwide. Ogilvy & Mather is in robust health; indeed, we seem to be "on a roll."

In most countries, the advertising business continues to grow faster than either inflation or the gross national product. Within the business, the growth of direct response, public relations, recruitment advertising and medical advertising is outpacing general advertising. We continue to be optimistic about the growth of advertising as a whole and in its many parts. It performs an increasingly valuable commercial function by selling goods and services efficiently in an ever more complicated and competitive world.

The high standard of our creative work for our clients is helping them as well as giving us a competitive edge. New business won in 1983 will account for \$350 million in additional billings in 1984. In April 1983, Advertising Age named Ogilvy & Mather U.S. "Agency of the Year" for 1982, an unusual honor for a large agency in that it recognizes creativity and innovativeness rather than scale or momentum.

As we continue to widen the range of creative services we offer our clients, we are learning how to integrate them to increase their effect on sales. More and more of our clients are using services from a number of our different units, a trend we are nurturing internationally.

Our objective is to be the best and most complete full-service agency worldwide. In 1983 we moved toward that objective in these ways:

- We added two countries to our network of advertising agencies—Japan and Ecuador. We now operate in 85 cities in 39 countries.
- Our direct response group expanded to 28 markets. We believe we are now not only the best regarded, but the

- largest network of direct response agencies in the world.
- We acquired Dudley-Anderson-Yutzy, a large and respected public relations agency in New York. We also bought a substantial equity in Actis, a leading public relations firm in Paris. Gerald Horton joined us from Georgia Power Co. as Chairman of our public relations group. We now operate in 19 cities in 11 countries, and rank fifth in public relations worldwide.
 - After the close of the year, we acquired a U.S. medical advertising agency, Rolf Werner Rosenthal, which adds an important new capability for some of our clients. We also believe it holds considerable international potential for medical advertising.

Our associated advertising agencies enjoyed a generally good year despite some problems. In the U.K., a client conflict led us to sell a majority interest in Davidson Pearce back to its employees. In the U.S., a client of Scali, McCabe, Sloves went into Chapter 11, owing us \$4.7 million. The possible losses, if any, from this situation are not clear at this juncture.

Our financial planning and controls are making increasing contributions to our results. We now require less working capital and less debt to support a growing volume of business. Tax planning has cut our tax rate significantly. We have increased our audit controls around the world. Consistent with our conservative financial policies, in 1983 we substantially increased our provision for possible future bad debts.

We continue to give high priority to recruitment and training in order to build the most professional staff in advertising, with high morale and efficient purpose. In 1983, we conducted 14 international training programs and literally dozens of others locally, country by country and office by office.

1983 FINANCIAL HIGHLIGHTS

	1983	% change from prior year	1982
Revenues	\$358,395,000	+ 9.5	\$327,411,000
Net income	\$ 17,800,000	+19.9	\$ 14,840,000
Earnings per share	\$ 3.97	+14.7	\$ 3.46
Dividends paid	\$ 1.64	+ 5.1	\$ 1.56

We enter 1984 optimistic about our prospects, and dedicated to the same purposes which have served us well in the past:

1. To serve our clients more effectively than any other agency.
2. To maintain high ethical and professional standards.
3. To run the agency with a sense of competitive urgency—to strive to excel in all disciplines.
4. To earn a significant increase in profits every year.
5. To make Ogilvy & Mather the most exciting agency in which to work, and to offer outstanding career opportunities.
6. To earn the respect of the community.

William E. Phillips
William E. Phillips
Chairman-Chief Executive Officer

Ogilvy & Mather Directors have contributed the following articles to our Annual Report. They outline many of the services to clients that will be discussed in detail at our San Francisco meeting.

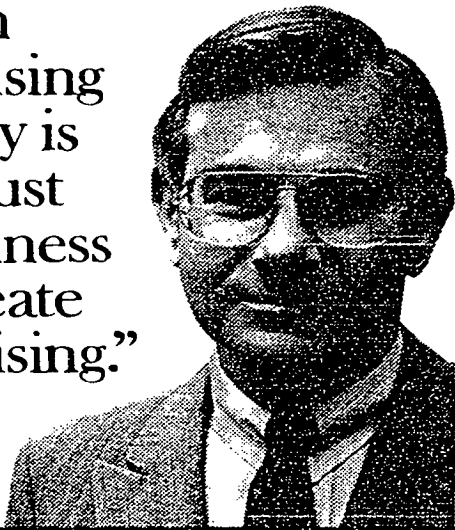
One Agency Indivisible
by Kenneth Roman
President, Ogilvy & Mather U.S.

WHEN WE started with American Express in 1962, the account was so small we almost turned it down. In the next two decades, Ogilvy & Mather created for American Express some of the biggest and most enduring ideas in advertising—including Karl Malden for Travelers Cheques and "Do you know me?" for the Card.

Each year, we also produce several thousand other advertisements for hotels, restaurants, airlines, theatres and retail stores where you can use the Card.

"An advertising agency is not just in business to create advertising."

KENNETH ROMAN



Plus more than 1,000 ads for the Travel Division.

Yet this awesome creative output represents just the general advertising from one office, New York. Four other U.S. offices and 27 Ogilvy & Mather offices in other countries work with American Express locally.

Seven Ogilvy & Mather divisions contribute their special expertise to this client—in direct response, merchandising, telephone yellow pages, corporate/financial advertising, public relations, even language translations.

In partnership with American Express, these offices and divisions have combined to convince people worldwide, "Don't leave home without us!" That idea has helped build American Express as the leader in travel-related and financial services—and as the largest client of Ogilvy & Mather.

What this case history symbolizes is one agency indivisible, as well as a philosophy of purpose.

An advertising agency is not just in business to create advertising. Our role is to help clients build their businesses by bringing relevant creative disciplines to bear on their needs.

We could tell similar stories about our growth with many of our clients. These companies have grown, and we have grown with them, by producing outstanding advertising—and by mobilizing the appropriate creative services or offices to speak with a single powerful voice to the consumer.

Ogilvy & Mather won a record amount of new business this past year. Yet year after year, our greatest growth comes from current clients. Healthy growth based on performance rather than promise.

With a network of offices in every major advertising center and a broad range of services that go beyond general advertising, one agency indivisible helps clients build their businesses.

Creative Strategy:
Getting From A to B
by Norman Berry
Creative Head, New York and International

ADVERTISERS DO NOT spend money on advertising to say something to consumers, but to do something to them. To change a long-held belief. To confirm a favorable opinion. To convince

them that one product attribute is more significant than another. To make them aware of a benefit that they may have previously overlooked.

How do we go about it? We try to understand through research how our prospects see our product or service today. We decide in relation to our product's properties, vis-à-vis competition, how we want our prospects to think about our product tomorrow, after they have been exposed to our advertising.

That is the absolute basics of what advertising is about.

What, then, is an advertising strategy? It is a kind of route map laying down how we will get from Point A (what our prospects think today) to Point B (what we want them to think one, two or three years from now).

Let me make an important distinction here. With very few exceptions—and rather esoteric



“People do not buy products, they buy product benefits.”

NORMAN BERRY

exceptions at that—people do not buy products, they buy product benefits. They discriminate between one brand and another on the basis of the benefits they believe the brands deliver. Nobody wishes to own a box of detergent for the pleasure of having a cardboard box with powder inside.

So when I say we want to move people with our advertising from Point A to Point B, it is not simply in the context of the product. It is in the wider context of the *benefits* of the product, and what it takes to make them relevant to a customer's needs.

It is in this simple, but wholly encompassing, way of looking at things that Ogilvy & Mather bases its new method of developing strategies.

First, it requires that we define—in the consumer's own language—what he or she thinks of our product today. It then requires that we define—again in the consumer's language—what we want that same person to think after seeing our advertising.

A lot of time and sweat goes into the drafting of these two statements. The first is anything but an offhand subjective observation; the second, far from a cheery bit of wishful thinking.

Neither is written until much research has been studied, the prospect precisely defined, the product thoroughly understood in terms of image, properties, and competitive position, and the goals realistically assessed.

The statements are then put before a Strategy Review Board. Membership includes the top management of the agency who attach great importance to this function. They frequently send the statements back for more work. No creative work is begun until the statements have been approved by the Strategy Review Board.

Ogilvy & Mather believes that this kind of care and precision is more important today than ever before. In today's markets, particularly where one is dealing with fast-turnover consumer goods, significant differences between competitive brands are usually very short-lived. Competition is fierce and competitors catch up fast. Product differences are rarely demonstrable in advertising, either because of their short life or because the rules governing the advertising of such products prevent their use.

It is in this environment, this highly competitive and fast-changing environment, that we must build brand preference, brand properties and brand loyalty. The need to work to tightly defined, highly disciplined, single-minded strategies is therefore more important than ever.

Against this background we at Ogilvy & Mather decided that we must reevaluate and redefine how we develop and state our strategies. We are not arguing

“An all-important competitive edge for our clients and us.”

that “the what” in our advertising—its content—is any less important than in the past. But we emphasize that “the how”—the manner of delivery—is at least as important, and might well prove to be the element that does the most to move our prospects from Point A to Point B.

The procedure outlined above gives us and our clients not only more tightly defined strategies and better advertising, it gives us an all-important competitive edge.

It helps our clients to better evaluate our work. Not in the old-fashioned checklist way—but in a more customer-oriented way. It helps our writers, art directors and producers develop more relevant, more human and more effective advertising. It helps us to concentrate (agency and client) on what is truly important—our prospects and customers, and the

benefits they want from our products. And in today's world the marketing company or advertising agency who fails to listen to or learn constantly from its customers is dead.

Serving International Clients—Systems Alone Are Not Enough

by Michael J. Ball
Vice-Chairman

O GILVY & MATHER is one of several agencies with extensive international networks to handle international clients. How is Ogilvy & Mather different?

Ever since David Ogilvy opened his door for business, we have strived to be one agency indivisible. We are staffed by people united by a common corpus of knowledge, sharing the same ideals, and respecting each other's expertise. Such bonds of shared knowledge and mutual aspiration are far from common among multinational firms. They are Ogilvy & Mather's secret weapon in handling international business.

One of the most ticklish problems is whether to run the same campaign in different countries. It would, of course, be wrong to suggest that international companies should always run international campaigns. But it is just as wrong to suggest that they should *never* be run. For Parker Pen we run the same advertising in over 100 countries—but we run *different* campaigns, country by country, for Shell motor oil. Each approach was decided through objective consideration of the circumstances.

International campaigns never get this objective consideration unless those doing the considering ignore authorship and respect good ideas wherever they may come from. Good ideas are more likely to



“We are united by a common corpus of knowledge.”

MICHAEL J. BALL

be accepted if they spring from a common corpus, from members of the same family sharing the same principles, the same goals, the same attitudes.

While the right attitudes are vital, systems are also important. The key to the Ogilvy & Mather system for handling international accounts is the International Management Supervisor—the IMS.

The IMS is almost always a line executive, usually the most senior person handling the account day to day in the client's headquarters country. The IMS knows exactly what is going on domestically and, through reports from each office, internationally.

He or she does not have authority to override

local agency management. The IMS's first duty is to circulate information—to make sure that everyone everywhere concerned with the account knows what is going on and why. Information is transmitted by regular reports and through international visits. For our five largest international accounts IMS's visited 20 countries during 1983.

From time to time the IMS will convene international meetings of key people to brief them firsthand, to review experience, and to search for ideas.

For clients for whom we have been working for a number of years, the IMS assembles what we call a Magic Lantern. This is a presentation summarizing our knowledge in marketing, creative, direct response and sales promotion for a product category or type of service, such as coffee or travelers cheques.

Like our more general Magic Lanterns, they report consumer behavior and the lessons of research and experience. Not rules, but *tools*. Lanterns go to all offices handling the account and are put on for the client as well as agency staff. They are updated as we collect experience around the world.

When new people move onto an account, at the client and at the agency, Magic Lanterns serve as an excellent background briefing. Continuity is as important as coordination.

On some accounts we have a Regional Management Supervisor who supports the IMS. These are senior account people in, for example, Latin America or Southeast Asia. They collect and share regional experiences based on language, culture, regional competition and other factors.

You can see how Ogilvy & Mather attitudes toward international business lead to Ogilvy & Mather systems and how the systems reinforce the attitudes. This interplay inspires many activities:

- We bring *clients* together for international meetings. In 1983 such meetings were held for 21 clients in 11 cities. Just as systems within an agency don't work without an attitude of respect, so, too, with clients. Familiarity with one's colleagues in other countries pulls down “Not Invented Here” barriers. Experience is shared in greater depth when people know each other well.
- We send creative people from one country to another on tours of duty ranging from a few weeks to many months. In this way special skills and unique experience can be brought to bear wherever they may be needed.
- Our top management puts their hours where their mouths are in terms of international commitment. No dwellers in ivory towers. Last year the five members of our executive committee flew 782,200 miles from office to office and country to country (I flew 311,000 of those miles—but frankly, sometimes I think I overdo it.)

Behind it all is the idea that within each international account, the more we know each other's business—and the more we know and respect each other—the better we will serve our clients.

Our Associate Agencies

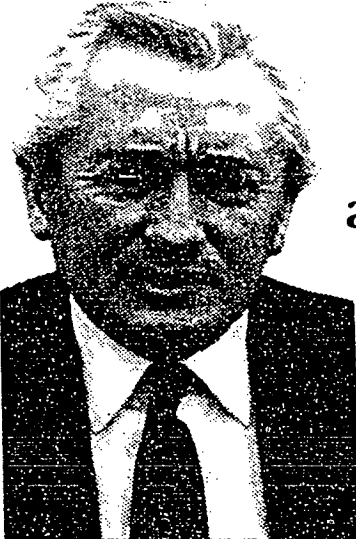
by James Benson
Vice-Chairman

O UR policy has long been to confine our investment to advertising and closely related fields. This usually means starting Ogilvy & Mather agencies from scratch; acquiring agencies and placing

them under the Ogilvy & Mather banner; or building Ogilvy & Mather networks in direct response, public relations and other specialized fields.

However, our corporate development also embraces the purchase or creation of companies with other names and other philosophies. Our associates contributed 17 percent of our earnings in 1983.

We have three kinds of associates. One competes rigorously with Ogilvy & Mather and shares none of



“These associations have many mutual benefits.”

JAMES BENSON

our services. A second group draws its staff largely from Ogilvy & Mather and resembles its parent in everything but size. A third group, with no Ogilvy & Mather heritage, seeks both to compete with us and to complement our services.

These associations have many mutual benefits. Boeing—a client of our associate Cole & Weber, the dominant agency in the Pacific Northwest—now employs several Ogilvy & Mather offices around the world. Davidson Pearce—an associate agency in London—attracts Unilever business that expands internationally within Ogilvy & Mather. Scali, McCabe, Sloves—an associate network operating in six countries—has introduced Hertz to our Ogilvy & Mather partners in Japan.

All our associates are first class agencies enjoying excellent reputations. When we buy an agency which is not going to be called Ogilvy & Mather, it must represent unusually high standards on its own.

We have associates in New York, Houston, Seattle, Portland, Oakland and Los Angeles; Toronto and Montreal; Mexico City; London (where we have

“First class agencies...excellent reputations.”

three), Frankfurt, Düsseldorf, Milan; Melbourne (where we have two), and Sydney; Bangkok, Hong Kong, Jakarta, Kuala Lumpur and Singapore.

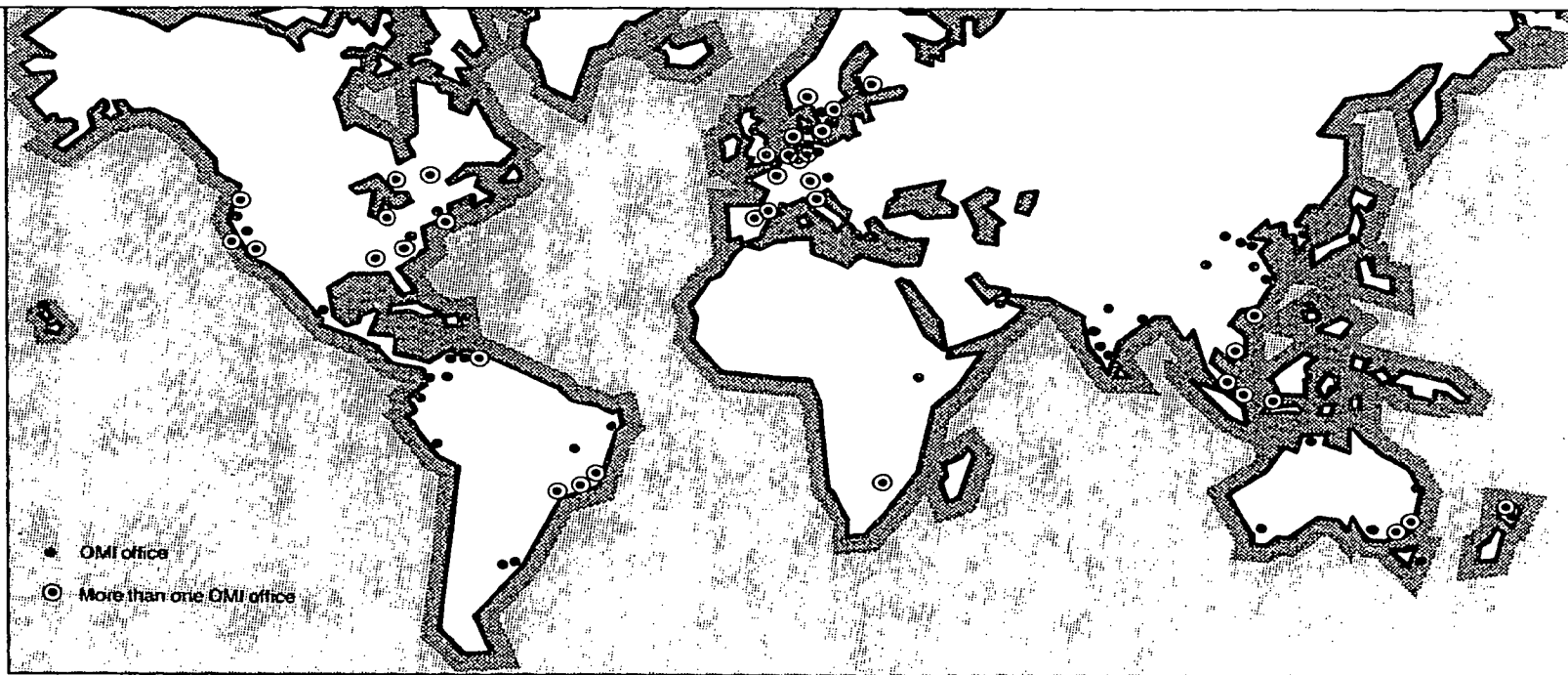
Our 1982 Annual Report noted that not all clients accept the separation of ourselves from our associates as the solution to conflicting accounts. Still true in 1983. But we have been encouraged to see a growing willingness among advertisers to discuss product conflicts with an open mind.

It remains our view that the well-policed independence of our associates provides full security for our clients. Beyond that, this multilayered network enables Ogilvy & Mather to meet the varied requirements of our wide portfolio of accounts. We see its further development as essential to our growth.

Ogilvy & Mather International is the 4th largest advertising agency worldwide. We serve these multinational clients in five or more countries.

(Names of clients followed by number of countries.)

Air Canada 12
American Express 28
Avon 14
Bayer 7
BAT Industries 14
Beecham 19
Alfred Benzon 7
British Caledonian 7
British Tourist Authority 21
Chesebrough-Pond's 14
Ciba-Geigy 6
Ford 8
General Foods 17
Guinness 10
Hunter Douglas 8
Johnson & Johnson 11
Korean Air Lines 10
Mattel 12
Mercedes-Benz 7
Océ 13
Parker Pen 24
PepsiCo 8
Philips 16
Quaker Oats 6
Richardson-Vicks 10
Seagram 12
G.D. Searle 6
Shell 21
TWA 8
Unilever 27
Union Carbide 8
Warner-Lambert 5



North America

Atlanta
Chicago
Honolulu
Houston
Los Angeles
Miramar/San Juan
Montreal
New York
Oakland
Portland, Oregon
San Francisco
Seattle
Toronto
Washington
White Plains

Latin America

Barquisimeto
Bogotá
Brasília
Buenos Aires
Cali
Caracas
Guayaquil
Lima
Maracaibo
Mexico City
Montevideo
Porto Alegre
Recife
Rio de Janeiro
São Paulo

United Kingdom

Glasgow
London

Europe

Amsterdam
Århus
Athens
Barcelona
Brussels
Copenhagen
Düsseldorf
Frankfurt
Gothenburg
Hamburg
Helsinki
Liège

Africa

Johannesburg
Nairobi

Middle East

Dubai

Asia

Bangalore
Bangkok
Beijing
Bombay
Calcutta
Dalian
Guangzhou
Hong Kong
Jakarta
Kuala Lumpur
Madras
Nanjing
New Delhi
Qingdao
Seoul

Singapore

Taipei
Tianjin
Tokyo
Xian

Australia, New Zealand

Adelaide
Auckland
Brisbane
Darwin
Hobart
Melbourne
Perth
Sydney
Wellington

Ogilvy & Mather

FOR A COPY OF OUR ANNUAL REPORT, call Ogilvy & Mather or any of our divisions. In New York (212-907-3400, Graham Phillips) Atlanta (404-588-1866, Neil Cameron) Chicago (312-861-1166, Bill Whitney) Hawaii (808-526-2461, Martin Schiller) Houston (713-659-6688, Jim Hine) Los Angeles (213-937-7900, Gerry McGee) San Francisco (415-981-0950, Hal Riney) A. Elcott & Company (312-944-2300, Ron Blivas) Ogilvy & Mather Direct (212-986-6900, Jerry Puckholz) Ogilvy & Mather Partners (212-210-1000, Joe Bracken) O&M Recruitment Advertising (713-977-4343, Chris Goodrich) Euramerica Translations (212-777-7878, Yuri Radzinsky) Ogilvy & Mather Public Relations Group (212-867-8200, Jerry Horton) Rolf Werner Rosenthal (212-684-0909, Rolf Rosenthal) Sussman & Sugar (212-398-9970, Mel Fauer) O&M Yellow Pages (914-761-5890, Jerry Alston)

How to make your sales promotions more profitable

by Ogilvy & Mather

Ogilvy & Mather has been a partner with its clients in creating over \$1,500,000,000 worth of sales promotion. Here are 23 of the lessons we've learned.

Sampling

1. If you can afford to, go the whole hog: put a free sample of your product in the home. Sampling is the *most* effective trial producer. It is three to four times better than "cents-off" couponing. On the average, you can expect 75 percent of homes to try your product, and 25 percent of triers to go out and buy it.

2. Slip a coupon into your sample. An in-pack coupon produces up to 20 percent more users than the sample alone.

Also, always take advantage of the sample delivery to put an advertisement for your product in the consumer's hand.

3. In advertisements, be sure to make the offer of a free sample prominent. You'll seldom get more than one percent of circulation anyway. But if you bury your offer, you'll cut response to a trickle.

WHEN YOUR SINUS REALLY HURTS, TAKE NEW SINE-OFF THE SINUS MEDICINE.

Sine-Off relieves both headache pain and sinus congestion. And fast!

Finally a medicine just for people who suffer with sinus. Like you.

SINE-OFF

The sinus medicine.

The advertisement at right was 25 times more effective than the one at left in dispensing samples of the product.

An advertisement Ogilvy & Mather prepared for Sine-Off, featuring a coupon offer, pulled *twenty-five* times better than an advertisement in which the offer was buried in the copy.

Couponing

4. When you have to stretch your dollars, use couponing to produce trial. Over 21 billion cents-off coupons were issued last year. Fifty-eight percent of all households redeem them, and 46 percent do so *every week*. Sixty-five percent of coupon redeemers are *non-users* of the product.

5. Peg the value of your coupon at about one-third the value of your product. Rate of redemption is related more to the *percentage* of discount than to the coupon's face value. The higher the discount, the greater the redemption. Our experience shows that one-third off is optimum.

6. When you can identify your prospects, and want maximum penetration, use mail coupons. With direct mail, you can reach fully 95 percent of homes versus 60 percent with magazines.

Since about 60 percent of the homes that receive mail coupons use them, mail coupons are more efficient on a cost-per-trier basis than sampling, and they get more new triers than media coupons, in-pack coupons, or in-store special offers.

7. Use the smallest possible advertisements for your newspaper coupons. More coupons are delivered through daily newspapers than all other methods combined. Consumers actually *comb* newspapers for them. So conserve your media dollars. Our experience proves the size of an advertisement has no influence on rate of redemption.

SUDDENLY Soap Is Old-Fashioned!

SUDDENLY Soap Is Old-Fashioned!

DOVE

SAVE 10¢

Coupons can pull hundreds of thousands of responses. This one holds the Reader's Digest record.

8. Consider adding coupons to your advertisements in magazines, too. Magazines afford the opportunity to deliver a powerful message to a demographically precise audience. If your Art Director can squeeze in a coupon without spoiling the advertisement, make him do it. (See example above.)

9. Add a second promotion device to your coupon. The effect is synergistic. Redemptions jump. But costs don't.

Look at the rate of increase when you combine another promotion with your coupon:

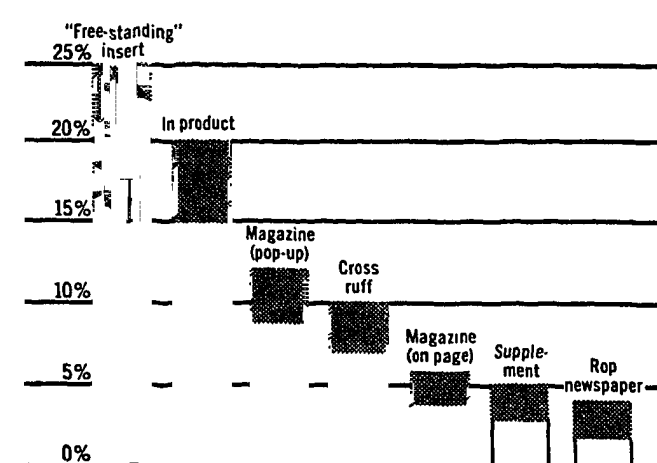
Percent increase in coupons redeemed	
Free premium offers	+10%
Refund offers	+10%
Self-liquidating premiums	+3%
Sweepstakes	+2%

10. When couponing in magazines and supplements, always buy full color. Color pays its way in coupon advertisements—*plus*. Average cost-per-redemption of a 7¢-off coupon in magazines: 21¢ with color versus 24¢ with black and white. Average cost in supplements: 23¢ with color, 26¢ with black and white.

11. Use free-standing coupon-inserts in newspapers in preference to other types. Ogilvy & Mather's bar chart, below, tells the story. Special coupon advertisements that are preprinted and inserted between newspaper pages provide the highest redemption rates. They are among the

COUPON REDEMPTIONS

Shaded area of each bar shows range of redemptions you can expect with that particular type of coupon. (Mail coupons also produce triers in the 15-20 percent range.)



most *efficient* of all couponing techniques when you use them on a co-op basis.

12. Play it straight with coupon advertising. A cute headline ("Ah, cut it out!") does not produce higher coupon redemption than a straight one

("Save 7¢"). Keep your advertisement simple, and make the coupon *look* like a coupon, with distinctive borders, bold colors, big numbers.

Trade Coupons

13. Put your coupon in the local retailer's advertisement. It pays far better than when you put it in your own advertisement. You'll get double the redemption—at a quarter of the delivery cost.

Price-Offs

14. Put your price-off reductions in the 15 to 20 percent range. The larger the reduction, the faster the sell-through and the more triers you attract. But 15 to 20 percent off is usually most efficient. Below 7 percent, you only get your own customers.

15. Don't advertise price-off deals. No amount of advertising of price-offs seems to affect the rate of sell-through.

Refund offers

16. Use refund offers to perk up your advertising, your packaging, or your salesmen. Refund offers don't generate much consumer or trade interest, so they don't do much for sales. But they're cheap, and they can add a note of excitement to your product—and your salesmen's pitch.

You can expect *less than one percent* of purchasers to ask for the refund.

Contests and Sweepstakes

17. Create contests to stimulate in-store displays—not entries. An avalanche of entries may thrill the fellow who designed the contest, but a 20 to 50 percent jump in sales will do a lot more for your profits. That's the extra business a good, off-shelf display can generate.

Don't expect your contest to produce mass trial by new users. *Less than 20 percent of the population has ever entered a contest.*

Since it's the same people who keep entering, they get pretty sophisticated. If your contest asks for proof of purchase or *facsimile*, you can expect 90 percent of entries to be with facsimile!

"Send-for" Premiums

18. Offers of free premiums to people who write in for them are overrated. They seldom prompt response from more than one percent of gross circulation, rarely produce measurable sales results, and do not attract new users.

Self-Liquidating Premiums

19. Pick premiums on the basis of their ability to create trade interest and off-shelf display. Chances are you don't manufacture the premium, so don't worry how many you'll sell. Concentrate on the *trade*. Choose a showy premium that will get the retailer excited, so he'll offer off-shelf display. *That* can increase your sales 20 to 50 percent!

Confine your advertising for premiums to the back of your package. It's difficult to justify using media dollars to push self-liquidating premiums.

20. Make sure the premium encourages use of the product. At least 80 percent of today's premiums are *not* related to the product. They do nothing to encourage brand loyalty.

Recent Ogilvy & Mather advertisements for a Hershey Cookbook have pulled 136,000 orders to date. 136,000 cooks will be cooking with Hershey products for years to come.

Premium Packs

21. Select your premium with great care. A good on-pack or in-pack premium can create more new triers than a price-off deal, because consumers see that you're giving more *value*. But if your premium is bad, it will actually *kill* sales. Housewives abhor the idea of throwing away anything new—even if it's free!

22. Try to force off-shelf display. Advertising does not accomplish much for premium packs. But off-shelf display can boost market share.

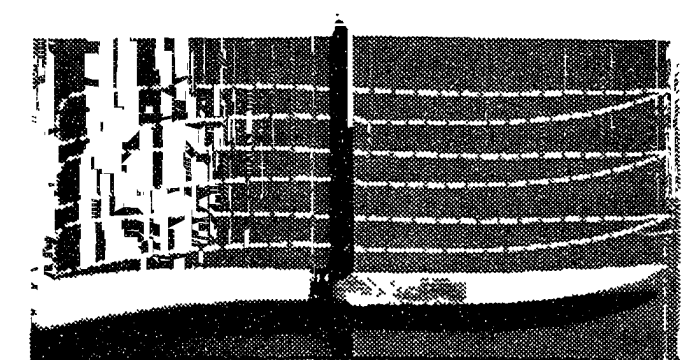
But look before you leap. A bulging, hard-to-stack premium package can force the retailer to give you desirable off-shelf display *if your brand is strong*, but it can be lethal if your brand is *weak*. The trade will simply reject your premium pack altogether.

Retailer Promotions

23. Offer on-the-spot free premiums to build traffic. A strong "free" offer can produce a 15 percent increase in traffic within a few weeks—in banks, gasoline stations, fast food outlets.

About a third of the increase will come from new triers, the rest from occasional users. Payout is quick, because most customers buy more than the minimum requirement.

Heavy advertising of the premium for a short



Free premiums build traffic quickly. Be clever. Pick items that tempt customers to make repeated purchases.

period is more effective than low levels over a longer term.

In choosing premiums, apply the "Gestalt" principle of closure. An *incomplete* set wants completing. A box with one steak knife and three empty spaces is irresistible.

Offices of Ogilvy & Mather

ADELAIDE	HONG KONG	NEW DELHI
AMSTERDAM	HOUSTON	NEW YORK
AUCKLAND	JAKARTA	OSLO
BARQUISIMETO	JOHANNESBURG	PARIS
BOGOTÁ	KUALA LUMPUR	PORTO
BOMBAY	LAGOS	ALEGRE
BRISTOL	LONDON	RIO DE
BRUSSELS	LOS ANGELES	JANEIRO
BUENOS AIRES	MADRAS	SÃO PAULO
CALCUTTA	MARACAIBO	SINGAPORE
CARACAS	MELBOURNE	STOCKHOLM
COPENHAGEN	MEXICO CITY	SYDNEY
FRANKFURT	MILANO	TORONTO
GLASGOW	MONTEAL	VIENNA
HELSINKI	NAIROBI	WELLINGTON

Invitation: Ogilvy & Mather has a comprehensive, one-hour "Magic Lantern" on sales promotion, which includes data we prefer not to publish. If you are seriously interested in seeing it, write to Charles Fredericks at our New York office.

Ogilvy & Mather

2 East 48th Street, New York, N.Y. 10017
5900 Wilshire Boulevard, Los Angeles, Calif. 90036
2600 Two Shell Plaza, Houston, Texas 77002

Ogilvy & Mather reports on a most successful year.

Ogilvy & Mather became a public company in 1966. Our second Annual Report was recently mailed to our shareholders. The text is reprinted below. If you would like a copy of the complete report, write Shelby H. Page, Treasurer, Ogilvy & Mather, 2 East 48 Street, New York, New York 10017.

Billings increased 7.8 percent to \$179,209,499. We became the tenth largest American advertising agency in world billings.

Fee and commission income increased 8.0 percent to \$28,804,161.

Operating income, before an extraordinary charge resulting from the devaluation of sterling, increased 10.6 percent to \$1,589,771, or \$1.46 per share, compared with \$1,437,289, or \$1.32 per share in 1966.

Net income per share for 1967 after application of the extraordinary charge of \$.23 per share was \$1.23.

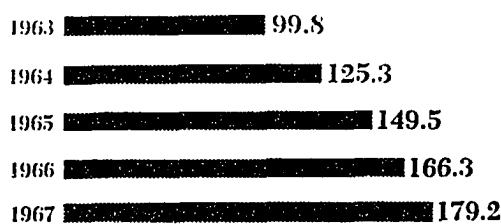
On May 1, 1967, your Directors voted to increase the dividend rate from \$.40 to \$.50 a year.

In 1967, we paid one quarterly dividend of \$.10 per share and three of \$.12½ per share.

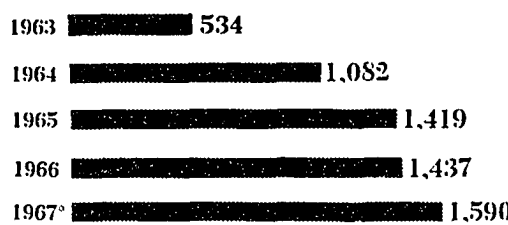


DAVID OGILVY
Chairman, O&M International

OMI BILLINGS (millions of dollars)



OMI OPERATING INCOME (thousands of dollars)



^aBefore extraordinary charge of \$253,019 arising from the devaluation of the British pound.

Operating income in the United States increased 8.3 percent. 82.2 percent of your Company's income from operating agencies was earned within the United States.

Outside the United States, operating income increased 27.4 percent, as a result of more profitable operations in the United Kingdom and Canada, and despite expenses in establishing our Australian agency and losses in connection with closing our Swiss agency.

In each of the eight countries where we now have offices, we added new clients in 1967.

Our U.S. agency was appointed by Merrill Lynch, Pierce, Fenner & Smith; Consolidated Edison; and Hertz International (for its advertising in all foreign countries).

It was a year of great thrust for our English agency in winning new accounts. Included among a dozen new assignments were the Gas Council, Worthington Beer and three Unilever products.

In Canada, four new clients were added to our roster, and we were selected by General Foods and Lever Brothers to handle additional products.

In Germany, we added Gillette Techmatic razors and AEG household appliances. In addition, Unilever awarded us Sanella Margarine and new product assignments.

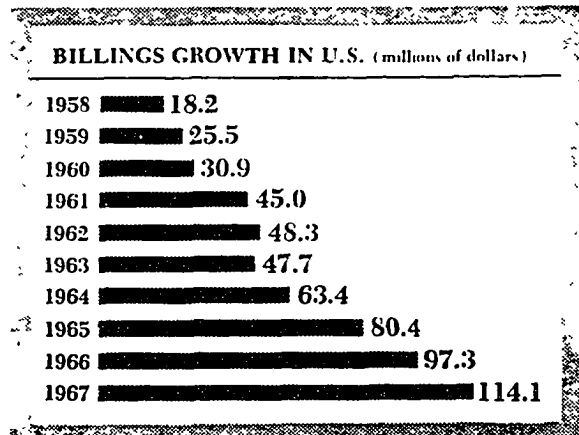
Other new business on the European continent ranged from banks to bed linen, from potato chips to portable radios.

In Australia we got off to an encouraging start, winning ten accounts in our first seven months of operation.

Growth in the U.S.A.

In 1967, Ogilvy & Mather (U.S.) had its most successful year.

Billings increased \$16,870,439 or 17.3 percent over 1966. Growth in 1967 came largely from increased billings of existing clients. We were awarded new assignments by Bristol-Myers, Campbell Soup Company, General Foods, Gillette, IBM, Lever Brothers and Mars Incorporated. The effect on our income of our three major new accounts (Merrill Lynch, Consolidated Edison, and Hertz International) will be felt mainly in 1968.



As we said in last year's Annual Report, growth with present clients is the best testimonial to an agency's performance. Since 1960, our U.S. billings have increased by \$83,300,000. Two-thirds of this increase has come from clients we had in 1960.

Our aim is not to add accounts indiscriminately, but to win and serve well those that offer the greatest potential for growth and profit.

The volume of U.S. advertising has grown steadily over the past decade, except for 1961, when it suffered a small decline. And the larger agencies (of which we are one) have tended to grow faster than the industry. Advertising's growth has been closely linked to that of the Gross National Product. Between 1957 and 1967 advertising volume rose at an average annual rate of 5.1 percent, while the G.N.P. rose an average of 5.9 percent.

In the same period, growth of the twenty-five largest advertising agencies averaged 6.4 percent per year. Ogilvy & Mather's growth averaged 21.1 percent per year, a rate four times greater than that of the advertising industry.

In the two years since a new team was appointed to manage Ogilvy & Mather in the U. S., profits have increased 89.6 percent.

Our major problem in a period of such rapid growth is to maintain our high standards in staffing. We have stepped up our programs of recruitment and training of young men and women; the future of your Company depends on them.

Expanding opportunities and rapid advancement virtually eliminated turnover of key personnel in 1967. Seven Vice-Presidents and two Senior Vice-Presidents were elected from our ranks. Three new officers were appointed from the outside.



JOHN ELLIOTT, JR.
Chairman, N.Y.



JAMES R. HEekin, JR.
President, N.Y.



ALAN N. SIDNAM
Vice-Chairman, N.Y.

Progress in international operations

Operating profits from our international operations increased 27.4 percent in 1967. Ogilvy & Mather, with offices in seven other countries, now ranks fifth among all American agencies in terms of billings outside the U.S.A.

We believe that, in years to come, an increasing number of companies will seek the services of agencies which are equipped to do their advertising internationally. It was, therefore, a matter of great satisfaction to us when Hertz, after an exhaustive appraisal of the capability of several agencies with international networks, selected Ogilvy & Mather to handle their advertising in twenty-nine foreign countries.

In 1967, our English agency performed admirably in an adverse economic climate. Cutbacks in expenditure by our existing clients were almost offset by the expenditures of our new clients. The full effect of our new clients' billings will be felt in 1968. Reductions in personnel and streamlining of operations resulted in an operating profit increase of 65.7 percent over 1966.

We think this is an example of the resilience of an aggressive, well-managed agency. However, the problems of the British economy remain with us. Our challenge is to carve out a larger share of the market there.

In 1967, there was a non-recurring charge to net income of \$253,019 as a result of devaluation of the pound. This is shown as an extraordinary charge.

On the European continent, we have moved ahead. In Frankfurt, we have made a considerable investment in creative staff and advertising research. We expect that this investment, plus a more favorable economic climate and new assignments from AEG, Gillette and Unilever, will result in increased billings and profit in 1968.

In our Vienna office, increased income coupled with improvement of the organization resulted in a modest profit in 1967, after a loss in 1966.

The consolidation of our operations in Switzerland and Italy with Trio Advertising Agency of Lausanne did not work out as intended. We have therefore sold our interest in Trio and closed our Zurich office. Anticipated losses in connection with this closing have been provided for in the 1967 accounts.

We have repurchased Trio's interest in our Milan office, which we expect to benefit from increased billings in 1968.

AWARD-WINNING CAMPAIGN, LONDON:



Egg Marketing Board, 1967

In Canada, our profits were up 20.7 percent over 1966. To improve service to our clients, and as a stimulus to gaining new business, we have opened an office in Montreal; it is already handling five accounts.

In Australia, we opened our doors for business in Melbourne on June 1. By year's end we had won ten accounts—and opened a branch in Sydney. This flying start called for a somewhat greater investment in staffing than had been anticipated. However, we expect our Australian agency to make a profit in 1968, our first full year of operation.

We are proceeding, albeit cautiously, with the further development of our international network. At the end of 1967, we entered into an

agreement with Publicis, the second largest French agency. We have opened an office on their premises on the Champs Elysées. Our office, in cooperation with Publicis, will be responsible for the advertising of American Express, Hertz International, Air Canada and other clients who require our services in France.

This alliance, which also calls for an exchange of technical know-how between Ogilvy & Mather and Publicis, has been symbolized by a token exchange of shares in 1968.

What is different about Ogilvy & Mather?

There are many good advertising agencies. The differences between them are hard to define. But it is the sum of many subtle differences that establishes the character of an agency.

Our job is to create superb advertising for our clients—advertising that brings more results than the advertising of our competitors. Being human, we like to win awards for creative excellence; we win many. But the most important criterion of our success is the sales of our clients.

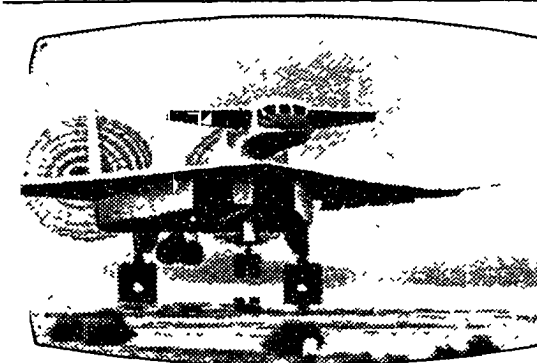
To help assure this success, we invest a higher percentage of our income in research than do most advertising agencies. We believe that consistently successful advertising is born of a marriage of objective research and creative inspiration.

What makes an agency creative? The right people working hard in the right atmosphere. We put a premium on brains. And we try to encourage an atmosphere of ferment—the ferment of innovation, the ferment of success, the ferment of rapid promotion and expanding opportunity.

AWARD-WINNING COMMERCIALS, NEW YORK:



Bristol-Myers, Ban, 1967



IBM, Corporate, 1967

While we are responsible to our clients for sales results, we are also responsible to consumers for the kind of advertising we bring into their homes. Our aim is always to create advertising that is in good taste. We abhor advertising that is blatant, dull or dishonest.

Profits in the agency business are not synonymous with billings. Nor do profits depend on giving niggardly service. Rather they depend on the efficient deployment of manpower. We take unusual pains to use our talents efficiently.

In times gone by, the bond between agency and client was often one of personal relationship. But the increasing complexity of marketing and advertising has brought about radical changes in agency-client relationships. Today they seldom, if ever, depend on personal patronage. They rise or fall according to results—not personalities.

Thus the prosperity of Ogilvy & Mather depends on its entire staff—present and future.

All our offices are now led by men in their early forties. Said one of our clients recently, "Your agency has shown almost unique foresight in planning for an orderly transition in management to the next generation."

We are proud of our roster of distinguished clients. Our U.S. clients are listed at left. We commend their products to you.

Ogilvy & Mather Clients in the U.S.A.

AMERICAN EXPRESS
BRISTOL-MYERS
BRITISH TRAVEL ASSOCIATION
CAMPBELL SOUP COMPANY
Pepperidge Farm Inc.
COMMONWEALTH OF PUERTO RICO
CONSOLIDATED EDISON COMPANY
THE DRACKETT COMPANY
GENERAL CIGAR COMPANY, INC.
GENERAL DYNAMICS
GENERAL FOODS
THE GILLETTE COMPANY
C. F. HATHAWAY
HERTZ INTERNATIONAL
INTERNATIONAL BUSINESS MACHINES
INTERNATIONAL PAPER COMPANY
KLM ROYAL DUTCH AIRLINES
LEVER BROTHERS

MARS INCORPORATED
MEAD JOHNSON NUTRITIONALS
MERCEDES-BENZ OF NORTH AMERICA
MERCK & CO.
MERRILL LYNCH, PIERCE, FENNER & SMITH
MICHAELS/STERN
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
NATIONWIDE INSURANCE COMPANIES
PEPSI-COLA COMPANY
SCHWEPPE (U.S.A.)
SEARS, ROEBUCK
SHELL OIL COMPANY
SHELL CHEMICAL COMPANY
STEUBEN GLASS
ZIPPO MANUFACTURING COMPANY

How to advertise travel

Ogilvy & Mather of New York has created over \$130-million worth of travel advertising. Here, with the dogmatism of brevity, are some things we've learned about selling travel.

EVERY TRAVEL product at Ogilvy & Mather is carefully "positioned" before the creative work begins. This is a vital first step.

In positioning a travel product or destination, we have found that research is essential.

A capsule case history: research for KLM revealed that travelers who hadn't been to Amsterdam, KLM's gateway city, thought the city was lacking in "things to do."

So, we positioned Amsterdam as a lively, surprising destination for U.S. travelers. Our "Surprising Amsterdam" campaign featured the vast variety of attractions in KLM's hometown (see advertisement at right).

Within two years, Amsterdam became the fourth most popular tourist city in Europe (after London, Paris and Rome). Within five years, U.S. air traffic to the Netherlands was up 100 percent.

Correct positioning is half the battle. The rest is technique. Here are 22 proven techniques for advertising and selling travel.

How to write travel copy that sells

1. Spotlight the "unique differences." People travel to soak up new experiences. Good copy creates an atmosphere that whets the reader's appetite for adventure.

Research conducted for the United States Travel Service revealed what prospective travelers to the U.S. really want to see. They aren't very interested in beaches and mountains, for example. They have similar attractions at home. They want to see Manhattan, Niagara Falls, Cowboys and Indians, San Francisco, the Grand Canyon—spectacles found "Only in America." This is now the theme of our worldwide United States Travel Service campaign.

2. Facts are far better than generalities. Vacations are precious. Prospective travelers want to be sure they're going to get their money's worth. Specific facts can convince them.

A recent Ogilvy & Mather advertisement for American Express was headlined: "What will your trip to Europe really cost this summer?" It was packed with specifics. It gave hotel prices and compared them with 1971 prices. It listed new transatlantic group air fares and the per-person increase over last year.

3. Give your advertising a big idea. Take a look at the travel sections of Sunday newspapers. Some have as many as 25 pages of travel advertising. If your advertisement isn't based on an idea that can stand out from the crowd, you won't have a chance.

Note: Five years ago, Ogilvy & Mather created "The New Money" campaign for the American Express Card. This idea was so sweeping in concept that even the design and color of the Card were changed. Today, The Money Card is used by 4,000,000 traveling Americans.

4. Don't shy away from long copy. One of our recent advertisements for Cunard had 1096 words. The first time it ran it attracted enough prospects to pay for itself four times in direct sales.

5. Copy should allay anxiety about going to a strange place. While most travelers relish the idea of experiencing a totally new destination, the anticipation may be mixed with a vague feeling of unease.

A study by Louis Harris & Associates showed that travelers are anxious about many things—

from the quality of the drinking water to "how much should I tip?"

Good advertising can help to overcome uncertainties and doubts that often trouble travelers.



You'll lose all your fear of Europe when you visit Amsterdam first.

Let's start with the fact that you'll lose all your fear of Europe when you visit Amsterdam first. Amsterdam is a city of surprises. It's a city where you can find everything you need for a perfect vacation. From the best hotels to the most delicious food, Amsterdam has it all. And it's all within easy reach of the airport. So why not visit Amsterdam first? You'll be surprised at how easy it is to fall in love with this wonderful city.

Positioning is all important. For KLM, we "positioned" Amsterdam as a lively, surprising city.

6. Use research to test provocative new ideas. Two years ago, David Ogilvy had an idea for a campaign to increase U.S. travel to France. All of the headlines would be in French with English subtitles. Everybody except David Ogilvy thought it was a terrible idea. Research showed that it increased readership by 24 percent.

7. Give your product a first-class ticket. It pays to give your product an image of quality. If your advertising looks cheap or ugly, few consumers will want to travel to your destination—or fly on your airline.

8. "Newsbreak" advertising can make news of its own. Last

summer, many Americans abroad were unable to exchange their dollars for foreign money because of the currency crisis.

Ogilvy & Mather prepared an advertisement with this headline: "How American Express protects its clients abroad."

The advertisement was written, approved, set in type, and sent to the papers in 24 hours.

That same week, Ogilvy & Mather people in London and Paris filmed man-in-the-street interviews about the international money crisis. The commercials were on the air in less than two weeks.

9. Bargains are still irresistible. By Labor Day 1971, the two October transatlantic crossings of the QE2 were only half booked. In mid-September, an Ogilvy & Mather advertisement for Cunard made this offer: "Sail to Europe regular fare—Sail home free." Within eight days, both round-trip crossings were sold out.

How to generate more coupon returns

10. Make your coupon the hero. Most direct response experts put the coupon at the base of the ad. Ogilvy & Mather had found that prominence is all important. Recently, we moved the coupon to the top of four different American Express Travel advertisements. Returns tripled.

11. Make the coupon a miniature advertisement. Include an illustration of your literature. Repeat salient sales facts: "Please send me your free 226-page guide to Europe, with full details of 85 differ-



Show what's different. Our campaign for the United States Travel Service features unique U.S. attractions, like the Manhattan skyline.

The travel accounts we serve:

AMERICAN EXPRESS	UNITED STATES
BRITISH TOURIST	TRAVEL SERVICE
AUTHORITY	IN THE U.K.:
CUNARD	AIR CANADA
KLM ROYAL DUTCH	IN GERMANY:
AIRLINES	LUFTHANSA
P&O LINES	

ent tours." Many people read *only* the coupon.

12. Don't scorn that grand old word—"free." Some copywriters eschew this word because it's old hat. Pity. It pulls.

13. Go the whole hog. If you really want response, devote your whole advertisement to a description of what you're offering. Give prospects detailed information of what they're getting. Example: "Page 7—a handy list of indispensable foreign phrases."

14. Repeat your winners. Many excellent coupon-pulling ads are discarded too soon. When you find an advertisement that generates response, run it until it stops pulling.

Important qualifier: Ogilvy & Mather has found that headlines can lose their stopping power when repeated frequently in newspaper travel sections. Often, a new headline can boost returns significantly.

Travel layouts: what we've learned

15. Avoid "addy" layouts. Ogilvy & Mather has had more success with editorial layouts. Good mag-



Sail to Europe regular fare.



Sail home free.

Cunard announces round-trip vacations at one-way prices. From \$389



CUNARD
Queen Elizabeth 2
The Greatest Ship in the World

"Sold out." This advertisement helped sell out the QE2. Bargains are still irresistible. See point #9.

azine and newspaper editors know what appeals to their readers. Steal some of their secrets.

16. Photograph the natives, not the tourists. Nobody's going to travel thousands of miles to gape at fellow tourists. One of our KLM advertisements pictured eighty-six natives of Amsterdam. Starch ranked it among the best-read advertisements of the year.

17. Caption your photographs. Almost twice as many people read captions as read body copy. Captions should contain meaty information that sells.

TV techniques

18. Give your commercials a burr of singularity. The average travel prospect is exposed to about 15,000 television commercials a year. Most

of them register on her mind with the impact of a flea hitting an elephant.

One of our TV commercials for KLM showed an amphicar touring Amsterdam by water. This burr not only increased the memorability of the commercial but also drew attention to one of the city's greatest attractions—its waterways and canals.

How American Express protects its clients abroad.

American Express Travelers Cheques, Cards and other financial paper are being honored—without limit—at a network of over 1000 offices throughout the world.

At American Express, we know the world. And because we know the world, we can protect our clients wherever they travel. Our Travelers Cheques, Cards and other financial paper are honored—without limit—at a network of over 1000 offices throughout the world. This is the only financial service that can do this. And it's the only service that can do this for over 125 years. American Express has been protecting its clients for over 125 years. And we're still going strong.

American Express
For people who travel

Fast action. This full-page advertisement was written, approved and produced within 24 hours.

19. Let your pictures do the talking. Far better to make your point *visually* than *verbally*. What you show is more important than what you say.

20. Relevant sound effects. They can create mental pictures of a beautiful beach or a tropical forest. One sound is worth a dozen adjectives.

Direct mail & sales literature

21. Test direct mail against other media—it could surprise you. When your product is well known, direct mail can outpull print and broadcast media on a cost-per-return basis. Example: a test for one of our clients showed that direct mail was four times more efficient than magazines, seven times more efficient than television.

22. Make your sales literature work as hard as your media advertising. Your literature should enlarge the story you tell in your media advertising. An account supervisor at Ogilvy & Mather wrote a 224-page book for KLM: "Fun Lover's Guide to Surprising Amsterdam." It features 101 places to eat, drink and be entertained—and lists 1,600 prices.

Ogilvy & Mather
now has 46 offices in 24 countries.

ARGENTINA	GERMANY	MEXICO
AUSTRALIA	HOLLAND	NEW ZEALAND
AUSTRIA	HONG KONG	NIGERIA
BELGIUM	INDIA	SINGAPORE
BRAZIL	INDONESIA	SOUTH AFRICA
CANADA	ITALY	UNITED KINGDOM
COLOMBIA	KENYA	UNITED STATES
FRANCE	MALAYSIA	VENEZUELA

Ogilvy & Mather has a strong point-of-view about travel advertising. If you would like to know more about that viewpoint—and how it could be applied to specific travel marketing problems, write Ogilvy & Mather, 2 East 48th Street, New York, N.Y. 10017.

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