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Jasper, Letta W./Consumer economics : ad



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Consumer economics

advertising as an investment

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colorado state university extension service

Quick Facts

The two most important functions of advertising are to inform and motivate.

Food advertising benefits the consumer by telling who is selling the product, what it is, where to find it, when it can be purchased, how much it costs and why it is better.

The consumer who feels victimized by advertising may obtain satisfaction by going directly to the seller, contacting the manufacturer, the Better Business Bureau, Chamber of Commerce, or the Colorado Consumer Affairs office.

The consumer also may bring the complaint directly to the media carrying the advertisement. Truth in advertising is important to the media.

Consumers victimized by deliberately misleading or dishonest advertising should contact directly the director of the Office of Consumer Affairs, Mrs. Virginia Knauer, Executive Office of the President, Washington, D.C.

American business firms invest approximately \$14 billion annually to advertise their products. This is about twice as much as Americans spend on higher education. Advertising costs amount to almost \$70 per year for each adult and child, or around \$240 per household. Food advertising accounts for nearly 20 per cent of total advertising costs in this country.

This advertising benefits many segments of the food industries as well as the consumer.

For instance, food ads inform most consumers on

- where to find grocery stores (especially in big cities);
- what the grocers have for sale;
- what the better buys are in terms of comparative quality, size and price; and
- what new products are available.

Advertising also pays for radio and television broadcasting, which may be good or bad, depend-

ing on individual perspective. If no advertising were used in newspapers and magazines, the price of these publications to the consumer might go up. It might be worth it to some people, but there is a real question as to whether most consumers would buy newspapers and magazines if prices were substantially higher than they are now.

The Functions of Advertising

The two most important functions of advertising are to inform and to motivate. Advertising informs the consumer that a product is available — it lists the many good features of the product, details its importance and tries to induce the audience to purchase the product.

A good ad, newspaper or otherwise, should have some of the elements of a typical news story:

Who — who is selling the product and, in the case of brand names, whose reputation is at stake in the claims being made? It may be difficult to judge the quality of the hundreds of individual articles offered for sale, and the consumer often depends on brand names as a guarantee of quality.

Brand names made familiar through advertising also relieve the food retailer of "selling" each of the 1,000 to 1,200 items in the store. Studies reveal that nationally advertised brand names for food products cost more than store brand name products and regional brands primarily because they are not as highly advertised.

What — what is the product being advertised? What the ad tells the consumer depends on whether the prospective buyer and the seller speak the same language — the language of sizes, grades, qualities and brands.

It may be worth knowing that size 150 oranges, for example, are smaller than size 100 because size is measured by the number needed to fill a standard size crate; also that a ham "half" costs more than a ham "portion" because the term "portion" means that center slices have been removed to be sold at a much higher price. Ham "half" means just what the label says — half of a ham.

^{1/} letta w. jasper, csu extension associate professor, consumer marketing economics (8/15/72)

Where — where is the better value? Stores rely on the power of advertising to coax prospective buyers into their places of business. They may feature specials, better buys, thrifty items, sales or even promotional articles. This pulling power is one of the reasons why food retailers have increased advertising more than four-fold in the last 20 years.

When — when can the product be purchased? In light of the new law, sales have become more definite. If a sale is advertised, the prices must be guaranteed for the stated time and running out of stock is no excuse. Rain checks must be issued or the product restocked. Foods usually are higher in quality and lower in price when they are most plentiful or in fresh season. By informing consumers of plentiful supplies, advertising reduces waste of perishables.

How — how much does the product cost? Price is an important feature of newspaper food advertising. If the who, what, where and when elements are present in the ad, the consumer may have a clear picture of the market before shopping.

Why — why should the consumer buy the product? Perhaps a particular food item offers unique nutritional advantages; however, advertising may not be a reliable source of nutritional information. Perhaps it is quick and easy to prepare, stores well or is an improvement over the old form. The ad should make these special advantages clear to the shopper.

Fraudulent Advertising

The consumer, by knowing his or her rights and being aware of new consumer laws and regulations, may prevent undesirable experiences. But if the consumer thinks the advertising has been misleading, several options for redress are available.

The buyer may contact the seller. The error might have been an "honest" one. Most sellers will want to keep the consumer as a good customer.

If this does not work, the purchaser should write to the manufacturer. Law requires the name and address of the manufacturer, packer or distributor to appear on food labels. The consumer may want to send copies of the correspondence to the Better Business Bureau, the president of the manufacturing company, the Chamber of Commerce and the Colorado Consumer Affairs, 1575 Sherman, Denver, Colo. 80203, phone 892-3501. Reliable business firms value their reputations and should be quick to act on a complaint.

If this gets no response, the consumer may wish to take the facts to the newspaper, radio or TV station carrying the advertising for the product. Truth in advertising is too important for the media to lose their reputation by carrying false ads.

If the consumer has been victimized by deliberately misleading or dishonest claims in food advertising, copies of all correspondence to and from the responsible parties should be forwarded to Mrs. Virginia Knauer, director, Office of Consumer Affairs, Executive Office of the President, Washington, D.C. 20506.

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