

. . . HERE IS THE ANSWER TO . . . “Who Pays for Advertising?”

This question has caused much discussion in advertising circles, and possibly the best way to find an answer is by the process of elimination—

FIRST—Does the advertiser pay the cost? If so the incentive for extensive advertising would not exist, the more one advertised the poorer he would become, so that not being true, it is evident that the advertiser does not pay the ultimate cost of advertising—

SECOND—Does the consumer pay for advertising? Why should he? If he could buy more economically from non-advertisers, he would certainly do so. Most people prefer advertised goods, and buy from firms that advertise. This is clearly shown in the history of American business successes and is illustrated by the following example:

About twenty-five years ago a man by the name of Ford living in Detroit began experimenting on motor cars. Later he built a few small cars to sell at a lower price than other cars. His aim was to provide low cost transportation, and to build a car for the masses. He began to advertise that idea extensively, and today there are more Ford cars sold than any other make in the world.—Who pays for Ford advertising?

Then who does pay for advertising if neither the advertiser nor consumer pays for it?

Do firms who do not advertise pay the cost for those who do, also a man in business justifying the use of advertising pays for it, whether he uses it or not?

ANSWER . . .

Increased volume pays for advertising, but where does volume come from:—

Naturally, from increased demand, and business taken away from competitors — Therefore the man who does not advertise pays through lost business for at least a part of his competitor's advertising that takes the business away from him. Thus—a lady of a non-advertising store planning on buying a \$60 coat she has seen there is attracted by the advertising of a competitive store where she goes and buys her coat. Who paid for that advertising? The customer took her choice, she bought the advertised coat at the same price and in preference to the other coat, so the customer did not pay for the advertising. Then did the store that sold the coat stand the cost of advertising? Certainly not, since it made a net profit on the coat sale which resulted from its advertising. Then—did not the non-advertiser who lost the sale, and the consequent profit pay for the advertising of his competitor that took the business away from him?

The State Port Pilot