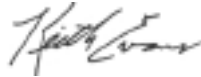


Merchandising



Director of Communications
and Public Relations

Brand products with the most and best advertising enjoy the highest percent of sales in their fields and yield the highest percent return on investment.

In short, the higher the advertising-to-sales ratios, the higher the profits, according to a study done by the Ogilvy Center for Research and Development in San Francisco and the Strategic Planning Institute.

The study makes a solid case for the kind of brand-building advertising programs that support a product's quality image and never let up. The researchers, in addition to collecting figures, also did personal interviews to find out what brands customers believed to be superior. Brands that were perceived as superior had return on investment as high as 31 percent. Brands perceived as inferior in quality had returns on investment as low as 17 percent.

The research uncovered still more advantages. Companies or businesses with superior quality images enjoy lower percentage marketing costs because of their ability to get higher prices without losing market share. These marketers also find it easier to improve their share of market, and they suffer less during an economic downturn.

These same principles apply to the Angus breed and to individual Angus breeders as well. One reason the Angus breed didn't suffer as much as some during the recent tough times in the cattle business was because Association members and the board of directors supported a strong advertising program designed to enhance the Angus breed's quality image and promote its benefits to the commercial cattle



**Best
advertising,
highest
profits
go together,
research
shows**

industry. By the same token, individual Angus breeders who combined a sound breeding program with top-quality advertising and promotion were the most successful during the economic downturn and have profited most from the upturn.

Only rarely can advertising produce premium prices for a mediocre product and that is a one-time success. But in almost all cases, insufficient and/or poor-quality advertising and promotion will keep a superior product, be it aspirin or Angus, from selling for its full value.

The Ogilvy study talks a lot about "perceived" differences or "perceived" superiority. That doesn't mean that advertising can make a silk purse out of a sow's ear. But it does mean that two top-quality products can be very similar, yet because of advertising one will be perceived as high-quality while the other is looked upon as average.

This is particularly obvious in consumer products. Basically all aspirin is manufactured to the same high-quality standards, yet millions of people perceive one brand as superior and pay double or triple the price for it. We can all think of Angus herds that are very similar in breeding and quality of performance records, yet buyers flock to compete against each other at the production sale of one, while it's a buyer's market at the other.

Success in any business certainly depends upon a multitude of factors other than advertising. But the Ogilvy research offers sound evidence that high-quality, frequent advertising does indeed appear to help build the most successful and profitable business.

