

April 20th, 1949

To: The Board of Directors  
From: Vice President - Sales  
Subject: American Airlines' Advertising Program for 1949

In 1949 American Airlines is in a unique position in the air transportation industry. It is not just happenstance, but rather the result of planning which began prior to the end of the War. I refer primarily to the fact that American, among all the air carriers in the world, is the only company that can, in 1949, boast of a completely new post War, five-mile-a-minute, pressurised fleet of aircraft for passenger service.

This obviously affects our advertising approach and also our advertising theme. Therefore, I would like to tell you briefly about the advertising program for 1949 and the philosophy behind that program. Of greatest interest, perhaps, is the matter of expenditure. Our total budget for the year will amount to \$1,637,340, which will be broken down as follows:

In magazines a total of \$845,660, of which \$733,660 is for passenger advertising and \$112,000 for cargo advertising. In newspapers we are planning to spend \$530,000 (passenger advertising); in trade magazines and miscellaneous publications we have budgeted \$37,935, of which \$25,000 is for passenger advertising and \$12,935 for cargo advertising. Our outdoor signs will cost us \$6,600, telephone directories and hangar signs will cost \$12,000 and we have allocated \$20,000 for radio advertising. All of this, together with \$185,145 for production expenses, gives you the grand total of \$1,637,340.

This latter figure compares with \$1,969,415 which was spent in 1948 and \$1,163,331 which was spent in 1947. In 1949 the ratio of advertising expenditure (estimated) to estimated revenue is 1.7 which compares with 2.21 in 1948 and 1.4 in 1947. These figures are based on total advertising vs. total revenue. You

may be interested to know that the ratio in 1940 was 3.0 and during the war years was respectively 2.5, 2.3, 2.2, 2.1 and 1.05.

Now that I have told you what the program is costing let me describe the program itself. You will notice that our 1948 policy of heavy newspaper advertising vs. only token advertising in magazines is reversed in 1949 and during this year you will see an American Airlines ad in one of the leading magazines approximately each week of the year. In fact there are a total of over thirty different ads and they are spaced and timed in different magazines so that the name American Airlines will each week be associated with a message or thought of importance. The reason for this coverage is to build up the name American Airlines with the public in general and the traveling public in particular. The copy that we use is "selling" copy, but veers toward the institutional type of advertising. We want to emphasize and exploit the prestige and character of American Airlines, what it is, what it has done, what it provides for "you" and why it is the leading air transportation company in this country. This sort of theme obviously requires a long range program and also is one which will require a certain change of pace. Among the subjects which we are using as parts of this program are -

American Airlines equipment. In this category you have two recent ads, the first one symbolizing the retirement of the last DC3. I am sure all of you noted it. This particular ad achieved a circulation of over 11,000,000. The other ad on equipment is the one that was released this past week which is a double spread showing our new fleet "The name everyone looks up to". This ad will have a circulation of 14,000,000.

American Airlines personnel. Then we have a series of four ads which will feature our personnel. These ads will run exclusively in Life magazine. The categories of personnel covered will be the pilot, the stewardess, the mechanic and the reservations agent. Notice the tie-in between types in equipment and types in people, the combination that makes American Airlines the leader.

Routes.

Then we have an ad on American Airlines'

routes, this to be released during the month of October, which will show the great advantages of our Southern service and will be in the form of a route map. So now we have the finest equipment, the best trained people and the finest routes.

And now may I inject another program in here. This is the ladies program and is the first time that any airline has made a specific effort and has tailored ads particularly for the ladies. We propose this year to advertise in the Ladies Home Journal and Good Housekeeping, which have a combined circulation of over seven and a half million women readers. So while your wives will be reading the ads described above in the Saturday Evening Post, Life, Time and Colliers they will also be reading another approach to American Airlines in their favorite women's magazines. A typical example of these ads is "We spare nothing to spoil the child" with copy stating "We are as bad as a maiden aunt about our tiny passengers. Flagship travel offers so much more than just a little hug." Another ad which is being released the end of this month, of which I have a copy here, is "The smart way to travel and still look smart." Then you will see the story of "Travel alone and like it." We have learned through interviews and surveys that many women do not like to travel alone on the trains, but are perfectly willing and happy to travel alone by air. We hope to take advantage of this situation.

Now we have described our equipment, our personnel, our routes and appealed to the newer market because after all the business market has been constantly appealed to - let's finalize our passenger program. In addition to the above we have our ads on air travel advantages in general. One example of this is "You travel as well as your letter" with a picture of a man mailing an air mail letter and, of course, the copy is obvious. In another we have a tie-in with the nation's favorite sport - fishing - showing a chap arriving at a lake and the provocative question "Will you lose one-third of your vacation?" Also in this group is an ad that has quite a good theme from the standpoint of "importance" appeal and that will run in November. It shows a rather distinguished looking group debarking from a

Flagship and the quote is "Air travel is for people going places".

While I am on the subject of magazines let us follow through with our air freight advertising. We are spending a little over a \$100,000 for ten full page ads in the Saturday Evening Post on air cargo. At first this might appear to be a wild decision as the majority of the readers of the Post are not in a position to give us cargo orders, nor do they know too much about the use of air cargo. But it is precisely for the latter reason that we are advertising in the Post and also for the collateral reason of making American Airlines well known and thought of as the air cargo carrier. During this period we are faced with many applicants to the CAB who want to be in the air cargo business. The air cargo business was founded by American Airlines four and a half years ago and we have been a leader in this field ever since. We propose to continue to lead and be known as such by our performance and by our advertising. Air shipments are something like "name brands". The more the public is educated, the more they will request, indeed demand, air fresh fashions, food and footwear. One of the air freight ads I am sure you saw in the Saturday Evening Post was about the fish story. Next week you will see an ad which tells of a rather dramatic shipment we will make on the 25th of April to 381 airports in one day, of a product which will be brand new and which will have the greatest element of surprise that has ever surrounded the introduction of a new product thanks to air transportation. Obviously I cannot tell you any more right now.

Our other themes in cargo advertising will have to do with the advantages of air freight to the public, to the nation and to the new concept of Airconomy. I have mentioned Airconomy to you before at previous meetings. You will be interested to know that the booklet which we sent out struck a very responsive chord in the United States Treasury Department and we are now engaged in a survey with their men to put the Treasury "in the air". This will be one of the great stories of the air age, if we are successful.

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We are, of course, putting our air freight ads in such magazines as Sales Management, Traffic World, Women's Reporter and Distribution Age.

In the trade magazines we are advertising directly to the travel agents in the travel group telling them of the advantages of our special tours and services and then in magazines such as American Aviation, Aviation Week and Air Force we are re-running our institutional type of advertising.

That completes the story on magazine advertising. May I summarize it by saying this - it is designed to follow one simple theme which is the publicizing of American Airlines as the leading air transport carrier by featuring equipment, personnel, routes and primarily the advantages to you, with particular emphasis this year not only on all travelers and people in business, but also on the women's market. Obviously, a great deal of this copy can be looked upon as benefiting the industry because we are still in the growth period and we must continue to point out the great advantage that is inherent in air transportation. This is unlike the slant that the copy would have for a soap or a soft drink campaign. Putting it in ABC order, it is designed to accomplish the following seven broad objectives:

To establish American Airlines' Leadership in air transportation.

To build public Confidence in American Airlines.

To build American's reputation for Character and Integrity as a corporation.

To create a Demand for air travel.

To create a Desire for air travel.

To broaden the market for air transportation - particularly among Women.

To educate the public on the benefits of Airfreight.

Now for the newspapers - you may be wondering why we changed the emphasis of our advertising to magazines from newspapers this year. I mentioned earlier that we had done so, but did not explain it then as it more properly fits in at this point. During 1948 we had a schedule change at least once per month and many times twice a month. This was not done because we liked to change schedules as it is a very expensive and confusing process not only to the passengers, but

also to company operations. It was done for the obvious reasons with which you are familiar and that was the constant changing of equipment as we put the new planes into the fleet and retired the old. Now beginning on April 1st we have all new equipment and all the planes have been delivered. On April 24th we are going into our spring and summer daylight saving time schedule which will remain in effect until September and no changes will be made in these schedules other than those due to extenuating circumstances because of economic conditions. This immediately makes the job of advertising our services in local towns a different one than it was last year. As we changed schedules frequently last year we had no way of informing the public regularly as to what new and better service we were giving them except by the newspapers. In addition to that we introduced the Convair in practically every one of our Eastern, Central and Southern cities and we re-introduced the DC6 which we had withdrawn from service in November of 1947. Therefore, with this stability in 1949 we are able to go after the market by planning a broad covering and hard-hitting national campaign, supplementing that with a local campaign which is more in the form of identification and reminder and single destination copy. We have taken the cities which we serve and where we have offices and divided them into seven groups. These groups are based on the amount of business that we do. For example Group 1 includes New York, Los Angeles and Chicago from which we derive 40% of our revenue. In this group we have three insertions per week in preferred position in two newspapers in New York, two in Los Angeles, one in Chicago, and, in addition, two insertions per week in two additional papers in each of these cities. Group 2 includes Washington, Boston, Dallas, San Francisco, Oakland and Detroit which account for 23% of our gross revenue. In this group we have scheduled four insertions per week in the leading morning and evening newspapers in each city. Group 3 and Group 4 have three insertions per week; Group 5 two insertions. In Group 6 we have not planned any advertising except for occasional announcements as the smaller cities are in this group. The seventh group contains the off-line cities where coverage is primarily with agents and where we receive but 1 1/2% of our revenue. None of

these insertions is the full page or 300 line ad, such as we had last year, but mostly the 56 line billboard type of ad.

Out of the total of 73 cities in these groups 43 will, under the plan, receive an adequate coverage with the possible exception of New York, Los Angeles and Chicago, and we are allocating special funds to these cities as the need arises.

From the above you will see that our program is one of consistency and continuity of impression. We, of course, have the potential threat always around the corner of special advertising for particular purposes. I refer to a possible coach fare program or a rate war such as we found ourselves in last year, or any number of other contingencies. I believe, however, that we have ample money in our institutional contingency fund to take care of these problems. An example of the institutional type of advertising was the safety ad which appeared in the main cities on the system quoting editorials from the New York Times and the Cincinnati Enquirer. That ad cost the company \$7,000.

In the expenditures I mentioned \$20,000 for radio. This is compared to an expenditure last year of \$85,000. We find radio to be most effective in backing up a special campaign, but we do not feel that we have enough money to make it a regular eight weeks on and seven weeks off type of station break announcement as is done by the usual commercial accounts. It was most effective in putting across the Convair, the American Family Fare Plan and the announcement of new special flights. I believe that \$20,000 will be sufficient for any contingency in 1949.

The above is a brief resumé of one of the most comprehensive programs that American Airlines has had in advertising for some time. I have told you the philosophy behind it and have told you the conditions that exist, mainly our new fleet and our stabilization of schedules. In order to get the greatest impact and effect from this advertising we have set up a public relations or publicity program to sell the advertising to our employees and to our good customers. In the Flagship News, the company publication, we have described in detail what our adver-

tising program is and how it will be scheduled in a manner similar to that I have used today. Each individual ad is then explained and the sales points brought out for the employees. A copy of the ad is also either printed in the News or inserted in each copy thereof. In addition to that we are sending 2000 copies of the magazine showing our ad to selective lists, depending upon what the ad emphasizes. This is particularly true in the cargo campaign and the women's campaign. We are working closely with the publishers and have given them the knowledge that we have concerning American Airlines so that they can better plan many of their tie-ins and use American Airlines ships as background. In fact our plan is to make them as much partners in this whole program as is possible.

We have also expanded a program we started last year of having blow-ups of the ads in the various ticket offices and agents' windows and, of course, we send advance copies of the ads to the reservations offices, stewardess lounges, etc. Our motivating theme is to show to our employees through our advertising the pride that we have in American Airlines' equipment, personnel, routes, etc., and inculcate into them that same pride by making them proud not only of the company for which they work, but for the advertising which transmits to the public the great advantages that we have. We still believe it is "Better by Air, Best by American".

*W. J. Smith*