

A middle-western ad agency president expressed it more specifically in terms of the Journal of the AMA:

"The pharmaceutical world never pays enough attention to one fact: when physicians leave school and go into practice, only a small percentage ever go back for refresher courses; only a small percentage follow all the advances in the medical journals. Much information *must* come from advertising. Advertising in the JAMA is screened and sound, and physicians can place confidence in what is stated there."

The AMA can help considerably both the profession and the advertiser by helping the advertiser understand more clearly the purpose of his advertising.

The level of medical advertising would be raised considerably if the advertisers and their agencies viewed their advertising as a mutual service to the medical profession and to themselves.

2. Budgeting

Most decisions about advertising are based on precedents and hunch. This applies to medical advertising as well as general advertising.

The large majority of advertisers told us that they determined their advertising budgets as a percentage of anticipated sales, which practically speaking means on past sales. Accordingly, when sales are high, advertising budgets are high. When sales fall off, and advertising is needed most, advertising budgets are cut.

Although this is patently lacking in rationality, it is the accepted practice in advertising and will probably continue to be so.

An X-ray manufacturer's advertising manager told us this:

"About the budget—we get the total amount of money to be spent from a percentage of sales. Of the total appropriation, media of all kinds (journals, etc.) get about 25%, conventions get about 40%, and direct mail, sales literature and other miscellaneous activities get the rest."

A medical equipment manufacturer states:

"About the budget—we try to stay between 5% and 10% of gross sales. We work with our advertising agency in setting up a budget for the following year. They do the art work, and we do the copy. To us, advertising budget means only magazine advertising and conventions. We do not include direct mail as part of the advertising budget. As far as proportions into which the budget is split; conventions come first and then journals. Of the journals, first comes the Bone and Joint book, then SAMA. We wouldn't miss these. They are important because they are the specialized books. They are the first channels for new information."

A drug firm which publishes a full-line catalog told us this:

"On the older products, we use a percentage of sales in setting up the budget. On the new products, we try to determine what we will do with it the first year, then estimate how much we would like to invest in it. Mostly, we use sampling and direct mail because in these we can see our results. For example, on Vitamin B-12, we made two mailings, got a 12% and a 15% response respectively. This gave us leads to follow up."

Another drug manufacturer said:

"First, we get our advertising appropriation for the operating period. This is determined in part as a percentage of sales. We then decide the job to be done, and determine what we can spend on this job. We then split up the appropriation between the various methods. The best combination is then used. We need all of the advertising methods. About all I can say on that score is that we split up our appropriation according to our best judgment. We don't have any fixed method. The importance of the various means changes from time to time."

A large ethical drug manufacturer who uses the "task" method of figuring budget put it this way:

"Our budget is not based on sales, our proposals are based on the job to be done, on the need for selling the product. We look at each product individually. Each product stands on a budget of its own. We consider what is needed to carry this product for the next fiscal year. We use one advertising means to accomplish one objective. Certain products have characteristics which make them more susceptible to specialty advertising. Everything goes back to exactly what is needed to advertise each individual product. We then dovetail all media together for the good of an individual product."

"To take a specific case, let's take JAMA. We set a schedule for so many pages among the products that are Council-Accepted. This is based on the cost and frequency of the ads. It is not much of a problem with JAMA. We have