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DOCUMENT RESUME

02761 - [A1993061] ~~(Restricted)~~

[Government Expenditures for Advertising]. LCD-77-434; B-144618.  
July 12, 1977. 4 pp.

Report to Rep. Max Baucus; by Robert G. Rothwell (for Fred J. Shafer, Director, Logistics and Communications Div.

Contact: Logistics and Communications Div.  
Organization Concerned: General Services Administration.  
Congressional Relevance: Rep. Max Baucus.

Total Government advertising costs have been obtained by carrying out special studies or one-time reporting. There is no Government-wide definition of advertising and no central location within the Government where such information can be obtained. Findings/Conclusions: In fiscal years 1974 and 1975, 31 agencies spent about \$189 million and \$199 million, respectively, for advertising. There is no requirement that agencies identify advertising costs within their budgets. Because advertising effectiveness depends on many factors, including intended audience, evaluation is best viewed on a program-by-program basis. Only a few such evaluations have been done. The evidence indicates that the Army's advertising aimed at recruiting an all-volunteer force has contributed only modestly. (DJM)



UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

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LOGISTICS AND COMMUNICATIONS  
DIVISION

B-144618

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JUL 12 1977

The Honorable Max Baucus  
House of Representatives

Dear Mr. Baucus:

In your May 20, 1977, letter, you asked that we examine how much the Government spends for television, radio, and magazine advertising. You also wished to know where these expenditures are accounted for in each agency's budget and whether this type of advertising is effective.

GOVERNMENT ADVERTISING COSTS

Although information in the form you requested is not available without surveying each agency and bureau, we have information on hand that may meet your needs. We answered a similar congressional inquiry in 1975 by obtaining total advertising costs from 31 agencies. This information shows the costs by type of media for commercially procured advertising. In-house costs, however, are not broken out.

These 31 agencies spent \$141.6 million for advertising by private agencies in fiscal year 1974 and estimated that \$145.5 million would be spent in fiscal year 1975. In addition, the agencies spent \$47.5 million for in-house advertising in fiscal year 1974 and estimated \$53.3 million for in-house advertising in fiscal year 1975. Therefore, these 31 agencies spent about \$189 million and \$199 million, respectively, for fiscal year 1974 and 1975.

The expenditures and various types of media purchased from private agencies are as follows:

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	<u>1974</u> (actual)	<u>1975</u> (estimated)
Television	\$ 4,929,300	\$ 9,596,000
Radio	2,006,400	2,428,700
Newspapers and magazines	30,168,400	30,487,800
Posters, bill- boards, and displays	15,592,100	13,004,000
Brochures and catalogs	25,673,000	31,676,000
Films	5,464,400	6,277,900
Other	<u>57,757,700</u>	<u>52,029,000</u>
Total	<u>\$141,591,300</u>	<u>\$145,499,400</u>

Other costs include items such as military recruiting costs which were not clearly reported by type of media used, give-away recruiting items, visitors programs, advertising research, and related travel costs.

#### REPORTING ADVERTISING COSTS

There is no requirement that agencies identify advertising costs within their budgets. Also, budgeting of these costs varies by agency. For example, military recruiting advertising is budgeted under Operations and Maintenance for each of the military departments, and Energy Research and Development Administration recruiting is budgeted under Program Direction, Program Support. Energy Research and Development Administration public information is budgeted under Supporting Activities, Program Support, and National Institute of Drug Abuse public information is budgeted under Management and Information, Drug Abuse, Direct Program. Further, there is no Government-wide definition of advertising and no central location within the Government where this information can be obtained. Consequently, total Government advertising costs have previously been obtained by special studies or one-time reporting, with the definitions established for each report. This approach was used in our aforementioned study.

In July 1975, the Office of Management and Budget reported to the Chairman, House Appropriations Committee, on the total Government contract advertising costs. This

report covered all agencies with more than 100 employees. The method of defining advertising costs for the Office of Management and Budget study differed somewhat from our study of the same period, in that we were more specific as to what costs should be reported. As a result, the reported costs differed. We reported advertising from private firms at \$141.6 million in fiscal year 1974, and the Office of Management and Budget reported \$128.8 million. Our report also pointed out that some agencies had reservations about identifying certain costs as advertising.

### EFFECTIVENESS OF ADVERTISING PROGRAMS

We discussed advertising effectiveness with an official of the American Association of Advertising Agencies. According to him, advertising effectiveness depends on many factors, such as type of presentation, timing, and media. Further, each program is designed for a particular group. This diversity would likely cause the effectiveness to vary from program to program. Consequently, we believe that an effectiveness evaluation of Government advertising could best be viewed on a program-by-program basis.

We have been able to locate only a few evaluations of the effectiveness of Government advertising programs. We evaluated the effectiveness of the Army's advertising aimed at recruiting persons for the all-volunteer forces ("Advertising For Military Recruiting; How Effective Is It?" FPCD-76-168, March 29, 1976). In that report, we pointed out that although the all-volunteer forces program had been successful, all available evidence indicates that the contribution of advertising had been modest at best. A copy of the report is enclosed.

In addition to our work, we are aware of two other evaluations of advertising programs. Both are available through the National Technical Information Service. They are:

- "Public Awareness of a NIAAA Advertising Campaign and Public Attitudes Toward Drinking and Alcohol Abuse" (Order Number PB244 143-SET).
- "Effects of Anti-Smoking Campaigns Aimed at Less Hazardous Smoking" (Order Number PB225 147/7).

We trust this information will satisfy your needs.

Sincerely yours,

*R. G. Rothwell*

*for* Fred Shafer  
Director

Enclosure