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NEW YORK 17

AMERICAN GAS ASSOCIATION, INC.
1971 RESIDENTIAL ADVERTISING
PLANS & RECOMMENDATIONS

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NATURAL GAS PLAYS AN INCREASINGLY IMPORTANT ROLE IN MEETING AMERICA'S GROWING ENERGY NEEDS

America's energy consumption has increased over 50% in the last ten years.

THE FACTS

The A.G.A. board and committees, the A.G.A. staff and J. Walter Thompson Co. have recognized that contemporary communication policies and programs must take into account two overriding factors in gas marketing today that merit special consideration:

1. the supply situation
2. the consumerism movement

As a preface to what follows, it is appropriate, therefore, that these Plans and Recommendations begin with a summary of the supply situation, and with the enormous opportunity of the gas industry to identify with the positive aspects of the consumerism movement.

The effect of the gas industry has been more in the industrial part of the business rather than commercial or residential. Many utilities have declared an embargo on additional industrial business and cut back or eliminated industrial advertising and promotional programs.

Most of the utilities hope to at least maintain the residential load. Some are doing conversions. Others are not extending their lines to add new customers.

Gas

	30.7	34.9	35.8
1959	1968	1969	

Source: A.G.A.

THE SUPPLY SITUATION

A challenge facing natural gas and all fuels today is the enormous growth in the nation's energy demands. As these charts show, energy consumption in the United States has increased over 50% in the last 10 years. Today, more than a third of the nation's energy needs are supplied by natural gas.

Extent of the Gas Shortage

The extent of the gas shortage varies by region with some utilities obviously affected more than others. Those least affected are in the Southern producing regions where intrastate deliveries are not subject to federal regulation.

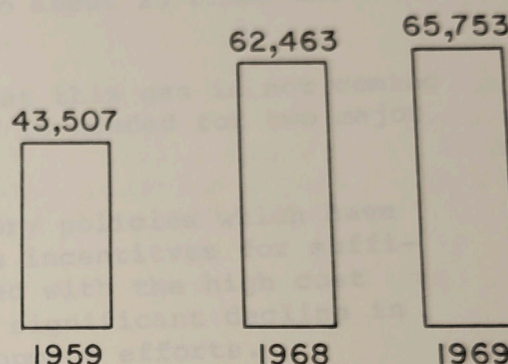
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NATURAL GAS PLAYS AN INCREASINGLY IMPORTANT ROLE IN MEETING AMERICA'S GROWING ENERGY NEEDS

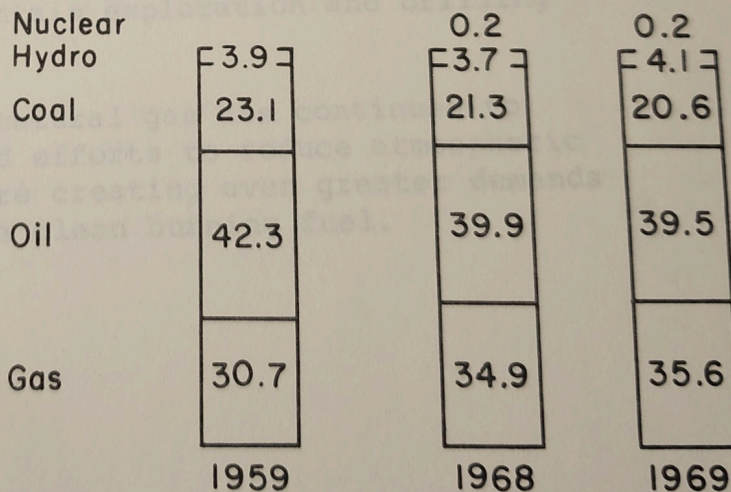
America's energy consumption has increased over 50% in the last ten years.

TRILLIONS OF BTUs



... and today natural gas supplies better than one-third of the nation's energy needs

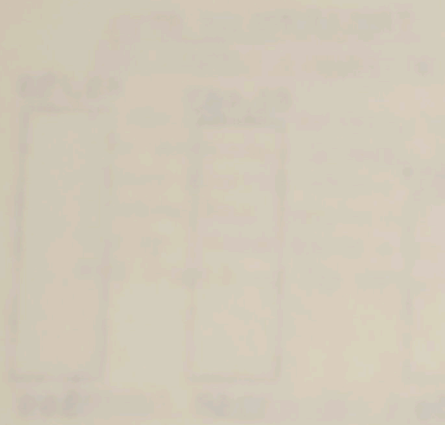
% U.S. ENERGY CONSUMPTION



Source: A. G. A.

UNITED STATES DEPARTMENT OF AGRICULTURE BUREAU OF PLANT INDUSTRY

REPORT OF THE COMMISSIONER OF PLANT INDUSTRY
FOR THE YEAR 1909



The number of plants in the United States for 1908 and 1909 is shown in the following table:

Year	Number of plants
1908	80,000
1909	90,000

Year	Number of plants	Number of plants	Number of plants
1908	80,000	80,000	80,000
1909	90,000	90,000	90,000

Causes of the Shortage

There is no geological shortage of gas. Present proved and potential reserves amount to about 25 times the present annual consumption rate.

The problem in a nutshell is that this gas is not coming out of the ground as fast as it is needed for two major reasons.

1. the effect of regulatory policies which have not permitted adequate incentives for sufficient drilling, coupled with the high cost of capital has caused significant decline in exploration and development efforts.

In other words, gas has been made an artificially low-priced commodity by regulatory bodies all along the line. With prices for drilling rigs, etc. going up the result has been insufficient incentive for the producers, mainly the major oil companies, to accelerate or even maintain exploration and drilling schedules.

2. demand for natural gas has continued to increase and efforts to reduce atmospheric pollution are creating even greater demands for gas as a clean burning fuel.

What is Being Done

The problem cannot be solved overnight. It is estimated that even at best there may be a two or three year span from the time the producer hits a well until the gas comes out of the housewife's burner tip, without considering such other factors as additional pipeline capacity, etc.

The quickest and surest solution without question is for all concerned -- all segments of the industry and governmental agencies -- to adopt a realistic approach to field prices and get out the abundant reserves of gas which are known to be in the continental U. S. and offshore.

The industry is seeking various other sources of gas supply --

- liquified gas is being brought by tanker from South America, Alaska, Algeria, etc.
- natural gas from coal (with a pilot plant already in operation and hope for a gigantic federal subsidy)
- importing gas from Canada via a new billion dollar pipeline

It is generally agreed, however, that the above and other new sources are not going to solve the problem en toto or in the near future, that what is needed is relief at the wellhead. Further, as of this writing, it is believed that this relief is close at hand.

IMPLICATIONS OF SUPPLY TO THE RESIDENTIAL MARKET

The effect so far has been more in the industrial and to some extent the commercial part of the business rather than residential.

In the fall of 1970 J. Walter Thompson Co. surveyed utilities from various sections of the country to see how their marketing policies had been affected by the supply shortage. This was a qualitative rather than quantitative study. The questionnaire was structured for overall perspective. Twenty-one companies were surveyed representing a rough cross section of the industry in terms of geological location, size, etc. Of the twenty-one, six reported no significant supply shortage.

Of the 15 utilities affected ...

- . only 3 have made any change in their residential marketing policies because of supply;
- . 5 have altered their commercial marketing strategy; and
- . 12 (all but 3) have made changes in their industrial marketing procedures.

There are several reasons gas utilities must maintain their residential market.

To mention only a few:

Universally, there is a strong feeling that the residential market must be served.

In a recent article A.G.A. President Jack Tankersley called residential sales "the heart of any gas company's business." He said: "Any slackening of our sales effort now could do irreparable damage to our residential market by the time the supply squeeze is over."

The utilities reached in the JWT survey showed no relaxation of effort on behalf of key residential uses. Several companies cited the importance of replacement sales, especially on high saturation uses such as heating, water heating and ranges. Replacing an old gas water heater with a new gas water heater doesn't strain a utility's gas supply. Yet it does protect an existing load for many years to come.

There are several reasons gas utilities must maintain their residential market.

To mention only a few:

. IMPORTANCE OF THE MARKET

The residential market accounts for 92% of the industry's customers and 52% of its revenues. On the other hand (and important to the supply problem) it uses up only one-third of gas consumed.

. NO STRONG ALLIES

Unlike the electric industry, there are no giants like General Electric and Westinghouse to support the gas franchise, particularly on the national level. If the residential market is to be preserved, the promotion/advertising job must be done by utilities and pipelines working together through A.G.A.

. KEY TO RATES

Like any other industry, the gas industry has certain costs which are fixed on a per customer basis and other costs variable in nature, such as the cost of purchased gas. The utility industry, however, is characterized by an exceptionally high ratio of fixed costs. In order to maintain reasonable unit costs, or rates to individual residential customers it is necessary to maintain a high total level of residential consumption.

. THE NATIONAL INTEREST

- 1) Effect on low income families -- Any increase in rates caused by a loss in residential per capita consumption would have its most grievous effect on the 25 million people now living at or below the poverty level, many of whom look to gas energy to conserve their expenditures for the necessities of life.
- 2) Conservation of resources -- A key area, too, is resource conservation. Taking efficiency into account, it takes 125 units of gas to provide 100 units of heat in a gas heated home. It takes 250-330 units of fossil fuel converted to electricity to provide 100 units of heat in an electrically-heated home.
- 3) Pollution -- A switch to electricity for such functions as space heating would compound the supply problem of all fossil fuels and the national pollution problem as well.
- 4) Consumer Protection via Competition -- As former FPC Commissioner Carl Bagge has said, "Our national ethos includes an unquestioning faith in the efficacy of competition as the ultimate means of assuring protection of the consumer and efficiency in our use of resources. The gas industry provides an effective competitive force which provides the power consumer with a truly competitive choice."
- 5) Jobs -- \$2½ billion were spent in 1969 for utility construction for the residential market, meaning, of course, a lot of jobs for people outside the gas industry.

Two other reasons were often mentioned for not letting up on residential marketing.

. Preserve Market for Tomorrow

Utilities cited the intense competition especially in heating. They stressed the need to get the new housing load today to have that market tomorrow.

The electric industry has left no doubt as to its intentions. Donald C. Cook, President of the American Electric Power System and a frequent spokesman for the industry has said:

"The electric energy business has been characterized by spectacular growth, and by the inroads which it has made into those areas traditionally occupied by competitive energy forms.

If we continue this growth - and I know we are capable of doing so - the total electric way will be the standard way in our American society."

Any relaxation of the gas industry's residential marketing effort would surely serve to accelerate competition's inroads.

. Preserve Builder, Dealer, Manufacturer Activity

Utilities felt continued residential marketing support was essential to encourage these industry allies to maintain their interest in gas.

Importance of Continued Communication

The question is sometimes asked: "Why advertise when you're selling all the product you can get?"

Some utilities have been under pressure to consider this question -- budgetwise, regulatorywise, from industrial customers and even shareholders.

The importance of maintaining the residential market has already been noted. To do so without continued communication with the industry's customers and prospects is simply not possible.

In its utility survey, J. Walter Thompson found wide recognition of the need to continue to communicate with their customers to protect existing markets and assure their share of future business. Most companies said that supply considerations have not affected the size of their residential advertising budgets.

Indeed many companies report that their A.G.A. national advertising is more valuable to them now than ever before. This because the national ads and commercials give them product support in their market without the problems their local ads sometimes cause with industrial customers.

IN any case, A.G.A. residential advertising as outlined in these plans is not in a real sense what could be called "promotional" or "load building" advertising. (This is particularly true since, as shown later, gas is out-advertised nationally by competition roughly between 5 and 6 to 1.)

In present volume, A.G.A. advertising is in fact more of a sustaining effort designed to maintain a favorable share-of-mind for gas for future sales.

Further, as will be shown, the gas industry has new needs for communication which go beyond marketing or sales -- needs which require communication with all of its publics (not just customers, but financial, regulatory, shareholders, builder/dealer allies, etc.)

Funds for this communication are not new funds, but are being diverted from product messages, which of course adds to the sustaining rather than load building nature of the residential campaign.

1. To maintain share-of-mind today which leads to share of market tomorrow.

2. To create public understanding of the industry's position on environment and its concern for the consumer.

3. To inform our audiences about new developments in the supply picture and to assure present customers of the industry's ability to meet them.

A.G.A. advertising provides the industry's one means of communicating with these publics. Its value, and the need for its support, while recognized by industry leaders and most utility managements, needs broader understanding among regulatory groups and others concerned.

The A.G.A. Television Committee has taken note of this by drafting a new statement of policy and objectives.

The preamble and basic communication objectives stating the importance and function of communication to the gas industry during the supply imbalance are shown here.

This document was reviewed and revised over a period of weeks by many of the best marketing minds in the industry, actually the full Television Committee representing some 75% of participating industry members. While drafted originally for television, its basic principles can and should apply equally to A.G.A. residential print advertising.

Consequently, it has been used by J. Walter Thompson Co. as the basis for its recommendations on communication policy and priorities shown in the "Communication Policy" section of these plans.

NATIONAL GAS INDUSTRY TELEVISION PROGRAM
STATEMENT OF POLICY AND OBJECTIVES

PREAMBLE

Americans today face a supply scarcity for energy of all types never before experienced in this country. The impact of this could affect everyone in the United States in significant dimensions.

It is no comfort to the natural gas industry that shortages exist in coal, electricity and oil. Indeed the problems of these energy suppliers tend to magnify our own.

The present imbalance between new demands and new supplies requires that the gas industry market gas to provide the greatest good for the greatest number of people.

It is in the national interest that the gas industry maintain its residential markets ...

1. To make the most efficient use of the nation's energy resources.
2. To maintain the competitive position of gas and preserve the consumer's choice among fuels.
3. To protect the industry's primary franchise which makes possible quality service and reasonable rates to all users.

It is equally vital that the gas industry maintain its communications with the public it serves. Today there are new needs for communication ...

1. To maintain share-of-mind today which leads to share of market tomorrow.
2. To create public understanding of the industry's position on environment and its concern for the consumer.
3. To inform our audiences about new developments in the supply picture and to assure present customers of the industry's ability to serve them.

Preamble to A.G.A. TV Objectives (cont'd)

A.G.A.'s national television program offers an effective and economical opportunity to communicate nationally with one voice. Standard research sources state that the seven A.G.A. specials during the season reach 80-85% of all homes, with an average of 10.5 commercials, at a cost of less than a penny per home per commercial minute. It is evident also that high quality programming in itself carries a message to the public.

Unlike its competition, the gas industry has no large manufacturers to do its job for it. Participation by all segments of the gas industry makes possible the only communication through national television between the industry and the American people.

The maintenance of residential markets and the continuing development of communications are consistent and corollary objectives. To insure that national television communications serve the desired ends during the present supply imbalance, the A.G.A. Television Committee has established the following objectives and policies to guide the industry's use of national television.

BASIC INDUSTRY TELEVISION COMMUNICATION OBJECTIVES

The overall gas industry television communication objectives are as follows:

1. to keep customers, present and prospective, informed of the advantages of natural gas for their energy requirements now and in the future.
2. to assure consumers and special publics of the gas industry's ability to serve its present markets and of its determination to play a major role in the future energy requirements of our country.

By "special publics" we mean manufacturers (co-op and otherwise), builders, dealers, architects, present and future employees, and very importantly, the financial community.

BASIC INDUSTRY TELEVISION COMMUNICATION OBJECTIVES (cont'd)

3. to maintain present gas loads against competitive pressures.

This is consistent with the policy adopted originally by MAREX and confirmed many times, such as in the following statement by A.G.A. president Jack Tankersley:

"Residential sales are the heart of any gas company's business ... any slackening of our sales effort now could do irreparable damage to our residential market by the time the supply squeeze is over."

4. to act affirmatively in identifying with the positive side of consumerism -- to tell the strong story the gas industry has to tell on such matters as research and development, consumer protection and environment.
5. to coordinate with current and future A.G.A. policy covering communications on gas supply.

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(Note: Guidelines recommended by the Television Committee for the implimentation of these objectives in programs and commercials are contained in the "Television Section" of these plans)

Gas Supply and the A.G.A. Message

The A.G.A. Board of Directors has adopted a policy for communications on supply. To date this policy has not included advertising to the general public on the industry's position on supply. Consumer ads have been prepared, however, and with the knowledge and support of the MAREX Committee, are being tested for possible future use.

The supply situation has influenced the content of A.G.A.'s consumer campaign. As described more fully later in these plans, more emphasis is being given to establishing gas as a quality, premium fuel worth the higher prices which eventual solutions to the supply shortage are bound to cause. New emphasis is being given, too, to the efficient utilization of gas to conserve energy. And a significant portion of the campaign is being diverted from load building advertising to messages which seek to actively identify the gas industry with the positive side of consumerism -- where the industry stands, and what it is doing about, such matters are research and development for better gas service tomorrow, consumer protection, and environment.

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CONSUMERISM

"CONSUMERISM" ADVERTISING

1970 saw the beginning of a major innovation in gas industry communication -- "consumerism" advertising -- that will be continued and expanded in 1971 A.G.A. advertising.

This section covers the background of this advertising -- the wonderful yet virtually unknown story which gas has to tell in this area ... the very clear need to tell it ... and the tremendous opportunity that it presents ... as documented by research which shows:

1. awareness of how gas stands vis-a-vis consumerism criteria is virtually non-existent;
2. gas fortunately, however, has a story to tell that is strong, powerful and truthful;
3. exposure to gas consumerism advertising has a profound effect on attitudes toward the entire spectrum -- gas industry, gas companies, products, and future.

Importance of Consumerism

One of the most powerful forces in business today is the so-called consumerism movement.

People are looking behind a business or an industry today, behind its products and asking questions that are particularly appropriate to an industry like gas which operates under public franchise and in the public interest.

And consumers are not the only ones asking the questions. Increasingly, the gas industry's other publics are taking note of the questions -- and the answers. Publics such as state and national regulatory bodies, citizen action groups, the financial community interested in the industry's future, employees, and other components of the business system -- builders, architects and dealers.

They are asking questions like:

- . "What is the company or industry doing about contemporary problems?"
- . "Do they contribute to pollution problems, or are they basically on the side of a cleaner ecology?"
- . "What are they doing in research and development to make for a better tomorrow in terms of improved products and services?"
- . "Are they concerned with social problems such as ghettos, jobs, urban decay, better housing?"
- . "Do they really care about the consumer? How carefully do they test their products or provide product use information?"

With the public looking behind the product, the public profile of a company or industry is becoming increasingly important.

With over 40,000,000 customers on its lines and 136,000,000 gas appliances in use ... with the many forces of regulation and pressures to which the gas industry is subjected ... and with the necessity of securing higher rates all along the line, it is particularly important that the gas industry identify with the positive aspects of the consumerism movement.

Consequently, a major innovation in 1971 A.G.A. advertising will be communication of the gas industry's consumerism message.

The Need for the Gas Industry
to Communicate its Consumerism Story

With the public looking behind the product, the public profile of a company or industry is becoming increasingly important.

In the case of gas, research indicates a clear need for communication if the industry is to bring its image into focus.

As shown in this chart from a 1970 public attitude study by INGAA, the pipeline association, the gas industry has a very low profile. It is somewhat out of sight, lost in the middle between the sharply positive attitudes toward the electric industry and strongly negative attitudes toward the oil industry.

In this day and age, however, there is no haven for industry in being out-of-sight. Its consumer, government, and financial relations, as well as consumer sales, all depend on a strong and positive image for the industry as a whole -- which then translates, of course, to the companies within that industry and to the basic product and service.

INDUSTRY IMAGES

ELECTRIC

High Profile
(two-thirds or more)

Most up to date (70%)

Medium Profile
(40-66%)

Most progressive (64%)
Plans best for future (61%)
Most efficient (42%)

Low Profile
(under 40%)

Most public spirited
(37%)
Best service (33%)
Has increased prices
most (32%)
Most regulated (23%)

GAS

Most old fashioned
(80%)

Least progressive (60%)
Least efficient (55%)
Plans worst for future
(47%)
Least public spirited
(42%)

Has increased prices
least (34%)
Most competitive (25%)
Most friendly (20%)

Worst service (35%)
Has increased prices
most (23%)
Most taxed (21%)

Source: 1970 INGAA Public Attitude Study

An increasingly important area of consumerism -- particularly among the industry's young customers and prospects -- is ecology.

For example, at the 1970 A.G.A. Public Relations Conference, a youth panel was asked what criteria they considered important in deciding on a fuel. The panel rejected the traditional benefits (clean, modern, dependable, etc.) Consumers and government bodies, they said, should support the energy that pollutes least.

But they were not at all sure whether that energy was gas or electricity!

That the youth panel did not know whether gas or electricity pollutes least, is something of a surprise.

Being in the gas industry and knowing that gas does not dirty the air, it is easy to assume the public knows gas is a non-pollutant. Or do they?

They do not.

Although gas is, of course, less of a pollutant (virtually no pollutant at all), the INGAA study shows the public perceives electricity as the clean air fuel.

Undoubtedly, this is a rub-off from the greater amount of electric advertising over the years which has stressed "cleanliness" -- and the growing number of electric ads recently on ecology.

In any case, with the growing importance of environmental considerations in all purchase decisions, the need for gas to identify itself as a "clean" energy and to communicate its ecology story is strongly indicated.

ECOLOGY IMAGES

. "Natural Gas is Less Pollutant than Electricity"

False	74%
Undecided	19
True	7

. "Pollutes the Air Least"

Electric	87%
Gas	7
Don't Know	5
Oil	1

Source: 1970 INGAA Public Attitude Study

Another aspect of consumerism important to the gas industry is research and development. What is the industry doing in R&D to improve its products and service?

It is a well known marketing fact -- substantiated by massive research -- that people tend to equate a business or industry with what they think that industry is doing in research and development.

For example, a study conducted by Gallup for J. Walter Thompson showed these companies (including GE and Westinghouse) most outstanding in public awareness of the research and development they do to improve and develop new products.

As shown on the following charts, there is a strong correlation between these companies . . .

"AS YOU KNOW, MANY COMPANIES SPEND CONSIDERABLE AMOUNTS OF MONEY IN RESEARCH AND DEVELOPMENT TO IMPROVE PRODUCTS AND TO DEVELOP NEW PRODUCTS. WHAT COMPANIES DO YOU THINK OF AS OUTSTANDING IN RESEARCH AND DEVELOPMENT?"

GE 29%

DuPont 22

GM 16

AT&T 13

Westinghouse 12

Ford 12

IBM 9

U. S. Steel (1574)

Chrysler 3 10

Gallup: Personal interviews with national probability sample; May 1967

Dun & Bradstreet: Personal interviews with a national cross section of executives; January 1970

"AS YOU KNOW, MANY COMPANIES SPEND CONSIDERABLE AMOUNTS
OF MONEY IN RESEARCH AND DEVELOPMENT TO IMPROVE PRODUCTS
AND TO DEVELOP NEW PRODUCTS. WHAT COMPANIES DO YOU
THINK OF AS OUTSTANDING IN RESEARCH AND DEVELOPMENT?"

. . . and the companies which financial and business
executives single out as outstanding in terms of their
opportunities for the future.

This correlation between research and development and
a company's overall image also exists among the public
as a whole

"CONSIDERING WHAT THE BUSINESS ENVIRONMENT IS LIKELY TO BE IN THE NEAR FUTURE, PLEASE GIVE ME THE NAMES OF ANY FIVE COMPANIES THAT YOU WOULD CONSIDER TO BE AMONG THE TOP 25 IN THE 1970's."

	<u>Financial</u>	<u>Business</u>
IBM	72%	45%
General Motors	46	74
Xerox	30	10
AT&T	26	40
Standard Oil	24	26
GE	20	43
Ford	15	28
U. S. Steel	4	21
Chrysler	3	10
	(232)	(117)

Dun & Bradstreet: Personal interviews with a national cross section of executives; January 1970

"CONSIDERING WHAT THE BUSINESS ENVIRONMENT IS LIKELY TO
BE IN THE NEAR FUTURE, PLEASE GIVE ME THE NAMES OF ANY
FIVE COMPANIES THAT YOU WOULD CONSIDER TO BE AMONG THE
TOP 25 IN THE 1970's."

Financial Business

One means used by research firms to wrap-up in one
question a person's overall attitude toward a company
is to ask:

"If you had a son or nephew who was
interested in going to work for one of
these companies, which one would you
most want him to work for?"

As shown opposite, the companies with the best overall
public image are to a great extent the companies most
highly regarded for their R&D.

21	4	U. S. Steel
10	3	Chrysler
(117)	(232)	

Don & Bradstreet: Personal interviews with a national
cross section of executives: January 1970

"IF YOU HAD A SON OR NEPHEW WHO WAS INTERESTED IN GOING TO WORK FOR ONE OF THESE COMPANIES, WHICH ONE WOULD YOU MOST WANT HIM TO WORK FOR?"

IBM	28%
GE	19
GM	14
AT&T	9
Xerox	5
U. S. Steel	5
Ford	4
RCA	4
Kodak	3

(1574)

Gallup: May 1967

IF YOU HAD A SON OR NEPHEW WHO WAS INTERESTED IN GOING
TO WORK FOR ONE OF THESE COMPANIES, WHICH ONE WOULD YOU
MOST WANT HIM TO WORK FOR?

That the public is still largely unaware of gas industry research and development, is seen in those further findings from INGAA's recent study.

By a wide margin electricity is seen as the "fuel of the future" and as the "most progressive" industry.

It is essential that the gas industry start to communicate its research and development story if consumers are to believe that the industry is seriously interested in providing good products . . . and if the financial community is to have confidence in its future.

Further, such advertising can be a real help to gas products. A prime deterrent to gas over the years has been the so-called electric syndrome -- the feeling that anything gas is not contemporary, has limited growth and future.

(1274)

Deliqu: May 1967

FUEL & INDUSTRY IMAGES

. "Fuel of the Future"

Electric	69%
Don't Know	16
Gas	15
Oil	0

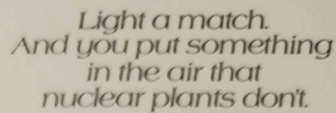
. "Most Progressive Industry"

Electric	64%
Don't Know	18
Gas	16
Oil	2

Source: 1970 INGAA Public Attitude Study

One reason the electric industry has a favorable image in these areas is a massive volume of advertising communicating their "consumerism" story to the public. Shown here are but a few of their recent ads.

Conversely, as we will see later in this section, attitudes of people exposed to gas consumerism commercials on the Ford's Theatre TV special rose dramatically, vis-a-vis electric as the control.



The people at General Electric think that kind of progress is hard to match.

GENERAL  ELECTRIC

Westinghouse...we serve people

Live carefree... Live Better Electrically
Edison Electric Institute, 790 Third Ave., New York, N.Y. 10017

The electricity that lights your home is the cleanest form of energy known. It's absolutely flameless, absolutely without combustion. So it follows that flameless electric heat is the cleanest, purest home comfort you can buy

The Opportunity for Gas

One of the reasons the gas industry should engage in consumerism advertising is that it has a strong and positive story to tell. This is not true of every company or industry, but it is for gas.

Shown opposite are just a few of the subjects which lend themselves to ads.

Early in 1970, J. Walter Thompson worked out and reviewed with the appropriate committees a number of possible approaches for ads and commercials in these subject areas. In this development they were guided not by guesswork or opinion, but by highly professional consumer research.

The outcome of this creative work in terms of ads and commercials is reported later in the "Creative" and "Television" sections. Pertinent here, however, are the results of the creative guidance research which serve to illustrate the opportunity for gas in telling its consumerism story.

EXAMPLES OF SUBJECTS FOR
A.G.A. IMAGE/CONSUMERISM ADVERTISING

ECOLOGY

Air pollution
Water pollution
Garbage disposal
Gas car (example only)

RESEARCH & DEVELOPMENT

Basic research
Home environment
Heat transfer technology
Tappan kitchen system
Fuel cell
Food nutrition
Operation Breakthrough -
housing

SOCIAL INVOLVEMENT

Ghetto projects
Jobs
Urban decay

GAS SUPPLY

Overall policy statement
Specific projects

Gasification of coal
Gasbuggy
Canadian gas
LNG

CONSUMER PROTECTION

A.G.A. Labs
"How to" information
Rates

In June of 1970, eleven pattern ads embracing the whole range of the gas industry's consumerism message were pilot tested in a series of in-home interviews with men and women.

Questioning focused on four areas:

- . Do the advertisements ... the campaign as a whole ... create a favorable impression of the gas industry?
- . Are the subjects important to consumers?
- . Do consumers respond favorably to gas industry involvement with these subjects?
- . Did the public learn anything new from the ads?

Summarizing the results:

Before seeing the ads

- . The public's impressions reflected their own personal experience with gas or their gas company.
- . Impressions of the gas industry as an industry were hazy and difficult to bring into focus.
- . Awareness of the industry's involvement with ecology, R&D or consumer protection was almost non-existent.

After seeing the ads

- . Consumers saw the gas industry in a new light.
- . There was awareness that the industry does more than supply fuel, that it has extensive involvement in these areas of current concern.
- . The campaign created a new way of thinking about the gas industry ...

from

an established, old-line industry
taken for granted as a fuel
supplier ...

to

a progressive, future-oriented
industry actively concerned with
environmental conditions and social
problems -- in short, a modern
industry with a bright future.

"PROVIDES HELPFUL INFORMATION
ON USE AND CARE OF PRODUCTS"

% WITH STRONG POSITIVE IMAGE

On TV, three new consumerism commercials were developed during the year, and first shown on the A.G.A. special, "Festival at Ford's Theatre" in November.

As part of its continuing program of advertising research, the A.G.A. Television Committee commissioned a study of the effect of these commercials individually and as a group on the public's attitude toward the gas industry following their telecast on "Festival at Ford's."

On the following charts are shown the positive effect these commercials and the gas industry's consumerism message had in improving public appreciation of the gas industry in the three areas where previous research had shown the industry's image to be so weak.

NON VIEWERS } MATCHED SAMPLES } VIEWERS

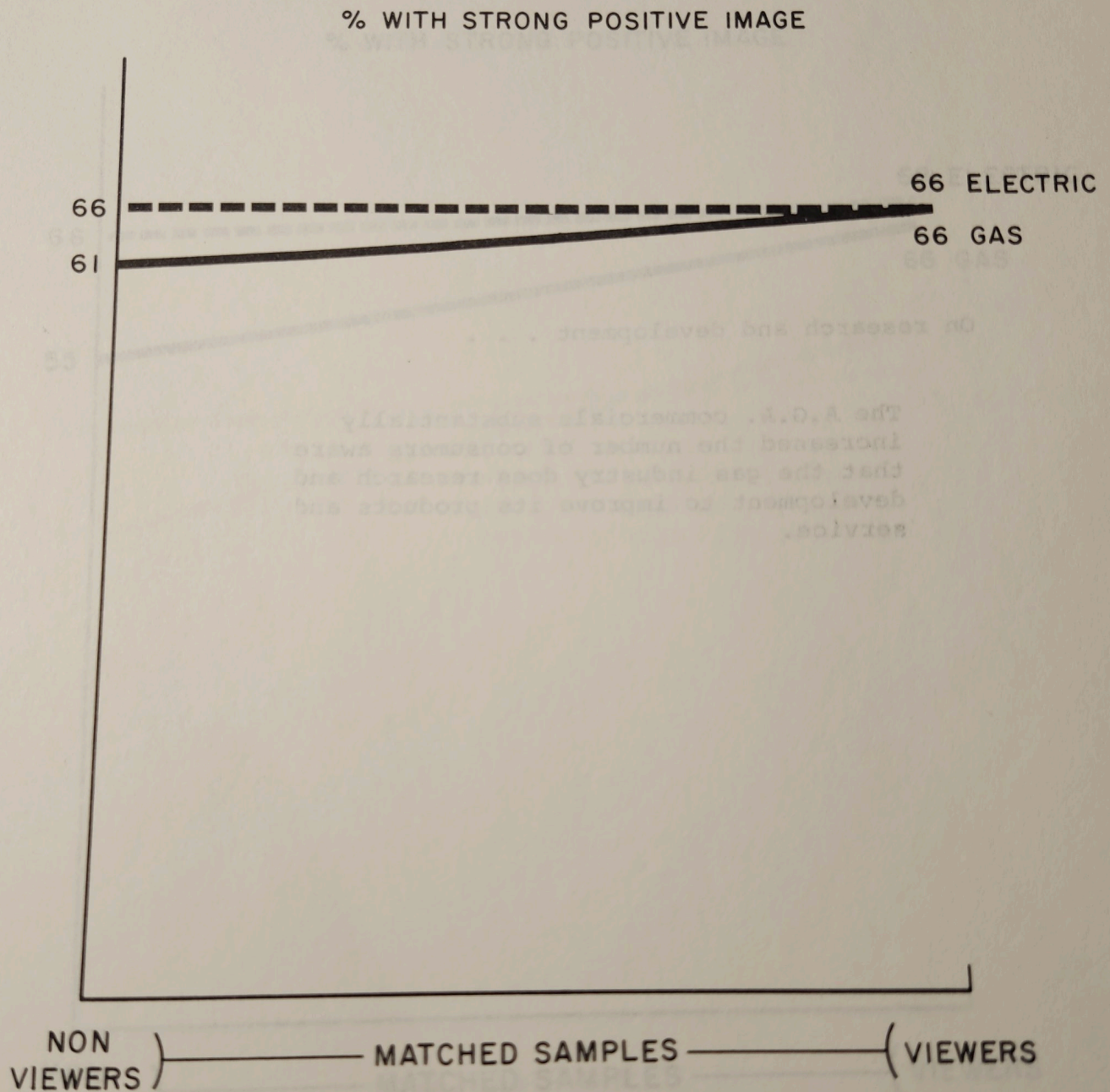
Source: CATV Test -- Festival at Ford's

On consumer protection. "Festival of Ford's Theatre".

A.G.A.'s consumerism commercials showed a significant effect in increasing the number of people aware that the gas industry seeks to inform consumers on the use and care of its products.

On the following charts are shown the positive effect these commercials and the gas industry's consumerism message had in improving public appreciation of the gas industry in the three areas where previous research had shown the industry's image to be weak.

"PROVIDES HELPFUL INFORMATION
ON USE AND CARE OF PRODUCTS"



Source: CATV Test -- Festival at Ford's

"PROVIDES HELPFUL INFORMATION
ON USE AND CARE OF PRODUCTS"

X WITH STRONG POSITIVE IMAGE

88 ELECTRIC

88 GAS

On research and development . . .

The A.G.A. commercials substantially increased the number of consumers aware that the gas industry does research and development to improve its products and service.

VIEWERS

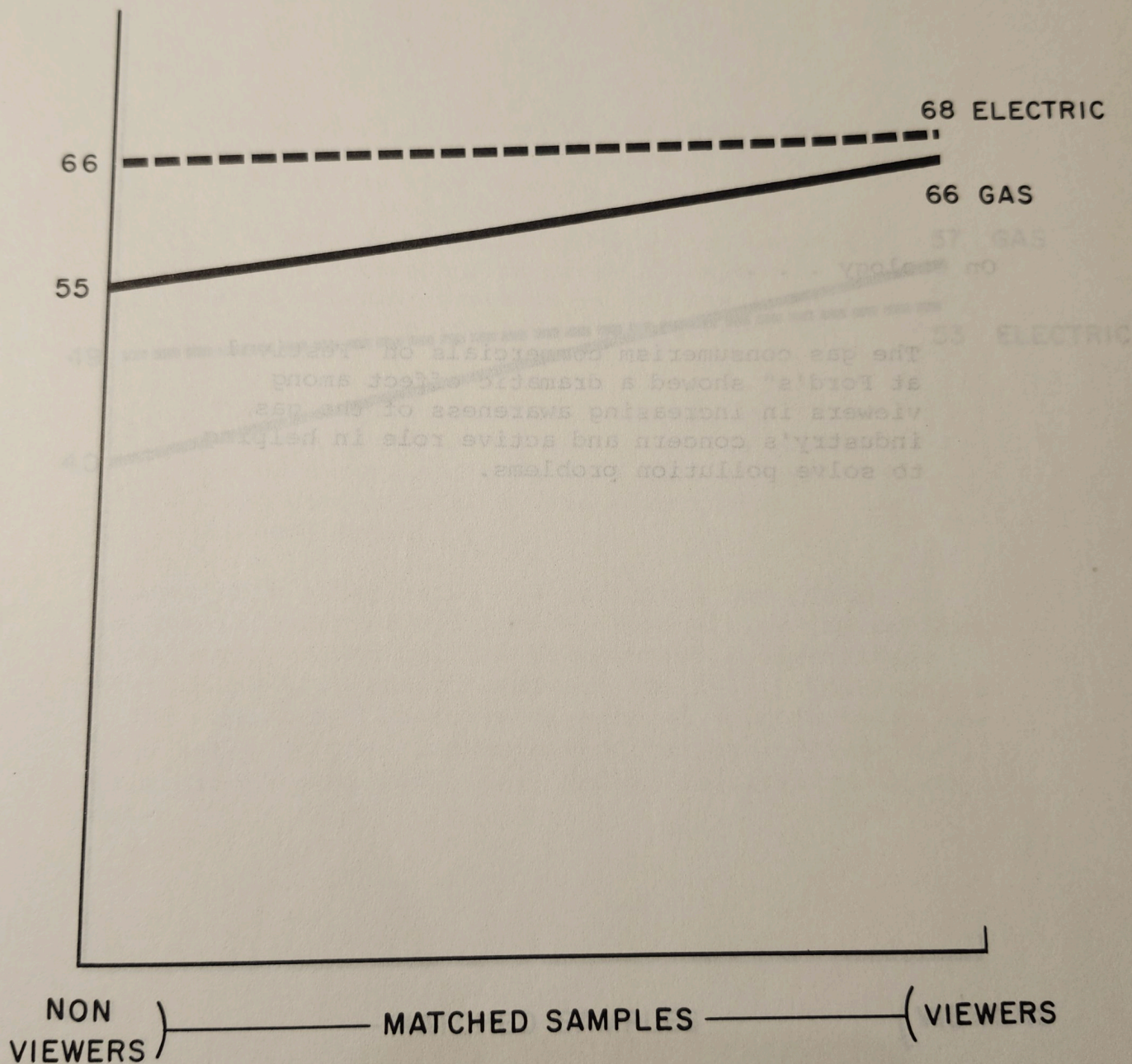
MATCHED SAMPLES

NON
VIEWERS

Source: CATV Test -- (Positive) at Ford's

IF ACTIVELY CONCERNED WITH ENVIRONMENT AND
"DOES R&D TO IMPROVE PRODUCTS AND SERVICE"

% WITH STRONG POSITIVE IMAGE



Source: CATV Test -- Festival at Ford's

% WITH STRONG POSITIVE IMAGE

66 ELECTRIC

66 GAS

On ecology . . .

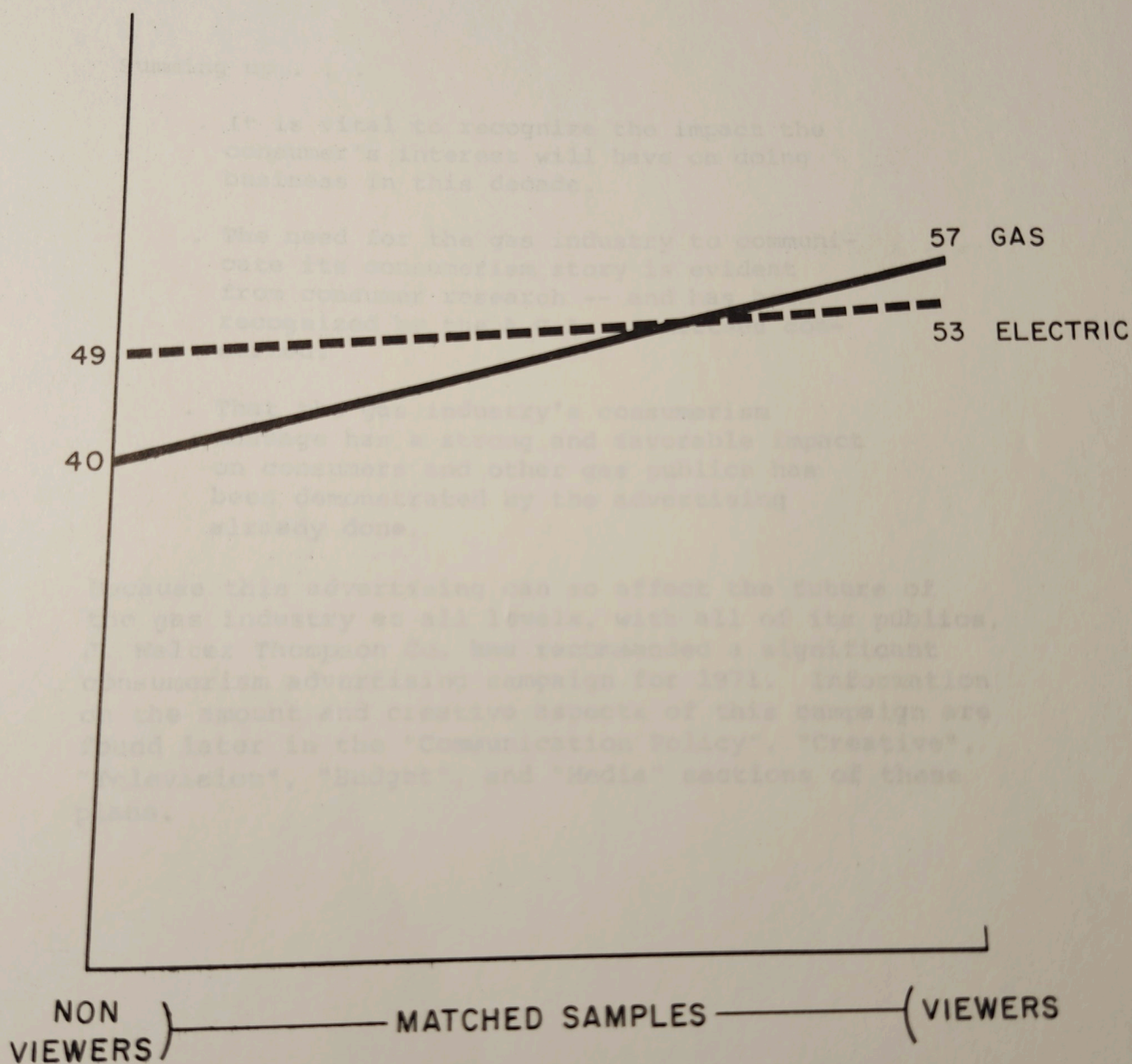
The gas consumerism commercials on "Festival at Ford's" showed a dramatic effect among viewers in increasing awareness of the gas industry's concern and active role in helping to solve pollution problems.

VIEWERS (NON) MATCHED SAMPLES (VIEWERS)

Source: CATV Test - Festival at Ford's

"IS ACTIVELY CONCERNED WITH ENVIRONMENT AND
IS HELPING TO SOLVE POLLUTION PROBLEMS"

% WITH STRONG POSITIVE IMAGE



Source: CATV Test -- Festival at Ford's

Summing up . . .

- . It is vital to recognize the impact the consumer's interest will have on doing business in this decade.
- . The need for the gas industry to communicate its consumerism story is evident from consumer research -- and has been recognized by the A.G.A. committees concerned.
- . That the gas industry's consumerism message has a strong and favorable impact on consumers and other gas publics has been demonstrated by the advertising already done.

Because this advertising can so affect the future of the gas industry at all levels, with all of its publics, J. Walter Thompson Co. has recommended a significant consumerism advertising campaign for 1971. Information on the amount and creative aspects of this campaign are found later in the "Communication Policy", "Creative", "Television", "Budget", and "Media" sections of these plans.