

The respondent contends in its Proposed Findings filed May 8, 1959, (page 91), that in the case of established products, such as Clorox liquid bleach, promotions may result in temporary gains in market share which, following the promotion, recede to their former level. However, the evidence in this case does not support this contention, as discussed in the immediately preceding paragraphs and reflected in the graph correlating Clorox's market share and its percentage point changes with its expenditures for promotions, on page 1506 hereof. Another instance where evidence of probative value is available which relates the effect of a Clorox promotion, directly to market share, (Erie, Pa., area, CX 450) Clorox's market share increased from 49% of the market during the period October 14 to November 11, 1957, (the period immediately preceding Clorox's "Money Saving Clorox Special" promotion on November 25, 1957, and followed by other Clorox promotions in that area in January and February 1958) to 63% in the period December 12, 1957 to January 6, 1958.

Although Clorox's market share leveled off after these promotions to 52.9% of the Erie market during the period February 3-March 3, 1958, it retained a gain of almost 4 percentage points in market share in this area. During this same period, the market share of one of its principal, but smaller competitors, Gardiner Manufacturing Company, with its 101 Brand, was decreasing from 25.2% to 22.3% of the market, and "All Other" brands were decreasing from 18.9% to 17.7%.

Furthermore, if the respondent's contention is correct, that promotions result in only temporary gains in market shares and then recede to their former level, it is inconceivable that Clorox would earmark \$400,000 of its first advertising budget after the acquisition and spend in excess of \$1,500,000 in the three succeeding years for such "ineffective" promotions.

D. As to Advertising

1. In Magazines

The Clorox Company, under P & G control, made a number of changes in the magazine advertising as used by Clorox Chemical Company, not only in the kind of magazines used, but in the type of ads appearing therein. For example, in February 1958, Clorox began the use of *monthly full page black and white ads* in some

magazines in which Clorox Chemical had run *smaller color ads every other month*. Several magazines that had been used for advertising by Clorox Chemical were dropped entirely and the advertising in others, such as certain farm magazines, was reduced. These latter changes would appear to be consistent with P & G's general policy, as testified to by its advertising manager, of advertising in magazines with national circulation.

2. *On Radio*

The Clorox Company, under control of respondent P & G, has doubled the amount of time purchased in television spot announcements of Clorox, compared to the record of Clorox Chemical, and placed less emphasis on radio in conformance with the P & G policy.

Also consistent with P & G policy, subsequent to the acquisition of Clorox Chemical Company, spot announcements on some independent, unaffiliated radio stations were terminated, and were switched to net-work stations which generally offered more listening audience. After the acquisition, 34 radio stations were dropped from Clorox advertising, of which 27 were independent stations, unaffiliated with a net-work. One new station was added.

3. *On Television*

Clorox has been advertised, since the acquisition, on spot television in new markets wherein the Clorox Chemical Company was not using spot television. Also television spot advertising has been increased in other markets, wherein the Clorox Chemical Company had done very little television spot advertising.

While Clorox dropped or decreased TV spot advertising in a few markets, that had been used by Clorox Chemical Company prior to the acquisition by P & G, it added or increased its TV spot advertising after the acquisition in a substantially larger number of markets, either not used at all, or used to a more limited degree by Clorox Chemical Company.

The monthly average number of seconds of TV spot advertising used by Clorox Chemical Company in TV markets decreased or dropped by Clorox after the acquisition were 5,956.7, while such average used by Clorox in such markets after the acquisition was 3,597.5, or a decrease of only 2,359.2 seconds. On the other hand, the monthly average number of seconds on TV spot advertising used by Clorox in new or increased TV markets after the acquisition was 96,660 seconds, as compared to a monthly average of

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43,277.4 seconds used by Clorox Chemical Company in such territory prior to the acquisition, or an increase of 53,382.6 seconds.

Thus, the total monthly average number of seconds of TV spot advertising used by Clorox Chemical Company before the acquisition, in both decreased and increased TV markets, was 49,234, whereas such average used by Clorox after the acquisition in such markets was 100,257, or a net increase of 51,023 seconds. The following tables set forth in detail the monthly average, before and after the acquisition, in (1) New or Increased TV Markets, and (2) Decreased or Dropped TV Markets.

TABLE III.—(CX-545) *New or Increased TV Markets After the Acquisition*
(Monthly Average Number of Seconds)

	Monthly average	
	Before	After
Abilene, Tex.	0	1,005.0
Albuquerque, N. Mex.	105.0	1,560.0
Amarillo, Tex.	0	1,005.0
Ashville, N.C.	110.0	1,552.5
Atlanta, Ga.	783.3	952.5
Austin, Tex.	0	1,012.5
Baltimore, Md.	1,061.6	1,150.0
Beaumont, Tex.	0	1,012.5
Birmingham, Ala.	1,200.0	1,795.0
Boston, Mass.	1,200.0	1,647.5
Buffalo, N.Y.	1,041.7	1,560.0
Charleston, S.C.	81.7	1,217.5
Charlotte, N.C.	716.7	1,046.0
Chattanooga, Tenn.	0	10.0
Chicago, Ill.	1,991.7	2,942.5
Cincinnati, Ohio	670.0	907.5
Cleveland, Ohio	1,638.3	2,820.0
Columbia, S.C.	375.0	1,022.5
Columbus, Ohio	718.3	1,207.5
Corpus Christi, Tex.	0	1,012.5
Dallas, Tex.	68.3	2,212.5
Davenport, Iowa	828.3	1,560.0
Denver, Colo.	721.7	962.5
Des Moines, Iowa	785.0	952.5
Detroit, Mich.	933.4	1,045.0
El Paso, Tex.	185.0	2,175.0
Erie, Pa.	0	1,695.0
Evansville, Ind.	0	1,620.0
Fort Worth, Tex.	0	435.0
Galveston, Tex.	600.0	962.5
Greenville, N.C.	70.0	947.5
Harlingen, Tex.	0	345.0
Houston, Tex.	868.3	1,122.5
Indianapolis, Ind.	978.3	1,385.0
Jackson, Miss.	845.0	1,297.5
Kansas City, Mo.	1,700.0	2,112.5
Los Angeles, Calif.	1,218.3	2,205.0
Louisville, Ky.	876.7	1,890.0
Lubbock, Tex.	1,375.0	2,602.5
Memphis, Tenn.	831.7	952.5
Miami, Fla.	506.7	987.5
Midland, Tex.	0	577.5
Milwaukee, Wis.	0	977.5
New Orleans, La.	660.0	777.5
New York, N.Y.	1,726.7	2,105.0
Norfolk, Va.	371.7	432.5
Odessa, Tex.	0	435.0
Oklahoma City, Okla.	1,353.3	2,400.0
Peoria, Ill.	800.0	952.5

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TABLE III.—(CX-545) *New or Increased TV Markets After the Acquisition*
(Monthly Average Number of Seconds)—Continued

	Monthly average	
	Before	After
Philadelphia, Pa.....	1,256.7	1,382.5
Phoenix, Ariz.....	73.3	1,040.0
Pittsburgh, Pa.....	908.3	955.0
Portland, Oreg.....	1,086.7	2,282.5
Raleigh, N.C.....	831.7	1,290.0
Roanoke, Va.....	71.7	1,040.0
Rochester, N.Y.....	868.3	2,075.0
St. Louis, Mo.....	793.3	1,042.5
San Angelo, Tex.....	0	1,005.0
San Antonio, Tex.....	91.7	1,825.0
San Francisco, Calif.....	1,756.6	2,027.5
Schenectady, N.Y.....	46.7	585.0
Scranton, Pa.....	68.3	1,040.0
Seattle, Wash.....	1,191.7	1,722.5
Shreveport, La.....	68.3	1,045.0
Syracuse, N.Y.....	1,633.3	1,897.5
Tampa, Fla.....	823.4	865.0
Temple, Tex.....	0	465.0
Tucson, Ariz.....	90.0	1,297.5
Tulsa, Okla.....	76.7	1,360.0
Waco, Tex.....	0	570.0
Washington, D.C.....	745.0	857.5
Wheeling, W. Va.....	0	1,005.0
Wichita, Kans.....	799.0	1,382.5
Wichita Falls, Tex.....	0	1,005.0
Youngstown, Ohio.....	0	1,005.0
Total.....	43,277.4	96,660.0
Increase.....		53,382.6
Decrease. (See Table IV).....		2,359.2
Net Increase.....		51,023.4

Source: CX545 A, B, C, D.

TABLE IV.—(CX-545) *TV Markets Decreased or Dropped After the Acquisition*
(Monthly Average Number of Seconds)

	Monthly average	
	Before	After
Bellingham, Wash.....	1,256.7	457.5
Huntington, W. Va.....	150.0	0
Jacksonville, Fla.....	1,050.0	1,040.0
Little Rock, Ark.....	305.0	0
Omaha, Nebr.....	431.7	320.0
Salt Lake City, Utah.....	1,000.0	827.5
Spokane, Wash.....	1,288.3	952.5
Tacoma, Wash.....	311.7	0
Wilmington, N.C.....	163.3	0
Total.....	5,956.7	3,597.5
Decrease.....		2,359.2
Monthly average number of seconds of TV spots in cities used by the Clorox Chemical Company and not used by the Clorox Company.....		930.0

Source: CX545 A, B, C, D.

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The number of cities used by Clorox Chemical Company for TV spot advertisements before the acquisition was 65, while the number of cities used for such purpose by Clorox after the acquisition was 80, an increase of 15 cities.

The monthly average number of seconds of TV spot advertisements used by Clorox after the acquisition, in cities not used at all by Clorox Chemical Company, was 16,197.5 seconds, while such monthly average of TV spots in cities used by Clorox Chemical Company before the acquisition, and not used by Clorox after the acquisition, was only 930 seconds. (See Tables III and IV on the preceding pages.)

The number of TV stations used by Clorox for TV spot advertising for the first time after the acquisition was the same as the number of TV stations dropped by Clorox after the acquisition, namely, 28. However, the total number of seconds used by Clorox for such advertising on the 28 new stations for the 8-month period, following the acquisition, August 1, 1957, through March 31, 1958 (157,000), was substantially more than the total number of seconds (104,080) used by Clorox Chemical Company for such advertising during the longer 12-month period, July 22, 1956, through July 31, 1957, on the 28 TV stations dropped by Clorox after the acquisition. (See Tables V(a) and V(b) on the following pages.)

The Clorox Company used 129,580 seconds of TV spot advertising in 19 new cities during the 8-month period following the acquisition, August 1, 1957, through March 31, 1958, whereas Clorox Chemical Company used only 11,160 seconds of TV spot advertising during the 12-month period, July 22, 1956, through July 31, 1957, in 4 cities which were dropped by the Clorox Company after the acquisition. (See Tables VI(a) and VI(b) on the following pages.)

A further indication of a more aggressive sales policy pursued by Clorox after the acquisition of Clorox Chemical Company by P & G is evidenced by the fact that, while Clorox Chemical Company used only 592,020 seconds of TV spot advertising in the 12-month period prior to the acquisition, Clorox purchased a total of 803,060 seconds of TV spot advertising in the shorter 8-month period immediately following the acquisition. (Source CX 545, A, B, C, D.)

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TABLE V(a).—*New Television Stations Used by the Clorox Company for Spot Advertising During the Period August 1, 1957–March 31, 1958*

Location	TV station used	Total number of seconds during period
Abilene, Tex.	KRBC-TV	8,040
Amarillo, Tex.	KFDA-TV	3,480
Amarillo, Tex.	KGNC-TV	4,560
Austin, Tex.	KTBC-TV	8,100
Beaumont, Tex.	KFDM-TV	8,100
Chattanooga, Tenn.	WRGP-TV	80
Corpus Christi, Tex.	KRIS-TV	8,100
El Paso, Tex.	KROO-TV	3,480
Erie, Pa.	WICU-TV	13,560
Evansville, Ind.	WFEI-TV	12,960
Fort Worth, Tex.	WBAP-TV	3,480
Harlingen, Tex.	KRGV-TV	2,760
Los Angeles, Calif.	KRCT-TV	10,860
Los Angeles, Calif.	KTTV-TV	480
Miami, Fla.	WCKT-TV	2,640
Midland, Tex.	KMID-TV	4,620
Milwaukee, Wis.	WTMJ-TV	7,820
Odessa, Tex.	KOSA-TV	3,480
Salt Lake City, Utah	KTVT-TV	2,420
San Angelo, Tex.	KCTV-TV	8,040
Spokane, Wash.	KHQ-TV	4,200
Temple, Tex.	KCEN-TV	3,720
Waco, Tex.	KWTX-TV	4,560
Wheeling, W. Va.	KTRF-TV	8,040
Wichita, Kans.	KAKE-TV	3,840
Wichita Falls, Tex.	KFDX-TV	4,560
Wichita Falls, Tex.	KSYD-TV	3,480
Youngstown, Ohio	WFMJ-TV	8,040
Total TV Spot Advertising on New Stations		157,500
Grand Total of Clorox Spot TV Advertising		803,060
Percent Accounted for by New Stations		19.6

Source: CX-545 A, B, C, D.

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TABLE V(b).—TV Stations Used by the Clorox Chemical Co. for Spot Advertising During the Period July 22, 1956–July 31, 1957, Dropped by the Clorox Co. August 1, 1957–March 31, 1958

Location	TV station used	Total number of seconds during period
Atlanta, Ga.....	WSB-TV.....	3,060
Birmingham, Ala.....	WBRC-TV.....	13,400
Chicago, Ill.....	WBBM-TV.....	5,820
Cleveland, Ohio.....	WEWS-TV.....	1,200
Do.....	WJW-TV.....	5,740
Columbus, Ohio.....	WBNS-TV.....	1,780
Denver, Colo.....	KLZ-TV.....	3,140
Huntington, W. Va.....	WSAZ-TV.....	1,800
Jackson, Miss.....	WJTV-TV.....	1,200
Little Rock, Ark.....	KARK-TV.....	3,660
Louisville, Ky.....	WHAS-TV.....	300
New York, N. Y.....	WCBS-TV.....	1,080
Oklahoma City, Okla.....	KWTV-TV.....	1,440
Peoria, Ill.....	WTVH-TV.....	260
Philadelphia, Pa.....	WRCV-TV.....	6,260
Portland, Oreg.....	KOIN-TV.....	9,960
Raleigh, N. C.....	WTVD-TV.....	1,700
St. Louis, Mo.....	KWK-TV.....	2,020
San Francisco, Calif.....	KGO-TV.....	40
Do.....	KRON-TV.....	8,880
Seattle, Wash.....	KING-TV.....	1,560
Spokane, Wash.....	KXLY-TV.....	4,300
Syracuse, N. Y.....	WSRY-TV.....	7,480
Tacoma, Wash.....	KTNT-TV.....	3,740
Tampa, Fla.....	WTVT-TV.....	4,340
Washington, D. C.....	WTOP-TV.....	4,980
Wichita, Kans.....	KTVH-TV.....	2,980
Wilmington, N. C.....	WMFD-TV.....	1,960
(28 stations dropped).....		
Total TV Spot Advertising on Stations Dropped.....		104,080
Grand Total of Clorox Chemical Co. Spot TV Advertising.....		592,020
Percent accounted for by stations dropped.....		17.6

Source: CX-545 A, B, C, D.

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TABLE VI(a).—*New Cities in Which the Clorox Company Used Spot Television Advertising During the Period August 1, 1957–March 31, 1958*

Location	TV station used	Total number of seconds during period
Amarillo, Tex.	KGNC.....	4,560
Amarillo, Tex.	KFDA-TV.....	3,480
Abilene, Tex.	KRBC-TV.....	8,040
Austin, Tex.	KTBC-TV.....	8,100
Beaumont, Tex.	KFDM-TV.....	8,100
Chattanooga, Tenn.	WRGP-TV.....	80
Corpus Christi, Tex.	KRIS-TV.....	8,100
Erie, Pa.	WICU-TV.....	13,560
Evansville, Ind.	WFBI-TV.....	12,960
Fort Worth, Tex.	WBAP-TV.....	3,480
Harlingen, Tex.	KRGV-TV.....	2,760
Midland, Tex.	KMID-TV.....	4,620
Milwaukee, Wis.	WTMJ-TV.....	7,820
Odessa, Tex.	KOSA-TV.....	3,480
San Angelo, Tex.	KCTV-TV.....	8,040
Temple, Tex.	KCEN-TV.....	3,720
Waco, Tex.	KWTX-TV.....	4,560
Wheeling, W. Va.	WTRF-TV.....	8,040
Wichita Falls, Tex.	KFDX-TV.....	4,560
Wichita Falls, Tex.	KSYD-TV.....	3,480
Youngstown, Ohio.	WFMJ-TV.....	8,040
Total TV Spot Advertising in New Cities.		129,580
Grand Total of Clorox Spot TV Advertising.		303,060
Percent Accounted for by New Cities.		16.1

Source: CX 545 A, B, C, D.

TABLE VI(b).—*Cities in Which the Clorox Chemical Company Used Spot Television Advertising During July 20, 1956–July 31, 1957, and Were Dropped by the Clorox Co., August 1, 1957–March 31, 1958.*

Location	TV station used	Total number of seconds during period
Huntington, W. Va.	WSAZ-TV.....	1,800
Little Rock, Ark.	KARK-TV.....	3,660
Tacoma, Wash.	KTNT-TV.....	3,740
Wilmington, N.C.	WMFD-TV.....	1,960
Total TV spot advertising in cities dropped.		11,160
Grand total of Clorox Chemical Co. spot TV advertising.		592,020
Percent accounted for by cities dropped.		1.9

Source: CX-545 A, B, C, D.

4. Savings in Advertising Expenditures.

Although the record indicates, as contended by respondent, that the per case rate expenditure for advertising and promotion budgeted by Clorox Chemical in the fiscal year ended June 30, 1957, and by the Clorox Company in the 12-month period ended June 30, 1958, were approximately the same, namely 16.4 cents per case, it appears that under P & G control an estimated savings accrued to Clorox in only a part of the latter period in its advertising expenditure as a result of the

