

The Inward Thrust of Institutional Advertising: General Electric and General Motors in the 1920s

Roland Marchand
University of California, Davis

Charles F. "Boss" Kettering, the well-publicized chief of the General Motors Research Laboratory, offered what would have seemed to most lay observers an unusual proposal for aiming advertisements at a prime audience when he addressed a convention of national advertisers in 1927. "I think that every 'ad' should be posted in every factory where the product is made," Kettering asserted. "If the advertising cannot make that working force want to make a better article after they have read it than they did before, then you have lost something" [31].

Most people, then and now, think of advertising as something a corporation aims at the *public*, not something directed inward to its own organization. But Kettering was not presenting a new idea to his audience of advertising leaders; neither was he suggesting a practice unfamiliar to his own organization. Moreover, although Kettering specifically defined his proposal in terms of product advertising, the experience of several major corporations, of which General Motors was a prominent example, recently had demonstrated the even more significant inward thrust that could be given to advertising of another kind: institutional advertising.

During the 1920s the label "institutional" was applied to essentially every form of advertising that did not aim primarily at the immediate sale of products and services. The term covered such campaigns as those by which the meatpackers, the utilities, and the railroads had cultivated the public's support against certain forms of regulation. It also included such service or "philanthropic" campaigns as the long series of health ads published by the Metropolitan Life Insurance Company, and it encompassed all of those efforts by corporations ranging from banks to shoe manufacturers and from the Pullman Company (producer and operator of the Pullman Palace Cars) to Western Electric (manufacturer of telephone equipment for AT&T) to keep their names before the public in ways that would enhance their prestige and their stock of public "goodwill."

Since good public relations seemed the most obvious and visible purpose of institutional advertising, it is easy to assume that its impact should be judged by its effect on public goodwill-- unmeasurable as that effect was apt to be. But two simultaneous institutional advertising campaigns in the early 1920s, by two of the nation's biggest companies, suggest that large corporations were discovering and exploiting what were potentially even more significant dimensions of such campaigns-- their role in long-range marketing and their capacity to promote internal loyalty and corporate centralization. In meeting these additional needs, institutional advertising came to acquire an

inward thrust that was as important as its outward quest for prestigious familiarity.

At the General Electric Company, to turn to the first of my major examples of the broad conceptualization and internal merchandising of institutional advertising, 1922 was an auspicious year for experiments. In May of that year the 78-year-old Charles F. Coffin closed out his term of 30 years as company President (1892-1913) and Chairman of the Board (1913-1922), giving way to a leadership team of two men who were to epitomize the new era of "business statesmanship" of the 1920s. Owen D. Young, a lawyer of international outlook and diverse public interests, became Chairman of the Board; Gerard Swope, former executive at Western Electric and one-term resident in Jane Addams' Hull House, took over as president [36, pp. 102-03, 109-11; 37, pp. 325-29].

At this time GE was still primarily a producer of large electrical equipment-- motors, turbines, and transformers-- for railroads, public utilities, and other industrial enterprises. The only products that GE then sold directly to consumers under its own name were fans and light bulbs (then universally known as "lamps"). A market survey in 1918 revealed that to most consumers "the name of the General Electric Company has only an extremely vague significance" [20, 58]. Moreover, the company, organized by financier J.P. Morgan in 1892, was widely distrusted as a "Wall Street" operation. In 1911 the Attorney General had hauled GE into court on anti-trust charges, declaring that the "electrical trust" was among the nation's most powerful monopolies. Under President Coffin's leadership, the company's response to both changing markets and political agitation had been conservative: keep quiet and keep on concentrating on large apparatus. As Coffin succinctly put it, "A company's job is simply to make goods and sell them" [quoted in 29, p. 387].

But Swope and Young swept into office in 1922 with new, enhanced visions of corporate merchandising and service. Swope in particular was coming to believe that the future of General Electric lay in the expansion of its mass consumer market. General Electric had invested in one of the nation's most highly-developed research laboratories. Even though GE presently sold few consumer products under its own name, it now seemed logical to consolidate its affiliates' products under the GE trademark and to augment its line of appliances by purchasing other companies. Then GE's research capacity could be used to improve the appliances of its subsidiaries [22; 39, pp. 24-25; 43, pp. 91, 95].

Such a strategy promised a future parade of new consumer products onto the market, products that could be launched more effectively if introduced by the central corporation, prominently linked with its research activities, and associated with a prestigious family-of-products name and logo. During his earlier years as a Western Electric executive, Swope had envisioned putting the WE brand "on everything electrical going into the American home," only to see his ambition thwarted by Western Electric's priority commitment to produce telephone equipment for AT&T. Now, as David Loth has noted, the only difference was that, instead of "WE", the omnipresent monogram in the American home would read "GE" [39, pp. 24-25; 36, p. 133].

Of the various obstacles to this strategy, the most significant were General Electric's lack of public recognition and its deficiencies in integration and cohesion. As Bruce Barton of the advertising agency of Barton, Durstine and Osborn (BDO) pointed out, both problems could be tackled effectively through a properly-merchandised institutional advertising campaign. Presently, as the agency admonished GE, its two light bulb manufacturers-- the Edison Lamp Company and the National Lamp Company-- eyed the parent company suspiciously and maintained primary allegiances to their distinct origins. Both seemed barely to tolerate any visible association with General Electric in their advertising. The BDO agency criticized the irrationality of these "private little campaigns" and deplored the way in which such affiliates' products as Premier Vacuum Cleaners, Thor Washing Machines, and Hot-Point products relegated GE to invisibility in their advertising [3, 8, 44, 45]. When Swope initiated the process of collaboration in all GE advertising with a general conference of all advertising executives in mid-1922, BDO was ready to urge that the right kind of plan would promote internal morale and cooperation as well as provide GE with the right kind of image for the public [4, 7].

Implicit in the institutional campaigns which General Electric and its agency launched from 1923 through 1927 were two critical elements. The first was that of a large vision with which the entire corporation could identify and behind which its various divisions and individual managers could rally. Bruce Barton was a man to whom large visions of business benevolence came easily; his proposals touched a nerve in Swope and Young who looked forward to a statesmanlike public role for big business. General Electric, said Barton, should not simply merchandise itself to the American public as a large electrical equipment company. It should march forward under a nobler banner-- that of the nation's crusader for "an electrical consciousness." By doing such a big and "unselfish" thing, GE would implicitly claim leadership of the entire industry. It would assume the lofty stance of a great institution ready to provide its services for human progress [2, 3, 50].

One aspect of the new institutional campaign, Swope and the BDO agency agreed, must be an ongoing effort to insure that the General Electric logo, the GE initials that would now be associated with human progress, were stamped in a uniform way on all GE and affiliates' advertising and on all factory signs [3, 62, 63, 64, 65]. A classic 1923 GE advertisement sought to insure that the *meaning* of the logo, as well as its design, would be embedded in the consciousness of all who viewed it. Entitled "An Emblem of Service," this definitive ad sought permanently to identify the GE logo as "The Initials of a Friend." Since the purpose of the new campaign was "to personalize the Company," argued Bruce Barton of BDO, the impersonal word "company" should be dropped. Just plain "General Electric" was a "more colloquial signature." With time, Barton confidently predicted, the phrase "initials of a friend" would quietly work itself into the public consciousness. It would give the organization "something to live up to" [3, 4, 24, 52].

This "something to live up to" would constitute a unifying vision for all segments of General Electric. Here was where the second critical element in the campaign emerged-- an aggressive program to "re-sell" the institutional advertising to the members of the company, itself. The new campaigns were

reproduced and explained in the local divisional newsletters. Immediately in 1923 the corporation launched a new publication aimed at its managers. The very title of the new *GE Monogram* proclaimed an increasingly predominant role for the company logo. The company's elaborate internal brochure on 1924 publicity assured local managers, salesmen, and distributors that the very prominent role given to the large GE monogram in the institutional campaign insured a major contribution to their marketing efforts [3, 4, 24, 69]. In a sense Swope and the Barton, Durstine and Osborn agency had recognized the role that the new institutional campaign could play in the internal dynamics of the weakly-integrated amalgam of manufacturing operations that constituted General Electric in the early 1920s. They made certain that the new national campaign for an "electrical consciousness" was accompanied by an intense internal campaign for a "corporation consciousness" [1, 4, 9].

These centralizing and unifying efforts did not proceed without resistance. The various manufacturing divisions of the company were "taxed" (as GE executives put it) to pay for the institutional advertising and some deeply resented having "their money" siphoned off merely to "educate the public." In response, BDO continued to cultivate a sensitivity to the importance of "reselling" the institutional campaigns *within* GE and overcoming local resistance to a more centralized corporate consciousness. From GE's advertising manager, Bruce Barton exacted cooperation in a plan for "Making our own organization advertising conscious." The electrical consciousness campaign would not be effective, he argued, unless it created "in every representative of GE ... a larger pride in his work and self confidence born of the knowledge that he is backed up by the force of a great national understanding" [1, 3, 7, 10, 14].

I will not attempt to describe here the contents of the extensive GE institutional campaigns between 1923 and 1927, but merely observe that GE *did* move increasingly into the consumer products business and that its GE Refrigerator, launched in the market in 1927 after four years of intensive institutional advertising, proved an immense success. By 1929 it commanded nearly one-third of the national market [21]. Other factors, such as technical soundness and a good distribution system, may have played an even larger role than the effects of institutional advertising on the "merchandising mix" that underlay the success of the GE refrigerator. But we still can ask whether GE could have expected such success with its refrigerator in 1922-- when members of the sales force had told top GE executives that "the GE trademark meant little to the average housewife" [67]. Moreover, agency studies in 1924 and 1926 revealed that more people were aware of GE's activities in research than they were of those of any other corporation [13]. Institutional advertising had increased that visibility and GE would continue to emphasize its research in the advertising of each new consumer product (including a GE radio, the relation of which to GE research was tenuous and which was not actually manufactured by GE) [42, 49]. Above all, as GE leaders observed, the institutional advertising campaigns had given an impetus to greater internal coordination and cohesion within the company. They had helped stamp the GE logo, the "initials of a friend," upon the entire organization and its

affiliates and had helped unite them behind the vision of the company that it represented.

Simultaneously with General Electric's major commitment to institutional advertising in 1923, another corporate giant embarked upon a remarkably similar venture. The situation of General Motors in the early 1920s was both similar to, and different from, that of General Electric. Unlike GE, General Motors already marketed the huge majority of its products directly to consumers and, unlike GE, it did not suffer from public mistrust for monopoly practices. But it faced problems of internal coordination and control even greater than those faced by GE and it was just as invisible, as a corporation, to the general public. In 1922 a study commissioned by president Alfred P. Sloan, Jr., had revealed that "people throughout the United States, except at the corner of Wall and Broad Streets, didn't know anything about General Motors" [54, p. 27]. The public had heard of Buicks, Chevrolets and Cadillacs; but hardly anyone would have connected these cars with a company named General Motors. When Pierre Du Pont and Alfred P. Sloan, Jr. took over leadership in the corporation at the end of 1920, moreover, General Motors was little more than a holding company. In the words of subsequent GM executive Donaldson Brown, it "was entirely lacking in any form of coordinated control." Thus General Motors, at the outset of the 1920s, amounted to something *less* than the sum total of its individual parts [18, pp. 473, 597; 15, p. xi].

When the economy began to recover in 1922 Sloan accelerated a push toward rationalization and more centralized control. This effort did not proceed without resistance. Alfred Chandler and Stephen Salsbury point out that most of the operating men in the GM divisions "looked with great skepticism and often distrust on the representatives of eastern financial interests" [18, p. 499]. As Ed Cray has observed, "there were men all around who knew only Durant's way of doing business, men who pulled long faces whenever Sloan talked about rational managerial controls" [19, p. 189]. Sloan now devised a plan for making progress in one area where the large size of General Motors offered evident efficiencies. Surely centralized purchasing to meet the common and overlapping needs of the various divisions could bring down costs through volume orders. When division managers remained skeptical, Sloan devised the structure of an "interdivisional committee," shrewdly bypassing the division managers through an organizational structure that linked top corporate executives directly to specialized staff members within the divisions. As Arthur Kuhn has emphasized, "the central headquarters power grew far beyond its apparent authority" [17, pp. 154-55; 34, pp. 21, 127].

Several months later, Sloan laid the groundwork for a second divisional committee-- on institutional advertising. Pierre Du Pont, strongly endorsing this step, observed to Sloan that even if the value of the advertising was negligible, "the other benefits accruing to the corporation by the development of a General Motors atmosphere and the working together spirit of all members of the Committee ..." would alone justify the cost of the advertising campaign [54, p. 105]. When Barton, Durstine and Osborn won the competition to plan General Motors' new institutional advertising campaign,

BDO leaders speculated privately that their agency had been selected largely because "we recognized the problem of getting the units to be enthusiastic about the parent company's campaign. ..." [12; 34, p. 132].

Once again, as at General Electric, the essence of the institutional campaign was a large vision of the company's service to humanity. By promising large service and accepting large responsibilities, the company could present its large size in the most positive light. General Motors would thus prove itself big enough to assume the burden of "more than a campaign for itself." It could imply its dominance by acting as "a spokesman for the entire industry and heralding the motor car as "a great contributor to human effectiveness, an enlarger and enricher of human life." Thus its ads proclaimed the contributions to higher service, not simply of General Motors, but of the *automobile*. In impressive double-spread ads such as "That the Doctor May Arrive in Time," GM celebrated the automobile for enabling a country doctor to reach "the beside of a dying child" in time to revive it and "bring it back to life" [46]. By doing this, BDO affirmed, General Motors would "evoke that spontaneous response which always comes when a strong man or institution does a big, generous thing" [11, pp. 6-7; 30; 59, p. 27].

With this large vision set forth before the public, the managers and employees within General Motors could then be encouraged to identify themselves loyally and enthusiastically with such a noble purpose. The Barton, Durstine and Osborn agency steadily pressed a "resale" campaign to sell the institutional advertising within GM itself and thus to promote internal morale and cohesion. Ads from the "goodwill" series were posted in all factories (and on the walls of the initially-skeptical "Boss" Kettering's research laboratory) and were supplied in "jumbo" size as posters for the car dealers to display in their windows. General Motors devoted reams of paper to the circulation of multi-paged mimeographed compilations of the various commendatory letters the campaign evoked. Bruce Barton sought to induce division representatives to identify with his efforts and with the corporation by appealing directly to them to pass along to him, from their own experiences and from the letters they received, "dramatic instances" of car performance and of lives transformed by the automobile [11, p. 16; 16; 26; 27]. The program of internal "resale" represented both an effort to realize the central, stated objective of the institutional advertising campaign-- the stimulation of a "corporation consciousness" among the various divisions-- and to insure BDO of a continuing account [11, pp. 8, 14, 16; 26].

By the mid-1920s much of Sloan's structural reorganization of the formerly-disjointed company had been accomplished. Sloan had doubted his power to centralize through mandate or to foster divisional loyalty to the larger corporation through obtrusive, strong-arm methods. He had observed to Kettering in 1923 that "there is nothing that can not be accomplished along cooperation (sic) lines in the GM Corp. today." But he also had insisted that "forcing a thing across" would not work and that the company's executive committee "can not order a co-operating spirit to be developed in the organization; it has got to be done in an entirely different way." Given Sloan's commitment to a non-confrontational approach, he and other GM executives

could appreciate the role of the institutional advertising in fostering a "corporation point of view" [55, 56, 57].

More than this, the "family of cars" theme of GM institutional advertising and the emphasis of the campaigns on GM research had paved the way for the marketing of new products from the "GM family." In 1925 the Oakland division of GM launched the new Pontiac with advertising that characterized the car as "reflecting 17 years of General Motors experience." The trade journal, *Printers' Ink*, attributed the Pontiac's immediate success directly to the effectiveness of GM's institutional advertising [41]. In 1927 the company made very prominent use of the GM name in advertisements for the improved Frigidaire. Ads announced the new model as "the only electric refrigerator made and guaranteed by General Motors" and even pushed the connection further by encouraging readers of the *Saturday Evening Post* to envision the Frigidaire as "The Car in the Kitchen" [47, 48].

Thus the General Motors and General Electric campaigns of the 1920s demonstrated the range of purposes that broadly-conceived institutional advertising could encompass. These were not the first institutional campaigns to involve an internal thrust and an effort to lay a basis for long-term marketing. The most famous of the great institutional campaigns, that of AT&T, had discovered that advertisements aimed at public relations and political protection could produce byproducts in marketing and morale [38, pp. 130-31]. But the General Motors and General Electric campaigns involved a scope and intensity of internal marketing, a deliberate intention to produce a heartening and unifying effect on all levels in the corporation, that went beyond earlier ventures. Within both companies, advertising ostensibly intended for public relations had also incorporated other vital functions including the internal infusion of a corporate image. To describe the significance of this internal thrust, we would undoubtedly turn today to such a fashionable phrase as "shaping a corporate culture." When pursued by the strategies of GM and GE in the 1920s, public relations and the creation of a corporate culture amounted to pretty much the same thing.

References

1. G.P. Baldwin to Gerard Swope, July 22, 1922, Swope Files, General Electric Archives, Schenectady (Hereafter cited as GE-S).
2. J.G. Barry to Department, District, and Local Office Managers, Aug. 1, 1922, GE-S.
3. Bruce Barton, "A Memo for Mr. Swope," (enclosure in Barton to Gerard Swope, Sept. 27, 1922), GE-S.
4. _____ to R.H. Gale, Oct 30, 1922, GE-S.
5. _____ to Gerard Swope, Nov. 20, 1922, GE-S.
6. _____ to Gerard Swope, Feb. 21, 1923, GE-S.
7. _____ to Gerard Swope, Oct. 4, 1923, GE-S.
8. _____ to R.H. Gale, n.d. (enclosure in Barton to Swope, Dec. 23, 1923), GE-S.
9. _____ to Gerard Swope, Nov. 19, 1925, GE-S.
10. Barton, Durstine and Osborn (BDO), "General Electric," pp. 13-14, Awards File, BBDO Archives, New York City (Hereafter cited as BBDO).
11. _____, "General Motors," Awards File, BBDO.

12. _____, "Interdepartmental Memo, No., 106," [1923], BBDO.
13. _____, "Report and Recommendations, 1926," p. 16, General Electric Inst. Advertising Archives, Fairfield, CN. (Hereafter cited as GE-F).
14. Batten, Barton, Durstine and Osborn (BBDO), "History of General Electric," [1928], Accounts Status Binder, BBDO.
15. Donaldson Brown, *Some Reminiscences of an Industrialist* (Easton, N.J., 1977).
16. Verne Burnett to Charles Kettering, May 2, 1924, Charles F. Kettering Papers, GMI Alumni Foundation Historical Collection, Flint, MI (Hereafter cited as Kettering, GMI).
17. Alfred D. Chandler, Jr., *Strategy and Structure* (Cambridge, 1962).
18. Alfred D. Chandler, Jr. and Stephen Salsbury, *Pierre S. Du Pont and the Making of the Modern Corporation* (New York, 1971).
19. Ed Cray, *Chrome Colossus* (New York, 1980).
20. F.R. Davis to F.H. Gale, July 31, 1918, GE-F.
21. Frigidaire Market Research Department, "Mechanical Refrigerator Units," (March 9, 1949), Acc. 79-10.4-352, Box 43 Frigidaire Papers, GMI.
22. *GE Monogram*, 26 (Sept.-Oct. 1949), p. 8.
23. General Electric Company, "Advertising Policy of General Electric Company," (Aug. 18, 1922), p. 7, GE-S.
24. _____, *General Electric Publicity, 1924* (Schenectady, 1924).
25. General Electric Company, "Sales Committee Minutes, 1898-1920 extracts," Neil B. Reynolds Historical File, GE-F.
26. General Motors Corporation, "Meeting of General Motors House Organ Editors, Feb. 8, 1923," Kettering, GMI.
27. _____, "Minutes of General Motors Personnel Association, Semi-Annual Meeting, Sept. 20, 1923," Kettering, GMI.
28. *General Motors World*, 3 (Mar. 1924), p. 1.
29. John Winthrop Hammond, *Men and Volts* (Phila., 1941).
30. Harvard Graduate School of Business, "General Motors," (Adv. Case 521), p. 10, rl. 12, Harvard Business School Archives.
31. Charles F. Kettering, "Can Engineering Principles be Applied to Advertising?" (Address to Assoc. of Nat. Advs., May, 1927), p. 35, Box 35 Bruce Barton Papers, Wisconsin St. Hist. Society.
32. _____ to Verne Burnett, Apr. 11, 1924, Kettering, GMI.
33. _____ to H.G. Weaver, Feb. 14, 1923, Kettering, GMI.
34. Arthur J. Kuhn, *GM Passes Ford, 1918-1938* (Univ. Park, Pa., 1986).
35. Thomas Logan, "Remarks at Conference, July 26, 1922," p. 6, GE-S.
36. David Loth, *Swope of GE* (New York, 1948).
37. Kim McQuaid, "Young, Swope and General Electric's 'New Capitalism'," *The American Journal of Economics and Sociology*, 36 (July 1977).
38. Roland Marchand, "The Fitful Career of Advocacy Advertising," *California Management Review*, 29 (Winter 1987).
39. David E. Nye, *Image Worlds* (Cambridge, MA, 1985).
40. *Printers' Ink*, Sept. 29, 1921, 3, 6.
41. _____, Aug. 19, 1926, 166.
42. T.K. Quinn to Gerard Swope, Sept. 25, 1930, GE-S.
43. Leonard S. Reich, *The Making of American Industrial Research* (New York, 1985).
44. Martin P. Rice to Gerard Swope, June 9, 1922, GE-S.
45. _____ to O.D. Young, Aug. 16, 1921, GE-S.

46. *Saturday Evening Post*, July 12, 1924, 104-05.
47. _____, July 16, 1927, 94-95.
48. _____, July 28, 1928, 82-83.
49. _____, Sept. 6, 1930, 62-65.
50. *Schenectady Works News*, June 15, 1923, 16.
51. _____, July 6, 1923, 4th cover.
52. _____, July 20, 1923, 16.
53. Alfred P. Sloan, Jr., "Memo on Institutional Advertising," Sept. 19, 1922, Separate Reports, 1920-1924 folder, case 1, General Motors Collection, Baker Library.
54. _____, *My Years with General Motors* (New York, 1964).
55. _____ to Charles F. Kettering, July 3, 1923, Kettering, GMI.
56. _____ to Charles F. Kettering, Aug. 24, 1923, Kettering, GMI.
57. _____ to Charles F. Kettering, Dec. 1, 1923, Kettering, GMI.
58. Hubert M. Snider, "GE Advertising," (typescript of speech, Sept. 15, 1977), GE-F.
59. Alfred H. Swayne, "Making Friends for the Family," *Judicious Advertising*, 20 (Jan. 1924).
60. Gerard Swope to Bruce Barton, Mar. 26, 1925, GE-S.
61. _____ to Bruce Barton, Nov. 19, 1923, GE-S.
62. _____ to Thomas Logan, Dec. 5, 1927, GE-S.
63. _____ to G.C. Osborne, Feb. 17, 1923, GE-S.
64. _____ to T.F. McManus, Feb. 28, 1923, GE-S.
65. _____ to Martin P. Rice, Apr. 28, 1930, GE-S.
66. _____ to P.B. Zimmerman, Dec. 3, 1923, GE-S.
67. W.W. Trench to O.D. Young, July 16, 1922, GE-S.
68. H.G. Weaver to Charles Kettering, Jan. 12, 1923, Kettering, GMI.
69. P.B. Zimmerman to Gerard Swope, Nov. 23, 1923, GE-S.