

The Development
of
National Advertising
1865 - 1920

Daniel A. Pope
Columbia University

The Development of National Advertising-1865-1920

In the late nineteenth century, "No beggars, Peddlers or Advertising Men" was a sign affixed to many shop and office doors. Advertising in the years following the Civil War was most definitely on the fringes of legitimate business activity. Media advertising revenue in 1865 was on the order of only seven and one-half million dollars. The figure was about ninety times higher in 1921, and today media revenue from advertising is close to twenty billion annually.¹ The mid-nineteenth century advertiser was most likely to be either the local retailer announcing what goods he had on hand or the patent medicine man proclaiming his bottled panaceas. Only a miniscule number of manufacturers of products other than medicines advertised their brands.

The low prestige of advertised goods was matched by the disrepute of many of those who attempted to make a living as advertising agents. The earliest agents had started in the 1840's, selling advertising space for newspapers. By the 1860's, so-called agents were beginning to buy and sell space on their own accounts. Some agents--George P. Rowell, F.W. Ayer and J. Walter Thompson to name a few--did quite well. However, most agents were precariously situated. Their potential for success rested not on skill in producing advertisements--for the most part, advertisers wrote their own copy--but on the disorganization of the

market for advertising space. With no accurate circulation figures, with advertising rates which were, to put it mildly, flexible, and with a multitude of small town papers to reach, many aspiring national advertisers felt the need to entrust their advertisements to agents capable of negotiating the best deals with publishers.

Forces external and internal to the advertising industry made change inevitable. No doubt the most important was the growth in magnitude and change in composition of advertising. According to the questionable statistics we have, advertising volume grew from \$200,000,000 in 1880 to a billion dollars sometime between 1904 and 1909; it reached \$2,282,000 in 1919. Advertising's share of GNP is estimated at 3.4% in 1904, a figure which has never been surpassed since.² By the turn of the century, a few firms spent over a million dollars annually on advertising.

Meanwhile, new kinds of advertisers came to the fore. Under attack from reformers and from the more impersonal forces of urbanism, education and medical professionalism, patent medicine advertisers lost some ground. For instance, in 1877 and 1878, patent medicines and treatments yielded 21.6% of the N.W. Ayer and Son agency's revenue. In 1901 and 1902, this figure was down to 8.4%. As a 1905 advertising testbook proclaimed, "To-day, the advertising of proprietary remedies does not stand on the same high plane as the advertising of commercial articles

The advertising of manufactured articles--the real bone and sinew of commerce--is to-day the great field in which the best energy and the best talents are being used."³

Equally important was a transition from retailer to producer advertising. Creation of a viable transportation network, urbanization and the introduction of new administrative methods in business had allowed more and more firms to sell in national markets. When these companies were able to make items to which they could affix a brand name, they could attempt to build preference for their brands through national advertising. The introduction of capital-intensive mass production techniques made the problem of mass distribution more pressing. Harry Lipper, a well-known ad man, noted that mass production meant that consumers "had to be taught to use more than they formerly used, and to discriminate between different sellers or sections in order to aid in control of the market."⁴ "Production," argued a British ad man, "is not a difficult thing in these inventive days. . . The whole difficulty nowadays lies in distributing or selling goods."⁵

The advertising industry responded in several ways to the growing importance of national advertising. Ad men in the 1870's had a rather Jacksonian belief that every advertiser could be his own copywriter. Amateurism became inadequate when hundreds of thousands of dollars were to be invested in attempts to persuade buyers of the superiority of rival brands. By the 1890's,

agencies were hiring men who claimed to have ability to compose persuasive advertisements. Agents and their advertiser clients were also energetic in pushing newspapers and magazines to allow large display ads, to provide accurate circulation information, and to stop giving local advertisers lower space rates than national advertisers. Agencies gradually got out of the business of buying and selling advertising space. Better information about rates and circulations made it more difficult for agents to capitalize on advertisers' ignorance of the market. Gradually, "space broker" became a term of contempt among agents; their spokesmen emphasized the role of disinterested advisor to business on a host of marketing problems.

National advertiser dominance was also indicated in the advertising trade press. When some readers objected that Printers' Ink, the leading trade journal, was devoting too much attention to retailers' advertising problems, a 1904 editorial replied that the retailer's improvement "will. . . make [him] a more valuable distributor of the manufacturer's products."⁶ Despite much talk of the unity of interests among manufacturers, wholesalers and retailers, Printers' Ink was to make it abundantly clear in the coming years that the producer was to call the shots. This dominance can also be seen in the Associated Advertising Clubs of America, the catch-all body representing advertisers, agents and media in clubs throughout the nation. The decentralized structure and loose membership requirements of the

AACA rendered national advertiser control incomplete; however, in the second decade of this century, the AACA devoted increasing attention to "dealer efficiency," to propaganda for brand-named goods, for the national advertisers' concepts of truth in advertising, and for unbiased circulation audits, all causes particularly attractive to national advertisers.

When advertising was confined largely to retailers and medicine men, the question of truth in advertising hardly arose. National advertising of brand-named products demanded a clearer concept of advertising ethics. So, too, did the energetic efforts of advertising men to gain legitimacy require assertion of moral standards for their occupation. By the second decade of the century, exhortations to virtue had led to a more organized truth in advertising movement. It took the form of local and national vigilance committees for surveillance of ads and conversion of wrongdoers. Energy was also devoted to passage of state laws to forbid false advertising. The evangelical fervor of the truth movement and its role in suppressing dangerous frauds and quack medical ads mean that its sincerity need not be doubted.

Nevertheless, there were inherent limitations to the scope and effectiveness of the truth movement. The implicit definition of truth as the absence of factual misstatements was well suited to the interests of national advertisers, for whom overt deception was usually both unnecessary and dangerous. The definition

excluded from ethical scrutiny questions of manipulation, appeals to baser human instincts, and perversion of language and ideas for commercial purposes. Thus, the targets of the truth movement's campaigns were usually, as one leader noted, "worthless stock, . . . the land sharp, . . . medical frauds, the matrimonial bureaus, the clairvoyants, the detective agencies, fake banks, fake employment agencies, etc."⁷ The ads of these parasites of the business world threatened to destroy public confidence in advertising in general. The truth movement was also hampered by its aversion to court action, based on its faith in voluntary compliance. Finally, exposure of ad frauds might clash with the image building function of the movement. In Pittsburgh, for instance, the local ad club voted to focus its truth work on praise of honest advertisers, not on "wordy warfare against evils that do not exist."⁸

Just as the structures and activities of advertising institutions changed to reflect the new demands made upon them by large-scale national advertisers, the advertisements themselves came to mirror the new economic functions of advertising. In the mid-nineteenth century, the model for an advertisement was a plain-spoken business or personal letter, a direct communication of information between peers." "Announcement" was virtually a synonym for advertisement in this era. "There is a quiet courtesy and modest unobtrusiveness about a [good] advertisement that creates a certain responsive feeling of sympathy in the reader,"

noted one trade journal in 1873.⁹ Two decades later, few would place the same trust in the readers' own motivation to seek out and read an advertisement. Every indication points to a change in advertising style toward attracting attention. Shortly after the turn of the century, psychologists began experiments to determine just what sort of copy succeeded best at securing readership. Indeed, by 1912, the Association of National Advertising Managers was co-sponsoring a research fellowship at the Columbia University psychology department. Problems of retaining reader interest and of persuading them to buy were also studied but were less susceptible to firm laws than gaining attention. Implicit in most of the prevailing advice on advertising copy in the early years of the century was a low estimation of public intelligence and reasoning power. "Above all else," asserted one blunt copywriter, "AIM LOW..."¹⁰ The new model for successful advertising was no longer communication between equals. It was persuasion of a mass by a skilled, trained elite, armed with psychological data, and employing nonrational, if not irrational, appeals.

By the end of World War I, the institutional foundation of modern advertising had been laid. Agencies performed much the same activities as they do now; their relations with clients and media remain essentially unaltered. Then, as now, large-scale manufacturers of brand-named goods constituted the leading forces among advertisers. The industry had confronted, with mixed results,

some of the ethical questions which are still posed today. While economic growth and electronic media have greatly altered the nature of advertisements and the economics of advertising in the last half century, it can be said that by 1920 the contours of modern national advertising had emerged.

FOOTNOTES

1. Neil Borden, The Economic Effects of Advertising (Chicago: R. D. Irwin, 1944).
2. Historical Statistics of the United States, Colonial Times to 1957 (Washington D.C.: 1960), Series T-346, p. 526; Series F-1, p. 139.
3. Earnest E. Calkins and Ralph Holden, Modern Advertising (New York: D. Appleton, 1905), p. 5.
4. Harry Iipper, The New Business (New York: Doubleday, Page, 1914), p. 13.
5. Charles F. Higham, Scientific Distribution (New York: Alfred A. Knopf, 1918), p. 42.
6. Printers' Ink, XLVII (June 29, 1904), p.34.
7. Printers' Ink, LXXXVIII (July 2, 1914), p. 80-81.
8. Advertising Club News, I (January 13, 1916), p. 2.
9. Advertiser's Magazine, I, 3 (October, 1873), p. 3.
10. Herbert N. Casson, Ads and Sales. (Chicago: A.N. McClurg, 1911), p. 81.