

RE Mapping AMERICA:
MARKET RESEARCH AND AMERICAN SOCIETY, 1900 - 1940

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A Dissertation Presented to the Graduate
Faculty of the University of Virginia
in Candidacy for the Degree of
Doctor of Philosophy

Department of History

University of Virginia
January, 1999

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January 1999

Abstract

This dissertation examines the growth of market research and its impact on American business and culture in the years between 1900 and 1940. Systematic study into the distribution, sale, and use of consumer goods began as a response to the challenge of marketing the new flood of mass-produced items that appeared at the turn of the century. At the nation's new business schools, now-forgotten scholars like Paul T. Cherington, Arch W. Shaw and Louis D. H. Weld began teaching classes on "market distribution," and examining the paths that these goods followed from producer to final consumer. Having developed new tools for examining marketing and sales, in the 1910s and 1920s many of this first generation of marketing scholars moved to work at consumer-goods corporations, helping companies from J. Walter Thompson to Swift & Co. to General Motors perfect marketing divisions and direct their selling efforts at the most promising segments of the new mass market. By the end of the 1920s these researchers had constructed a network for market research spanning consumer-goods corporations, business schools and Federal agencies. In the 1930s market research made a still broader impact when researchers including Cherington, George Gallup, and Elmo Roper turned the statistically-sampled market survey into the "public opinion poll," arguing market research had produced a tool useful not

only for "selling toothpaste" but for "plumbing the public mind"

Market researchers not only changed American business but also American culture. In their studies, marketing reports, consumer surveys, and consumption maps market researchers promoted a new view of American society, one that superseded older ways of representing Americans by depicting most Americans as middle-class, defined by their ability to buy consumer goods, while divided into innumerable overlapping, shifting market segments and strata--a vision of a consumer society that remains with us today.

ACKNOWLEDGMENTS

I want to begin by thanking the folks who paid for the research and writing of this dissertation: the Graduate School of Arts and Sciences, Bankard Fund, and Department of History of the University of Virginia; the Harvard Business School, through its Alfred Chandler Fellowship; and the Hagley Museum and Library. Due to their help, most of the debts I accumulated during the writing of this dissertation are the intangible kind.

The deepest intellectual debt I owe is to my advisor, Olivier Zunz, whose own work led me to this topic, who demanded I make the most of it, and who insisted the resulting dissertation meet his high standards.

Many others have helped along the way. Tom Kohut encouraged me to give graduate school a try, and Ken Cmiel introduced me to American history. Nelson Lichtenstein let me break ranks to explore this topic in his seminar on 20th century labor history. Ken and Nelson also provided useful advice on various aspects of the dissertation, as did Jack Brown, W. Bernard Carlson, Joseph Kett, and Mark Thomas. I owe special thanks to two teachers. Brian Balogh has been a supporter of this project from the start, one whose own work convinced me there was much to be done with marketing and culture; he has also been a friend whose encouragement meant a great deal at several points. Allan Megill first introduced me to the rigors of doing history, tolerated my eccentric path within the field, and has given good advice since my first day in graduate school.

I also owe thanks to several of my colleagues at Virginia and elsewhere, who listened to me discuss this work, read versions of it, and shared their own work in related fields, most notably Sally Clarke, Jon Cowans, Shelly Kaplan Nickles, Kelly Mahoney, Roland Marchand, Daniel Robinson, Silvana Patriarca, and Wyatt Wells.

I could not have done this without the archivists at all the libraries I visited, and I want to make special note of the staff of the Baker Library, Harvard Graduate School of Business Administration; Ellen Gartrell and her excellent staff at the Hartman Center for Sales, Advertising, and Marketing History at Duke University Libraries; Roger Horowitz, Carol Lockman, and the archivists at the Hagley Museum and Library; and Dwight Miller and the staff at the Herbert Hoover Presidential Library in West Branch, Iowa. I ought to give some kind of award to Paige Carter at Belmont University Libraries, who obtained material for me long after

I finished teaching there. Without her efforts it would have been much more difficult to finish this project.

Years of graduate school helped me hone my skills in freeloading. Researching this dissertation was a good excuse to visit friends scattered along the East Coast, and, moving South to North I want to thank them all for their hospitality and patience. In Chapel Hill, Wyatt Wells; in Durham, Clyde and Boots Ryals; in Charlottesville, Paul Milazzo, Scot French and Drew VandeCreek; in Washington, Steve Knight and Ken Weinstein; in Philadelphia, Bob Kane and Annie Coburn-Kane; in New York, Jeff Weinstein; in Harrison, Nick and Pat Theodore, whose great generosity I shall always treasure; in Rhode Island, Steve Theodore, who drove through a blizzard to give me a lift; in Boston, Kathy Wolf, and Teresa Spillane and Larry DiCara, who not only let me house-sit for a week but gave me free run of their refrigerator and bar. Thanks all.

Ellen and Swift Martin deserve a paragraph of their own for housing me many times and providing me a second home in Washington for the last two decades.

I dedicate this dissertation to my parents. Without their example, tolerance, encouragement, and support (mainly moral, but financial, too) it would never have been written.

Finally, I thank my wife, Jenny Fox Wells. She worked at a "real job" so I could work on this dissertation, put up with a grumpy and grumbling husband, and believed in this project at the moments when I did not. I owe her this dissertation, and so much that is more important.

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Introduction:

Remapping America

"For the real environment is altogether too big, too complex, and too fleeting for direct acquaintance. We are not equipped to deal with so much subtlety, so much variety, so many permutations and combinations. And although we have to act in that environment, we have to reconstruct it on a simpler model before we can manage with it. To traverse the world men must have maps of the world. Their persistent difficulty is to secure maps on which their own needs, or someone else's need, has not sketched in the coast of Bohemia."

--Walter Lippmann, Public Opinion¹

When he published Public Opinion in 1922, Walter Lippmann's readers understood him to be attacking the flawed images, or "stereotypes," through which most people perceived the world around them. In grasping this, however, many missed a second point he was making. For all that was wrong with their current "maps of the world," people could not dispense altogether with such abstract depictions, for the social environment really was too big to apprehend unaided. In every era, people had understood and navigated their world by abstract models of it. The problem that arose in the twentieth century was that older models had become obsolete, rendered inadequate by the rapid growth of a technological

¹Walter Lippmann, Public Opinion (New York: Macmillan, 1961 [1922]): 16.

and commercial society characterized by a crowded, fast-paced urban life, dominated by large and far-reaching corporations, and shaped by obscure events occurring in distant lands. To comprehend this world twentieth century men and women needed new maps of the world.

Not only individuals but also the large organizations that dominated America's economic and social landscape would require new models of their world in order to "manage with it." By the 1920s, indeed, an observer traveling the country would have found such new maps of society being created in many different quarters. Particularly hard at work were men and women mapping one aspect of the modern world, the emerging mass-consumption society. In advertising agencies psychologists and statisticians could be found sifting through returned coupons and magazine subscription lists, hoping to delineate social strata and determine what inhabitants of each were reading. At the new business schools an observer might have noticed a new kind of research organization, the Bureau of Business Research, whose agents followed goods along the new channels of distribution stretching from factory to consumer, identifying expensive practices or efficient marketing methods in the hopes of lowering marketing costs. At newspapers research departments were hard at work studying buying habits to tell advertisers which sections of their city were the best markets for

consumer goods, and how shopping patterns changed along with ethnic composition from one neighborhood to the next.

After reflecting on all these developments, our observer might even have reached a conclusion central to this dissertation: that taken together, these individual reports, maps and guides formed a genuinely new representation of the United States, one that modeled not Americans's political allegiance or social identity, but their willingness and capacity to consume. These marketing reports depicted most Americans as middle-class, defined by their ability to buy consumer goods, and then made fine distinctions within this middle class, classifying consumers into innumerable market segments and strata. The geographic regions researchers charted were not drawn along political lines, but were "marketing areas," trade centers and the hinterlands they served. In these studies even older methods of categorizing individuals were transformed; ethnicity, for instance, appeared not as language, loyalty, or religion but as a bundle of consumption habits. As one report put it, to market researchers Italian-American communities chiefly signified "a splendid market," one whose representative inhabitant was a careful shopper whose "very frugality only tends to make it possible for [him] to spread out his purchases and acquire much more than the bare needs."²

²The quote is from "Cities within a city--and each a

This dissertation examines the development of these new ways to conceptualize American society and the field that produced them, market research. Between 1900 and 1940 manufacturers, distributors, and retailers of consumer goods promoted for the first time market research, understood as the systematic research into the distribution, sale, and use of consumer goods. They did this in the hopes that better knowledge of distribution networks, retail stores, sales methods, markets, and consumer habits would help them lower distribution costs, identify new markets for their wares, and target their products and appeals at the most lucrative segments of the national mass market. In this they were often successful, and thus a second focus of this dissertation, beyond the new representations of American society created by market research, is the ways that consumer goods manufacturers and marketers used the fruits of market research to improve distribution and identify and win new markets. Indeed, we should keep in mind that the new representations of American society were a largely unintended consequence of early market research; better marketing was the immediate goal.

The story of the formative years of market research is also the story of the first generation of market researchers.

worthwhile market," J. Walter Thompson Newsletter 13 (February 7, 1924): 4, in J. Walter Thompson Archives, Hartman Center for the History of Advertising, Marketing, and Sales, Special Collections, Duke University Library (JWTA).

The concepts and tools of market research were developed by a small, interconnected group of men, many of whom started out as marketing teachers at the new business schools, and were initially spread not through institutional channels but by personal contact, as these scholars' careers carried them from business schools to consumer-goods corporations, advertising agencies, private consultancies, and sometimes the Federal government. At each stop they established research programs, hired and trained other researchers, forged ties with their counterparts at similar organizations, and, not the least, made the case for the utility of the data they were producing. Through these efforts they constructed a network spanning public and private offices and organizations to produce market research.

Thus, this dissertation's third focus: the interwoven lives of these largely forgotten researchers. Tying together the sometimes disparate elements in this dissertation are the careers of men like Paul T. Cherington, who began teaching marketing at the Harvard Business School in the 1910s, then went to Washington to help manage the American war bureaucracy during World War I, at war's end moving to direct market research efforts at the J. Walter Thompson advertising agency, and who in the 1930s became a co-inventor of the public opinion poll as head of the firm Cherington, Roper & Wood; and Louis D. H. Weld, who got his start teaching marketing at the University of Minnesota, then taught at Yale

before carrying his ideas and methods to corporate America as research director for Swift & Co. and then McCann-Erickson.

Market research should also be understood as an indirect product of the larger transformations of distribution and consumption in the United States from the 1880s to the 1930s. These decades saw the end of the nineteenth century marketing order, in which large wholesaling houses bought goods from small manufacturers and carried them across the largely agrarian nation to small retailers serving dispersed markets. That order was upended by related developments, the technological and managerial advances that late in the century led to the creation of giant integrated corporations mass-producing goods on a scale previously undreamed-of, and the appearance of new, concentrated urban markets produced by rising income and urbanization. The flood of consumer goods from those corporations to the new markets proved too much for the old distribution system. Attempts to build a new one soon sparked an economic free-for-all in which manufacturers, wholesalers, and retailers all rushed to build integrated marketing organizations capable of mass distributing the huge volume of goods to consumers in every corner of the nation. The "problem of distribution," as contemporaries labeled this chaos, gave rise to many now-familiar institutions designed to facilitate distribution and ensure demand, from department stores to national advertising. It also led newly-created business schools to hire men to teach marketing, and prompted

a few visionary businessmen to invest in systematic research into distribution, developments that together laid the groundwork for market research.³

Yet the reorganization of distribution and consumption would have an impact well beyond the sphere of business. As other historians have contended, the appearance of new consumer goods, new retailing institutions, new techniques of mass appeal, and new habits of shopping and consumption worked deep changes in Americans's lives, altering their aspirations, the ways they mobilized politically, and even their conceptions of themselves. So, too, the new methods for surveying distribution and consumption--the tools of market research--would have profound effects in other areas, most visibly through the public opinion poll. The precursor of the opinion poll was the statistically sampled survey, developed by market researchers to chart the reading and shopping habits of a large population of consumers by interviewing a small, representative sample of the whole. In the guise of the polls, this market research tool would change how journalists discussed the public, how politicians

³I discuss these changes more fully in chapter 1, but good places to start are Alfred D. Chandler, Jr., The Visible Hand: The Managerial Revolution in American Business (Cambridge, MA: Harvard University Press, 1977): 209-238, Glenn Porter and Harold Livesay, Merchants and Manufacturers: Studies in the Changing Structure of Nineteenth-Century Marketing (Baltimore, MD: The Johns Hopkins Press, 1977), and Susan Strasser, Satisfaction Guaranteed: The Making of the American Mass Market (New York: Pantheon, 1990).

thought of their constituents, and indeed how Americans imagined their society. Thus, this dissertation's final focus: the more far-reaching effects of the rise of market research.⁴

This study began in a suspicion that the construction of mass-consumption society must also lead to the construction of new ways to represent Americans. Some such representations are well known; scholars have examined the ways advertisements portray Americans as consumers, and the ways social scientists paid heed to Americans' shopping habits in the interwar years. But these studies chiefly examined the construction of the broad category "consumer."⁵ In contrast, what struck me when I started this project was

⁴Major works tracing out the impact of new consumption habits include Elizabeth Cohen, Making a New Deal: Industrial Workers in Chicago, 1919-1939 (New York: Cambridge University Press, 1994); the essays collected in Richard Wrightman Fox and T. J. Jackson Lears, The Culture of Consumption: Critical Essays in American History 1880-1980 (New York: Pantheon, 1983); Jackson Lears, Fables of Abundance: A Cultural History of Advertising in America (New York: Basic Books, 1994)' and William Leach, Land of Desire: Merchants, Power, and the Rise of a New American Culture (New York: Vintage Books, 1994).

⁵See, for example, Daniel Horowitz, The Morality of Spending: Attitudes towards the Consumer Society in America, 1875-1940 (Baltimore: Johns Hopkins University Press, 1985), Roland Marchand, Advertising the American Dream: Making Way for Modernity, 1920-1940 (Berkeley and Los Angeles: University of California Press, 1985), or for one contemporary work, Robert S. Lynd and Helen Merrell Lynd, Middletown: A Study in Modern American Culture (New York: Harcourt Brace, 1929).

the widespread use of marketing-generated categories to mark off particular segments within American society. In the 1980s terms like "yuppie" and "Gen-X," either created or appropriated by marketers, entered everyday use, demarcating communities by how they consumed. This drew my attention to market research, an entire industry devoted to delineating such "consumption communities," to use Daniel Boorstin's term. Where did market research come from, and how did the representations of society it produced migrate so far into the broader culture?⁶

Such an investigation appeared worthwhile for several reasons. First, the representations created by market researchers have become sufficiently visible in American culture, shaping the ways Americans understood their society, that in themselves they merited scrutiny. Second, market research plays an important role in the decision-making processes of some of the most important actors in American society; marketing executives, planning new products in light of consumer surveys and focus groups; entertainment executives, choosing which movies to support and TV shows to renew on the basis of ratings points; and, perhaps most

⁶Daniel Boorstin, The Americans: The Democratic Experience (New York: Vintage, 1973): 89-164. My interest was particularly sharpened by two excellent journalistic studies of recent market research; Erik Larson, The Naked Consumer: How Our Private Lives Become Public Commodities (New York: Penguin Books, 1992), and Michael J. Weiss, The Clustering of America (New York: Harper & Row, 1988).

important, politicians, whose campaigns and even policies are increasingly guided by pollsters' reports. Their reliance on market research likewise made it an appealing topic.

Two further reasons for studying market research were rooted in recent historical work. One had to do with the ways historians have sought to explain the transformation of marketing and consumption in the decades around the turn of the century. Without a clear understanding of market research, I believed we risked misunderstanding that important historical process. Too many accounts of the development of a "culture of consumption" treated it as a "one-way" process, assuming that corporate executives and advertising managers set out to force or, more circumspectly, to "entice" ordinary Americans into buying new products and adopting new consumption habits. In these accounts, consumers were limited to either resisting or succumbing to the unwanted imposition of a culture of consumption. I suspected that a study of market research would reveal that many architects of mass-consumption society took pains to understand their markets, and aimed to produce goods that would appeal to consumers' already established attributes and desires. In short, market research served as an important conduit between consumer and producer, and its study documents how mass-consumption society was not simply foisted on ordinary Americans but was the product of complex

interrelations between marketer and consumer in which each possessed a degree of power.

My final reason had to do with the way recent history had been written. Too often the subfields of American history that particularly interested me, business history and intellectual/cultural history, appeared out of touch, each written with little concern for what the other was saying. In business history, historians following in the footsteps of Alfred D. Chandler, Jr., appeared largely uninterested in the ways in which the managerial revolution that transformed America's economy also changed its culture and thought. In intellectual and cultural history, particularly as it veered towards "Cultural Studies," elaborate dissections of cultural products such as advertisements and films were accompanied by flimsy and unconvincing accounts of the firms and economic processes that produced them. A few historians, including Susan Strasser, Olivier Zunz, and most notably the late Roland Marchand, had begun to bridge the two subfields, but such work was rare. Since I first conceived this project, several excellent works have appeared that combine painstaking study of individual firms and industries with genuine attention to their cultural products, and calls have

been issued for further studies interrelating business and cultural history; but there is still much to be explored.⁷

Because this dissertation does not follow the development of a single firm or idea, but instead charts the growth of a set of representations of society and the loose-knit field producing them, it does not attempt a comprehensive or strictly chronological account of those processes. Instead, it explores the growth of market research by examining either important episodes in its growth, as when chapter 1 discusses the origins of the academic field of marketing, or the use of market research at exemplary institutions, as when chapter 3 focuses on market research work at the J. Walter Thompson advertising agency. The chapters are tied together by a common cast of characters and by a common concern with the representations of society developed by market researchers.

Chapter 1 examines the businessmen, economists and journalists who in the decades around the turn of the century argued that the rise of mass production had made it vital for

⁷Recent works attempting to wed the two include Cohen, Making a New Deal; Leach, Land of Desire; Shelley Kaplan Nickles, "Object Lessons: Designers, Household Appliances, and American Consumer Society, 1920-1960" (Ph.D. dissertation, University of Virginia, forthcoming); and, calling for culture in business history, Kenneth Lipartito, "Culture and the Practice of Business History" Business and Economic History 24 (1995): 1-41.

manufacturers to identify new markets capable of absorbing their goods, and to develop new distribution systems to reach those new markets. Prominent here were the business publisher Arch Shaw, trade journalist-turned-Harvard instructor Paul Cherington, and Dean Edwin Gay of the Harvard Business School, who together made Harvard a center for marketing thought; and three economists who taught marketing at Midwestern schools before making their marks as corporate market researchers: Ralph Starr Butler, Paul Nystrom, and Louis D. H. Weld. Together their efforts and those of like-minded colleagues gave rise to the academic field of "marketing."

Chapter 2 begins with an account of how, in the 1910s, the Harvard researchers developed a new kind of research institute, the Harvard Bureau of Business Research, which in collaboration with trade associations developed new standards for wholesaler and retail store efficiency and spread them to small businessmen across the country. It then describes how, in the 1920s, many business schools followed Harvard's lead by forming their own Bureaus of Business Research, which in turn made marketing-cost studies in collaboration with local firms and business groups. These efforts brought the results of marketing research to small firms in every region of the nation, lowered distribution cost, and gave rise to an academic-business infrastructure for market research.

Chapters 3 and 4 discuss both how discrete market research studies began collectively to constitute a new view of American society, and how firms altered their policies and products in light of market researchers' new maps of the commercial world. Chapter 3 is a case study of market research at the J. Walter Thompson advertising agency, which in the 1910s and 1920s hired corporate researchers and social scientists to staff its research office. These researchers consciously worked both to create a new map of American society, one that reflected the realities of consumer society by including new groups, from immigrants to farmers, within the "mass market," and to develop new ways to target particular segments and strata of that mass market. Chapter 4 examines the progress of market research at several corporations, from Curtis Publishing to U. S. Rubber to General Motors, to understand the broader adoption and use of market research during the interwar years. These corporations developed their own market research capacities and used the results of more focused marketing and consumption studies to advise clients, target products at specific market segments, and coordinate production decisions with consumer demand.

Chapters 5 and 6 examine the larger impact of market research. Chapter 5 examines how market research became a concern of the State. It begins by documenting how market researchers, especially several veterans of the Harvard

Bureau, came to Washington during World War I and stayed on to help construct the "Associative State" economic planning apparatus conceived of by Herbert Hoover. Its main topic, however, is the way that the economists and businessmen who aimed to build a high-wage, high-consumption "New Economy" in the 1920s concluded that more efficient marketing and sales were a necessary element of their larger economic plans, and how this led Hoover and his associates to sponsor extensive government market research efforts, culminating in 1930 when the Census Bureau added a new marketing-oriented division to the decennial census, the Census of Distribution.

Chapter 6 examines how market research produced the public opinion poll. In the 1930s the market researchers Paul Cherington, Archibald Crossley, George Gallup, and Elmo Roper began using marketing surveys to uncover respondents' social and political views, and then syndicated these results as representative of "public opinion." These polls promoted a series of assumptions drawn from market research, most notably the assumption that the American public should be depicted as a stratified, segmented mass market. The conclusion discusses the further growth of market research in the postwar world, and how its worldview spread further into unexpected sectors of American life.

Chapter One:

The Marketing Revolution and the Birth of Academic Marketing, 1880 - 1915

Between 1880 and 1915, a new academic discipline, "marketing," won a place in American business schools. Marketing scholars specialized in studying the institutions that carried a good from producer to final consumer. They studied wholesaling and retailing, the distribution of farm products and of manufactured goods, the effects of advertising and the structure of markets, all in the attempt to comprehend how America's industrial and agricultural bounty reached buyers across the nation and world. Within a generation of its foundation, these scholars placed marketing at the center of many schools' curricula, and taught many business students that selling a product was as important and demanding a task as manufacturing it.

Marketing's development also tells us much about how the modern American economy was and is managed. The founders of marketing saw it as a response to deep shifts in the nation's system for manufacturing and distributing goods. Beginning in the late nineteenth century, mass-produced goods had overwhelmed the distribution system that had worked for most of the nineteenth century. In response, many businessmen began looking for new ways to mass distribute those mass-produced goods. These developments sparked a battle for

control of distribution between wholesalers, who understandably liked the old system, and manufacturers and retailers, who thought mass production had made the old system obsolete and looked towards a new one, geared to mass-produced goods. Marketing began as a means to study and perhaps fix distribution.

Academic marketing was to have a profound effect not only on American business but on American politics and culture, for it gave rise to what we now call market research. The earliest marketing instructors found themselves with almost no useful information on how goods were distributed and sold. This led them to make their own studies of "market distribution," as it was then called, in order to see how distribution actually worked. In time, their studies attracted the notice of businessmen eager to understand market distribution. Eventually, many marketing scholars found that businesses would pay for their skills; they soon became the first corporate market researchers.

In this chapter, I explain how the development of mass production, and the consequent "marketing revolution," produced the academic field of marketing.¹ I begin by explaining how mass production undermined the old system of distribution, a process contemporaries labeled the "problem

¹In this chapter, I use "marketing" to refer to the academic field; activities that can be construed as marketing a good predate, of course, the period under discussion.

of distribution." Next, I discuss why some of the Gilded Age's most thoughtful merchants and economists saw changes in distribution as a threat to America's prosperity. From there, I examine how marketing was taught at business schools, focusing on marketing instruction at the Harvard Business School and the University of Wisconsin. I conclude by showing how these marketing teachers developed a common identity for themselves, asserted special expertise over distribution, and established marketing as an academic discipline.

The Marketing Revolution and the "Problem of Distribution"

For most Americans, the marketing revolution first meant new goods and new places to buy them. Prior to 1880, shopping was not always easy, but it was fairly simple. Whether living in the country or city, a shopper had a limited number of stores to patronize. Be they groceries, butcher shops, or drug stores, all were likely locally owned. Most towns could boast several competing stores, but shopkeepers' competition was limited by the similarity of their wares, which were generic products just like those of their rivals. The soap they carried was just soap, the crackers unmarked and jumbled together in a bin, none branded or trademarked by their maker -- something difficult for modern shoppers to imagine. Neither the shopper nor, most often, the storekeeper knew who had manufactured the good --

after all, the storekeeper had probably not bought them from their maker, but instead from a "drummer" working for a wholesale house. Shoppers in 1880 still needed to be wary, and watch for dirt in the bins or the grocer's thumb on the scale, but they faced what were, by twentieth century standards, limited consumption choices.

Within 40 years all that had changed. By 1920 a typical consumer had a wide array of choices about where to shop and what to buy. Neighborhood stores were still an option, but now the local druggist or grocer carried not only staple but also branded goods, goods carefully named and packaged, and promoted by national advertising. Generic goods such as unmarked crackers could still be bought in bulk, but if the shopper didn't care for them they could choose instead neatly wrapped cartons of Uneeda biscuits and Ritz crackers. Many shoppers did not even have to buy from a local merchant. If they were farmers, or just lived in the country, a catalog from Montgomery Ward or Sears, Roebuck offered them a wide array of reasonably priced dry goods and hardware. If the shopper were a city-dweller, she or he could take a trolley or drive downtown, where a department store was sure to boast a wide selection. In many areas the shopper could also patronize a chain grocery or drug stores, which resembled local stores but whose connection to a national purchasing and distribution network let them sell goods at lower prices for cash only, please. To be sure, these developments varied

across neighborhood and region, but during these years the vast majority of Americans did change both the way they bought goods and the kinds of goods they bought.²

New shopping habits were only the most visible aspect of the marketing revolution. During the late nineteenth and early twentieth century, it remade the whole structure developed to distribute goods in the United States. Before 1880, large wholesale houses dominated the distribution of manufactured goods, buying staple products from many small manufacturers and distributing them to small retailers serving their neighborhoods and small communities. Wholesalers handled a relatively low volume of goods, and consequently depended on making a high margin of profit off each. For most of the century, this system made economic sense. Dispersed markets and scattered customers gave neither retailers nor producers much incentive to build their own distribution networks, while difficulty in transportation

²Excellent summaries -- from different perspectives -- of changes in retailing appear in Daniel Boorstin, The Americans: The Democratic Experience (New York: Vintage, 1973): 101-129 and 145-157; and Alfred D. Chandler, Jr., The Visible Hand: The Managerial Revolution in American Business (Cambridge, MA: The Belknap Press, 1977): 209-239. For discussion of regional variations in wholesaling and retailing, see Edward L. Ayers, The Promise of the New South: Life After Reconstruction (New York: Oxford University Press, 1993): 81-103, and William Cronon, Nature's Metropolis: Chicago and the Great West (New York: W. W. Norton, 1991): 324-340.

and communication put a premium on wholesalers' special skills in these areas.³

By the 1880s, however, technological and demographic developments had begun undermining this system. Telegraphy and the national railroad network lowered transportation and communications costs, making it easier for manufacturers to ship goods long distances. The growth of large cities produced concentrated markets for consumer goods. Corporations began mass-producing goods for these new markets, exploiting new productive technologies, as well as economies of scale and scope, to unleash a flood of new products. All this, however, created a strain the old distribution system could not withstand.

Mass production, it seemed, entailed mass distribution. Whoever distributed the new goods had to move them fast, in

³Only in the last few years has the marketing revolution attracted historians' attention. The best account of nineteenth-century distribution remains Glenn Porter and Harold Livesay, Merchants and Manufacturers: Studies in the Changing Structure of Nineteenth-Century Marketing (Baltimore, MD: The Johns Hopkins Press, 1977). My account here is heavily dependent on theirs. For an older take on the changing economics of distribution, see Harold Barger, Distribution's Place in the American Economy since 1869 National Bureau of Economic Research Number 58, General Series (Princeton, NJ: Princeton University Press, 1955). Two more recent studies examining parts of the marketing revolution are Susan Strasser, Satisfaction Guaranteed: The Making of the American Mass Market (New York: Pantheon, 1990), which focuses on the spread of branded goods, and Richard Tedlow, New and Improved: The Story of Mass Marketing in America (Cambridge, MA: Harvard Business School Press, 1996 [1990]), which looks at the marketing efforts of several center firms.

order to keep open the channels of distribution, and had to carry far more goods than they ever had before. Wholesalers accustomed to shipping small batches often balked at both of these requirements, threatening manufacturers with warehouses full of unsold goods. Mass-production firms thus began looking for new ways to guarantee their goods a dependable distribution, and many began by developing their own distribution networks.

The quantity of new goods did not only challenge wholesalers -- so did their complexity. By the end of the century, many corporations were making goods too delicate for wholesalers to handle. Eastman Kodak, for example, could not entrust fragile film stock to wholesalers who also handled several hundred other items; the perishable film required more care than wholesalers could provide. A similar dilemma led Swift and Company to develop refrigerated stock cars to ship and store their meat. Thus, several trends combined to put pressure on the old system of distribution.⁴

Even mass-production corporations that chose to continue selling their products through wholesalers took steps to guarantee their products would find the large markets they needed. The most visible tool for creating consumer demand

⁴These examples are from Porter and Livesay, Merchants and Manufacturers: 178-179. See the general discussion of mass production in Chandler, The Visible Hand, esp. 240-249 and 281-283.

was national advertising. Firms began by branding a product, naming it and giving it a distinct identity, to set it apart from competing goods. They then bought advertising to convince consumers that their brand was the most desirable, to be preferred above all others. Advertising appeared to many firms a wise investment, as it promised to create a steady demand for their product.

Advertising was also a threat to wholesalers' once-dominant position. A wholesaler or shopkeeper would find it difficult to persuade a client to accept a staple product, if advertising had convinced the buyer that the branded product was superior. Early students of advertising recognized this; in 1905, the field's first textbook, E. E. Calkins and Ralph Holden's Modern Advertising, described advertising as a valuable means "to make the manufacturer paramount" in distribution. A relatively small expense in the 1870s, by the early 1900s national advertising was a huge business, with firms spending hundreds of thousands of dollars a year to popularize such brands as Sapolio cleanser and Crisco shortening.⁵

⁵E. E. Calkins and Ralph Holden, Modern Advertising (New York: D. Appleton & Co., 1905): 103. For advertising's place in the economy, see Daniel Pope, The Making of Modern Advertising (New York: Basic Books, 1983): 23. For a more general discussion of advertising's role in distribution, see Strasser, Satisfaction Guaranteed: 3-14 and 124-136.

Mass production thus created conflict between manufacturers, eager to find the widest possible distribution for their goods, and wholesalers, happy with their commanding position in the existing system. Soon enough, the third element in distribution -- retailers -- found itself embroiled in the conflict. The new urban markets gave retailers as well as producers the chance to exploit economies of scale and speed, while wholesalers' grip on the old system gave retailers an extra incentive to challenge them. Many retailers began to grow and assume tasks once done by wholesalers, giving rise to "mass retailing." We can discern three waves in the rise of mass retailing, as three different kinds of retailers carved out economic and geographic niches for themselves. Each wave produced a new kind of retailer: department stores, mail-order houses, and chain stores.⁶

Department stores were the first to take advantage of the new urban markets. Beginning in the 1870s, they opened in the downtowns of many major cities. Bringing distribution and sales under a single roof, these stores competed directly with small retailers and wholesalers, using their wide selection to draw shoppers away from smaller downtown and neighborhood stores. Several department stores began as

⁶The following discussion relies on Chandler's discussion of mass distribution in The Visible Hand: 209-239.

side-lines for major wholesalers, including A. T. Stewart in Philadelphia and Marshall Field & Co. in Chicago, but these firms soon came to rely on their department stores for much of their income. While not as convenient as local stores, department stores offered the urban consumer a much wider array of goods, ranging from groceries to clothes to hardware, and in passing provided entertainment for the urban masses.⁷

A few years after the appearance of department stores the marketing revolution reached the farm, this time in print form. Late in the century firms like Montgomery Ward and Sears, Roebuck built a huge business by realizing, as William Cronon has put it, that "it ought to be possible to extend the advantages of metropolitan marketing -- high volume, wide selection of goods, efficient handling, and low prices -- directly to retail customers in rural areas." The mail-order houses spread their catalogs across the nation, offering a wide selection of goods to the increasing number of farmers with disposable income. Bypassing both wholesalers and local stores, mail-order catalogs brought mass retailing to the farm.⁸

⁷For the rise of department stores, see William Leach, Land of Desire: Merchants, Power, and the Rise of a New American Culture (New York: Vintage, 1994), ch. 1-4, and Strasser, Satisfaction Guaranteed, 76-78 and 203-212.

⁸Cronon, Nature's Metropolis: 334. Sears has attracted the attention of several historians; see Strasser, Satisfaction

After 1900, a third front opened in the marketing revolution with the spread of chain stores, which combined a convenient location with the economic power of a national organization. Although the first chains, the A & P grocery and Woolworth's, appeared in the 1870s, they did not begin their explosive growth until after 1900. As Alfred Chandler had noted, the chains prospered in economic and geographic niches untouched by the earlier phases of mass retailing, usually locating in small cities and towns, or at the edges of large cities, and concentrating in such trades as drugs and groceries, previously controlled by local stores. Offering branded goods at lower prices than locally-owned competition, the chains made inroads into both local retailing and wholesalers' remaining business, for -- like department stores and mail-order houses -- they had developed economies of scale partly by combining retail and wholesale functions.⁹

Although its progress varied across geographical, social, and economic terrains, between the 1870s and the 1930s the marketing revolution fundamentally altered

Guaranteed: 213-216, Tedlow, New and Improved: 259-343, and especially Chandler, Strategy and Structure.

⁹For chains' locations, see Chandler, Visible Hand: 233; for their profitability, see Tedlow, New and Improved: 199-203. Historians have only recently begun studying how chain stores actually worked; for one such attempt, see Elizabeth Cohen, Making a New Deal: Industrial Workers in Chicago, 1919 - 1939 (New York: Cambridge University Press, 1990): 106-120.

America's commercial landscape. In the process, it kindled a long struggle for control of distribution among manufacturers, wholesalers, and retailers. Laws regulating advertising and chain stores, and attempts at retail-price maintenance, were only the most well-known weapons in these commercial wars. Mass production had offered all three agencies new avenues for economic growth, but in many cases only by exceeding their traditional roles and seizing functions once performed by others. Manufacturers began distributing, wholesalers acquired manufacturers, and retailers entered distribution. In retrospect, we can see all these developments producing a more integrated distribution system, but at the time this was not so clear. Many contemporary observers saw only chaos.

Since the 1880s, thoughtful merchants and journalists had seen in their own trades evidence of the larger upheavals in distribution. These observers were ancestors of today's marketing scholars, as their concerns pushed them to make the first studies of market distribution. Yet they could not be sure what caused such upheavals, or what they signified. In this regard, writers on distribution resembled the era's enemies of large corporations, who opposed corporate bigness but could not explain it, or Progressive enemies of urban political machines, who attacked cities' political bosses while missing the benefits they brought many city-dwellers.

In all these cases, it was easier to recognize a problem's existence than to limn its causes and consequences.¹⁰

What early observers of distribution did agree on was the increasingly poor fit between manufacturing and distribution -- America had an industrial system capable of mass-producing a flood of low-cost goods and a distribution system incapable of distributing them. A distribution system developed in the 1820s was trying to carry the industrial bounty of the 1880s, resulting in warehouses full of unsold goods, wholesalers charging exorbitant fees, and perhaps permanent economic stagnation. This lag between manufacturing and distribution they dubbed the "problem of distribution."

Debates over the "problem of distribution" persisted in America from the 1870s to the 1930s, but they first took real shape in the mid-1880s, in the wake of the Panic of 1873, the ensuing depression, and a renewed downturn in the mid-1880s. These recurring slumps challenged a host of economic orthodoxies. Observers saw factories capable of producing an unprecedented array of goods shuttered, while in the "land of

¹⁰For the "chaos of distribution," see Strasser, Satisfaction Guaranteed: 78. To say that observers did not fully understand the events they lived through is not always to criticize their insights. For one example of changing interpretations, see the contrasting explanations for corporate growth offered by Matthew Josephson in The Robber Barons: the great American capitalists, 1861-1901 (New York: Harcourt, Brace & World, 1962) and Chandler in The Visible Hand.

plenty" millions of unemployed could find no work at all. The economy, it seemed, had reached a point where it could produce more than the nation could consume, resulting in "overproduction." Overproduction would itself be a major concern in American economic thought from the 1870s to the 1940s, and two broad explanations for it soon developed.

One approach depicted overproduction as itself the underlying cause of the Depression, and explained that the economy had collapsed because supply had simply outraced demand. Were this the case, the solution was simple: either curtail supply through government regulation, or increase demand by redistributing wealth. This explanation, however, posed a dilemma for economists and merchants, for accepting such a diagnosis meant abandoning a century of economic orthodoxy that claimed such general overproduction was impossible. A tenet of classical economics -- Say's Law -- held that demand and supply were so linked that one could not long exceed the other. This explanation of overproduction also implied that the present economic system was unworkable, a stance unacceptable to devotees of laissez-faire. So, more frequently, commentators took a different tack, and argued that overproduction was only a symptom of other problems. Many blamed it, and the 1873 Panic, on the distribution system. What appeared to be proof of overproduction -- full warehouses and closed factories -- was instead proof that wholesalers and retailers had not done their job. Let

distribution be streamlined and improved, these commentators claimed, and a ready demand would be found for all that American industry could produce.¹¹

Blaming distributors for the nation's economic woes proved popular. It allowed economic commentators to admit there was a problem, and to offer solutions for it, without abandoning laissez-faire. Supply and demand were fine; distribution was merely a temporary impediment. Improve the existing channels of distribution, they claimed, and the economy will again flourish. Among those making such diagnoses of the Gilded Age crisis, and advocating such cures, were the merchants Arthur and Henry Farquhar; U. S. Commissioner of Labor Carroll D. Wright; and Charles A. Conant, a banker and prominent Republican advisor. They differed in detail, but all believed a revamped system for marketing goods would end the crisis. No writers, however, gave more cogent analyses of overproduction and the problem of distribution than Edward Atkinson and David A. Wells.¹²

¹¹On overproduction in American economic thought, see Joseph Dorfman, The Economic Mind in American Civilization, v. 3: 1865-1918 (New York: Viking, 1949): 130-136; and Daniel T. Rodgers, The Work Ethic in Industrial America, 1850-1920 (Chicago: University of Chicago Press, 1978): 117-122.

¹²On the Farquhar brothers, see Frank G. Coolsen, "Marketing Thought in the United States in the late Nineteenth Century," (Ph.D. dissertation, Texas Tech University, 1960); Ch. 5 reprinted in Early Development and Conceptualization of the Field of Marketing, ed. Henry Assael (New York: Arno Press, 1978): 160-167. For a summary of Wright and Conant's work, see Martin J. Sklar, The Corporate

Atkinson, Wells, and Recent Economic Changes

Edward Atkinson (1827-1905) and David Ames Wells (1828-1898) were among the first writers to pay close attention to market distribution's role in the American economy. In so doing, they pointed the way for modern marketing. Despite their lack of formal training, Atkinson and Wells were respected economic commentators, and leaders of the Republican Party's small free-trade wing. Both were businessmen; Atkinson made his fortune in industrial insurance, while Wells had several successful careers -- he was an inventor, publisher, businessman, and, briefly, U. S. special commissioner of the revenue. Neither found marketing, in itself, a fascinating topic; their main concern was to win support for free trade. Their work convinced them, however, that to do this they needed to study distribution.¹³

First, we should be clear about what Atkinson and Wells meant when they spoke of "distribution." Like many of their contemporaries, they used this term to refer to what we now

Reconstruction of American Capitalism, 1890 - 1916 (New York: Cambridge University Press, 1988): 56 and 62-68.

¹³On "men of affairs," see Dorothy Ross, The Origins of American social science (New York: Cambridge University Press, 1991): 77-80; on Wells, see "David Ames Wells," Dictionary of American Biography v. X, ed. Dumas Malone (New York: Charles Scribner's Sons, 1936): 637-638; on Atkinson, see Harold F. Williamson, Edward Atkinson: the biography of an American liberal, 1827-1905 (Boston: Old Corner Book Store, 1934).

see as two distinct issues. "Distribution" to them included the distribution of wealth, or income distribution, which describes the ways society's product is divided between capitalists and workers. But to them distribution also meant the distribution of goods, or market distribution, which refers to the ways goods travel from producer to consumer. Atkinson and Wells believed these two kinds of distribution were aspects of the single "problem of distribution." Consumers could only purchase more goods, and so increase market distribution, if they had more money, which entailed a broad income distribution. A solution to the problem of distribution would result in a more equitable income distribution and an increase in market distribution.¹⁴

In his best-selling Recent Economic Changes (1889), Wells offered a new explanation for the problem of distribution. He began by conceding that the crises of the 1870s and 1880s were a consequence of overproduction. But Wells did not believe this really explained the global depression. The real question, he believed, was why businessmen all over the world simultaneously decide to produce too much. "[O]verproduction obviously, in any broad

¹⁴This is pointed out in Coolson, "Marketing Thought"; see also Leach, Land of Desire: 35-38.

inquiry," he concluded, "must be accepted as a result rather than a cause."¹⁵

Wells saw overproduction as the result of more basic changes in industrial organization. Before the Civil War, small firms did most of America's business. Wells thought that these firms' size had guaranteed that periods of overproduction would be brief -- if a market were glutted, a small firm would either fail or find it easy to shift production to another line. Since the war, however, a new kind of firm had appeared, the industrial combination. These large firms were well-funded and invested heavily in sophisticated machinery. Unlike small firms, the large corporations could not quickly curb production when demand flagged. Saddled with high fixed costs, the giant firms would continue producing goods even without showing a profit, since some cash flow was needed to cover the fixed costs. With access to large pools of capital, these firms could produce at a loss for quite a while before collapsing. Wells blamed this new kind of firm for prolonged overproduction, and ensuing depressions, and he invented a new term to describe this: "industrial overproduction." Though even industrial overproduction could not continue indefinitely -- it was "certain, in each specific instance, to sooner or

¹⁵Dorfman, Economic Mind in American Civilization, v. 3: 134-136; David A. Wells, Recent Economic Changes (New York: D. Appleton & Co., 1889): 26.

later disappear" -- it would linger for some time, a painful consequence of America's new industrial order.¹⁶

Yet Wells, and along with him Edward Atkinson, did not despair. Both men believed a permanent solution to industrial overproduction was taking shape in the distribution sector's turbulence. Changes then underway in income and market distribution would not only end overproduction but usher in an age of economic harmony.

The first development they foresaw was a change in income distribution. Looking at the 1870s and 1880s, a period of falling wages, an observer might conclude that the working class was losing ground. Wells and Atkinson disagreed. During the 1870s, they argued, prices had fallen even faster than wages, so that, as Wells put it, "the purchasing power of wages has risen, [giving] the wage-earning class a greater command over the necessities of life." Real wages, they contended, were rising. Not only that, Wells and Atkinson contended that workers' real wages would rise indefinitely, as workers garnered an ever-increasing share of national income. Their rising wages would produce larger markets, putting factories to work and ending the cycle of overproduction and depression.¹⁷

¹⁶Recent Economic Changes; 391. My discussion here and in the next few paragraphs is indebted to Coolsen's "Marketing Thought."

¹⁷Wells is quoted in James Livingston, Pragmatism and the

Yet it was one thing to assert that real wages were rising, and another to prove it. To do this, Wells and Atkinson made pioneering empirical studies of market distribution. They set out to show that, first, the nation's distribution system was improving and, second, that rising real wages would expand consumption, so that more goods would soon flow through the streamlined distributors.

Examining market distribution, Wells and Atkinson found what they expected to find, an increasingly efficient network for mass distribution. Atkinson's work focused on food retailing. Looking at groceries and food wholesalers, he concluded that economic pressures were leading to the large-scale retailing of food, and that such retailing would make its profits from economies of speed, lowering the final price of food. Atkinson even foresaw the day when buyers would abandon local grocers in favor of larger and more centrally located stores. Wells found similar trends in his surveys of wholesaling. Traditional, "full-line" wholesalers were facing stiff competition, losing market share to manufacturers distributing their own products, and to newer, specialized wholesale houses that carried only one or a few lines of goods. All these developments demonstrated that distribution, whether handled by manufacturers or

Political Economy of Cultural Revolution, 1850-1940 (Chapel Hill, NC: University of North Carolina Press, 1994): 51. As Livingston notes, among those who agreed with Atkinson and Wells about rising real wages was Charles Conant.

wholesalers, would be up to carrying the flood of consumer goods that Atkinson and Wells expected workers to demand.

Wells and Atkinson also needed to prove that workers' real wages were in fact rising. Atkinson tried to do this by using Census data to demonstrate not only that national income was rising, but that the increase was going disproportionately to laborers. His work was primitive -- even his biographer admitted that Atkinson "did not possess any thorough or profound knowledge of economic principles" -- but it was one of the first statistical studies of income distribution. For all his crudity, Atkinson was far ahead of his peers in understanding, and attempting to quantify, the relationship between income distribution, market distribution, and consumption.¹⁸

Neither Atkinson nor Wells were marketing specialists. Their real interest lay in the broad contours of American political economy, and in proving that free trade would benefit all Americans. In pursuit of these goals, though, they helped legitimate the study of distribution. Not only did they perform ground-breaking studies of market distribution, but through their work they tried to convince businessmen, economists, and policy-makers that distribution deserved attention as surely as did production and

¹⁸Coolsen, "Marketing Thought": 186; Williamson, Edward Atkinson: 255.

consumption. In taking distribution seriously, developing empirical measures of it, and fitting it into a larger vision of the American economy, Wells and Atkinson laid the foundation for the field of marketing.

Overproduction and the problem of distribution attracted much attention from Gilded Age economists, but their work was only a tributary in the broader stream of analytical, muckraking, and reformist writings about the changes resulting from mass production and corporate combination. At times, the interrelated economic, political, and social problems posed by these developments seemed almost insurmountable. Yet this very array of problems also called forth a host of ingenious solutions. In business, new techniques appeared for managing large workforces, regulating production, coordinating intra-firm information, and training workers. New techniques also appeared for surveying and controlling market distribution. These techniques developed in one of the more interesting, if less heralded, institutions for managing economic change: university-based schools of business. It was within the new business schools that the field of marketing first took shape.

Managing Distribution at the new Business Schools

No private organizations in the nineteenth century were more prominent, or changed the lives of more people, than the new corporations. Of unprecedented size, they were a central

political issue of the day, and -- as we have seen -- inaugurated not only mass production but also mass distribution and mass consumption. Their growth also altered America's social structure. Corporations demanded thousands of new clerical and managerial employees to manage the paperwork on which they depended. These new employees often needed special skills to enter and move up the corporate hierarchy, and so sought instruction in fields ranging from accounting to stenography to business law.

Even as corporate growth created new demands for skilled employees, a small group of educators and philanthropists began seeking ways to tie together business and universities, hoping somehow to make university instruction more relevant while giving businessmen access to the refinements of higher education. Students' and educators' needs together produced a new kind of institution, the collegiate school of business.¹⁹

¹⁹The era's changing workplace has attracted the attention of several historians; for the lives of middle-class men and women in the new organizations, see Olivier Zunz, Making America Corporate, 1870 - 1920 (Chicago: University of Chicago Press, 1989), Cindy S. Aron, Ladies and Gentlemen of the Civil Service: Middle-Class Workers in Victorian America (New York: Oxford University Press, 1987), and Susan Porter Benson, Counter Cultures: Saleswomen, Managers, and Customers in American Department Stores, 1890 - 1940 (Urbana: University of Illinois Press, 1989). The business schools have not yet found their historian, though several good histories of individual schools exist; for a brief introduction, see Joseph F. Kett, The Pursuit of Knowledge Under Difficulties: From Self-Improvement to Adult Education in America, 1750-1990 (Palo Alto, CA: Stanford University

It took a while for the new schools to get going. Many businessmen who had succeeded without a college degree wondered what it was good for, perhaps remembering Andrew Carnegie's dictum that "college education as it exists seems almost fatal to success" in business. Prospective students were likewise skeptical, and often decided they could learn more on the job than in a classroom. Nonetheless, corporations' increasing demand for employees skilled in business fields eventually drew students to the schools. The University of Pennsylvania's Wharton School opened in 1881, followed by the University of Chicago's "College of Practical Affairs," established in 1892. By decade's end business education was rapidly expanding, with the University of California and Ohio University opening business divisions in 1898, and Dartmouth, New York University, the University of Michigan and the University of Vermont opening similar schools in 1900. What came to be the flagship school of American business education, the Harvard Business School, did not open until 1908.²⁰

Press, 1994): 269-277.

²⁰Andrew Carnegie, "How to Win a Fortune," New York Tribune April 18, 1890, quoted in Joseph Wall, Andrew Carnegie (New York: Oxford University Press, 1969): 835. On business schools, see Edmund J. James, "Relation of the College and University to Higher Commercial Education," American Economic Association Publications 2, 2d. series (1901): 144-145; and L. C. Marshall, "The School of Commerce," in Higher Education in America, ed. Raymond A. Kent (Boston: Ginn & Co., 1930): 78-79.

"Practical Affairs," as Chicago dubbed its division, was the essence of these schools. They had to be practical -- most of their students were night or part-time students, working during the day and looking for skills that would propel them up the corporate ladder. Most schools' courses corresponded closely to actual professional and corporate divisions. The Wharton School, for instance, offered classes chiefly in accounting, business law, and "business practice"; the social sciences and humanities were subsidiary. As the school's historian writes, "[m]ost contemporaries viewed management as essentially tied to a specific industry or function; they saw railroad or bank management, sales or production management, but not management as an independent activity by itself." Even Wharton's course on Transportation focused on "the structural patterns and practical techniques of the transportation business," i. e. railroads. What businessmen wanted from these schools were men ready to go to work, already trained in skills the businessmen needed and understood. As yet, they did not even imagine there could be a field of "management" apart from the management of particular industries.²¹

At first, marketing itself was not regarded as a marketable skill. By 1900 several companies had developed

²¹Steven A. Sass, The Pragmatic Imagination: A History of the Wharton School, 1881 - 1981 (Philadelphia: University of Pennsylvania Press, 1982): 66-68, 156-157

large sales divisions, and began encouraging salesmen to pursue a career in sales as one way to move up the corporate ladder. This did not mean, however, that the corporations wanted their divisions staffed by men who had studied distribution and sales in college. Instead, they wanted men who were good salesmen. They certainly wanted their salesmen to understand their product and buyer, but it mattered little whether such men knew about distribution in general. When Coca-Cola or Du Pont, for instance, gathered their salesmen for regional meetings, the men heard inspirational lectures, studied the product they were selling, and learned about their sales territories. They did not hear lectures on "the chaos of distribution" or study comparative marketing.²²

No surprise, then, that market distribution made a late appearance in many business schools' curricula. Between 1902 and 1910, several schools did offer classes covering the arrangements and institutions that moved goods from producers to final consumers. The Universities of California at Berkeley, Illinois, and Michigan all offered instruction in "distribution" starting in 1902; these were soon followed by similar courses at the Wharton School (1903), Ohio State (1905), Harvard (1909), and Wisconsin (1911). Many of these classes appeared sporadically, however, and it was usually

²²Tedlow, New and Improved: 32-41; Zunz, Making America Corporate: 184-187.

several years before a series of classes -- a coherent curriculum in "marketing," as it was eventually called -- developed. Nowhere did the study of marketing earn a prominent place in a school's course catalog.²³

The earliest classes on market distribution appeared independent of one another. Many business school deans, it appears, simply decided that a class covering distribution might be worthwhile, and asked a junior faculty member to work up such a course. Few of these early teachers were even aware that others were offering similar classes elsewhere. Some forty years later several early teachers of "distribution" would all claim to have taught the first class in marketing, genuinely unaware of parallel efforts underway at the same time.²⁴

Considering that businesses did not seek marketing specialists, we can only speculate as to why schools offered these classes at all. Student demand was probably one factor. During this era the problem of distribution gained

²³Robert Bartels, The Development of Marketing Thought (Homewood, IL: Richard Irwin, 1962): 29. The great exception to this, Harvard, will be dealt with in the next section.

²⁴Examples of the claims and counter-claims made to this title are in J. E. Hagerty, "Experiences of an Early Marketing Teacher," Journal of Marketing 1 (1936-37): 20-27; Simon Litman, "The Beginnings of Teaching Marketing in American Universities," Journal of Marketing 15 (1950-1951): 220-223; H. H. Maynard, "Marketing Courses Prior to 1910," Journal of Marketing 5 (1940-1941): 382-384; and H. H. Maynard, "Early Teachers of Marketing," Journal of Marketing 7 (1942-43): 158-159.

prominence, and public debate continued over such developments as department stores, mail-order catalogs, and advertising. Behind the scenes, many merchants worried about the "problem of distribution," and students envisioning a future in wholesaling or retailing must have been attracted to a class on market distribution. They no doubt found it more difficult to justify a specialty in marketing.

The first classes in distribution offered to tell students about changes in distribution, but they did not offer them any special skills for managing market distribution. Instruction covered a multitude of topics, some with only tangential connection to the distribution and sale of goods. Michigan's 1902 class, "Distributive and Regulative Industries of the United States," for instance, included "a description of the various methods of marketing goods, of the classifications, grades, brands employed, and of wholesale and retail trade," and examined as well trade associations, boards of trade, and chambers of commerce. Ohio State's "The Distribution of Products," offered in 1906, was even more exhaustive, promising to survey not only "The evolution of mercantile organizations in the United States," but also "methods of marketing goods," the roles of jobber and wholesaler, and the use of advertising. Even the Harvard Business School's 1909 class on "The Economic Resources of the United States" aimed to analyze "the chief commercial factors which must be considered by the businessman, who

seeks to gain or hold a market for his commodities." The class reviewed both local and foreign trade conditions, as well as "the industrial development of the [United States], its extent and character," and also promised to study "the greater industries, their chief centres of production, and competitive market conditions."²⁵

These classes offered much practical information on the distribution of particular goods, but almost no theoretical framework for considering distribution in general. Most early instructors could teach the marketing of farm products, or textiles, but they did not abstract from these to postulate a general field of "marketing." Classes were often organized around a series of case studies: one week covering the marketing of wool, the next of shoes, and so on. Despite this, some common elements did set these classes apart from similar classes on such topics as "economic geography." Almost all used the term "distribution of goods" in their title or course description, examined the workings of wholesalers and retail stores, and cited the "problem of distribution" as motive for the class. Not the least, many scholars who began their careers as "instructors in commercial distribution" ended them as professors of

²⁵Bartels, Marketing Thought: 30-31; the Harvard course description is quoted in Melvin T. Copeland, And Mark an Era: The Story of the Harvard Business School, 1908 - 1945 (Boston: Little, Brown & Co., 1958): 23.

marketing, and clearly believed that they had been teaching "marketing" throughout their careers.

The only qualifications to teach market distribution, it appears, was some familiarity with business and a smattering of economics. Simon Litman, who first taught marketing at Berkeley, was a Russian émigré with degrees in law and economics from the University of Zurich, and had worked as a researcher at Dun & Bradstreet and as a bookkeeper before arriving at Berkeley. Louis D. H. Weld, who offered Minnesota's first marketing course, held a Ph.D. in economics from Columbia and had since taught at Wharton and worked in insurance and as a special agent for the Census Bureau. Even Paul T. Cherington, who taught the Harvard classes on "Economic Resources," had worked as a trade journalist and investigator while earning an M. A. from Wharton.²⁶

No matter where they taught, instructors faced similar problems. To begin with, all lacked basic information on their field. Despite widespread concern with distribution, little study had been done of the field. Instructors could find few works addressing the distribution of specific goods, much less general surveys of distribution. As Litman recalled, in 1902 he was assigned a class "for which there was no literature in the English language." At Ohio State,

²⁶Litman, "Beginnings of Teaching": 220; Donald Cowan, "Louis D. H. Weld," Journal of Marketing, 25 (1960): 63.

J. E. Hagerty complained that there were no works on marketing when he first taught, and "no literature worthy the name on the subject for years afterwards." As late as 1913, Weld remembered, he could find "practically no literature on the subject."²⁷

Pushed back on their own resources, these instructors combed through a variety of sources in their search for teaching material. Hagerty assigned muckraking exposes, including Edward Chase Russell's The Greatest Trust in the World and Ida Tarbell's study of Standard Oil, while Litman, at Berkeley, drew on the German historical economists for his lectures, devoting his first meetings to "a discussion of how commerce was carried on in the past," moving "from caravans and convoys, from markets and fairs, from fortified settlements established by adventurous merchants in foreign lands," on to more recent developments.²⁸ Other teachers assigned sections of the United States Industrial Commission's Reports (1902), which had surveyed distribution in several industries.²⁹ When all else failed, the

²⁷Litman, "Beginnings of Teaching": 221; Hagerty, "Experiences of an Early Marketing Teacher": 22; L. D. H. Weld, "Early Experiences in Teaching Courses in Marketing," Journal of Marketing 5 (1940 - 1941): 380.

²⁸Hagerty, "Experiences of an early Marketing Teacher": 22; Litman, "Beginnings of Teaching": 221.

²⁹On the Industrial Commission, see Mary Furner, "Knowing capitalism: public investigation and the labor question in the long Progressive Era," in The state and economic

instructors wrote their own texts. Several influential textbooks, including Ralph Starr Butler's Selling and Buying (1911) and Weld's The Marketing of Farm Products (1916), began this way.³⁰

This information drought led many early marketing teachers to make first-hand studies of distribution. At Ohio State, Hagerty prepared for class by talking to "managers of department stores, independents most opposed to department stores, representatives of chain stores, officials of cooperative agencies ... editors of trade journals, managers of mercantile agencies, managers of credit exchange agencies, jobbers, mail order house representatives, commission merchants, brokers, selling agents, etc." Taking an easier route, Litman required his students to perform the interviews, then use them to prepare reports "on such topics as direct sales versus sales through intermediaries, the activity of the broker as distinct from those of a commission merchant, commercial travelers, advertising agencies ..., etc.," reports that Litman presumably drew on for future lectures. Yet there were problems here, too. Some businessmen thought marketing teachers were trying to pry loose trade secrets. Hagerty, for one, was reduced to

knowledge, ed. Mary Furner and Barry Supple (New York: Cambridge University Press, 1990): 268-274.

³⁰Maynard, "Early Teachers of Marketing": 159; Weld, "Early Experiences": 381.

bartering with his subjects. "I succeeded only when I exchanged information with a business man," he recalled. "The more information I gave the more I received."³¹

In its earliest years, then, marketing was best tolerated by its own constituents. Only a few academic economists wanted to examine the specific institutions that distributed goods; most preferred making broader surveys of the American economy. Business teachers likewise neglected market distribution, choosing instead to focus on instruction in such practical fields as accounting and finance. And businessmen themselves placed little value on the academic study of marketing. Marketing classes had not as yet resolved the problem of distribution, and few taught students anything they could not pick up on the job. The junior instructors teaching market distribution thus found themselves trying to convince colleagues, businessmen, (and, one suspects, their own Deans) that their field could be as useful as accounting or business law. Marketing found a home in business schools, but it was not a major presence there.

Paradoxically, the field's lack of support contributed to its long-run success. It led marketing instructors to make their own investigations, connecting their academic studies to the practical workings of many distributors, and perfecting their research skills. In years to come, this

³¹Hagerty, "Experiences of an early Marketing Teacher": 24; Litman, "Beginnings of Teaching": 221.

training would lead several early marketing instructors to enter business, forging new ties between academic marketing and corporate marketing divisions. Marketing instructors' marginal position also led them to seek out instructors teaching similar classes at other schools, initially in order to exchange ideas about teaching and research. In time, these contacts gave rise to a common identity as "marketers." Although marketing was not becoming a profession in the 1910s, marketing instructors were laying the basis for a disciplinary identity as they came up against common problems and developed similar ways to attack them.³²

After 1910, marketing earned a secure place in business schools, and by the 1930s most offered as many course-hours in marketing as in established fields like finance or labor relations. There are several reasons for marketing's success, including the rapid growth of collegiate business education and that of consumer-goods industries in the 1920s. A major cause, however, was the group of academic entrepreneurs who organized and proselytized for marketing in its early years. These men convinced both administrators and businessmen that the study of markets was essential for the survival of American capitalism. The pioneers of marketing

³²On disciplines, see Charles Rosenberg, "Toward an Ecology of Knowledge: On Discipline, Context, and History," in The Organization of Knowledge in Modern America, ed. Alexandra Oleson and John Voss (Baltimore, MD: The Johns Hopkins University Press, 1979): 440-455.

worked at several universities, but found their warmest welcome, and did their most significant work, at two schools: the Harvard Business School and the University of Wisconsin. We turn first to Harvard.³³

Marketing at Harvard

From the beginning, the Harvard Business School was going to be different from its competitors. At its establishment in 1908, it was named "the Harvard Graduate School of Business Administration," a title meant to set it apart from the proliferating undergraduate colleges of commerce. Other business schools promised to teach students skills that would help them land jobs, but the Harvard Business School's founders hoped that it would do more. They designed the school's two-year graduate curriculum to produce not merely corporate functionaries but corporate leaders, men who would make business their profession. The school was also to be a center for research that would improve the conduct of American business. Although not all these goals were initially met -- the school was plagued by low enrollments and scarce funds until the 1920s -- they attest to the hopes held by the school's creators. And, in its early years, the school did make at least one lasting

³³On the course hours, see Marshall, "The School of Commerce": 88.

contribution: it housed the entrepreneurial academics who laid the foundations for marketing.³⁴

The School's first Dean, Edwin F. Gay, set its tone. Gay, an economic historian by training, was not Harvard president A. L. Lowell's first choice for the post -- Lowell wanted to hire Canadian economist Mackenzie King -- but he proved a dynamic leader. Believing his students should be prepared to manage a variety of enterprises, Gay designed the curriculum to expose them to a range of business practices. He wanted Harvard to produce men ready to manage any large corporation. In their first year all students were required to take "Economic Resources of the United States," and, after 1911, to study with Gay himself in a second-year capstone class on "Business Policy," designed to teach students to survey business "from the top management point of view." During the 1910s, Gay invited Frederick Taylor and his disciples teach "Industrial Management" at Harvard in the hopes they possessed these general principles of management.³⁵

³⁴Chandler, The Visible Hand: 467-468. There are two good histories of the Harvard Business School, both written at the school's behest: Copeland, And Mark an Era and Jeffrey L. Cruikshank, A Delicate Experiment: The Harvard Business School, 1908-1945 (Boston: Harvard Business School Press, 1987).

³⁵Copeland, And Mark an Era: 43. On Taylorism at Harvard, see Daniel Nelson, "Scientific Management and the Transformation of University Business Education," in A Mental Revolution: Scientific Management since Taylor, ed. Daniel Nelson (Columbus, OH: Ohio State University Press, 1992): 87-89, and Cruikshank, A Delicate Experiment: 54-58.

Gay's most radical step was his insistence that Harvard students study not only manufacturing and management, but marketing. Gay's own work in economic history had focused on changes in agricultural markets in fifteenth-century England, and as a Harvard economics professor he supervised a series of dissertations in what he described as a neglected field, the development of "methods of distribution and the widening of market area." His training and research convinced Gay that modern business had two great divisions: the production of goods, or "manufacturing," and their distribution, or "marketing." Until now, manufacturing had received the bulk of attention from business teachers; but he would change that. Gay signaled his commitment to the study of distribution when he made "Economic Resources of the United States" -- soon renamed "Marketing" -- a required class.³⁶

Originally, Gay planned only to require commercial geography, a class required at other schools, but a quick perusal of the available textbooks convinced him that such a class would be insufficiently theoretical. So he devised "Economic Resources," which promised to study "the chief

³⁶Herbert Heaton, A Scholar in Action: Edwin F. Gay (Cambridge, MA: Harvard University Press, 1952): 45. Among the Harvard dissertations Gay supervised were Arthur H. Cole's "History of the Wool Manufacture of the United States," Melvin T. Copeland's "The Organization of the Cotton Manufacturing Industry in the United States," and N. S. B. Gras's "The Evolution of the British Corn Market, 1100-1700." Steven Sass, Entrepreneurial Historians and History (New York: Garland Press, 1985): 42-45.

commercial factors which must be considered by the businessman who seeks to gain or hold a market for his commodities." No longer, the description suggests, could a businessman expect to find a ready market for his goods; rapid advances in productivity and changes in distribution had made markets contested territories, to be gained and held against competitors. Having invented the class, Gay then hand-picked a man to teach it -- Paul T. Cherington, at that time a researcher and editor at Philadelphia's Commercial Museum, and later an important figure in the development of market research.³⁷

"Economic Resources" was only one expression of Gay's commitment to marketing. Gay also made Harvard a base for several early marketing scholars. Especially noteworthy were Melvin Copeland, Selden O. Martin, Cherington, and Arch W. Shaw. Copeland and Martin both began as students of economic history, working under Gay, but soon found themselves drawn to studying changes in distribution. Copeland (1884 - 1972) arrived at Harvard after graduating from Bowdoin College and, except for one year at NYU, never left, teaching marketing at the business school from 1910 to 1952 and then becoming the school's historian. His dissertation examined the American cotton manufacturing industry, and his Marketing Problems (1920) was the first case book of marketing studies. Selden

³⁷Copeland, And Mark an Era: 22-23.

Martin (1881 - 1942) also studied at Bowdoin and Harvard and later served as the first director of Harvard's Bureau of Business Research. His early article on market analysis, "The Scientific Study of Marketing," (1915) helped publicize the Bureau's studies and methods, and Martin later had a distinguished career in corporate market research. Cherington, an influential marketing researcher and publicist, is discussed further below. But the most important of the Harvard group, and the writer who provided the most cogent analysis of marketing's concepts and methods, was Arch W. Shaw.³⁸

Arch Wilkerson Shaw (1876-1943) arrived in Cambridge in the Fall of 1910. Though only 34, he was already a successful entrepreneur and business writer. He owned the Shaw-Walker Company, a well-known manufacturer of office machinery, and published System and Factory, magazines that attracted a wide readership as they proselytized for efficiency and "system" -- as did the books issued by his publishing house, A. W. Shaw & Co.. If that were not enough, Shaw was a partner in the Kellogg Cereal Co., and the man who had suggested to W. K. Kellogg that he could differentiate

³⁸Melvin Copeland, Marketing Problems (Chicago: A. W. Shaw & Co, 1920); Selden O. Martin, "The Scientific Study of Marketing," Annals of the American Academy of Social and Political Science [hereafter Annals] (May 1915): 1-9.

his product from competitors' Corn Flakes by calling it
"Toasted Corn Flakes."³⁹

Shaw had originally planned to spend a year at Harvard, taking a few classes and learning more about the new business school. Instead, he formed a decades-long attachment to the new School. After his first year there, he became a lecturer in business policy, and funded its Bureau of Business Research (chapter 2). Of particular importance, while at Harvard Shaw wrote "Some Problems in Market Distribution," the first systematic account of marketing's function and role, an essay that emphasized the need for careful research into marketing.⁴⁰

His early career had convinced Shaw that systematic study was the way to solve business problems. Shaw-Walker manufactured vertical files, card catalogs, and other equipment designed to manage information in the new corporations. In the course of making and selling such

³⁹Horace W. Powell, The Original has this signature--W. K. Kellogg (Englewood Heights, N. J.: Prentice-Hall, 1956): 143.

⁴⁰On Shaw, see Melvin T. Copeland, "Arch W. Shaw," Journal of Marketing 20 (1957-1958): 313-314; Cruikshank, A Delicate Experiment: 55-59; and especially Robert Cuff, "Arch W. Shaw, the Harvard Business School, and An Approach to Business Problems," in ASAC '95 Proceedings, v. 16, n. 15, ed. Barbara Austin (Windsor, Ontario: Administrative Sciences Association of Canada, 1995): n.p., and "Strengthening Proprietary Capitalism in a Corporate Age: The Case of Arch W. Shaw," ASAC '97 Proceedings, v. 18, n. 24, ed. Rajendra Gupta and Michael Skipton (Windsor, Ontario: Administrative Sciences Association of Canada, 1997): 35-43.

equipment, Shaw realized, as he later put it, "the uniformity of procedure in spite of the variety of products produced and the outward differences of the separate organizations." By overlooking superficial differences, he discovered that the apparently dissimilar firms buying Shaw-Walker products faced remarkably similar problems in organization and control -- a lesson Shaw never forgot.⁴¹

His work at Kellogg's Cereal showed Shaw another side of marketing. Beginning in 1902, he helped W. K. Kellogg make Toasted Corn Flakes a national brand, planning many of the firm's early advertising efforts himself. At Kellogg's, he designed some of the first campaigns that utilized coupons to draw new customers, and also grappled with the problem of persuading grocers to stock Kellogg's branded cereals. Kellogg's introduced Shaw to questions facing all businessmen attempting to gain or hold a national market: Was the product reaching consumers? What attracted buyers? and, not least, Who was buying the product?⁴²

In his spare time (such as it was), Shaw kept up with new business developments through System and Shaw-Walker.

⁴¹On Shaw-Walker, see JoAnne Yates, Control through Communication: The rise of System in American management (Baltimore, MD: The Johns Hopkins University Press, 1989): 61 and passim. A letter from Shaw is quoted in Bartels, History of Management Thought: 234.

⁴²Powell, W. K. Kellogg: 106, 132-133; Strasser, Satisfaction Guaranteed: 155.

"System" was a catch-phrase of the Progressive Era, and Shaw's mantra; in his writings, it appeared to be almost any method of keeping track of employees, machinery, money, and time, or perhaps the sum of all these methods. System, the magazine, attracted readers who wanted to keep abreast of advances in business methods. A typical issue mixed short paeans to "system" and inspirational biographies of men made "Successful Through System" with longer pieces describing how firms beset with inefficiencies had solved them through new management practices and tools. System and its companion magazine, Factory, served as clearing-houses for manufacturing and management innovation, familiarizing Shaw with the latest developments in those fields.

All this naturally led Shaw to the new business schools. Early on, he supported business education at both Northwestern and the University of Chicago. In 1910, likely feeling the limits of his previous education, Shaw took a year off and enrolled as a special student at Harvard. It was a good choice, for Harvard was the one business school prepared to accommodate both his broad take of business problems and his interest in market distribution. At Harvard Shaw also found his intellectual counterpart in Edwin Gay. Soon after Shaw's arrival, the two men struck up what was to be a life-long friendship -- a friendship rooted in a shared

conviction that marketing was the unexplored territory of American business.⁴³

Gay welcomed Shaw's arrival, in part because he recognized that Shaw was ideally prepared to analyze marketing. Shaw combined a broad knowledge of market distribution with an analytical bent honed by his work at Shaw-Walker. Up to then, as we have seen, economists had largely neglected the distribution and sale of goods. Gay encouraged Shaw to take classes from the economist Frank W. Taussig, editor of the prominent Quarterly Journal of Economics. Taussig's advanced theory class, "Ec. 10," proved a good environment for Shaw's work.⁴⁴

Shaw had chosen a timely topic. During the 1890s, arguments over credit and finances had overshadowed concerns about the problem of distribution, especially in the wake of Populist demands for new monetary policies. After 1900, however, prices began rising for the first time in a generation, and many began seeking explanations for the high prices and consequent "high cost of living." Several culprits were fingered, ranging from trusts to Alaskan gold, but some economists, and many commentators, fixed the blame

⁴³Michael W. Sedlak and Harold Williamson, The Evolution of Management Education: A History of the Northwestern University J. L. Kellogg School of Management (Chicago: University of Illinois Press, 1982): 14, 23-24; Copeland, "Arch W. Shaw": 313.

⁴⁴Copeland, "Arch W. Shaw": 313-315.

on "middlemen," the wholesalers and retailers who carried goods from producer to consumer. The way to lower prices, they reasoned, was to fix distribution.⁴⁵

Everyone, it seemed, had their own theory of how middlemen had raised prices. Some believed middlemen were simply crooks, destined to cheat producers and consumers at every turn; proponents of this view pushed solutions such as urban farmers' markets and the Parcel Post, both designed to bring producers and consumers into direct contact and so eliminate middlemen. Others concluded that the real problem in distribution was the inefficiency of distribution agencies, ignorant as they were of "scientific" approaches that could improve their services; this view came from proponents of Taylorite "scientific management," most notably Louis Brandeis, who castigated railroads for poor management practices in the famous Eastern Rate Case of 1910. Still other economists found other ways to blame middlemen; a few thought the number of middlemen was rising, and argued the way to lower distribution's cost was to eliminate some middlemen, but not all. Each of these positions gained adherents, but none were backed by convincing evidence; with so little known about distribution, most conclusions rested

⁴⁵Rodgers, Work Ethic in Industrial America: 119-120; Haber, Efficiency and Uplift: 51-55. See also Daniel Pope, "American Economists and the High Cost of Living: The Late Progressive Era," Journal of the History of the Behavioral Sciences 17 (1981): 75-87.

on anecdote and inference. It was an auspicious moment for Shaw's study to appear.⁴⁶

Shaw's long article "Some Problems in Market Distribution" appeared in the August 1912 Quarterly Journal of Economics. More than just an analysis of "some problems" in distribution, the essay took a broad view of market distribution, examining, as Shaw put it, "the general problem of distribution, the present-day differentiation of products, the price policies open to the producer the methods of sale, and the three chief selling agencies," a task made necessary by the fact "neither economists nor businessmen had previously made such an analysis." The essay advanced beyond earlier works on marketing in three major ways: it provided a theoretical framework for considering marketing in general, apart from the marketing of specific goods; it provided an historical explanation for distribution's current woes; and - - most significant -- it contended that careful research into distribution and sales was essential for a firm to survive in the modern marketplace.⁴⁷

⁴⁶On the Eastern Rate Case, see Thomas K. McCraw, Prophets of Regulation (Cambridge, MA: Harvard University Press, 1984): 91-94. For contemporary accounts of these debates, see Royal Meeker, "Market Distribution," American Economic Review 5: Supplement (1915): 112-124, and the articles collected in two special issues of the Annals of the American Academy of Political and Social Science: The Cost of Living, Annals 48 (1913), and Reducing the Cost of Food Distribution, Annals 50 (1913).

⁴⁷Shaw, Some Problems in Market Distribution: 47, 96. This

Shaw's approach to marketing was much like the approach he had first learned at Shaw-Walker; he tried to look beyond the variety of distribution agencies working in different industries to find the "uniformity of procedure" common to all. Studying the range of practices and arrangements that constituted distribution in different industries, Shaw discerned five "functions," tasks that had to be performed to move any product from producer to consumer. They were: "1. Sharing the risk. 2. Transporting the goods. 3. Financing the operation. 4. Selling (communication of ideas about the goods). 5. Assembling, assorting, and re-shipping." Each trade had its own arrangements about who would perform each task -- in one trade, a wholesaler might assume all five functions, while in other industries each task was assigned to a different firm. The important point was that the functions themselves were common to all types of distribution. The functional approach allowed Shaw to conceptualize distribution as a whole by seeing it as the realm in which these functions were performed.⁴⁸

book reprints Shaw's essay and adds an introductory chapter on "The Nature and Relation of Business Activities," which attempts to connect marketing with manufacturing and administration.

⁴⁸Shaw, Some Problems: 76. The functional approach had a deep impact on marketing thought; see Shelby D. Hunt and Jerry Goolsby, "The Rise and Fall of the Functional Approach to Marketing: A Paradigm Displacement Perspective," in Historical Perspectives in Marketing, ed. Terence Nevett and Ronald A. Fullerton (Lexington, MA: Lexington Books, 1985): 35-51.

Having delineated the realm of market distribution, Shaw then turned to the "problem of distribution" itself. For the most part, his account of the problem was not particularly novel. Like earlier writers, Shaw believed that the problem first arose in the late nineteenth century, when manufacturers' output "outstripped the existing channels of distribution." The "orthodox system of distribution," which had worked so well in the nineteenth century, could not handle the new flood of mass-produced goods. Consumers were also unable, or unwilling, to absorb all the new goods; as Shaw saw it, production had exceeded effective demand. The "problem of distribution" was thus two-fold; distributors could not carry, and consumers did not want, all the goods being produced.⁴⁹

In his essay, Shaw proposed a variety of solutions for these dilemmas. Distribution, he believed, was still chaotic, but undergoing a slow transformation under pressure from corporations needing to sell their products. He foresaw a new system of distribution taking shape, with fewer and more efficient wholesalers carrying goods from producer to retailer, while manufacturer took responsibility for the "selling function" once performed by the distributor. To sell their goods, Shaw urged manufacturers to adopt the

⁴⁹The general discussion of distribution's evolution can be found in Shaw, Some Problems: 69-74; the quote is from 43.

techniques then altering the American marketplace, including branding and trademarking of goods and promoting them with national advertising. He was particularly attracted to national advertising because, like other advertising writers of the period, he believed it had the power to create new desires in consumers, or at least rouse sleeping ones, and he told manufacturers that, to expand demand, they must become "pioneers on the frontiers of human wants." Yet Shaw was not simply repeating others' ideas. He believed that both advertising and branding were only means to bring about a more basic shift in the way goods were sold; the real way for a manufacturer to expand his market, Shaw wrote, was to differentiate his product, and so segment the larger market.⁵⁰

Product differentiation, and consequent attention to market divides, was the key to economic success. Judicious use of advertising, Shaw argued, could give a product a distinct identity, and "establish it, practically as a new commodity, on a different price level." Customers would pay more for a differentiated product, thus allowing the manufacturer to increase profits on each unit sold, making more money while selling the same amount of goods. In a world where genuinely new markets were hard to find, product differentiation was a way to expand available markets. It

⁵⁰Shaw, Some Problems: 46.

was also impossible without a good knowledge of many markets.⁵¹

Differentiating a product, then, put new demands on its manufacturer. Selling undifferentiated products, a manufacturer could treat everyone as a potential customer, and direct advertisements to the widest possible readership. Almost by definition, however, a differentiated product was only intended for a small part of the larger market; once a producer chose to differentiate its product, therefore, it had to decide which market segments -- or "strata," as Shaw called it -- the product was intended for. This required producers to re-conceptualize their markets, and realize that "[t]he market, for the purposes of the distributor, is not a level plain. It is composed of different economic and social strata." A manufacturer had to decide which strata he hoped would buy his product, and aim his advertising and marketing efforts at that strata. There were, however, a huge number of potential market strata, as the mass market could be divided along not only economic and regional but also social and psychological lines. In order to sell his product, a manufacturer had first to select several likely strata for his product, then craft an advertising message or messages that would draw their attention, then discover what media

⁵¹Shaw, Some Problems: 58-63. Shaw's account of product differentiation undermines Richard Tedlow's account of this process; see Tedlow, New and Improved: xxv - xxvii.

would best take the message to the target stratas, and finally devise a distribution network that would carry the product to its likely buyers. All these steps posed new problems. But, having set the problem, Shaw then offered a solution. The answer to marketers' problems lay in research.

"A careful analysis of his market and strata, ... " Shaw wrote, "is the first task of the modern distributor." No longer would it be enough to use "rules of thumb" to devise marketing strategies, for these rules were developed to sell to mass markets. Not only would such rules prove of little use to producers trying to fit their differentiated products to specific market segments, they might prove positively harmful. An approach that worked with one segment could "prove ineffective when dealing with another." Only careful tests of advertisements would show whether they appealed to the desired customers, while studies of circulation and readerships would reveal which publication reached the targeted segments. Without such research, businesses were doomed to fritter money away on advertisements customers in the target strata never read and weren't swayed by, anyway.⁵²

Shaw believed all businessmen involved in marketing should establish their own "laboratory setting" for evaluating marketing methods. To depict such a laboratory at work, he drew on his own experiences, likely at System. In

⁵²Shaw, Some Problems: 46, 102.

one case, he had used a mailing list secured from a bankers' journal to test several versions of a letter soliciting subscriptions. "[V]arious forms of copy were tested by mailing," he reported, with each letter sent to a sample drawn from the list, and then judged by the number of responses it drew. The most effective letters were then used in general subscription mailings. Using similar laboratories, Shaw wrote, businessmen could perform tests to determine everything from the best periodicals in which to advertise to the most persuasive "sales talk" for their drummers.⁵³

Yet Shaw's vision extended beyond this. He thought the future of research lay not in the efforts of individual businesses operating their own "distribution laboratories" but in collaboration between businessmen and university-based researchers. He closed his essay by urging businesses to "cooperate with the scientists of the universities" to learn more about distribution. At the time, university-based industrial research had already helped many firms, and Shaw wanted similar benefits to accrue to marketers. For too long, he claimed, marketers had followed untested rules of thumb to guide their work, and he looked forward to the day when economists and psychologists, working on problems set by businessmen, would produce an "organized body of knowledge

⁵³Shaw, Some Problems: 115-116.

about distribution" replacing guesswork with hard facts. While vague on the details, Shaw believed that it was only through such cooperation that "future improvements in the system of distribution [would] be achieved."⁵⁴

"Some Problems in Market Distribution" helped shape both academic marketing and marketing research. Shaw's functional approach allowed many to conceptualize marketing as a distinct field of business; by 1924, marketing scholars had produced no less than a dozen variants of Shaw's list of marketing functions, and six of the seven marketing textbooks published between 1912 and 1930 relied on the functional approach to analyze marketing. The essay also exposed readers to the possibilities of marketing research, breaking new ground by arguing that research was vital for success in marketing.⁵⁵

Nor was Shaw's influence limited to fellow marketing scholars and students. His essay was long, dry, and abstract, but Shaw had other means to transmit his ideas. Teaching "Business Policy" at Harvard between 1911 and 1917, Shaw impressed his ideas on hundreds of students destined to

⁵⁴Shaw, Some Problems: 119; on university-based industrial research, see Olivier Zunz, "Producers, Brokers, and Users of Knowledge: The Institutional Matrix," in Modernist Impulses in the Human Sciences, 1870 - 1930, ed. Dorothy Ross (Baltimore: The Johns Hopkins University Press, 1994): 290-307.

⁵⁵Goolsby and Hunt, "Rise and Fall of the Functional Approach": 45-46.

play major roles in corporate America. Through System and Factory, he presented his ideas to tens of thousands of readers every month, telling about real firms succeeding through careful research. And Shaw was not alone in spreading his ideas; he had the assistance of a number of gifted trade journalists and publicists, the most notable of whom was Paul T. Cherington.⁵⁶

Where Shaw was the great visionary of early marketing, its most indefatigable publicist was Paul Terry Cherington (1876 - 1943). Cherington's career, stretching from the turn of the century to the 1940s, epitomizes the way marketing specialists carried their skills from organization to organization, spreading marketing concepts and techniques while building an infrastructure for sustained market investigation. Successively, he worked for the Philadelphia Commercial Museum, surveying foreign markets for American companies; spent a decade teaching marketing at Harvard; directed the research division at the J. Walter Thompson advertising agency; worked with Elmo Roper to invent the Fortune Survey, the nation's first opinion poll; and closed

⁵⁶System routinely ran stories on business' use of research; in 1913, for instance, its articles included W. C. Holman, "Finding Your Market," System XXIII (1913): 115-122; Holman, "Guess-Work in Advertising," System XXIV (1913): 170-177; Wheeler Sammons, "Keeping Ahead of Rising Costs," System XXIV (1913): 563-572; and W. A. Shryer, "Why Men Answer Advertisements," System XXIV (1913): 472-476.

his life as partner at the management consulting firm McKinsey & Co. In the development of marketing, he played a vital role as researcher, anthologist, administrator, and teacher.

In one role, Cherington was the most active of several trade journalists who spread the gospel of systematic research in distribution during the 1910s and 1920s. Writers at System magazine, including W. C. Holman and Wheeler Sammons, frequently focused on companies' use of marketing research and business statistics, as did J. George Frederick, an independent marketing consultant and former editor of the advertising trade journal Printers' Ink. Frederick Feiker, an editor at System, wrote on marketing for that magazine, and later published business books as an editor at McGraw-Hill, before becoming an aide to Herbert Hoover at the Department of Commerce (chapter 5). They kept readers up-to-date with the latest techniques for testing advertising, measuring market potentials and setting sales quotas. Cherington stands out from this group not because of the quantity of his work, but because during his long career he had an impact on so many institutions.⁵⁷

⁵⁷For examples of Clark, Holman, and Sammons's work, see various issues of System. Little information survives on Frederick, a prolific writer between the 1910s and 1930s; see Paul Converse, The Beginning of Marketing Thought (Austin, TX: University of Texas Bureau of Business Research, 1959) 34-35.

By the time he arrived at Harvard in 1908, Cherington had already had several careers. Born in Ottumwa, Kansas, he was educated at Ohio Wesleyan University and the University of Pennsylvania, where he received a B. A. in 1902. Cherington started out as a journalist, working for the Philadelphia Press and then The Manufacturer, a publication of the Philadelphia Manufacturing Club.⁵⁸

He was lucky to work in Philadelphia. At the turn of the century, it was a center for business innovation. Unlike some cities, dominated by a single industry or a few large corporations, Philadelphia's growth came from its mid-sized firms and diversified manufacturing base, which provided a wide field for experimentation in business methods. It was here that Frederick W. Taylor began his career in scientific management, and gathered around himself a group of engineers and businessmen devoted to his ideas. Philadelphia firms pioneered cooperative efforts in the collection and dissemination of business information; to this end, the city's business leaders supported two unusual institutions -- the University of Pennsylvania's Wharton School and the Philadelphia Commercial Museum.⁵⁹

⁵⁸Archibald M. Crossley, "Paul T. Cherington," Journal of Marketing 21 (1956): 135-136; Personnel file, "Paul T. Cherington," J. Walter Thompson Archives, Hartman Center for the History of Advertising, Sales, and Marketing, Duke University (hereafter JWTA).

⁵⁹On Philadelphia's diversified base, see Walter Licht and

Cherington spent time at both places. He earned his M. A. from the Wharton School in 1908, where he worked with Walter E. Kreusi, a specialist in transportation with an interest in marketing. The greater part of Cherington's education, however, came from his work at the Philadelphia Commercial Museum, where he served as an editor and researcher from 1902 to 1908. The Commercial Museum began as a site for exhibits left over from the 1893 Chicago Exposition, but within a few years of its founding it had turned its efforts to helping the region's firms find new opportunities overseas.⁶⁰

Cherington's work at the Commercial Museum exposed him to the debates about overproduction and distribution then underway, and involved him in manufacturers' search for new markets. While there, he edited Commercial World, a magazine the Museum circulated overseas to alert foreigners to "new and novel articles in the United States" that they might want to import. Cherington also prepared reports on foreign trade

Philip Scranton, Work Sights (Philadelphia: University of Pennsylvania Press, 1993) and Scranton, Figured Tapestry: Production, Markets, and Power in Philadelphia Textiles, 1885 - 1941 (New York: Cambridge University Press, 1989). On Taylor's life, see Daniel Nelson, Frederick Taylor and the Rise of Scientific Management (Madison, WI: University of Wisconsin Press, 1969).

⁶⁰Sass: Pragmatic Imagination: 156n. N.a., The Commercial Museum: Philadelphia (Philadelphia: The Commercial Museum, 1909): n.p. See also the chapter on the Commercial Museum in Steven Conn, "To organize and display: museums and American culture, 1876 - 1926" (Ph.D. dissertation, University of Pennsylvania, 1994).

for the Commercial Museum, at one point spending six months in Europe to research his essay The American Manufacturer and the Consul (1907).⁶¹

In 1908, Cherington left the Museum to serve as "instructor in commercial organizations" at the new Harvard Business School, teaching the school's survey of distribution. His unusual background, combining academic and research experience, made him a logical choice for the post. Harvard's decision to hire Cherington was not as unusual then as it would be now. Many of the first instructors at Wharton had themselves been trade journalists. As Steven Sass explains, before 1890 "the editor of a major trade magazine was the closest approximation to a modern professor of business . . .," serving as "information brokers, statistics collectors, history writers, guardians of morality, and general spokesmen to the outside public" on the trade's behalf. Cherington was merely the latest trade journalist-turned-business professors. During his years at Harvard, he not only taught but served as an administrator, investigator, and free-lance publicist. Marketing, however, always remained his main interest, and by 1917 Cherington was the school's first "professor of marketing."⁶²

⁶¹Commercial Museum: n.p.; Paul T. Cherington, The American Manufacturer and the Consul (Philadelphia: The Philadelphia Commercial Museum, March 1907):3.

⁶²Sass, Wharton School: 45; Harvard University, The

Cherington reached his broadest audience not as a teacher or researcher, but as an anthologist. In 1913, he gathered articles on distribution and sales from, among other journals, Advertising and Selling, Printers' Ink, and System, and published them in the collection Advertising as a Business Force, following it up three years later with new articles gathered in The Advertising Book of 1916. Both books were sponsored by the Associated Advertising Clubs of America. Despite their apparent focus on advertising, both works devoted a great deal of space to discussions of marketing and, especially, the place of research in marketing.⁶³

Cherington's long introductions to the articles, and extensive commentaries after them, let him put his own stamp on the material. He followed earlier writers in arguing that the main problem now facing manufacturers was the "unsettled state" of distribution. To resolve this, manufacturers needed to gain better control over distribution and knowledge of their markets. A firm's best tool for controlling output,

Graduate School of Business Administration, 1917 - 1918
(Cambridge, MA: Harvard University, 1917).

⁶³Paul T. Cherington, Advertising as a Business Force (New York: Doubleday, Page & Co., for the Associated Advertising Clubs of America, 1913) and The Advertising Book of 1916 (New York: Doubleday, Page & Co., for the Associated Advertising Clubs of America, 1916). On the AACCA, see Quentin J. Schulze, "'An Honorable Place': The Quest for Professional Advertising Education, 1900 - 1917" Business History Review LVI (1982): 16-32.

distribution, and sales, Cherington argued, was systematic research, which he called "trade investigation." Following Shaw, Cherington contended that careful study could reveal which advertisements were most effective, which mediums reached the desired readers, and what markets were most profitable. Without such investigations, a manufacturer was operating blind. While Shaw had also made the case for research, Cherington bolstered his by providing a wealth of anecdotes about successful trade investigations, drawn from the many articles he anthologized.

The books are full of cautionary tales about businessmen who neglected to study market conditions, and success stories featuring merchants who used trade investigations to craft successful marketing strategies. Advertising as a Business Force opened with the tale of a "seller of baked beans," whose advertising aimed to convince consumers that his baked beans were the best on the market. One day, however, a study he commissioned revealed that "60 per cent. of the families in 'his market'" never bought canned beans at all. He was wasting his advertising money trying to convince buyers to switch brands. This seller thereupon changed his advertising, and now aimed to convince non-buyers to give canned beans a try. A parable of market research's efficiency, this story was also a practical example of

thinking in terms of market strata or segments, testing appeals and directing efforts accordingly.⁶⁴

In the future, Cherington wrote, many companies would find trade investigations an absolute necessity and so develop a "data department" run by a men "with a real mastery of the practical science of compiling and interpreting commercial statistics." He pointed to the research underway at Curtis Publishing as one example of a firm benefiting from such a "data department" (chapter 4). Whether by analyzing their own per capita sales, the state of national markets, or returns on advertising expenditures, manufacturers would benefit from such research, and suffer without it.

Cherington's books were immensely influential. Advertising as a Business Force sold over 8,000 copies in its first year, and both books were regularly reprinted and assigned in many classes. His accomplishment was to gather together isolated articles and use their cumulative influence to point out the need for market studies. He gave readers both powerful tales of success through research, and examples of successful research methods. In so doing, Cherington drove home a point already made by Gay and Shaw in their writings and in their work at Harvard: a successful businessman had to put effort into marketing a product as

⁶⁴Cherington, Advertising as a Business Force: 3.

well as manufacturing it, and systematic analysis was the key to success.⁶⁵

Gay, Shaw, and Cherington all wrote for businessmen eager to compete in the new national marketplace. In Shaw and Cherington's work, the "problem of distribution" appeared most often as an opportunity for clever manufacturers, who could use research to perfect distribution techniques and sales pitches. While their work must have reached many small businessmen, most often it reads as if pitched at a businessman running a substantial firm. This approach seems natural coming from writers based at the Harvard Business School, who saw their task as the education of business leaders. Yet their approach to marketing was not the only one possible. In the midwestern states, marketing also developed as an academic field after the turn of the century, but there scholars approached the subject somewhat differently. Marketing scholars working in midwestern schools often saw farmers and small retailers as their chief constituents, and saw perils as well as promise in a distribution system dominated by mass-production and mass-distribution corporations.

Midwestern Marketing

⁶⁵Schulze, "An Honorable Place": 27.

Academic marketing followed a different path in the Midwest. That region's marketing scholars most often worked at state schools, and directed their efforts towards the farmers and small retailers who were their schools' traditional constituents. They did not ignore the needs of large businesses, but neither did they make them a priority. At the region's flagship institution, the University of Wisconsin, marketing classes were offered chiefly by economists working either in the new field of agricultural economics or at the University's extension service. These Wisconsin scholars faced challenges very different from their eastern counterparts. Their studies were constricted, and shaped, by Midwesterners' long history of conflict with distributors.

Since at least the mid-nineteenth century midwestern farmers had looked suspiciously at the national distribution system. Although themselves imbedded in the market economy, many farmers felt victimized by both the railroads that carried their produce away and the wholesalers and storekeepers who sold them hardware and smaller items. Such hostility towards distributors fueled the waves of agrarian discontent that swept through the nation between 1870 and 1900. During that era, the Grange (Patrons of Husbandry) and the Farmers' Alliance both aimed to break the power not only of railroads but of middlemen in general. As William Cronon reminds us, among the Grangers' "most hated villain was 'the

middle man,' most visibly embodied in the produce merchant who seemed to pay farmers the lowest possible prices for grain, and the storekeeper who seemed to charge them the highest possible prices for goods." The Grange founded buying and selling cooperatives, acted as distributors for McCormick reapers, and cut a deal making the fledgling catalog firm of Montgomery Ward the "Original Wholesale Grange Supply House," all in the attempt to bypass or eliminate retail distribution.⁶⁶ A decade later, the Farmers' Alliance proposed a range of similar innovations, from cooperative stores to a sub-treasury land and loan system, in order to break the grip of railroads and local merchants, and let farmers reap the fair value of their goods. In the farmers' moral universe, they were the true creators of wealth and middlemen were only parasites. Both movements eventually fizzled, but their careers testify to widespread discontent with distribution.⁶⁷

After the turn of the century, however, the economic situation of midwest farmers slowly changed, muting though

⁶⁶William Cronon, Nature's Metropolis: 334, 186. Cronon's book contains a wealth of information on Grange hostility to distributors; see 357-364. On the Grange and Montgomery Ward, see also Boorstin, The Americans: The Democratic Experience: 122-123.

⁶⁷There is a wide literature on populism and the Farmers' Alliance, but see especially Lawrence Goodwyn, Democratic Promise: The Populist Movement in America (New York: Oxford University Press, 1976): 110-117, for a summary of their hostility to middlemen.

not eliminating their hostility towards middlemen. Rising crop prices helped reconcile them to the existing economic system, as wheat, corn, and butter prices all nearly doubled between the 1890s and 1914. Instead of attacking distributors, many moderately successful farmers joined a new kind of marketing institution, the co-op. The cooperative movement attempted to give farmers new economic clout by combining their produce for sale, gaining them leverage in bargaining with railroads and urban purchasers. Instead of upending the existing distribution system, the cooperatives testify, as the historians Theodore Saloutos and John Hicks note, to "the desire of farmers to emulate the efficient methods of distribution achieved by business and industry." By 1900, about 2000 co-ops marketed wheat, corn, and dairy products in Minnesota, Wisconsin, Illinois, and Iowa. Co-ops marked a degree of accommodation to the existing distribution system, as farmers now looked not to overthrow but to succeed within it.⁶⁸

Farmers also found themselves the beneficiaries of new public and private institutions intended to help them market their goods. Indeed, during this period the agricultural sector, often seen as backward, proved instead a seed-bed for

⁶⁸John Hicks, "The Western Middle West, 1900 - 1914" Agricultural History 20 (April 1946): 72; Theodore Saloutos and John D. Hicks, Agricultural Discontent in the Middle West, 1900 - 1939 (Madison, WI: University of Wisconsin Press, 1951): 57.

economic and organizational innovation. Beginning in the 1890s, the Federal government studied international markets for farm products, mainly through the Department of Agriculture's Section (later Bureau) of Foreign Markets. These (admittedly limited) studies attest to national concern with agricultural distribution. So did the work of the U. S. Industrial Commission, established in 1898 to study the problems posed by "industrial combination." In 1902 the Commission's 19-volume Report included a 500-page study of the Distribution of Farm Products (volume 6). It examined the distribution of every major farm product, seeking in particular to determine "the share of consumers' prices which goes respectively to producer and distributor." The commission aimed to tell whether middlemen were cheating farmers; it concluded they were not. For a number of years, the Report was the best survey available of the marketing of farm produce, and marked out the distribution of farm products as a matter of national concern.⁶⁹

These developments frame the growth of marketing in midwestern schools. At the University of Wisconsin, concern over the economic status of farmers exerted a strong

⁶⁹U. S. Industrial Commission, Report of the Industrial Commission, v. 6, Distribution of Farm Products (Washington, DC: Government Printing Office, 1901): 5. On Federal efforts in market study, see Henry C. and Anne Dewees Taylor, The Story of Agricultural Economics in the United States 1840-1932 (Ames, IA: Iowa State College Press, 1952): 510-547.

influence over the new field, but it was only one of several forces shaping marketing. The University had long played a vital role in the life of the state. In the 1890s, the "Wisconsin Plan" had sent professors into state government to institute reforms, run commissions, and give advice on a range of social and political issues. A few years later, the University moved to the forefront of extension education, opening an extension service and offering students across the state access to the University through correspondence classes and extension centers. Like many state schools, Wisconsin also proved amenable to "practical" courses; early on, its department of economics developed a commerce section to prepare future businessmen, and it encouraged the growth of agricultural economics. Henry C. Taylor, the "father of agricultural economics," trained and taught at Wisconsin. All three conditions -- farmers' long struggle with distributors, the University's commitment to serving the state, and its openness to practical fields -- shaped marketing's growth at Wisconsin.⁷⁰

The greatest influence on marketing at Wisconsin, however, was the University's department of economics.

⁷⁰See Merle Curti and Vernon Carstensen, The University of Wisconsin: A History, v. 2 (Madison, WI: University of Wisconsin Press, 1949): 564-572, 421-423; and David Thelen, The New Citizenship: The Origins of Progressivism in Wisconsin, 1885 - 1900 (Columbia, MO: University of Missouri Press, 1972).

During this period the Progressive economists Richard Ely and John R. Commons dominated the department. Working on the edges of mainstream economics, both men believed economists should be engaged in public life, and urged their students to make first-hand studies of economic institutions. Commons made his own reputation as a student of labor unions, while Ely was long involved with Progressive causes. Ely played a particularly important part in marketing's development, encouraging his students to study distribution and supervising the dissertations of several early marketing scholars, including Henry Taylor, Benjamin Hibbard, Paul Nystrom, and Theodore Macklin.⁷¹ While marketing was never a major factor in the department of economics at Wisconsin, it was clearly welcome there.⁷²

⁷¹Although Taylor taught agricultural economics, one of his interests was in the marketing of farm products. Ely's dissertations include Henry Taylor, "The Decline of Landowning Farmers in England" (1902), Benjamin Hibbard, "The History of Agriculture in Dane County, Wisconsin" (1902), Paul Nystrom, "Retail Distribution of Goods," (1914), and Theodore Macklin, "A History of the Organization of Creameries and Cheese Factories in the U. S." (1917). D. G. Brian Jones and David D. Monieson, "Origins of the Institutional Approach in Marketing," in Marketing in Three Eras: Proceedings of the Third Conference on Historical Marketing April 23-26, 1987, ed. Terence Nevett and Stanley Hollander (East Lansing, MI: Michigan State University, 1987): 156.

⁷²On ties between Ely and marketing, in addition to Jones and Monieson "Origins of the Institutional Approach," see Charles Howell, "Toward a History of Management Thought," Business and Economic History 24 (Fall 1995): 41-50.

As in the East, however, marketing scholars most often found themselves on the margins of established disciplines. This did not mean that marketing was a neglected field -- quite the contrary, as Henry Taylor discovered in 1910. In 1909, Taylor had moved to the University's college of agriculture in order to head its new division of agricultural economics. Soon after his arrival, he found himself under pressure to study the marketing of farm products. The growth of farmers' co-ops had created a powerful lobby in Madison, and that lobby, along with the State Board of Public Affairs and the state's Progressive movement, wanted Taylor to provide favorable reports on cooperative marketing. To some extent, the pressure worked -- Taylor and his colleague Benjamin Hibbard did examine co-operatives, and at one point Taylor even tried to convince the University to organize agricultural cooperatives. The price for state support, they had discovered, was studying a field of interest to the state.⁷³

Marketers also found ready work in the University's extension service. Much like their colleagues in agricultural economics, marketing scholars in the extension service shaped their work to meet the needs of their constituents, in this case the small businessmen who took

⁷³Curti and Carstensen, The University of Wisconsin: 422-423.

their extension and correspondence classes. Several marketing scholars began their careers there, most notably Ralph Starr Butler and Paul Nystrom, each destined to make a mark in corporate market research. Like other early marketing scholars, they had variegated backgrounds before arriving in Madison.⁷⁴

A graduate of the University of Michigan, Ralph Starr Butler (1882 - 1955) came to Wisconsin in 1910 after three years' work with Procter and Gamble in Cincinnati. In Madison, he taught correspondence classes on business methods, and indeed was the first person at Wisconsin to offer a class on "marketing." Needing material for his students, Butler wrote his own texts, and quickly prepared a series of pamphlets on "Marketing Methods," which the extension service bound and published; in 1911, the Alexander Hamilton Institute reissued them under the title Marketing. Here, Butler drew on his Procter and Gamble experience to illustrate the basics of distribution in such chapters as "The Factors in Distribution," "Sales Department Organizations," and "Methods of Training Salesmen." He told students that recent changes in distribution had set the manufacturer a "complex selling problem to solve." As Butler wrote, the manufacturer "must first decide to what class or

⁷⁴Interestingly enough, both were lured away from academia by the same company; Nystrom left Minnesota to work as director of trade research for U. S. Rubber in 1915, and Butler left NYU to succeed him in 1917.

classes he is to sell his product ... then select the best means of reaching the market he has chosen." Butler repeated the message of almost all the era's marketers: with distribution in flux, careful attention to marketing was necessary to survive. Although Marketing broke little ground, it was a popular textbook and served to introduce many readers to the field.⁷⁵

Growing up, Paul Nystrom's (1878 - 1969) first job was as a clerk in retail stores, and he later made retailing his specialty. He started at the extension service in 1909, spending his first three years as its agent in Oshkosh. Like Butler, Nystrom found a dearth of texts for his students, and had to prepare his own. His first book, Retail Selling and Store Management, (1911) also began as extension service pamphlets.⁷⁶

Nystrom's work reflected the interests and needs of his Oshkosh students. His second book began as a dissertation under Ely's direction, and was published in 1915 as The Economics of Retailing. The study relied on historical research and interviews "with over a thousand retail store

⁷⁵James Playsted Wood, "Ralph Starr Butler," Journal of Marketing (1961): 69; Ralph Starr Butler, "Selling and Buying," in Selling, Credit, and Buying by Ralph Starr Butler, Lee Galloway, and Philip B. Kennedy (New York: Alexander Hamilton Institute, 1911): 1, 31.

⁷⁶"Paul Henry Nystrom," Who Was Who 5 (New York: Marquis, 1974): 539; Delbert J. Duncan, "Paul H. Nystrom," Journal of Marketing 21 (1957): 393-394.

managers and salespeople who were students in his classes on retail methods" between 1909 and 1915. In it Nystrom examined the evolution of retail stores in Oshkosh, beginning in 1890 and ending in 1915. Until then, scholars had tended to overlook retail stores in their discussions of distribution. Small retailers usually appeared as hindrances to progress (in producers' eyes) or as parasites (in farmer's), but little was known about their actual operations.⁷⁷ Nystrom pointed out that retailing was a central element of distribution, and distribution was "the biggest economic problem confronting the people of this country at the present time." The part of The Economics of Retailing that attracted the most attention was its study of failure rates for retail stores. A review of those failures revealed that retailing was a more precarious trade than earlier known -- of the retail shops open in Oshkosh in 1890, only 13 percent remained in business in 1915, the vast majority having proved unprofitable. Nystrom's work at the extension service revealed that the marketing revolution, while opening up new opportunities, also left casualties.⁷⁸

⁷⁷The Harvard Bureau of Business Research began studies of retail stores in 1911 because of a similar lack of information.

⁷⁸Paul H. Nystrom, The Economics of Retailing (New York: The Ronald Press, 1919): v, 11.

Butler and Nystrom did not find their work in as ready demand, or as controversial, as were Henry Taylor's studies in agricultural marketing. Soon enough, however, they discovered that a market did exist for the data they had gathered. In the early 1910s, both men met Charles C. Parlin, now remembered as the "father of market research," who was then traveling the nation preparing industry studies for Curtis Publishing Company (chapter 5). Over the next few years, they regularly traded information with Parlin, updating him on local market conditions while Parlin shared with them his conclusions about national economic trends. Despite the different orientation of marketing work done in midwestern schools, it was still of interest to national corporations eager to understand distribution and sales. The marketing studies performed in Oshkosh, Wisconsin were far different than studies done in Cambridge, Massachusetts, but both helped forge links between university-based researchers and the infant market research industry.⁷⁹

The value of market study was never lost on L. D. H. Weld. Weld, who taught at the University of Minnesota in the 1910s, challenged much of the conventional wisdom that guided

⁷⁹Charles C. Parlin, Department Store Lines, v. A: Interviews and General Index ([Curtis Publishing Co.: Philadelphia, 1912): A1, CC-UP; copy in Curtis Publishing Collection, Special Collections, Van Pelt-Dietrich Library, University of Pennsylvania.

marketing in this era. He argued that the distribution system was not in crisis, but generally efficient; that farmers got as much from middlemen as could reasonably be expected; and that if farmers had problems, that was their fault. Weld's career as an academic iconoclast illustrates both the opportunities and limits facing marketing scholars during this era.

Louis Dwight Harvell Weld (1882-1946) had the eclectic career of so many early marketing teachers. Born in Massachusetts, he graduated from Bowdoin College summa cum laude in 1905, and received his doctorate in economics from Columbia three years later. After a short time at the International Banking Company in London, he did year-long stints teaching at the University of Washington and at the Wharton School, then spent two years (1910 - 1912) as a special agent of the Census Bureau. Weld went to Minnesota in 1912, originally to teach economics, but within a year had moved over to organize the University's new division of agricultural economics.⁸⁰

As in Madison, a strong constituency in St. Paul was demanding that the state University examine the marketing of farm products. Weld's task at the college of agriculture was, he later recalled, "to spend most of [his] time in research work to find out what became of Minnesota farm

⁸⁰Cowan, "L. D. H. Weld": 63.

products after they left the farmer." He began by supervising a series of studies of Minnesota farm communities. Although intended to promote "rural betterment," in practice the studies focused on marketing. One survey Weld conducted himself was published in 1913 as A Social and Economic Survey of a Community in the Red River Valley. In it he examined the demographics, social life, and political beliefs of the region, but spend most of his time reviewing the distribution of the region's crops, including wheat, eggs, and poultry. Beginning with this Survey, over the next few years Weld carefully mapped the distribution network that took farm produce from rural Minnesota to city buyers, following "shipments of butter and eggs ... from the country shipper in Minnesota through the wholesalers, jobbers, and retailers to New York, Chicago, and other cities," recording every expense incurred along the way.⁸¹

Results in hand, Weld reached a conclusion that pleased neither his subjects nor his employers. The present system of distribution was, he reported, on balance both fair and efficient. Middlemen did not gouge farmers; farmers received a relatively small percentage of the final price paid for their product because it cost a lot to ship agricultural

⁸¹Louis D. H. Weld, private letter printed in Bartels, Development of Marketing Thought: 236-237; Louis D. H. Weld, University of Minnesota: Current Problems, v. 4 Social and Economic Survey of a Community in the Red River Valley (Minneapolis: University of Minnesota, January 1915).

goods. The group most to blame for farmers' plight were the farmers themselves, and he drew an unfavorable parallel between disorganized farmers and efficient distributors. Unsurprisingly, such pronouncements angered the farm lobby. As Weld described it, he was soon accused of being "in league with the interests," and at one point was called before a committee of the Minnesota House of Representatives to defend his claims.⁸²

Nor did Weld quarrel only with the nascent farm lobby. His conclusions also put him at odds with the many economists who believed that distribution was "in chaos." As we have seen, most economists thought basic problems plagued distribution, though they differed on the exact causes; Weld, in contrast, did not believe any of it. At the annual meeting of the American Economic Association in 1914, he clashed with Loyal Meeker, the U. S. Commissioner of Labor Statistics, when both spoke in a session on "Market Distribution." Following the general wisdom, Meeker argued that there was a crisis of distribution, and that inefficient middlemen caused it. Weld pugnaciously disagreed, contending that the present distribution system was as efficient as could be hoped. The major problem lay not with distribution,

⁸²Bartels, Development of Marketing Thought: 237. See also Taylor, The Story of Agricultural Economics: 653.

but with economists who pronounced on distribution without bothering to study its workings.⁸³

Weld was an oddity -- a marketing professor who believed marketing worked well. Were this not enough to estrange him from colleagues and patrons, he also argued that middlemen performed services no less valuable than done by farmers themselves. Such claims had been made before for the distributors of manufactured goods, but it was more daring to claim the distributors of farm products increased their value, since this challenged farmers' belief that they were the sole creators of value. Weld defended his position in The Marketing of Farm Products (1916), a work published the year he left Minnesota for Yale. Marketing, Weld insisted, "is a part of the productive process, and ... those who engage in marketing are productive laborers." Borrowing from new theories of value developed in marginal economics, Weld contended that any action that made a good more convenient for a consumer increased its real value, and therefore that middlemen could increase the value of a product. "[A]ny process that makes a thing more useful --," he wrote, whether it involves creating, transporting, or just storing it, " ... is a productive process."⁸⁴

⁸³L. D. H. Weld, "Market Distribution," American Economic Review 5 (1915) Supplement: 125-139.

⁸⁴L. D. H. Weld, The Marketing of Farm Products (New York: Macmillan, 1916): 4-5.

Weld also reiterated his belief that the present distribution system was fairly efficient. Admittedly, farmers received only a small percentage of the produce's final price. Fruit farmers, for instance, got only thirty percent of the final retail price of their fruit, while dairymen received 45 cents of every dollar the consumer paid for milk. But this did not mean farmers were being cheated. Citing his own research, Weld argued that they received low prices because farm produce was bulky and perishable, and therefore cost a great deal to transport, store, and sell. The way to improve distribution was small-scale research "patiently ferreting out weaknesses here and there," improving a system already running well.⁸⁵

In this, as in much of his work, Weld was able to take advantage of the marketing literature that appeared after 1910. He borrowed techniques and data from other marketing scholars, including Paul Cherington, Melvin Copeland, and Selden Martin, but he owed his deepest debt to Arch Shaw. Indeed, the most powerful weapon in Weld's intellectual arsenal was the functional approach to marketing developed by Shaw in 1912. He relied on the functional approach in The Marketing of Farm Products, as well as two essays he published in 1917: "Marketing Functions and Mercantile Organizations," and "Marketing Agencies Between Manufacturer

⁸⁵Weld, The Marketing of Farm Products: 177, 463.

and Jobber." Weld favored the functional approach not because of any theoretical elegance but because, using the functional approach, an investigator could speedily analyze how a product was distributed simply by asking which agency performed each function. "With these functions in mind," Weld wrote, "[the investigator] can approach practically any kind of dealer or trader and ask a fairly comprehensive series of questions without knowing much of anything about the trade."⁸⁶

In his second article, Weld applied the functional approach to the marketing of textiles, hardware, and groceries. The article addressed each industry in turn, highlighting the differences between the workings of the commission houses that marketed textiles, the manufacturers' agents who distributed hardware, and the brokerages that supplied groceries. There were few generalizations about "distribution" here -- about the only one he would hazard was that middlemen survived because they "perform[ed] very important services for manufacturers." The essays' appearance in two of the nation's major economic journals, the American Economic Review and the Quarterly Journal of Economics testifies to marketing's growing visibility in

⁸⁶See L. D. H. Weld, "Marketing Functions and Mercantile Organizations," American Economic Review 7 (1917): 306, 318; Weld, The Marketing of Farm Products: 430.

American economics -- as did Weld's 1915 appointment as a professor of business administration at Yale.⁸⁷

Marketing was also gaining new respect from business, something shown two years later when Weld left Yale to work as research director at Swift & Company. At that time the firm was fighting Federal Trade Commission accusations that it conspired with fellow meatpackers to monopolize the trade, and Weld's job was to provide detailed marketing data to refute the charges. Although some of his colleagues thought he had sold out by joining Swift, it seems at least as plausible that the conservative Weld found Swift a more congenial, and remunerative, environment than Minnesota or Yale (for more Weld and Swift, see chapter 4).⁸⁸

Weld's career path tells us much about marketing scholars' limitations and opportunities during this era. The limitations are apparent, especially for the scholars working in Midwestern universities who found themselves answerable to farmers. When Weld's conclusions challenged his patrons' assumptions, he found his position first uncomfortable and then untenable. But the 1910s also presented new opportunities for marketers, particularly outside academia. Between 1915 and 1920, Paul Cherington left Harvard, first to

⁸⁷L. D. H. Weld, "Marketing Agencies between Manufacturer and Jobber," Quarterly Journal of Economics 31 (1916-1917): 599.

⁸⁸Converse, The Beginning of Marketing Thought: 49.

work for the National Association of Wool Manufacturers, then for J. Walter Thompson, while Selden Martin resigned his post to work at the International Shipping Corporation, and both Ralph Butler and Paul Nystrom found work at U. S. Rubber. This migration to business suggests the ways universities and corporations would interact in the 1920s, as market researchers began to travel regularly across the boundary between academia and business, spreading skills and ideas as they went. After a period of surviving in the margins of established fields, marketing began to appear less a margin than a borderland between corporations, economics, and business schools, an area that flourished as trade between the three regions increased.

Marketing as a discipline

By the mid-1910s, the new field of "marketing" had recognizable shape, and adopted the accouterments of an academic discipline. Many business schools had named "professors of marketing," and even established departments devoted to the subject, while offering a range of beginning and advanced classes in the field. At the same time, a number of books on marketing enjoyed brisk sales, including those penned by Butler, Cherington, Nystrom, Shaw, and Weld. And, important for their self-definition, practitioners in the field had finally arrived at a single name for it. After a decade of teaching classes on "commercial organization,"

"distribution," "market distribution," or "the distribution of goods," most had settled on the term "marketing" to describe their work. Harvard, for instance, changed the name of its "Economic Resources" class to "Marketing" in 1915, at about the same time that L. D. H. Weld adopted the new term for his own work. The new name resulted from the prominence enjoyed by studies of income distribution during the 1910s, especially those performed by Wesley Mitchell and Scott Nearing. Students of marketing, eager to distinguish their work from that of these economists, arrived at "marketing" as a term to delimit the study of distribution and sales.

Of decisive importance for the field's long-term development, was that marketing instructors had begun to see themselves as engaged in a common pursuit, and started to forge ties among themselves outside their universities. Of course, a few marketing scholars knew of one another's work as early as 1910, but just as often the early teachers of marketing were unaware of similar work underway elsewhere. As 1920 approached, this isolation ended. A critical mass of scholars who studied marketing had developed, and began encountering one another at professional meetings. It was during this period that marketing emerged as an academic discipline, as marketing teachers at many universities formed professional associations, asserted a common identity, and claimed for themselves a specific field of expertise.

Existing professional organization provided marketing teachers and scholars a place to meet, but they did not always address their particular concerns. In 1915, several advertising teachers serving as delegates to the St. Louis convention of the Associated Advertising Clubs of the World (AACW), including Paul Cherington and Ralph S. Butler, gathered over lunch to discuss common problems in advertising teaching and research. Most were either psychologists or business school instructors; the group's first chair was the advertising psychologist Walter Dill Scott. This luncheon group soon became a regular feature at the AACW, however, and before too long was dominated by marketing scholars eager to exchange new ideas. In that same year, at the annual meeting of the American Economics Association, L. D. H. Weld held a dinner with "five or six other men" who were interested in economic aspects of marketing, and who in particular hoped to gain marketing a regular spot on the AEA program. Weld's dinner group became an annual event, as well. Within a decade, the two groups had learned of each others' existence and decided they had much in common, despite their members' divergent disciplinary backgrounds. In 1924, they joined to form the National Association of Teachers of Marketing and Advertising (NAMTA), a predecessor to the American Marketing Association. After two decades on the margins, marketing

teachers had gained a degree of legitimacy and moved to claim for their field the status of an academic discipline.⁸⁹

Conclusion

By the mid-1910s, the discipline of marketing had set down roots in American universities. Marketing instructors had their own academic departments, had begun to form professional organizations, and could even point to a small but growing body of marketing theory, all signs of their success. Research had become an important element of marketing, as many marketing scholars performed research on their own, a few in collaboration with local businesses or trade associations. Yet the founders of marketing had promised the field would do more than win academic acceptance. They developed marketing in the hopes that it would help businessmen grapple with the "problem of distribution." For the moment that promise remained unfulfilled, though the success of a few marketing scholars in the corporate world boded well for the future. Only in the next decade would marketing scholars really begin to apply the tools and concepts they had developed in academia to real-life problems, and so begin to transform American business.

⁸⁹Hugh E. Agnew, "The History of the American Marketing Association," Journal of Marketing 5 (1940-1941): 374; Weld in Bartels, History of Marketing Thought: 237.

Chapter Two:

The Promise of Business Research, 1911 - 1930

By 1910, specialists in marketing had won a foothold in the new business schools. Over the next twenty years, they would reach beyond that base to develop an infrastructure for marketing research, one connecting business schools, small and medium-sized firms, trade associations, and even the Federal government. Although they eventually turned their sights on consumer habits and preferences, the marketing experts initially focused on marketing itself, examining the workings of the wholesalers and retailers who carried goods from producer to consumer. The network of institutions they developed was accordingly devoted to studying marketing problems. At the center of this network was a new kind of institution, the bureau of business research.

Beginning at Harvard in 1911, during the 1910s and 1920s dozens of business schools founded research offices--all called bureaus of business research--to cultivate their research capacities and connect their marketing scholars to businesses, especially small businesses. They supplied these firms with data on distribution costs and marketing methods, research the companies could not otherwise afford. In return, the schools gained prestige, marketing professors gained valuable data, and students got first-hand experience with real-world business problems. The bureaus produced

hundreds of studies of operating costs, local and regional trade conditions, and the changing structure of distribution. While little remembered today, the Bureaus brought marketing research to thousands of small firms across the nation, and led them to shape their internal organization and marketing strategies in light of external research.

Beginning Business Research, 1908 - 1913

Today it seems self-evident that a business school studies business. Before 1910, however, this was not the case. Most business schools, even those connected to prestigious universities, taught students marketable skills like accounting and business law. Often, both their instructors and students were there only at night, holding daytime jobs as well; what little research instructors did was in search of better teaching materials. Even the University of Pennsylvania's Wharton School, whose professors consulted for social-science foundations and state and Federal government, rarely supported significant research into business.¹

This changed in 1908, with the establishment of the Harvard Business School (HBS). HBS's founders established it in the hopes it would not merely produce business

¹See Drew Evan VandeCreek, "'Make It National!': Economic Expertise and the development of the Progressive economic policy making system, 1890-1933" (Ph.D. diss., University of Virginia, 1996).

specialists, but transform business into a profession. They wanted to give businessmen the cultivation and status already enjoyed by such professionals as doctors and lawyers. But the business school's founders were unsure how to go about this. One group thought to make a Harvard business education "professional" by modeling it on the University's law and medical schools. To this end, the Harvard Graduate School of Business Administration (even its name was different) decided to accept only college graduates, demanded they attend full-time for two years, and awarded them a new kind of degree, the master's of business administration (MBA). Yet aping the other professional schools did not seem sufficient. Was a "professional" someone who had graduated from a self-proclaimed professional school, or was there more to it?²

The school's first Dean, the economic historian Edwin F. Gay, decided the matter. Business education, he decreed, should do more than just give students a set of unconnected skills; it should teach them a specialized body of knowledge.

²Two good histories of the Harvard Business School exist, both written at the school's behest. See Melvin T. Copeland, And Mark an Era: The Story of the Harvard Business School, 1908 - 1945 (Boston: Little, Brown, 1957), and Jeffrey Cruikshank, A Delicate Experiment: The Harvard Business School, 1908 - 1945 (Boston: Harvard Business School Press, 1987). Other business schools, including Wharton and Dartmouth, had graduate sections, but HBS was the first graduate school. There is a large literature on professionalism; a good place to begin is Kenneth Lipartito and Paul J. Miranti, Jr., "The Professions," Encyclopedia of the United States in the Twentieth Century, v. 4, ed. Stanley Kutler (New York: Charles Scribner's Sons, 1996): 1407-1430.

He discerned "general principles" underlying the different areas of business, principles that could be discovered and taught just as the other professional schools taught the principles of medicine and law. Discovering and teach these general principles would make business a profession. Armed with them, an HBS graduate would be ready to assume a managerial position in almost any firm. Like his counterparts in other fields during this era, Gay had decided to base his field's claim to professional status on its mastery of a special field of knowledge.

This approach, however, raised a major problem, for while HBS had opened in 1908, most of the principles Gay wanted to teach had yet to be discovered. Gay summed up the situation in the school's 1908 preliminary announcement, writing that,

"Business, as a department of University training, has still . . . to invent its appropriate means of instruction and to form its own traditions. From the mass of accumulating business experience, a science must be quarried. Not only must the fundamental principles guiding conservative business be elucidated, but the art of applying those principles in the various fields of business enterprise must be taught in a scientific spirit."

He often had to defend his position against those who doubted the existence of such "fundamental principles," or that business could be taught at all. Writing to one skeptic in 1909, he insisted that "there is a science of business, and it is the task of studying and developing that science in which [HBS is] primarily interested." Pressed, however, he

had to admit that there was "at present little available literature in the new field." Perhaps, he suggested, Frederick Taylor and other proponents of "scientific management" were discovering general principles of business, but he did not elaborate on this.³

During its first few years, however, HBS not only lacked "general principles" of business, it also lacked money. Harvard had begun the school as an experiment, and did not give it an endowment; during this period, Gay had to scramble just to make up its operating budget. So, while the school never abandoned its commitment to research--HBS's second annual Report describes research as "at once the opportunity and duty of a graduate school"--it could not afford it. The best Gay could do to encourage research was invite Taylor and his disciples to lecture at the school, and hope they would teach students some newly-discovered principles of manufacturing.⁴

³"Preliminary Announcement" quoted in Copeland, And Mark an Era: 27; Gay's letter quoted in Cruikshank, A Delicate Experiment: 54. See also Herbert Heaton, A Scholar in Action: Edwin F. Gay (Cambridge, MA: Harvard University Press, 1952).

⁴The only research money it got was from the United Fruit Company, which gave a travel fellowship to take a faculty member to Latin America. Harvard University, Report of the Graduate School of Business Administration, 1910 - 1911 (Cambridge, MA: Harvard University): 8-9; Daniel Nelson, Frederick W. Taylor and the Rise of Scientific Management (Madison: University of Wisconsin Press, 1980): 187-189.

Gay's opportunity appeared in 1910, when the business publisher Arch Shaw enrolled at the school. Shaw, owner of Factory and System magazines, as well as the Shaw-Walker office machinery firm, was a businessman-intellectual who believed research was the key to business prosperity. A year later, he gave HBS a grant to do its own research. Both Gay and Shaw thought the money should support research in market distribution, or marketing, a field they believed slighted by businessmen more concerned with making goods than with selling them (see chapter 1). As Gay later recalled it, he and Shaw had been walking across Harvard Yard early in 1911, discussing the need for careful study of marketing. Gay told Shaw that what he really wanted was a "quantitative measurement for the marketing side of distribution." To this Shaw replied, "Why don't you get it?" Shaw's subsequent gift of \$2200 to HBS sealed the deal, and the two used the money to establish a new office to study business, the Harvard Bureau of Business Research (HBBR).⁵

Having founded the Bureau, Gay and Shaw then needed to choose its first research project. A study of "marketing" in general would have strained their patience and funds, so they decided to focus on a single trade. They wanted to study a trade dominated by small firms, believing that small business, like marketing itself, had long been neglected by

⁵Gay is quoted in Cruikshank, A Delicate Experiment: 59.

economists and the Federal government. About this time they were approached by several shoe manufacturers and wholesalers teaching part-time at HBS, who urged them to study their field. On investigation, they found that shoe retailing had qualities attractive to the budding researchers. As the Bureau's first Bulletin described it, retail shoe sales included "practically all the main channels" a product took from maker to consumer. Shoes passed "through wholesalers and retailers, through dealers only, and direct to user by the manufacturer's own stores and mail." A study that uncovered the basic facts of the shoe trade, then, might also allow the Bureau to generalize about the effectiveness of competing marketing strategies.⁶

As finally planned, the Bureau's study embodied both Gay and Shaw's visions of research. Shaw, the business publisher, believed research should aid business, while Gay, an academic entrepreneur, thought first of HBS's needs. The resulting study thus had a dual focus, which came out clearly in a Bureau prospectus published later that spring in the trade journal Shoe Retailer. The Bureau's prime goal, the prospectus stated, was to secure "facts upon which can be obtained a scientific teaching of business." To this end,

⁶Copeland: 209; Harvard University, Object and History of the Bureau with some preliminary figures on the retailing of shoes Bulletin of the Bureau of Business Research 1 (Cambridge, MA: Harvard University Press, 1913): 4.

the Bureau would that summer start gathering basic data from cooperating shoe retailers, especially data on their operating costs. Once gathered and analyzed, however, this data would not remain the exclusive property of HBS. It would also go towards a second goal, to "secure efficiency in retail distribution." To help shoe stores, the Bureau would use the data to establish "standards of store efficiency." These standards would tell a retailer what quantitative measures an efficient store should reach in items like "normal stock turn, the percentage of profit to be expected from each division . . . and the minimum ratio of capital to gross sales." A retailer could then measure his own performance against these standards, find where he lagged behind, and so discover "the defects in his organization." The study would help both retailer and researcher, as it was made "both for scientific purposes and for practical applications in the trade."⁷

Not content to search out "general principles," the Bureau was also committing itself to producing "standards of efficiency." This search for standards is reminiscent of scientific management. Frederick Taylor's program to improve manufacturing efficiency included setting quotas for laborers, and at times Gay, Shaw, and other spokesmen did

⁷This ad is reprinted in Cruikshank, A Delicate Experiment: 60.

compare the Bureau's work to Taylor's. However, Taylor was chiefly concerned with improving the efficiency of individual laborers; the Bureau, in contrast, hoped to improve efficiency in entire stores. It is more likely, as Jeffrey Cruikshank has written, that Gay and Shaw borrowed the idea of statistical standards from the U. S. Department of Agriculture, which surveyed thousands of farmers to determine basic data on average prices and crop yields. Much as the Federal government was helping raise the productivity of farmers, the Bureau would help raise the productivity of retailers.⁸

To perform the study the Bureau then hired two agents, Paul T. Cherington, at that time a marketing instructor at the school, and Clarence Stoner, a newly-minted MBA, and in June 1911 sent them on the road. They left Cambridge bound for Ohio and Wisconsin, armed with a list of retailers who had responded to the announcement in the Shoe Retailer. They hoped to get basic data on their stores' operations, such figures as their profit or loss during the previous year, volume of sales, and stock-turn. Soon after starting out, however, the Harvard agents realized the task was more

⁸Cruikshank, A Delicate Experiment: 59. Although he does not cite a source here, Cruikshank had access to Gay's letters. On what Taylorism was, see David Hounshell, From the American System to Mass Production, 1800 - 1932 (Baltimore: The Johns Hopkins Press, 1984): 259-263; on agricultural statistics, see any of the USDA's Yearbooks from this decade.

difficult than they thought. The data supplied by retailers was proving useless. Some had kept such poor books that no useful figures could be gleaned at all, but even well-organized retailers were proving a problem. Each retailer had kept his books, and calculated his figures, in a different way. One might have paid himself a salary out of his profits, while another just kept them; where one paid rent on his space, the next might own his building and so report no "rent" at all. Their differing accounting systems meant that retailers' figures were, strictly speaking, incomparable; differing figures might be the result of real differences in the stores, or just reflect different accounting methods. The uniform, comparable data the Bureau had sought did not exist.⁹

Returning to Cambridge, Cherington and Stoner, and likely Gay and Shaw, decided the only way for the Bureau to complete its work was to persuade shoe retailers to change the way they kept their books. Instead of their idiosyncratic methods, they would have to adopt a common approach, a uniform accounting system. Using such a system, all store owners would calculate basic items like "gross profits" or "stock turns" the same way, and differences in their books would then reflect real differences in the way they ran their stores. This was a tall order; in 1911,

⁹Copeland, And Mark an Era: 209; Object and History: 4.

uniform accounting procedures were rare, having been adopted only by industries regulated by state or Federal agencies, or a few large corporations needing to compare the workings of many units. Without such uniform procedures, though, the Bureau's work was at a standstill.¹⁰

In the fall of 1911, the Bureau called a conference to design a uniform accounting system for shoe retailers. Realizing a new system would need broad support, it invited well-known New England accountants, Harvard professors, and prominent shoe manufacturers, wholesalers, and retailers to help plan it. After much debate, the conference produced a set of accounts tailored to the trade. "The Harvard System of Accounts for Shoe Retailer," as the Bureau named it, included 57 categories designed to cover a shoe retailer's every transaction, as well as careful instructions for calculating each item. A retailer using the accounts was told, for example, that "Gross Profits" was "Cost of Merchandise sold subtracted from Net Sales," while "Notes Receivable (Customer)" was the "balance owed to the business on notes." The system included not only general categories

¹⁰On uniform accounting, see Barbara Merino and Teddy Coe, "Uniformity of Accounting in Historical Perspective," Journal of Accountancy (August 1978): 62-69; Edwin Gay, "Uniform Accounting Systems," Journal of Accountancy 16 (1913): 268-277; and Alfred D. Chandler, Jr., The Visible Hand: The Managerial Revolution in American Business (Cambridge, MA: The Belknap Press of Harvard University Press, 1977): 464-465.

like "Net Sales" and "Salary and Wages of Buying Force" but also such specialized ones as "Hosiery." Like the Bureau's research itself, the accounts were framed to help shoe retailers as well as HBS.¹¹

Inventing the system was the easy part; the Bureau then had to persuade shoe retailers to adopt it. While the system itself was available for free, learning it would cost retailers time and effort. To promote the new system, the Bureau hired its first director, Selden Martin, an HBS marketing instructor and onetime student of Gay's. Martin's main job, it seems, was to publicize the Harvard Accounts, so he addressed trade groups and advertised it in trade journals. The Bureau also used a new technique, direct-mail marketing, to sell its system, and by 1913 had contacted over 8,000 shoe retailers this way. These efforts drew some inquiries from retailers, but inquiry was not acceptance. To ensure that retailers used the accounts, Martin hit the road in the summer of 1912. He visited a dozen major cities, helping curious retailers install the system. Thanks largely to his efforts, by the end of the year over 130 shoe stores

¹¹Object and History: 6; Harvard University, Harvard System of Accounts for Shoe Retailers Bulletin of the Bureau of Business Research 2 (Cambridge, MA: Harvard University Graduate School of Business Administration, January 1914). The system was first circulated in spring 1912.

had adopted the new accounts and returned their accounting figures to the Harvard.¹²

In May 1913 the Bureau published its first Bulletin, the Object and History of the Bureau with some preliminary figures on the retailing of shoes. It made good on the Bureau's promises, surveying the entire trade while uncovering basic facts about retailing. At its core was a "Summary Table of Percentages" [see figure 1] later described by HBS historian Melvin Copeland as "the most useful single research item ever published by the school." The table was exactly what it claimed to be: a summary and average of cooperating retailers' figures. Its first three columns tabulated the figures returned by the 130 "cooperators," presenting the range and average of their most significant accounting figures. From it readers could learn that, for instance, responding shoe retailers' gross profits ranged from 20% to 43% of total income, while rent consumed from 1.8% to 14.6% of their income. A third column indicated the percentage around which the data centered (mode), so the reader could discern that the average respondents' sales force took 8% of his income, while rent took 5%. A retailer

¹²Gay, "Uniform Accounting Systems": 273-274; Copeland, And Mark an Era: 210-211; n.a., typescript of "First Formal Report, Bureau of Business Research, Graduate School of Business Administration, Harvard University," Bureau of Business Research office files, Harvard Business School Archives, Baker Library, Harvard Business School -- hereafter HBSA.

using the table could, for the first time, gauge his operating costs against an industry-wide average. The task was made easier, of course, if the retailer had himself installed the Harvard System of Accounts.¹³

But the Bureau had done more than just average its responses. The Summary Table included a fourth column that set a "realizable standard" of efficiency for retailers. Out of all its cooperators, the Bureau had culled a smaller number of stores it deemed "most efficient," and then averaged their responses to set the "realizable standard." Thus, while retailers could see in column three that the average respondent paid 5% of income in rent, column four told them that an efficient store paid only 3%. Similarly, the average shoe store spent 2% of income on advertising, but the average efficient store, the Bureau reported, paid only 1.5% of its income toward this. The "realizable standard" had its flaws--for one, the Bureau apparently chose as efficient stores those stores that looked efficient--but it still gave retailers an apparently objective way to judge, for the first time, their stores' operations.¹⁴

The Object and History was a great success. It provided shoe retailers a way to find weak points in their stores, even if it did not suggest how to fix them. Shoe retailers

¹³Object and History: 14; Copeland, And Mark an Era: 211.

¹⁴Object and History: 14.

were the first to be won over; they bought out the Object and History's initial run in of 10,000 copies in less than three months, and the Bureau had to rush a second printing to meet demand from across the U. S. and Canada. Within a year, over 600 shoe retailers had become cooperators in the Bureau's study, up from the 130 stores involved in the initial survey. This enthusiasm spilled over into other trades, several of whom were soon calling on the Harvard Bureau to do a similar study of their operating costs. The Bureau, it seemed, had proven its worth.¹⁵

Associating with Associations, 1913 - 1919

Over the rest of the decade the Harvard Bureau established itself as a major center for marketing research. It produced a string of studies examining the operating costs of retailers and wholesalers, in the process establishing accounting standards for entire trades. It devised Harvard Systems of Accounts for, and then produced reports on, the following trades, beginning in these years: retail grocers, 1914; shoe wholesalers, 1915; wholesale grocers, 1916; retail general stores, 1917; retail hardware stores, 1918; and retail jewelers, 1919. While initially intended to be one-time studies, the Bureau found that cooperating retailers and

¹⁵Harvard University, Report of the Graduate School of Business Administration, 1913 - 1914 (Cambridge, MA: Harvard University, 1914): 111-112; Copeland, And Mark an Era: 211-212.

wholesalers were eager to update their figures, and its reports soon became an ongoing project. By 1919 it was publishing annual reports for several trades.¹⁶

It could not have done this without help from trade associations.¹⁷ After 1914, the Bureau made all its studies in collaboration with the associations representing the trade under scrutiny; indeed, the Bureau would not begin a study without the promise of trade association aid. Trade associations formed cost committees to help the Bureau design Harvard Systems of Accounts, spread the word about the Bureau through their trade journals and annual meetings, and promoted the accounts to their members. They did not actually pay for the studies--until the 1920s, HBS picked up that tab--but their help proved indispensable, as they took on much of the burden of persuading firms to cooperate in the studies. Operating-cost information moved between tradesmen and the Bureau on paths created and maintained by trade

¹⁶Copeland, And Mark an Era: 212-213; Harvard University, Report of the Graduate School of Business Administration, 1918 - 1919 (Cambridge, MA: Harvard University, 1919): 98; see also the Bulletins issued by the Bureau between 1914 and 1919.

¹⁷On trade associations, see Louis Galambos, Competition and Cooperation: the emergence of a national trade association (Baltimore: The Johns Hopkins University, 1966); Colin Gordon, New Deals: business, labor, and politics in America, 1920-1935 (New York: Cambridge University Press, 1995): 128-140; and, for a contemporary study, U. S. Department of Commerce, Trade association activities, prepared by Irving S. Paull, J. W. Millars and James S. Taylor (Washington: GPO, 1927).

associations. The operating cost studies produced during this period were less the product of the Harvard Bureau alone, than the result of a network that united the Bureau, individual firms, and trade associations in a search for knowledge about marketing.¹⁸

The Bureau's ongoing relationship with the National Wholesale Grocers' Association (NWGA) illustrates such a collaboration. The NWGA first approached the Bureau in 1914, offering its aid in the Bureau's upcoming study of retail grocers. The retail grocers study was another success, selling 12,000 copies of the Bulletin Operating Costs of Retail Grocers, and it convinced the NWGA that its own members could benefit from their own operating cost study. HBS agreed, and in cooperation with the NWGA's Cost Committee (no conferences this time) devised a "Harvard System of Accounts for Wholesale Grocers." The NWGA then publicized the new accounts and invited Bureau representatives to address its annual conventions. When the Bureau produced its report on wholesale grocers' operating costs, the NWGA heralded it. By 1923, such publicity was so successful that a Wholesale Grocer interview with Melvin Copeland, director of the Bureau since 1915, could begin by stating that "Prof.

¹⁸Harvard University, The Harvard System of Accounts for Retail Grocery Stores Bulletin of the Bureau of Business Research 3 (Cambridge, MA: Harvard Graduate School of Business Administration, 1914); Copeland, And Mark and Era: 213.

Copeland needs no introduction to wholesale grocers." Trade association support appears to have persuaded many merchants to cooperate with the Bureau. While its early studies drew only a fraction of possible respondents, studies supported by the association drew many more. Its 1920 update on the operating costs of wholesale grocers relied on 253 cooperating wholesalers, firms that numbered 10% of all grocery wholesalers and did almost 30% of the volume of grocery wholesaling in North America. By 1917 the Bureau was sufficiently established that it could switch from the hard-sell tactic of having agents visit cooperating firms to communicating with them by mail. The NWGA's relationship with the Bureau was particularly close, but all the cooperating trade associations gave the Bureau similar support.¹⁹

The Bureau's ties to trade associations inevitably shaped its work. Following its study of shoe retailing, the Bureau's managers had initially planned a series of projects that would, they hoped, illuminate the larger structures of

¹⁹Copeland: 213; Harvard University, Harvard System of Accounts for Wholesale Grocers, Bulletin of the Bureau of Business Research 8 (Cambridge, MA: 1916); "Copeland Proves Importance of Stock-Turns and Shows how to locate 'Dead-heads'," Bulletin of the NWGA 8 (October 1923): 1, clipping in Melvin T. Copeland Faculty File, HBSA; Harvard University, Report of the Graduate School of Business Administration, 1920 - 1921 (Cambridge, MA: Harvard University, 1921): 37; "Newsletter No. 137, May 17, 1921," from the News Circular Service, National Wholesale Grocers Association, School Correspondence, HBSA.

marketing. After studying shoe retailers' "selective distribution," the Bureau had moved to examine retail grocers' "intensive distribution." Next would be studies of other trades with different distribution patterns: ready-to-wear clothing, groceries, books, and then hardware. Along with this, it planned to survey operating costs in a single industry, the shoe trade, by following its shoe retailer report with studies of shoe wholesalers and then shoe manufacturers. Most of these never came to pass. Continued lack of funds led the Bureau to defer these projects, and turn to studies that would enjoy immediate support, i.e., those backed by trade associations. Such a shift was easy to justify; the trade association-supported studies still unearthed new data about marketing, and also earned the Bureau and HBS support from a vocal constituency. But the shift shows that the Bureau was no longer simply an adjunct of HBS, but an organization serving two masters, the school and the trade associations.²⁰

Larger changes in American marketing had led trade associations to the Bureau. Out of all the trade associations in the United States, the only ones to support the Bureau were those representing independent retailers and wholesalers threatened by new institutions of mass marketing. Mass distributors and mass retailers were eroding the smaller

²⁰Copeland, 211-213; Cruikshank, A Delicate Experiment: 60.

firms' market shares.²¹ The extreme case is that of shoe wholesaling, a trade that disappeared in the 1910s as shoe manufacturers took over distribution. Other trades faced similar threats, though from chain stores. While they enjoyed their most conspicuous growth in the 1920s, chain stores expanded rapidly in the 1910s. Between 1910 and 1915, for instance, the number of chain drug, grocery, and shoe stores all doubled, obviously worrying independent proprietors. To stay competitive, small retailers and their associations began looking for ways to get a competitive edge.²²

The search for such an edge led the associations to the Bureau. From the first, the Bureau had shaped its studies to help small businesses control costs and fix weak points in their organizations. The studies also reassured smaller firms that efficiency was not necessarily a function of size; in one study of retail shoe stores, the Bureau dismissed the "common belief that larger stores were tending to drive out the smaller stores." To be sure, the Bureau never described

²¹"Small business" is an elastic term; here it includes firms not dominating their trade, or vertically integrated. Of course, a few of the Bureau's clients were quite large; some grocery wholesalers had sales of several million a year.

²²Copeland, And Mark an Era: 213; Theodore N. Beckman and Herman C. Nolen, The Chain Store Problem: A Critical Analysis (New York: McGraw-Hill, 1938): 21, 26-27; Melvin T. Copeland, "Marketing," Recent Economic Changes in the United States, Report of the Committee on Recent Economic Changes (New York: McGraw-Hill, 1929): 423.

its studies as a weapon for independent firms fighting mass marketers--perhaps because HBS also depended on the patronage of such families as the Filenes and Strauses, whose fortunes were the product of mass marketing--but the evidence suggests that trade associations saw them this way. This helps explain the Bureau's exclusive focus on independent firms, and why at least one study was careful to exclude "chain stores, department stores, [and] mail-order houses" from its sample. Including them in the study would have made it less useful for its main audience, independent marketers.

Research from the Bureau was one way to stay competitive.²³

Trade association support for the Bureau also tells us something about business innovation during this period. As Mansel Blackford has pointed out, small businesses in the 1910s and 1920s "embraced new technologies as eagerly as their larger competitors." In this case, however, they did not just adopt technologies, they pioneered them. The operating cost studies succeeded because small firms were eager to adopt the new accounting systems. A good deal of initiative lay with the firms themselves; after all, the studies became ongoing only because cooperating firms kept

²³Harvard University, Harvard System of Accounts for Retail Grocers, Bulletin of the Bureau of Business Research 5 (Cambridge, MA: Harvard University Press, 1915): 6; Harvard University, Management Problems in Retail Shoe Stores, Bulletin of the Bureau of Business Research 10 (Cambridge, MA: Harvard University Press, 1918): 35.

sending the Bureau updated reports. In contrast to small firms' willingness to innovate, not until the 1920s did department stores and chain stores commission similar operating cost reports, and they then went to the source developed by small firms: the Harvard Bureau. In this area of research, small firms were ahead of their big rivals.²⁴

The operating cost studies also helped the trade associations themselves. Cooperating in the Bureau's work was a good way for them to assist both big and small members, and thus avoid the frequently-leveled charge that such associations chiefly benefited the larger and better-organized firms in the trade.²⁵ At least in theory, the Harvard Accounts gave all tradesmen who installed them better control over their operations, irrespective of their size. Several of the reports also made sure to separate out data on large and small firms, presenting separate tables for each so different-sized firms could benefit from them. Seeing as the association did not even pay for the studies, it was a good bargain.

²⁴Mansel Blackford, A History of Small Business in America (New York: Twayne, 1991): 54; Harvard University, Harvard Systems of Accounts for Department Stores Bulletin of the Bureau of Business Research 21 (Cambridge, MA: Harvard University Press, 1920).

²⁵Colin Gordon has suggested that uniform cost accounting disproportionately helped large firms, but the Bureau's reports of operating costs were specifically designed to help both large and small firms. Gordon, New Deals: 135.

Less understandable is why HBS continued to pay for the Bureau's work. After Shaw's small gift ran out, its budget came out of HBS operating funds. During the 1910s the school was in continual financial difficulty, often running significant deficits. Yet at the same time it allocated over \$6,000 a year for the Bureau, in years when the school's entire budget never exceeded \$80,000. The Bureau also required new offices to house its growing staff, which increased from two part-time employees in 1911 to seventeen full-time agents, statisticians and stenographers by 1920. All this, despite the fact that the Bureau's work uncovered few new "principles" and mainly helped trades under examination.²⁶

At least three reasons explain the school's devotion. First, the Bureau did provide a certain amount of instructional material for the business school. Bureau reports were often used in marketing classes, and showed how wholesalers and retailers actually did business. Despite promises to do so, however, the Bureau did not provide much help to instructors outside the marketing division, a fact that drew protests by decade's end.²⁷

²⁶Copeland, And Mark an Era: 13-14; Typescript of number of Bureau employees, 1913-1923, in folder "Research Business--Histor of the Bureau," Collection of material relating to the history of the school, HBSA.

²⁷Harvard University, Report of the Graduate School of Business Administration, 1919-1920 (Cambridge, MA: Harvard

Second, the Bureau was an excellent advertisement for HBS. Even if businessmen doubted that "business" could be taught, they could see that through the Bureau, HBS was providing a useful service for many businesses. As one internal history of the Bureau, written in the 1920s, reported, the Bureau had proven an excellent "means of establishing numerous contacts with business men, of developing the respect of business men for the School and the Bureau, and of familiarizing members of the teaching staff with numerous problems faced by business men." HBS's profile was further heightened when associations had Bureau representatives address their meetings as experts on the trade; in 1920, Bureau agents addressed 16 such groups.²⁸

Third, the Bureau enjoyed Edwin Gay's continued support. His presence is probably the main reason why the debt-strapped school continued funding the Bureau. Throughout the 1910s, Bureau Bulletins continued to state that its primary mission was the one Gay had set it: "to obtain for teaching purposes reliable scientific information regarding business methods and problems." Gay never lost faith that the Bureau would discover general principles of business, or that such general principles should be the basis of the HBS curriculum.

University Press, 1920): 127.

²⁸Report of the Graduate School of Business Administration, 1919-1920: 127; "Report of the Bureau, 1925-1926," typescript dated July 1926, HBBR Office Files, HBSA.

The assistance it gave many business was an added benefit, not its raison d'être. Gay's backing tipped the balance toward the Bureau. Lending weight to this hypothesis is the fact that, when Gay left his deanship in 1919 to become president of the New York Evening Post, the Bureau's support within HBS seems to have left with him.²⁹

Gay's departure ended the period in the Bureau's history when it could rely on the business school for funding. After 1919, it would have to work harder for money and support. Gay's replacement was Wallace Donham, a corporate lawyer and Harvard overseer. Unlike Gay, Donham was no great fan of the Bureau. In part, no doubt, he was distressed that an office contributing so little to the day-to-day life of the school was consuming so much of its meager budget. Yet his lack of enthusiasm for the Bureau was also due to the deep differences between his and Gay's visions of business education. Donham did not believe that business educators needed "general principles" to win their field professional status--in his eyes, they had already done that. Instead, he believed business educators needed to start producing men who combined the ability to attack business problems with a

²⁹Selden O. Martin, "The Scientific Study of Marketing," Annals of the American Academy of Social and Political Science LIX (May 1915): 77, [hereafter Annals]; Harvard University, Operating Accounts for Retail Jewelry Stores, Bulletin of the Bureau of Business Research 15 (Cambridge, MA: Harvard University Press, 1919): 6.

"social consciousness" that would make them sensitive to business's effect on the larger society. Donham supported research that would connect business with its larger social context, and to this end he welcomed social scientists like the industrial psychologist Elton Mayo to HBS. There was no place for the Bureau's studies in his scheme.³⁰

So Donham gave it a new mission. In 1920, he proposed to adopt the case study method for all HBS classes. He had encountered this as a Harvard Law student years before, and believed it was the best way to prepare business students for the variety of problems they would encounter. Such a change, obviously, created an immediate need for case studies; and it was this job Donham gave to the Bureau. No longer would it search for "general principles" of business; all its efforts were to be bent towards researching and writing case studies for every area of the school's curriculum. Between 1920 and 1925, it would prepare 5000 such cases. The work was bound to be expensive, so to economize Donham announced that, after 1920, HBS would no longer subsidize the operating cost

³⁰Wallace Donham, "The Emerging Profession of Business," and "The Social Significance of Business," Harvard Business Review 5 (1926-27): 401-419; Richard Gillespie, Manufacturing Knowledge: a history of the Hawthorne experiments (New York: Cambridge University Press, 1991): 116-117; Cruikshank, A Delicate Experiment: 133-139

studies. If the Bureau wanted to continue them, it would have to do so with someone else's money.³¹

Without its subsidy, the Bureau had to ask trade associations for support. This meant they would no longer be the Bureau's collaborators, but its clients. It had begun moving toward this new relationship in 1919, when it accepted a "gift" of \$15,000 from the National Association of Retail Jewelers to study the retail jewelry trade. But this gift did not prove other associations would pay for their studies. The Bureau's director, Melvin Copeland, who had replaced Selden Martin in 1915, must therefore have been nervous when in the fall of 1920 he told associations of the situation. He wrote Arjay Davies, director of the National Wholesale Grocers' Association, that "it had become necessary for [the Bureau] either to discontinue some of our investigations or have them financed by the businessmen who are directly interested in the results." The annual cost of the studies would be, Copeland estimated, \$5,000 or \$6,000 a year, the sum charged the retail jewelers the year before. The response was gratifying. While a few studies were unable to find support--most noticeably, a study of world cotton prices the Bureau had just begun--all of the associations representing retailers and wholesalers agreed to pay for

³¹Copeland, And Mark an Era: 215-216; Harvard University, Report of the Graduate School of Business Administration, 1920-1921: 36-38.

their ongoing studies. In so doing, they showed how they valued the Bureau's past work and set the pattern for the Bureau's studies over the next decade.³²

Between 1920 and 1925, the Bureau grew enormously, chiefly in response to the demand for case studies. Its operating cost studies grew as well, however, and after the case studies were finished in 1925 they became the Bureau's sole concern and means of support. Their popularity increased through the decade, and the Bureau found many new clients. It would only deal with trade associations, though, fearing a study paid for by an individual corporation would taint its objectivity. While the Bureau continued many of its older studies, it also began performing studies for smaller and more specialized groups, such as the Southern Wholesale Grocers' Association and the National Association of Principles of School for Girls (which commissioned the study Operating Expenses of Private Schools). In making these studies, the Bureau came to function as a research wing of trade associations. Its studies lost some of their partisan cast, as the Bureau began making studies for a range of mass marketers. In part, this was because that's where the action was--department and chain stores grew rapidly in

³²Harvard University, Report of the Graduate School of Business Administration, 1918 - 1919: 98. Melvin Copeland to Arjay Davies, November 10, 1920. Carbon copy in School Correspondence, Donham Administration, HBSA.

the 1920s, coming to dominate many fields. The firms looked for new methods to control costs, and sought the operating-cost studies developed by their smaller competitors; indeed, the Bureau's most notable work during this decade was its annual survey Operating Expenses of Department Stores, paid for by the National Retail Dry Goods Association, a department store association. By 1930 it would also be performing groundbreaking studies of operating expenses in chain stores.³³

Well before then, however, the larger environment within which the Bureau worked had changed. Where it had once been alone in performing such studies, the Harvard Bureau was now only one of many bureaus of business research at business schools across the nation, bureaus themselves part of a rapidly growing infrastructure for marketing research. Yet the Harvard Bureau continued to have a large influence on marketing research, and indeed on business research in general, for by the 1920s it had made an impact on a still more important institution: the Federal government.

**The Harvard Bureau and the " Associative State," 1917
- 1921**

One reason the Bureau lost its special status at Harvard is that its creators had left Harvard for the national stage.

³³Harvard University, Operating Expenses in Department Stores in 1921 Bulletin of the Bureau of Business Research 33 (Cambridge, MA: Harvard University Press, 1922).

The demands of World War I drew them to Washington, where they joined a like-minded group of businessmen, politicians, and social scientists in constructing a bureaucracy to manage America's war economy. In the 1920s, their new connections led them--and their ideas--to positions of power in the Federal government, where they became key players in the development of the public-private apparatus for economic planning historians have dubbed the "Associative state."³⁴

It began with the war. The United States' entry into World War I raised a host of managerial problems. The Federal government's ability to control the information, industries, and people needed to win the war lagged far behind what was required. To remedy this, public and private actors rushed to build a structure for national economic planning. The first body established was the "Council of National Defense," (CND) an organization set up by Congress in 1916 to coordinate private preparations for the war; within a year the CND had transferred most of its responsibilities to the War Industries Board (WIB), which under the financier Bernard Baruch claimed near-dictatorial powers over American industry.³⁵

³⁴On the "associative state," see Ellis Hawley, "Herbert Hoover, the Commerce Secretariat, and the vision of an 'Associative State'" Journal of American History 61 (June 1974): 116-140, an article I rely upon heavily in this section.

³⁵For a good summary of these efforts, see Robert Cuff, The

It was one thing to create the board, however, and another to implement its plans. In the United States of 1917, even after decades of calls for "social engineering" and "social control," there were no organizations able to produce the economic and statistical data needed to run the control mechanisms envisioned by the war planners. Few men had experience in constructing and managing offices to develop such data. At least one group of men did have such experience, however: those running the Harvard Business School, especially its Bureau of Business Research.

The Bureau's founders and managers thus found that their talents were needed in Washington. They were sought as statisticians and managers, not marketing specialists. HBS gained its entree when, in March 1917, Arch Shaw persuaded the Council of National Defense to back his plans for a "Commercial Economy Board," a private organization that promised to combat waste by persuading companies to standardize production and adopt better cost accounting techniques. He was soon joined by Edwin Gay, who took leave from HBS to direct the CEB's statistical bureau. That fall, two of their HBS associates also came on board: Melvin Copeland, on leave from the Harvard Bureau, and the Taylorite businessman and HBS backer Henry Dennison.

War Industries Board (Princeton, NJ: Princeton University Press, 1973), on which I rely in this and the next paragraph.

The war gave these men the opportunity to put their ideas into action on a national scale. Some of their plans were just wholesale applications of the Bureau's work. The attempt to impose uniform accounting, in particular, was simply the Harvard Accounts writ large; Gay described it as "an extension of uniform cost accounting such as we had already worked out at the school." Though less would come of this than hoped, it shows how the Bureau served as one model for the larger schemes hatched during the war. The Harvard group's power increased later that fall when the CEB was absorbed into the War Industries Board, moving Shaw's private initiative to the center of government planning.³⁶

Over the next year Shaw, Gay, and their associates rose to the top of the planning bureaucracy. Shaw soon became Baruch's right-hand man at the WIB, leading its campaign to standardize manufacturing; he also helped manage the Board's relationship with other government bodies. It was in this capacity that he first met U. S. Food Administrator Herbert Hoover, who shared his hatred of waste and inefficiency and was to become another friend and associate. Gay's rise was equally swift, as he moved in 1918 to head the statistical

³⁶Robert D. Cuff, "Creating Control Systems: Edwin F. Gay and the Central Bureau of Planning and Statistics, 1917 - 1919," Business History Review 63 (1989): 591-593 and passim; and William J. Breen, Uncle Sam at home: civilian mobilization, wartime federalism, and the Council of National Defense, 1917 - 1919 (Westport, CT: Greenwood Press, 1984).

division of the U. S. Shipping Board. After working wonders there, he became Woodrow Wilson's statistical czar as director of the new Central Bureau for Planning and Statistics. Gay salted the war bureaucracy with his HBS colleagues; he brought Dennison and Copeland with him to the Shipping Board, and then persuaded both Paul Cherington, onetime Bureau agent and HBS professor of marketing, and Julius Klein, a former student of his who had taught Latin American commerce at the business school, to join them.³⁷

The war did more than bring the Harvard men to Washington; it also put them to work alongside men with similar interests whom they otherwise might never have met, giving rise to a network advocating what the historian Guy Alchon has called "technocratic Progressivism." Technocratic progressives believed that the Federal government could manage corporate capitalism, and mitigate its excesses, not through coercive regulation but rather by creating and disseminating information on economic conditions, particularly the business cycle. It would do so in

³⁷Bernard Baruch, The Public Years (New York: Holt, Rinehart and Winston, 1960): 81; Benedict Crowell and Robert F. Wilson, The Giant Hand: Our Mobilization and Control of Industry and Natural Resources, 1917 - 1918 (New Haven: Yale University Press, 1921): 65-70; Cuff, "Creating Control Systems": 595-603; Archibald M. Crossley, "Paul T. Cherington," Journal of Marketing 21 (1956): 135-136; Robert Seidel, "Progressive Pan Americanism: development and United States policy toward South America, 1906 - 1931" (Ph.D. thesis, Cornell University, 1973): 165-166.

partnership with philanthropic foundations, research institutes, and businesses' own cooperative groups. This "infrastructure for technocratic planning," as Alchon calls it, would serve as the backbone for the "associative order." In the aftermath of World War I this seemed a realistic goal, as many Americans came to believe that the war bureaucracy had achieved "planning without bureaucracy, regulation without coercion, [and] cooperation without dictation" in its management of the economy (whether this is true is another matter).

There was, however, yet another reason for many government managers to give credence to the "associative order;" their own experience at the Harvard Bureau. In partnership with trade associations, the Bureau had persuaded thousands of firms to adopt new methods of controlling costs, not by coercion but by showing them the benefits of the new systems. Gay, Shaw, Klein, and others would carry this lesson with them through years in government service. The melding of all these experiences and ideologies in the crucible of war produced the vision of an associative order.³⁸

³⁸Robert Cuff, "Herbert Hoover, the Ideology of Voluntarism, and War Organization during the Great War," Journal of American History 64 (September 1977): 358; my discussion relies on Guy Alchon, The Invisible Hand of Planning (Princeton, NJ: Princeton University Press, 1985), esp. ch. 2-3.

This new order was further off than it appeared in 1918. At the war's close, the government's planning machinery was quickly dismantled, as both Congress and President Wilson rejected plans for a "Peace Industries Board" as incompatible with American political traditions. Even Gay's Central Bureau for Planning and Statistics lost its funding in 1919. Yet the backers of Federal technocratic management chose to see this as a temporary setback, and set out to build the private institutions for economic inquiry and coordination necessary for their plans. In 1919 and 1920, Gay, Dennison, AT&T statistician Malcolm Rorty, and the economist Wesley Mitchell, who had worked with Gay at the War Industries Board, established the National Bureau for Economic Research (NBER) in the hopes they could chart and eventually control the business cycle; Shaw was a founding director. They would later try to add private philanthropies and the Brookings Institution to this planning apparatus.

The Harvard Bureau also played a part of this effort. Before the NBER's founding, Rorty suggested that the Bureau take on the task of studying national income distribution. After Gay rejected this--he preferred an independent organization--the Bureau still kept ties to the NBER. In 1920, Melvin Copeland, now back at the Bureau, suggested that its annual operating cost studies could be used to supplement the NBER's work. As he wrote in the introduction to one Bulletin,

"Recent studies of the ups and downs of business prosperity indicate that it may be possible for businessmen to lessen the severity of the fluctuations. To do this, a thorough understanding of what has happened in various trades is essential. The value of these annual reports, therefore, will become greater and greater as the series increase in length."

The Bureau's studies would show businessmen how the overall business cycle affected them, and connect them to the larger effort to tame it.³⁹

While this came to naught, the Bureau continued to wield its greatest influence through its alumni in the Federal government. The creators of the "infrastructure for technocratic planning" never thought it would be all private; they expected the state to coordinate its activities. They got their chance in 1921, when Herbert Hoover became Secretary of Commerce in Warren Harding's administration. Hoover was both a proponent of technocratic progressivism and, as the "Great Engineer," one of its icons. To help him re-engineer the department, Hoover enlisted the aid of several supporters, prominent among them Gay and Shaw. Gay was soon planning the department's reorganization from his perch in New York, while Shaw--who twice declined Hoover's offer of the assistant secretaryship--took long leaves from

³⁹Mark C. Smith, Social Science in the Crucible: The American Debate over objectivity and purpose, 1919-1941 (Durham, NC: Duke University Press, 1994): 63-64; Melvin Copeland, "Foreward," Harvard University, Operating Expenses in Retail Shoe Stores in 1920 Bulletin of the Bureau of Business Research 28 (Cambridge, MA: Harvard University Press, 1921): 4.

his Chicago interests to help Hoover. Although Gay and Shaw were content as informal advisors, they ensured that their protégés held more permanent posts. Shaw persuaded Hoover to hire Frederick M. Feiker, a former HBS instructor and System editor, as his personal aide, while Gay and Shaw made sure Julius Klein won the job of head of the department's Bureau of Domestic and Foreign Commerce (chapter 5). Over the next eight years, these men would join with Hoover to expand the department's power, linking it with private planning organizations and turning it into a nucleus for an "associative state." By producing reams of economic data, holding conferences on industry behavior and standards, and encouraging voluntary coordination through industry groups, Hoover's Department would try to bend private economic activity toward the public good. It was the government's first attempt at peacetime national economic planning.⁴⁰

⁴⁰On Hoover's image, see John M. Jordan, Machine-Age Ideology: Social Engineering & American Liberalism, 1911-1939 (Chapel Hill, NC: University of North Carolina Press, 1995): 110-128; on Gay and Shaw's relation to Hoover, Joan Hoff Wilson, Herbert Hoover, Forgotten Progressive (Boston: Little, Brown: 1975): 81, 88; A. W. Shaw to Herbert Hoover, March 26, 1921, Herbert Hoover--Commerce Papers, Herbert Hoover Presidential Library, West Branch, IA; and Craig Lloyd, Aggressive Introvert: Herbert Hoover and Public Relations Management, 1912-1932 (Columbus, OH: Ohio State University Press, 1972): 62-63; see also Brian Balogh, "Mirrors of Desire: Markets, Interest Groups, and Political Constituencies between the World Wars" (Unpublished paper in author's possession).

The founders of the Harvard Bureau were, then, present at the creation of the Associative State. They were not, by any means, its sole inventors; it was the culmination of many years of technocratic-progressive thought, and also bore the stamp of Hoover's own brand of "American individualism." But the Bureau was an important precursor of the "associative order." Certainly, Gay and Shaw's faith that the Department could successfully manage the economy through informal conferences and cooperative associations could only have been strengthened by the Bureau's history of cooperation with trade associations. Its success was a concrete example of the way associations could coordinate the activity of individual firms. Given the ties between the Bureau and Hoover's Department of Commerce, we should also not be surprised that several men associated with HBS--not only Gay and Shaw, but Cherington, Copeland, Feiker, and Klein--were called on to manage divisions or projects of the new planning infrastructure (chapter 5). Though not its parent, the Harvard Bureau was surely an ancestor of the Associative State.

The Commerce Department returned the favor. During the 1920s, it expanded its capacities for studying distribution and marketing. This new information stream, in turn, flowed to bureaus of business research across the nation, no longer just to Harvard's. For, by the 1920s, the Harvard Bureau had been joined by a host of similar offices at business schools

across the nation, all also called "Bureaus of Business Research." These new Bureaus were the centerpiece of a burgeoning infrastructure carrying marketing research to places far removed from either Cambridge or Washington, multiplying the influence of marketing experts and ideas.

An "Epidemic of Bureaus," 1918 - 1930

In the 1920s, an array of colleges and universities rushed to offer their services to businessmen, creating a rich environment for marketing research. The historian William Leach has recently charted one such area in his Land of Desire. During the 1910s, several schools reached out to the new mass marketers by opening training schools for retail salespeople, often with generous funding from department stores. In 1915, Boston's Simmons College accepted support from the Filene's and Jordan Marsh stores for its "school of salesmanship," an experiment repeated two years later when the Carnegie Institute in Pittsburgh accepted money from local department stores to open a Research Bureau for Retail Training. In 1919 New York University, using money provided by the Straus family of Macy's fame, opened an entire School of Retailing. NYU's school was particularly ambitious; it aimed to prepare school teachers who would train their

students for careers as saleswomen, and so transform sales from unskilled labor into a "skilled profession."⁴¹

These sales schools constituted one element of a broader infrastructure that linked private and public institutions in the search for data on marketing. Anchoring this infrastructure were business schools' bureaus of business research. The new bureaus appeared everywhere, at urban schools like Brown, NYU, and Northwestern, as well as land-grant schools like Ohio State and the Universities of Illinois, Nebraska, and Texas. They spread so fast that, by 1927, the economist Joseph Willits could complain of an "epidemic of Bureaus of Business Research," and at decade's end twenty-one of the forty-two members of the American Association of Collegiate Schools of Business had a Bureau. Neither for-profit nor exclusively educational, the Bureaus were hybrid institutions, epitomizing what Olivier Zunz has called "the growing interdependence . . . among public and private institutions that were producers, brokers, and users of knowledge" in twentieth-century America. Collectively, they brought marketing research to many firms for whom it was previously expensive or inaccessible.⁴²

⁴¹William Leach, Land of Desire: Merchants, Power, and the Rise of a New American Culture (New York: Vintage Books, 1993): 157-159.

⁴²J. H. Willets, "The Objectives of Business Research," The Ronald Forum: Proceedings of the Ninth Annual Meeting of the American Association of Collegiate Schools of Business

The Bureaus began as a way for business schools to reach out to their communities. The schools had many reasons for taking such a step; some hoped the Bureaus would improve instruction by putting their students in touch with real-world problems; others, particularly state schools, thought their Bureaus, by aiding the region's merchants, would convince legislators their work was indeed useful; and a few schools, apparently, were drawn by the prospect of outside funds. Once established, however, the Bureaus did more than serve as adjuncts to their schools; they expanded the boundaries of business education. In part, their success finally established research as a legitimate task for business schools. By 1927, Horace Secrist, director of Northwestern's Bureau, could easily assert that research was "a proper activity . . . of collegiate schools of business." More importantly, the Bureaus became, as the Brown Bureau's director, W. A. Berridge, put it, a means of "broadening the scope . . . of [the] business school in the whole life of a community." Their development guaranteed that schools would not only train students in business, but would become resources for regional businesses, helping them with solve

(November 1927): 41; James H. S. Bossard and J. Frederic Dewhurst, University Education for Business (Philadelphia: University of Pennsylvania Press, 1931): 474; Olivier Zunz, "Producers, Brokers, and Users of Knowledge: The Institutional Matrix," In The Modernist Impulse in the Human Sciences, ed. Dorothy Ross (Baltimore: The Johns Hopkins Press, 1994): 291.

knotty problems in distribution and sales. The Bureaus eventually became part of the local business community.⁴³

Like the Harvard Bureau, the new Bureaus performed studies chiefly to benefit local businesses and regional trade associations. Most developed specialties reflecting their locations and constituencies. Bureaus at urban schools often concentrated on marketing, due in part to the nearness of department stores and other mass marketers. The director of NYU's Bureau claimed that most of its work came from studying "mercantile business," while Northwestern's Secrist reported that his Bureau "restricted its study to the field of retail distribution." Bureaus at land grant colleges more often studied the problems of their state's small businessmen, but this often left them specializing in marketing as well, since small businesses clustered in wholesaling and retailing. The University of Illinois's Bureau wound up with such a focus, dedicated as it was to producing studies of benefit to the state's "large middle class of enterprisers." In practice, this meant that most of its reports addressed problems facing retailers.⁴⁴

⁴³Horace Secrist, "The Scope and Objectives of Business Research," Ronald Forum: Proceedings: 37; W. A. Berridge, "External Relations of Business Bureaus," Ronald Forum: Proceedings: 59. This issue of the Ronald Forum included a "Round Table on Business Research."

⁴⁴Horace Secrist, "Aims and Methods of the Bureau of Business Research, Northwestern University, American Economic Review 13: Supplement (March 1923): 225; Lewis H. Haney,

The kind of studies Bureaus did varied. In some cases, a Bureau simply followed the lead of Harvard, as when the Northwestern Bureau studied pharmaceutical distribution for the Wholesale Druggists Association, or operating costs in department stores at the behest of Hart, Schaffner and Marx. More often, however, they keyed their work to local conditions. In the 1920s the University of Nebraska's Bureau of Business Research developed studies on Trade Practices and the Cost of the Retail Coal Business in Lincoln and an annual study of Operating Expenses of Retail Grocery Stores in Nebraska. While Harvard's studies had gauged costs of retailers and wholesalers across the nation, the Nebraska Bureau's studies allowed local firms to compare their operating costs against those of their immediate competitors. Its retail grocery study, at least, was quite successful; while the Nebraska Bureau's 1922 study drew 27 responses, by the late 1920s over 200 groceries were responding to the survey. Also, like Harvard, the Nebraska Bureau directed its efforts at independent firms; chain stores were "purposely excluded" from the survey. Brown's Bureau took yet another tack, specializing in the business conditions of "southeast New England" and producing studies of regional trade in cooperation with trade groups like the Rhode Island Chamber

"The New York University Bureau of Business Research and Its Work, AER 13: 227; A. C. Littleton, "Comments," Ronald Forum: 62.

of Commerce, the Rhode Island Textile Association, and the Rhode Island Automobile Dealers' Association. To be sure, not all Bureaus' studies were so successful--some were little more than superficial canvasses of local businesses--but many drew wide support from local firms and trade organizations.⁴⁵

The diversity of the individual Bureaus strengthened the overall infrastructure for marketing research. Instead of producing uniform reports, they could tailor their studies to local needs, thus making them more useful for local firms. This did not mean the Bureaus were isolated from each other; quite the contrary. They kept in touch by holding meetings at professional gatherings, publishing summaries of their work in journals like the Harvard Business Review, and subscribing to each others' Bulletins. Occasionally they even cooperated in studies. Perhaps the ultimate expression of this was Northwestern's 1926 report on The Widening Retail market and Consumers' Buying Habits. The report was planned and completed at Northwestern, but its data depended on

⁴⁵Michael W. Sedlak and Harold F. Williamson, The Evolution of Management Education: A History of the Northwestern University J. L. Kellogg Graduate School of Management, 1908 - 1983 (Urbana and Chicago: University of Illinois Press, 1983): 54; University of Nebraska Committee on Business Research, Operating expenses of retail shoe stores in Nebraska in 1926 Nebraska Studies in Business 20 (Lincoln: Extension Division, University of Nebraska, 1927), and Trade practices and costs of the retail coal business in Lincoln, Nebraska, in 1922 (Lincoln: Extension Division, University of Nebraska, 1923); Berridge, "External Relations of the Business Bureaus": 57.

surveys administered at twenty-six schools nationwide, ranging from Harvard to the University of Idaho. Unsurprisingly, the report was published by the A. W. Shaw Company.⁴⁶

The Bureaus not only served their own business communities, but mediated between those communities and the new institutions for national economic planning. The NBER studies were pathbreaking, but they surveyed national economic conditions and the overall business cycle; they did not explain how the cycle affected different trades or varied across regions. Connecting national studies to local conditions was a task taken on by, among others, a number of Bureaus.⁴⁷ We have already seen the Harvard Bureau claim that its studies would help firms chart the business cycle in their trade. Other bureaus of business research, including those at NYU and the University of Illinois, used business cycle studies, as well as Commerce Department and Federal Reserve bulletins, to construct "trade barometers" with similar goals. As Illinois's A. C. Littleton explained it, these barometers aimed to expand on the initial studies by measuring "the degree of relationship existing between a

⁴⁶Horace Secrist, The Widening Retail Market and Consumers' Buying Habits (Chicago: A. W. Shaw Company, 1926): v-vi.

⁴⁷"Business Barometers" similar to those discussed below were also developed by several magazines and commercial firms, including System. Frank Parket, "The Development of Business Forecasting," Administration 4 (1922): 269-275.

specific industry, or even the individual enterprise, and the cycle." Changes in the trade barometer would tell a businessman how the overall cycle was affecting his trade. Though Bureau barometers were no more successful than NBER reports in predicting the Great Depression, their development further highlights the new ties among small firms, regional business associations, bureaus of business research, and national organizations for economic planning.⁴⁸

Conclusion

The 1930s presented bureaus of business research with a far bleaker economic terrain than that of the 1920s--not that most Bureaus got a chance to survey it. The Great Depression dealt a severe blow to this nascent infrastructure, forcing schools, trade associations, and firms to cut back on unnecessary or less-than-necessary expenses, including the Bureaus. Two of the largest Bureaus, those of Northwestern and NYU, were closed by 1933, as were many state universities's Bureaus. A few managed to scrape by; the Harvard Bureau, losing almost all its external funding, turned to smaller-scale studies, and even kept up Operating Costs in Department Stores, thanks to its now-generous endowment. The Nebraska Bureau survived by turning out

⁴⁸Haney, "The New York University Bureau": 227; A. C. Littleton, "Commentary," Ronald Forum: 62. On the NBER and the growth of national economic planning during the 1920s, see Alchon, The Invisible Hand of Planning, esp. 51-111.

unemployment studies. But the larger structure was in tatters.⁴⁹

By that time, however, the Bureaus had already accomplished a great deal. They had created, for a brief time, new ties among businessmen, trade associations, and university-based researchers, ties that would be remembered and renewed in more prosperous times. They improved marketing itself, introducing an array of new management and accounting techniques into marketing and giving marketers better control over their operations. With greatest effect, they showed many marketers that systematic research into distribution could be as useful to them as industrial research had been to large, science-based corporations. They helped make marketing research a part of American business practice.

⁴⁹George B. Hotchkiss, "The Schools of Commerce and Retailing," in New York University 1832-1932, ed. Theodore Francis Jones (New York: NYU Press, 1933): 375; Sedlak and Williamson, The Evolution of Management Education: 55.

Chapter Three:

"A New Way of Thinking": Market Research at J. Walter Thompson

In 1927, the J. Walter Thompson advertising agency (JWT), then the largest ad agency in the world,¹ published an atlas of America's Retail Shopping Areas, a supplement to its well-known guide to Population and Its Distribution. These "retail shopping areas" were simply a city and the surrounding territory from which its stores drew trade; for instance, Durham, North Carolina's retail shopping area included not only the town but several neighboring counties whose inhabitants regularly shopped in Durham. In addition to mapping out the nation's retail shopping areas, the atlas provided some basic statistical data on each one, including its overall population. The book had a practical purpose; with the data in Retail Shopping Areas, sales managers trying to control a salesforce could set more accurate quotas and territories. They would know that Greensboro, North Carolina, drew nearly twice as many shoppers as Durham, despite the fact the two cities had the same population; thus, they could plan on Greensboro absorbing twice the

¹Although the agency was founded in the 1870s by a man named J. Walter Thompson, by the period this chapter examines it had passed from his control; thus, here "J. Walter Thompson," "Thompson," and "JWT" all refer to the agency, not an individual.

amount of many basic consumer goods. Retail Shopping Areas's maps showed not where people lived, but how they consumed.²

It was a handsome book, oversized and leather-bound, but except for its detailed five-color maps of each state it appeared to differ little from similar statistics-laden "quota guides" then being issued by a number of advertising agencies and publishers. If, however, a sharp-eyed reader looked beyond its tables and maps, he might see in the book a harbinger of more fundamental changes. Thompson's cartographers had aimed to produce a map of American society; but Retail Shopping Areas did not depict the nation's regional, ethnic, and class divisions, and while it kept basic political boundaries, its maps downplayed these; state lines were simply thin lines, while the borders of retail shopping areas were more striking thick black. The maps' five colors were graded to show the relative affluence of each county, with wealthy counties bright red and sparsely settled ones a dull brown.³ The attributes the atlas did depict were those that mattered to the architects of mass

²J. Walter Thompson Company, Retail Shopping Areas, a supplement to Population and Its Distribution, 4th ed. ([New York]: J. Walter Thompson Company, 1927).

³Wealth was determined by the number of inhabitants per income tax return. Despite the fact they were "political units," counties were kept because they were in many cases the smallest unit for which information was gathered.

consumption society: Americans' income and their buying habits.

Retail Shopping Areas's appearance marks the emergence of a new way of depicting and imagining American society--a development the book's makers realized full well. As the guide's "Introduction" stated, rising incomes, widespread affluence and the increased availability of the items of mass consumption had in the past few years carried millions of Americans into consumer society. New maps were needed for this nation of consumers. "[T]he old classifications of 'colored' and 'white,' 'native' and 'foreign born,'" it proclaimed, "have lost much of their value in measuring broad markets; and 'people are people' in a new sense."⁴

We should not be surprised to find market researchers' new representations of American society taking shape at J. Walter Thompson. During the 1910s and 1920s, the agency was a center for innovative research in distribution, sales, and consumption. JWT's marketing research division was the best-known and most sophisticated anywhere, generating not just innumerable reports on specific clients products and markets, but also a series of more panoramic atlases and studies that charted Americans' reading preferences, income distribution, shopping habits, and the borders of mass-consumption society.

⁴Paul T. Cherington, "Introduction" to Retail Shopping Areas: iv.

The agency drew its research staff from major universities, social-survey organizations, and other corporate market research offices, taking special effort to acquire some of the best-known researchers in the nation, including John B. Watson, "the father of behaviorism," and Paul T. Cherington, first professor of marketing at the Harvard Business School. Retail Shopping Areas was really the culmination of a long line of research studies that supplemented older ways of depicting Americans with new categories designed to capture accurately their shopping habits, abilities, and interests.

This chapter shall study both Thompson's researchers and its research, first by examining the construction of Thompson's research division, then by asking how its studies shaped specific firms' advertisements and marketing plans, and finally by showing how its individual studies in time gave rise to a new depiction of American society. It consists of two parts. Part I is a case study of JWT's research division, showing how one agency developed and applied market research. We should be clear at the outset that as a case study it has limits; Thompson is not representative of its industry. During the 1920s it was the nation's largest advertising agency, with a research division more visible and influential than any competitor's. But where Thompson led others eventually followed. Part II focuses on the new depiction of American society that the agency created. It shows how, in the course of attempts to

solve specific advertising, marketing and sales problems, Thompson's researchers were led to new ways of understanding and depicting such traditional categories as ethnicity, class, and region. During the late 1920s, they would codify these individual insights into a new map of American society.

Part I: Structures

A "University of Advertising"

The seemingly ever-present "national" advertising characteristic of our age in fact first appeared in the late nineteenth century, an instrument by which mass-production corporations hoped to create demand and brand loyalty for their products in shoppers concentrated in numerous urban markets. Advertising agencies began as brokers of ad space in newspapers and magazines, but soon developed new capacities and began offering to design, write, and plan not only clients' individual ads, but entire advertising campaigns. Buoyed by manufacturers' hope that advertising could create and sustain demand, advertising quickly grew to be a major industry; by 1914, one scholar had estimated, it consumed 2% of GNP. It was not only a new way to sell goods, but a new, highly visible presence on the American cultural landscape.⁵

⁵Daniel Pope, The Making of Modern Advertising (New York: Basic Books, 1983): 26. At least half a dozen major works on advertising history have appeared the last decade. Most

One of the best-known agencies was J. Walter Thompson. Founded in 1878 by J. Walter Thompson himself, in the 1910s the firm came under the control of Stanley Resor, a sharp, hard-driving advertising and marketing whiz who became its president in 1912 and, in 1916, its owner. Together with his wife, Helen Lansdowne Resor, and the brilliant copywriter James Webb Young, Resor built JWT into the nation's largest agency. By the early 1920s it had 381 employees working in offices in New York, Chicago, Cincinnati, San Francisco, and London, providing advertising and marketing services to dozens of the nation's largest corporations. At the end of that decade, it was billing almost \$38 million a year.⁶

assume that advertising has foisted new needs on Americans; the most sophisticated work in this vein is Jackson Lears's Fables of Abundance: A Cultural History of American Advertising (New York: Basic Books, 1994). This view exaggerates the power of advertising and underestimates the degree to which advertisers labored to curry favor with consumers. In my view, two slightly older works are still the best starting places for studying advertising's history: Pope's The Making of Modern Advertising and Roland Marchand, Advertising the American Dream: Making way for Modernity, 1920-1940 (Berkeley and Los Angeles: University of California Press, 1985).

⁶Stephen Fox, The Mirror Makers: A History of American Advertising and its Creators (New York: William Morrow, 1984): 90; on JWT's size, see Pope, The Making of Modern Advertising: 265-266, and Marchand, Advertising the American Dream: 32. A good, brief history of JWT is in Fox, The Mirror Makers: 79-95. JWT was one of the few agencies to leave extensive records--another reason to avoid seeing it as "representative." They are now the J. Walter Thompson Archives, Hartman Center for the History of Advertising, Marketing, and Sales, Special Collections, Duke University Library (hereafter JWTA).

According to one profile, Thompson distinguished itself by building a reputation on "research, preparation, completeness, and rigor." Unlike many agencies, which chiefly brokered space and designed art and copy, JWT was one of the first "full-service" agencies, offering clients advice on both advertising and marketing, at times involving itself, as Jonathan Silva has reported, with "the client's entire business--from production through final exchange." It found many takers for its services in the 1920s, as demands for greater efficiency pushed many firms to integrate production, distribution, and sales planning. JWT advised clients not only on advertising methods, but also on distribution networks, brand names, and sales organizations. For United States Rubber, Thompson compared the efficiency of different distribution channels, surveyed potential markets, and even sought consumers' opinions on brand names (they liked "Keds"). By the end of the decade it would be providing favored clients like Corning Glass advice not only on marketing methods but even on product lines and manufacturing techniques.⁷

⁷"J. Walter Thompson," Fortune 36 (November 1947): 101; "Account History: U. S. Rubber Company": box 21, Account Files, JWTA: 3-4; Jonathan Silva, "J. Walter Thompson Company and Its Clients: Marketing a Relationship," Business and Economic History 25 (Fall 1996): 124. More information on Thompson's marketing work will be found in Silva's "The Development of American Marketing: Strategy, Structure, and Culture" (Ph.D. diss., Ohio State University, forthcoming).

To be sure, Thompson was not the first advertising agency to study distribution and markets. As early as 1880, N. W. Ayer & Son had prepared a report for one client on "production of wheats, oats, rye, and other threshable grains by states and counties," and since that date other agencies also engaged in occasional surveys for clients. Few, however, undertook systematic and ongoing research into distribution, sales, and consumption, and none apparently saw such research as an integral part of their work in advertising. Until the 1920s, Thompson was almost alone in employing market researchers, and certainly had the most experienced staff in the industry.⁸

To emphasize further his firms' comprehensive approach and depth of research talent, Resor began to refer to JWT as a "University of Advertising," and boast of its "scientific" approach to clients' problems. To some extent, this was mere ballyhoo. In an era where "scientific" was taken to be synonymous with "excellent," Resor was happy to insist that his firm's product, advertising, was scientific, too. But Resor's insistence on "science" was not simply rhetoric; it translated into the belief that systematic research into distribution and sales was the key to improving advertising and marketing, and to this end his agency employed

⁸Ralph M. Hower, The History of an Advertising Agency: N. W. Ayer & Son at Work, 1869-1939 (Cambridge, MA: Harvard University Press, 1939): 72-74.

experienced researchers, and used their studies to plan advertising. Where did this faith in research come from? Its origins, oddly enough, lie not in the needs of twentieth-century advertisers but in the writings of now forgotten nineteenth century statisticians.⁹

As a Yale undergraduate, Resor had come under the sway of Henry Thomas Buckle's eccentric History of Civilization in England (1857), a work that attributed historical change not to the actions of courtiers and Kings, but to the workings of impersonal social laws that could be discovered by the careful study of amassed statistical data. Buckle drew his own faith in these laws from the work of the Belgian statistician Adolphe Quetelet, who in the 1840s had shocked Europeans by uncovering regularities in such apparently random phenomena as the number of letters arriving in the Paris dead letter office and annual suicide rates. Quetelet's faith in statistics was translated through Buckle to Resor, so directly that, in a 1920s article asking "Do Laws Really Govern Human Action?", we find Resor arguing the affirmative by citing the facts that "the percentage of crimes scarcely changed from year to year," and that "Letters

⁹One study of market research at Thompson already exists; see Peggy Jean Kreshel, "Toward a Cultural History of Advertising Research: A Case Study of J. Walter Thompson, 1908-1925" (Ph.D. diss., University of Illinois at Urbana-Champaign, 1989). Kreshel's study is an excellent introduction to Thompson's early research, though from a communication studies perspective.

mailed absent-mindedly, without addresses, represented an almost constant percentage," apparently unaware that these facts originated with the French savant. For a while, Resor tried to spread the faith by requiring all new JWT employees to read Buckle's works, a rule probably honored chiefly in the breach.¹⁰

Resor's infatuation infused his agency with a belief in the power of research and amassed statistical data. This would leave JWT primed, in the 1920s, to take advantage of the growing power of applied statistics in America. While statistics had flourished in Europe since the time of Quetelet and Buckle, there it had remained the province of a small elite. Early in this century, however, American social scientists borrowed many of its techniques and adapted them to American conditions, producing tools for managing mass society ranging from the Stanford-Binet IQ exams to vocational testing. The interwar years would see the development of institutions and networks devoted to producing statistical data, networks that, as we shall later see, Thompson would draw from and occasionally participate in. In a circuitous manner, Resor's nineteenth-century historian had

¹⁰On Resor, Fox, Mirror Makers: 83-84; on Buckle, see Theodore M. Porter, The Rise of Statistical Thinking, 1820-1900 (Princeton, NJ: Princeton University Press, 1986): 60-65; for Resor quote, see Stanley Resor, "Do Laws Really Govern Human Action?" typescript copy, Stanley Resor files, JWTA. Resor cites no sources for these facts in his paper.

primed Thompson for some of the major developments of twentieth-century life.¹¹

Some of the developments of greatest concern to Thompson took place in marketing. As discussed in chapter 1, economic, social, and technological changes were rapidly eroding the old chain of distribution, which had carried goods in well-understood, functionally distinct steps from manufactures to wholesalers to retailers to consumers. The appearance of concentrated urban markets in the late nineteenth century created new incentives for firms to combine several of the traditional functions under one roof, beginning with department stores that united wholesaling and retailing into a single, efficient unit. Companies mass-producing consumer goods were making profits through economies of scale, and therefore needed to create their national markets; to this end they invested in techniques ranging from branding and national advertising to retail price maintenance, all of which ate away at wholesalers' freedom to stock and sell what they wished. In several cases, manufacturers of fragile or technologically sophisticated products despaired of wholesalers ever treating

¹¹On statistics in modern America, see Olivier Zunz, Why the 'American Century'? (Chicago: University of Chicago Press, 1999), ch. 3: "Inventing the Average American", and Theodore Porter, Trust in Numbers: The Pursuit of Objectivity in Science and Public Life (Princeton, NJ: Princeton University Press, 1995).

their goods with the care they required, and so expanded forward, building their own distribution and sales networks. In each case, firms found themselves assuming new roles and unfamiliar tasks.¹²

These changes left manufacturers operating in unfamiliar terrain. One reason wholesalers had flourished was because they were experts on the market; in the words of Glenn Porter and Harold Livesay, "[t]hey knew who needed which commodities, in what quantities, at what time and price." With the growth of urban markets, and a standard national distribution network, such data was now less valuable; but companies still needed some data on distribution and markets. How else would they know whether they were gaining maximum distribution for their product, or reaching as many consumers as they could? Population figures were a start, but they were still rudimentary, and by no means as easily available as they are today; and where there were standard sources for data on population, none existed on distributors. Wholesalers who had spent years uncovering the most popular grocery stores in Kansas, or the number of shoe retailers in

¹²See chapter 1 for a more detailed discussion of these changes, but the best places to start are, on the old marketing order, Glenn Porter and Harold Livesay, Merchants and Manufacturers: Studies in the Changing Structure of Nineteenth-Century Marketing (Baltimore, MD: The Johns Hopkins University Press, 1977), and, on the new, Susan Strasser, Satisfaction Guaranteed: The Making of the American Mass Market (New York: Pantheon, 1989).

Chicago, were not going to share those figures with competing manufacturers. Manufacturers trying to discover the structures of distribution, and the size of potential markets, had nowhere to turn.¹³

It was in the midst of these changes that Thompson made its initial foray into statistical research. In 1911 it published a thin, black-bound book called Population and Its Distribution, "Compiled from the United States Census figures." It reported such basic figures as "Population by State; Numbers of Families, Percentage Rural and Urban," "Cities of 25,000 and over," "Number of retail Grocery, Drug, hardware, etc. stores classified by States," and "detailed Population of states, showing Towns of 2500 and over." In part, the work appears to have been a demonstration of JWT's statistical prowess--as Buckle produced tables of statistics on English history, so Thompson would produce tables on American society. But it was also designed to meet the needs of manufacturers attempting to enter distribution.¹⁴

With the figures in the book, Thompson's clients could discover whether or not their products enjoyed maximum distribution. While no account of the work's origins was included in the 1911 version of Population and Its

¹³Porter and Livesay, Merchants and Manufacturers: 163.

¹⁴Population and Its Distribution, 1st ed. (New York: J. Walter Thompson Company, 1912): 7 [Hereafter PD]. Copies exist in a few research libraries are held at the JWTA.

Distribution, one did appear in the third, 1921 edition. As Thompson reported there,

"In 1904 one of our clients. . . stated he could afford to have his salesmen cover all towns of 2500 or over. Except in very large cities, he sold through exclusive dealers. He had 800 accounts on his books.

"On referring to atlases it developed there were 1891 towns of 2500 population or over. Obviously he had only forty-two per cent distribution . . . "

"As a starting-point for the work of readjustment a list of every town in the United States of 2500 inhabitants and over was made for this client. These towns were grouped by state and size."

Whatever this tale's truth, and there is no reason to doubt it, it points to the larger reasons for Population and Its Distribution early success, and why it was regularly updated and reissued through the 1920s. Manufacturers newly entering distribution had no ready knowledge of the nation's distribution networks or markets; so Thompson would provide it.¹⁵

Not only would the work help a company judge its overall market and distribution, it would also allow a manufacturer to judge the success or failure of its salesforce. Over the previous few years many companies had built new salesforces as part of their new, integrated marketing organizations, but they often lacked ways to judge the performance of salesmen, absent even the historical records developed by many wholesalers. Population and Its Distribution provided those

¹⁵PD, 3rd ed. (New York: J. Walter Thompson Company, 1921): ix-x. Fox, in Mirror Makers, reports the company was Red Wing Shoe.

figures. "[Y]our sales organization . . . must be keyed to its task by a standard," read its "Introduction." The book's figures would "furnish the facts by which to measure your quota for any territory--the standard by which to measure your present distribution and volume of sales." In the above example, Population and Its Distribution would have quickly showed the client that "his salesmen" had not covered the market as well as they thought; looking closer, he could even have told which salesman had particularly let him down.¹⁶

The work appeared to be a hit with companies seeking to build and manage new sales organizations. Although specific sales figures for the first editions do not survive, it soon became an important symbol of the agency's research skills. "[T]he book is appreciated by businessmen who find in practical use the value of this painstaking analysis," read a 1916 article in the agency's newsletter. Recently, it boasted, after reading the book, George W. Hill of the American Tobacco Company "wanted each of his sales supervisors to have [a copy] on his desk," and "asked that the first fifty copies of the new [edition] be sent to him. Population and Its Distribution became one of the firm's hallmarks, regularly updated and reissued into the 1930s.¹⁷

¹⁶PD, 1st ed.: 5. On sales organizations, see Olivier Zunz, Making America Corporate, 1870-1920 (Chicago: University of Chicago Press, 1989): 179-181.

¹⁷J. Walter Thompson New Bulletin 16 (September 9, 1916): 6-

Even as the first edition appeared, Resor was seeking other ways to embed his commitment to systematic research in Thompson's corporate culture. In 1912 he formulated a set of questions to define Thompson's approach to advertising, the so-called "Thompson T-square." Before the agency undertook any advertising campaign, he insisted, employees were to ask:

"What are we selling?
"To Whom are we selling?
"Where are we selling?
"When are we selling?
"How are we selling?"

The T-square became a feature not only of planning meetings but of Thompson's publicity, reinforcing the idea that the firm would use research to solve clients' problems.¹⁸

Despite these early developments, it was not until 1916 that we find at Thompson an office devoted exclusively to research, the "statistical department." Its title notwithstanding, the department appeared to be chiefly a business library; it was charged with storing statistics, not producing them. An article that year in the agency's Newsletter reported that the department was responsible for maintaining files on subjects including "(1) trade and industry, (2) clients, (3) competitors, (4) markets, and (5)

7. Frustratingly little survives about which companies actually used the book.

¹⁸"J. Walter Thompson," Fortune: 218; Douglas C. West, "From T-Square to T-Plan: The London office of the J. Walter Thompson Advertising Agency, 1919-1970" Business History XXIX (April 1987): 199-217.

population and distribution." It was also to keep "plans and complete outlines of the different campaigns, records of results which show cost per inquiry and cost per sale; and investigations of the market, competitors, special problems in marketing, etc." Who staffed it, and what exactly they did, we do not know. We should also take this Newsletter description with a grain of salt; as Peggy Kreshel points out in her study of Thompson, such plans were not always carried through. Resor had little patience with hierarchy and strict organizational lines. Once, when handed an organization chart of his agency, he simply erased all the lines linking different departments.¹⁹

By the mid-1910s, what is clear is that Thompson had begun systematic research in marketing, and made verbal commitments to use "research" in every aspect of its work. Buckle's influence, the "Thompson T-Square," the "statistical department," and especially Population and Its Distribution (whose second edition was being prepared in 1916) all demonstrate that. As yet, however, such commitments had made few inroads on the agency's day-to-day operations. It was only toward the decade's end that the actual direction of Thompson's research became clearer, as it set out to assemble a corps of researchers drawn in part from the new social sciences.

¹⁹Kreshel, "Toward a Cultural History of Advertising Research": 189-197, 217-218.

Show-Pieces and Work-Horses: Social Scientists at JWT

By the 1910s, American economists, sociologists, and psychologists had convinced many that their talents were necessary to explain and tame the effects of the U. S.'s transition to an urban, industrial, highly diverse society. Having secured intellectual respectability, these social scientists were about to embark on a campaign to create nongovernmental agencies, ranging from the Brookings Institute to the National Bureau of Economic Research (NBER) to the Psychological Corporation, designed to produce still more data and strengthen ties between the social sciences, government, and business. While some of these developments may not have been visible to Resor and his colleagues, the more general trend was clear: social scientists used statistics, claimed they could manipulate society, and had people's respect. No wonder JWT wanted to hire some.²⁰

There were several ways the agency could have gone about this. It might have approached a well-known economist or psychologist, and dangled a high salary and free time to lure him away from a university post. But it proved easier for the agency just to find a famous social scientist no longer welcome in academia. In the late 1910s, Resor approached the

²⁰There are many useful works on the history of the social sciences in the United States, but the best place to start is Dorothy Ross, The Origins of American Social Science (New York: Cambridge University Press, 1991), esp. 390-465.

sociologist W. I. Thomas about working at JWT. Thomas was certainly well-known; lead author of the pioneering study The Polish Peasant in Europe and America, he had gained new notoriety in 1918 when a charge of adultery cost him a post at the University of Chicago. The precise date JWT approached him is unknown, but it seems that the agency sought to hire Thomas in the wake of his dismissal. Since he lacked any experience whatsoever in advertising, Thomas's status as a well-known social scientist seems the main draw. Thomas, however, concluded that advertising would bore him and declined. Luckily for Resor, there was more than one well-known social scientist who had lost his academic position after a sex scandal in the sea, and in 1921 he acquired an even better "show-piece": John B. Watson.²¹

Watson was perhaps the most famous psychologist in America, the "father of behavioral psychology." The previous year he, too, had lost a post (this time at Johns Hopkins) following an adulterous affair. Under a barrage of criticism he sought refuge at his friend Thomas's New York apartment, and one of the issues they discussed was JWT. The agency quickly seized its chance to hire this famous scholar, and

²¹"Show piece" is Peggy Kreshel's term in "Toward a Cultural History of Advertising Research": 299, where she also discusses the approach to Thomas. On Thomas's departure from Chicago, see Ross, The Origins of American Social Science: 309-310.

offered Watson \$25,000 a year, quadruple his academic salary, to join the staff. Watson accepted.²²

Watson's career at JWT reveals much about how the agency turned social science into good publicity. Throughout the 1920s, it would cite his presence as proof that JWT used social "science" (the "science" was the important part) to solve clients' problems. It sponsored Watson's study showing that smokers could not distinguish between cigarette brands, thus "proving" that brand preference--all-important to many advertisers--was an artifact of advertising while suggesting Watson and thus JWT had special insight into advertising. The agency also gave him time to write popular and scientific articles propounding his psychological theories. Yet this obscures Watson's real role. Though his research skills were on call, and he often commented on research in planning meetings, he spent most of his time engaged in the business of advertising, designing appeals and interacting with customers as did the agency's other senior managers. Watson had only intermittent contact with, and no oversight of, the agency's research division, which was headed by Paul T. Cherington. Watson rose to be a vice-president at JWT, but more on the strength of his business acumen than on his psychological training. Simply put, he was a good ad man.

²²On Watson's hire at JWT, see Kerry Buckley, Mechanical Man: John Broadus Watson and the Beginnings of Behaviorism (New York: Guilford Press, 1989): 128-131.

As James Webb Young, a longtime Resor intimate, later explained it, "Advertising absorbed [Watson], without absorbing much of his psychology".²³

Watson, however, was not the only researcher at Thompson. While his presence was good p.r., a series of less visible hires provided the agency its real research talent. Around 1918 the agency began assembling a staff of social scientists trained in statistical and survey methods, men and women who would be its real research "work-horses." The first appears to have been Max Freyd, a well-known vocational psychologist previously associated with the applied psychology group at Pittsburgh's Carnegie Tech, who spent several years at Thompson studying "keyed" coupons. A year later, he was joined by Stewart Mims, an economic historian who previously taught at Yale.²⁴ In 1921 the agency hired Elsie M. Rushmore, whose varied career had included earning a

²³For Watson's career at JWT, see Buckley, Mechanical Man, Kreshel, "Toward a Cultural History of Advertising Research": 375-379, and Fox, Mirror Makers: 86, where the quote is taken from. Fox cogently argues the point about Watson's career at Thompson. There are instances, however, where Watson's training was brought to bear on advertising problems; see the discussion of JWT's work for Johnson's Baby Powder in Zunz, Why the American Century?.

²⁴On Freyd, see Kreshel: 245; Max Freyd, "The Analysis of Keyed Returns," Harvard Business Review 4 (1925-1926): 313-318; Leonard W. Ferguson, "A Look Across the Years 1920 to 1950," in Applications of Psychology: Essays to Honor Walter V. Bingham, ed. L. L. Thurstone (New York: Harper & Brothers, 1958): 14. On Mims, Stewart Mims, Colbert's West India Policy (New Haven, CT: Yale University Press, 1912).

Ph.D. in history at Columbia, training social investigators for the YWCA, and working as librarian at the Russell Sage Foundation, then a major clearing-house for data on social surveys and government studies of social problems. At JWT, Rushmore would soon come to wield considerable power in the research division, supervising many of the agency's larger studies in the 1920s.²⁵

The agency made its biggest catch in June 1922 when it hired Paul T. Cherington, former agent of the Harvard Bureau of Business Research, professor of marketing at Harvard, and researcher for the War Industries Board, as director of research. Cherington trained, knew, or at least had corresponded with almost all the nation's major market researchers, and at that time was arguably the nation's leading expert on market research. His hire appeared to complete Thompson's roster of applied social scientists, who were sufficiently influential within the agency that some employees would complain of Resor's "naive respect for the Ph.D.." ²⁶

²⁵Frustratingly little remains about Rushmore's work, though what survives suggests she was a specialist on social surveys. See "Elsie Rushmore," Personnel Files, JWTA, and Elsie Rushmore, ed., Social workers' guide to the serial publications of representative social agencies (New York: Russell Sage Foundation, 1921).

²⁶Fox, Mirror Makers: 85-86. On Cherington, see Ch. 1 and Kreshel, "Toward a Cultural History of Advertising Research": 314-321. Of the researchers named above, only Cherington lacked the Ph.D., a deficiency perhaps made up by his wide

Nor was the research department limited to these scholars. By the mid-1920s, as Kreshel writes, its day-to-day work was done largely by a staff of "single women, in their mid-to-late twenties, [most of whom] . . . had at least attended college." Under Cherington, who was director of research, the department's "head" was Ruth Stocking, who had undergraduate training in mathematics and had done graduate work in economics and sociology. Thus, while the accredited researchers were chiefly men, the myriad of smaller studies on which JWT based its reputation were performed by women.²⁷

Its senior researchers also connected the agency to several larger networks then generating economic, marketing, and applied psychological data in the United States. Rushmore was experienced in social surveys before arriving at JWT. While at Thompson, Freyd kept ties to applied psychologists, publishing work in the Journal of Applied Psychology and Journal of Vocational Psychology, while Mims found time to address the American Statistical Association on such topics as "The importance of investigation to an agency and its clients." Cherington went even further, not only writing for marketing audiences while at JWT but also working to design the Federal Census of Distribution (see chapter 5) and, in 1927-28, taking leave to develop a marketing experience.

²⁷Stanley Resor, "The Methods of the Big Agency of To-day," typescript copy, Stanley Resor files, JWTA; Kreshel: 240-245.

curriculum at Stanford's new Graduate School of Business. Certainly, such efforts cut down on the amount of time these researchers actually spent at Thompson; but such efforts also burnished the image of the "University of Advertising."²⁸

Economic events at the end of the 1910s provided JWT with a further justification for research. In 1917-18 the demands of war led American industry to boost its productive capacity by some twenty percent. Soon after the war's end, in 1920-21, the country suffered a brief but devastating Depression. Many explanations surfaced for the contraction, but the most popular resurrected the old theory of "overproduction" and argued that the Depression was a consequence of production of goods outpacing demand for them (see chapter 1). Thompson's researchers were among many who seized on "overproduction," but they gave spun this doctrine to their benefit.²⁹

The "Introduction" to the 1921 version of Population and Its Distribution told readers that, in the previous century,

²⁸Walter van Dyke Bingham and Max Freyd Procedures in Employment Psychology (Chicago: A. W. Shaw & Co., 1926); Stewart L. Mims, "The importance of investigation to an agency and its clients," J. Walter Thompson News Bulletin 87 (June 1922): 11-18.

²⁹Though rejected by orthodox economists, "overproduction" was a popular economic doctrine from the 1870s to the 1930s. On its use in 1920-21, see Daniel T. Rodgers, The Work Ethic in Industrial America, 1850-1920 (Chicago: University of Chicago Press, 1978): 122.

"the American manufacturer [had] prospered and wrought what amounted to nothing less than an industrial revolution--a revolution marked by the rise of large-scale production--making commodities by the millions . . . And the hungry market absorbed the rapidly flowing output." In the twentieth century, however, "a strange thing happened! Machines perfected by inventors and pressed for maximum production, began to make goods faster than the markets absorbed them!"³⁰

This did not mean, though, that overproduction was the consequence of a genuinely overbuilt industrial sector, or an income maldistribution that left too little money in the hands of workers. "[E]very census, state and federal, showed that the population was increasing rapidly and that the country was growing in every way. . . ." the "Introduction" continued. "[T]he failure of demand to keep pace with maximum production was not due to a lack of potential market, but to some other reason." The real problem was poor marketing. An overburdened distribution system, poor data on new markets, inability of firms to focus their sales efforts at likely prospects--these more tractable problems the real culprits. Once they were resolved, consumption could move forward. "Means must be found of reaching purchasers by the thousands and by the millions," it stated, assuming these

³⁰PD, 3d ed. (1921): x.

purchasers already existed. The first step to solving overproduction was market research.³¹

Though the economic horizon would brighten over the next years, the claim that market research could cure overproduction would recur as one of several arguments for market and consumer research in Thompson publications during the rest of the decade. The way to avoid economic catastrophe was to study distribution and consumers.³²

Getting a "Good Consumer Image"

Implicit in the work of every ad agency, of course was the claim that it understood "the consumer," at least well enough to design ads to appeal to her or him. The growth of national corporations had seemingly opened new physical and social divides between producer and consumer (even while the chain of distribution shortened) making such claims all the more necessary to win clients. In an era when Edward Bernays was building a career as "counsel for public relations" by promising not only to make his client's case to the public, but to "interpret the public to the client," an ad agency could claim no less knowledge of the public. As Roland

³¹PD, 3d ed. (1921): xi.

³²These reach from Mims's 1922, "The importance of investigation to an agency and its client" to Paul T. Cherington, "What Social Statistics Tell Us About Markets" Printers Ink' (May 1, 1930): 131-133, where he claims that "in most lines of American business there is . . . more production-capacity than can be employed profitably."

Marchand has pointed out, advertisers made such claims not solely to impress their clients, but also to reassure themselves. While "the conventional portrait of the advertising man emphasized a mystique of social representativeness," the social background of ad men was in fact quite unrepresentative; most were white, middle- or upper-class, Protestant, college-educated denizens of that most unrepresentative city, New York. Men like this could not merely assert their knowledge of "ordinary Americans," they had to prove it. For some copywriters, this meant boasting of their small-town childhoods, or writing articles describing how they came in contact with ordinary people all the time, by riding the subways and attending ball games.³³

Thompson was no stranger to such tactics. Perhaps its best-known method for claiming knowledge of the common people was its requirement that a new employee spend some time as a salesperson for a client, to discover what shoppers were really like. Even John B. Watson had to spend time trudging through the South selling Yuban Coffee and U.S. Rubber boots, and a month working behind the counter at Macy's. For the most part, these appear to have been superficial exercises; Watson's training instilled in him little sympathy for the everyday shopper. A few Thompson employees, however, found

³³This paragraph relies on the excellent discussion in Marchand, Advertising the American Dream: 36-38.

the experience more enlightening. In 1922 Frances Maule, a veteran JWT copywriter, voluntarily spent a month working behind the counter at a department store to gain, as she later put it, "a good 'Consumer Image'." Maule, at least, drew some lessons from her stint as a salesgirl, telling fellow employees that the woman shopper was "a fairly shrewd person," who was motivated to save money and buy only quality goods (albeit, quality goods that were advertised). Whatever the impact of her experience, however, it appears exceptional, and other JWT employees did not beat a path to the sales counter.³⁴

It should be clear by now that there were several varieties of research conducted at JWT. Often, the agency's "research" into consumers was intended more to create the image of research skill than to produce new knowledge about consumers. Its well-known reliance on interviews are a case in point. While Thompson publications frequently bragged about the number of interviews the agency performed, in the early days these appeared to be largely for show. Some Thompson researchers did all their interviews in-house, chatting with fellow employees and recording their no doubt unrepresentative preferences. Other techniques were equally appalling; agents in Thompson's London office recalled

³⁴Buckley, Mechanical Man: 135-136; Frances Maule, "How to get a good 'Consumer Image'," J. Walter Thompson News Bulletin 84 (March 1922): 9-11.

"rushing out in the street and shouting questions at passers-by" as a common practice. Both approaches allowed the agency to tell clients that it "understood the consumer," without actually telling much about who consumers were or what they wanted.³⁵

This well-publicized work, however, was only part of the story. Much as Watson's presence obscured the work of other researchers, so the visibility of these attempts to understand the consumer would obscure Thompson's more systematic and rigorous attempts to develop an accurate understanding of consumers. In efforts that earned far less publicity, Thompson would develop genuine capacities to study consumers habits and desires.

Measuring the Consumer

In the 1910s and 1920s Thompson researchers rubbed shoulders with consumers in the subway and ball park and served them at sales counters, but they also traveled cross country to interview them, sought to measure their responses to advertisements, and attempted to peg their income amid the national income distribution. As they did so, they came to appreciate the great diversities of income, habit, and taste lurking within the apparently homogenous "mass market." Even as they recorded the mass market's expansion, they developed

³⁵West, "From T-Square to T-Plan": 204; Kreshel, "Towards a Cultural History of Advertising Research": 232, 236.

better ways to focus on its splits and fault lines. While they moved only slowly to construct a new portrait of American society, they were far quicker to develop means to identify its most promising segments.

From the beginning Thompson realized that studying "the consumer" was synonymous with studying specific groups of consumers within the expanding mass market. In 1919 it undertook an extensive investigation for United States Rubber, then trying to devise a new distribution system for its footwear line. The agency began by trying to discover which groups actually used various of the shoes U.S. Rubber made, classifying "the products on the basis of the classification of the consumer." For heavy footwear, it discovered three classes of buyers, "the farmer, the fisherman, and the miner." Marketing and advertising campaigns were then directed at each; to attract farmers, for instance, ads were placed in the Country Gentleman, with copy written in "terms the farmers could best appreciate," while to sell boots to polyglot and often illiterate groups of miners the manufacturer adopted a poster campaign using bold illustrations and only "five or six words." In a separate effort, JWT compared the efficiency of shoe wholesalers against U. S. Rubber's own salesforce, and found that firm's

salesmen were doing a better job, recommending that the manufacturer further develop its marketing arm.³⁶

Throughout the 1920s the agency would define specialized markets for its clients. In 1924, the agency surveyed over 1000 distributors, retailers, and consumers for Sun-Maid, in an attempt at "defining and charting the [raisin] market both as to locality and to use." It discovered that the main buyers of raisins were bakers and housewives, and then devised a marketing plan targeting these groups, which included offering bakers bulk discounts for raisins and mailing housewives new recipes for raisin bread. The result, JWT reported in an internal report, was a "steady and consistent increase in the use of raisins in the bakery trade." A 1924 survey for Swift & Co.'s new odorless fertilizer, "Vigoro," concluded that its main market would be homeowners offended by the stench of commercial fertilizers, and recommended that Swift reach them by stocking their product in hardware stores, florists' shops, and landscape gardeners' stores.³⁷

³⁶ "Account History: United States Rubber Company": 4-5. As we saw in chapter 2, shoe wholesalers were one of the first groups of wholesalers to fail in the "marketing revolution" of the 1910s and 1920s. In 1926 Thompson prepared summaries of its major accounts, largely for internal use at JWT, so they are somewhat more reliable than more public reports on their activities produced by other advertising agencies.

³⁷ "Account History: Sun-Maid Raisin Growers' Association," Box 18, Account Files, JWTA; "Account Histories: Swift & Co.--Sunbrite Cleaner": 3, Box 18, Account Files, JWTA

Similar attempts to identify promising market segments were underway at many firms in the 1910s and 1920s. As Susan Strasser has noted, Edison Phonograph produced several models of its product to appeal to different segments and, even more significant, by the late 1920s Alfred Sloan's General Motors was producing a line of cars intended to appeal to those moving up the American class ladder. Thompson's own work, however, distinguished it from these efforts; having developed methods to separate out likely buying groups, it then proceeded to make broader studies which served to illuminate the fissures running through entire segments of the American mass market. By 1922 we find the agency supporting two attempts to chart the overall contours of the mass market: its contest for "A Statistical Index of the purchasing power of consumers in the United States," and its "Cincinnati Study" of magazine readerships.³⁸

In September 1922 JWT announced it was sponsoring a contest for a measure of the "purchasing power of consumers." Over the previous decade, its prospectus noted, economists had produced several studies of national income and its distribution, culminating in the NBER's Income in the United States and Its Distribution. However, "very little attempt has been made . . . to translate incomes into terms of

³⁸Strasser, Satisfaction Guaranteed: 124-163.

purchasing power, which are, of course, the terms in which they gain practical significance." Exactly what the sponsors meant by "purchasing power" was left unclear, but it signified a family's ability to buy goods; the contest was specifically limited to studying "the demand for consumer goods." This desire to chart the market's variations seems to have lain at the contest's roots; contestants were urged to focus their efforts on "some area less than the entire country," and in particular to find a ". . . trustworthy technique in measuring the buying capacity of consumers living in different parts of the country, in different and varying parts of the community, and under divergent conditions of prosperity or depression." Thompson was trying to draw economists and social surveyors away from studies of aggregate income and toward examining regional, social, and class variations of "purchasing power," and so to tell what different classes could afford.

The contest was also intended to link JWT to the economists and researchers then engaged in constructing new networks for producing both economic data, around the NBER, and business statistics, in new Bureaus of Business Research. As the prospectus stated, it was designed "to call the serious attention of statisticians to the possibilities of constructive work in the investigation of market problems." While opening it to everyone, JWT expected submissions chiefly from "graduate students in universities or schools of

business administration . . . Members of the faculties of institutions of this sort . . . [and] statisticians and others in actual business." Its judges were a Who's Who of scholars and business leaders pushing a mass-consumption economy, including, besides Resor, Columbia University's Robert Chaddock, secretary of the American Statistical Association; Harvard economist Allyn Young; and two associates of Cherington's from the Harvard Business School, A. Lincoln Filene and the Taylorite businessman Henry S. Dennison.³⁹

Only eleven essays were received--a bit disappointing, one suspects--but the winning three were still published together in 1925. In a sign of the contest's relative minor impact on the economists and statisticians it targeted, the winners were not economists and statisticians at major research organizations and universities, but researchers working in bureaus and offices located on the professions's fringes. The grand prize went to William Berridge, director of Brown University's Bureau of Business Research, who wrote an essay outlining "An Index of the Incomes of Factory

³⁹Prize Competition: Statistical Index of the Purchasing Power of Consumers (New York: J. Walter Thompson, December 1 1922):[ii,iii]; pamphlet in J.W.T.A. W. I. King and Wesley Mitchell, Income in the United States: Its Amount and Distribution, 1909-1919 (New York: National Bureau of Economic Research, 1922). Chaddock, for instance, was active in re-designing the U. S. Census with Edwin Gay (see chapter 5), and Young was associated with the NBER.

Workers in the United States." Emma Winslow of Columbia University's School of Business won the second prize, with a proposal drawing on home economists' budget studies to generate a "statistical index of the purchasing power of consumers in the United States," while the third prize winner, Richard Flinn of New York State's department of labor, drew on a large number of private and public sources to prepare his essay, entitled simply "Statistical Index of the purchasing power of consumers in the United States."⁴⁰

Despite the hopes of the contest's sponsors, all three entries spent most of their time dwelling on the difficulties facing anyone who actually hoped to construct an index of consumer purchasing power. Berridge, for instance, used available data on industrial workers to build an index of their income, reasoning they were important consumers, but admitted it would be far more difficult to construct similar indices for other groups, and admitted his study's chief aim was "to show what next steps could most wisely be taken toward perfecting the community's quantitative knowledge of buying power distribution." Indeed, the contest's only concrete result was to open a new career path for its winner. On the basis of his essay, Berridge secured a position as

⁴⁰William A. Berridge, Emma A. Winslow, and Richard A. Flinn, Purchasing Power of the Consumer: A Statistical Index (Chicago: A. W. Shaw & Co., 1926); see also the discussion of the contest in Paul H. Nystrom, Economic Principles of Consumption (New York: Ronald Press, 1929): 508-513.

senior economist at Metropolitan Life Insurance Company, beginning a long career in corporate research that would culminate in the presidency of the Market Research Council.⁴¹

While social scientists demonstrated their lack of interest in charting the variations in national purchasing power, another project then underway would ultimately provide Thompson with a more realistic guide to its work in the future. The need for a better map of American society had, after all, not been born of a whim of Thompson's senior executives, but from the advertising agency's need to understand social and regional variations in such qualities as shopping habits, buying power, and magazine readership. It was an attempt to investigate this last factor which ultimately put Thompson on the road to making more systematic surveys of American society.

Since the 1890s, mass market magazines had been the preferred advertising medium for most national advertisers. Buying space in such magazines, however, created difficulties for any advertising agency. Since 1914, the work of the Audit Bureau of Circulation (ABC) had provide advertisers with reliable circulation figures for most publications; but

⁴¹Berridge, Winslow, and Flinn, Purchasing Power of the Consumer: A Statistical Index: 19, 128; "William A. Berridge," Market Research Council, 1927-1957 (New York: Market Research Council, 1957): 27-29; on Metropolitan Life's earlier links to reform communities and social science, see Zunz, Making America Corporate: 93-101.

these measures of magazine readerships' quantity told little about their quality. In broad strokes, such a measure was unnecessary; any casual reader could tell that, for instance, Ladies Home Journal and True Story were written for a different class of reader. But it was one thing to make such an observation, another to flesh it out with detailed descriptions of a magazine's actual readers. Until the 1920s, the only source of detailed information on a magazine's readers were usually its publisher, who inevitably reported that its readers were the most desirable shoppers available. Were these problems not sufficiently challenging, once an advertising agency had decided to reach the class of readers served by, for instance, the Ladies Home Journal and McCall's, it then had to decide whether it was worth advertising in both magazines. To what extent did readerships overlap? In 1911, R. O. Eastman, a manager at Kellogg's, had persuaded 44 advertisers to join together in a small survey of magazine readerships, and discovered that duplication in magazine circulation was a far greater problem than previously thought; but for a decade no firms stepped forward to study duplication, or figure out its overall extent.⁴²

⁴²For a good introduction to the mass market magazines, see Matthew Schneirov, The Dream of a New Social Order: Popular Magazines in America, 1893-1914 (New York: Columbia University Press, 1994). Examples of publisher-created

To resolve some of these confusions, in 1922 Thompson launched a study of magazine readers what it believed a typical city, Cincinnati. As it turned out, the study, whose full title was "An Analysis of the Subscription Circulation of Forty-Four magazines in metropolitan Cincinnati," did more than just measure magazine's readerships and overlaps. While focusing on readerships, it also marked the beginning of Thompson's attempt to devise new ways to chart the structure of American society.

To describe the composition of each magazine's readership, JWT found itself unable simply to use older divisions like blue-collar and white collar, or working class and middle class, for such categories poorly reflected income levels. The old categories obscured what Thompson aimed to illuminate--a family's buying power. To create a useful map of the mass market, Thompson had to invent new categories that captured more precisely a family's ability to consume, the quality mass-marketers really cared about. In so doing, Thompson began developing new ways to think about American society.⁴³

descriptions of magazines' readerships include Zanesville, discussed in the next section, and Butterick Publishing's Mrs. John Doe (New York: Butterick Publishing Company, 1918). On Eastman, see Elmo E. Calkins, The Business of Advertising (New York: D. Appleton & Co., 1915): 37.

⁴³J. Walter Thompson Company, "An Analysis of the Subscription Circulation of Forty-Four magazines in metropolitan Cincinnati" (J. Walter Thompson Co.: Cincinnati Office, May, 1923), Box 1, File 2, Research Department

The study's genesis tells us about the place research had in the day-to-day workings of an ad agency, and about the workings of power within the agency. It began as the brainchild of Thomas Greer, a copywriter in the agency's Cincinnati office, who in 1921--without consulting the agency's New York headquarters--wrote several distinguished economists and statisticians to ask their help in designing a project to solve the above-mentioned problems of "what class or classes of people constitute the majority of the readers of any particular magazine or newspaper," and ". . . the amount of duplication between the respective circulations" of magazines [a problem he helpfully illustrated--see figure 1]. In writing these specialists, however, he appears to have exceeded his authority, for within a few days we find him writing Elsie Rushmore in an apologetic tone, assuring her he had not launched his project "with the idea of treading upon anybody's toes." A year later, when the project finally got underway, it was firmly under the control of the New York researchers; Greer remained, but in a secondary capacity.⁴⁴

The study itself was fairly straightforward, relying not on the social scientists Greer had tried to enlist, but on

Correspondence and Memoranda, 1921-1925, JWSA; hereafter "Cincinnati Study."

⁴⁴Thomas L. Greer to James A. Field, October 26, 1921; Gilbert H. Tapley to Thomas L. Greer, October 29, 1921; and Thomas L. Greer to Elsie M. Rushmore, November 1, 1921, all in Research Department Correspondence and Memoranda, 1921-1925, JWSA.

simpler methods that recalled the social surveys of the past two decades. From the publishers of the 44 magazines in the survey, JWT obtained subscription lists of Cincinnati, then created a card catalog with one card for each household receiving a magazine in the city (78,000 all told). Relying on a city directory, JWT employees then recorded the occupation of the head of each household. Next, the agency attempted to use this data to dissect Cincinnati's reading public.

Thompson's researchers set out to classify each household by "probable income and buying power." They constructed three socio-economic categories to reflect what they judged were the real differences in buying power among households. In Group 1 went families whose heads were "professional" or "managers of large corporations," a total of 14% of all surveyed households; Group 2 contained families whose fathers were clerical or skilled workers, 42% of all families; and left to Group 3 were the remaining 43% of families, households of unskilled laborers or servants. JWT then used data supplied by the NBER to fix the average yearly income of each segment; Group 1 families, it calculated, made \$5000, Group 2 families \$2400, and those in Group 3 \$1200 [figure 2]. Each Group marked not just a set of shoppers, but a distinct market segment, to be sold a particular class of goods through a particular type of magazine. Economists's

measures of income had been transformed into advertisers's measures of a market.⁴⁵

With these categories Thompson's researchers could not only measure overlapping readerships, but could also classify Cincinnati's households by socio-economic status. This data, in turn, would allow advertisers to direct their messages more precisely at their preferred market segments, while avoiding undesirable reader-consumers. Good Housekeeping, for instance, was revealed to draw 74.1% of its circulation from Group 1, while Women's Home Companion had only 33% of its readers in that affluent group. Not only did the study allow advertisers to target desirable shoppers, it inadvertently revealed the uneven spread of mass consumption habits, and the ignorance of many of Thompson's own researchers. They were especially surprised to discover that few "Group 3" families even subscribed to mass-market magazines, a discovery which suggested that large groups were never receiving advertisers' messages in the first place. An advertiser seeking to exploit these segments should, the Study concluded, shift advertising away from magazines and towards "newspapers, car cards, posters, paint, or types of magazines reaching the lower type of circulation."⁴⁶

⁴⁵"Cincinnati Study": 14-20.

⁴⁶"Cincinnati Study": 29-31, 21, 40. The percentages do not add up to 100, as a few subscriptions were delivered to business addresses, or households unlisted in the city directory.

While the Study's conclusions are interesting in themselves, it is its new categories, and the overall conceptual framework JWT had begun to build, that demand our attention. The broad categories at the center of its analytic apparatus, the "Groups," had been designed by Thompson researchers to capture important qualities that older, more familiar ways of categorization missed; their boundaries were designed to demarcate families' different ability to consume. Group 2, for instance, included both "white-collar" clerical workers and "blue-collar" skilled workmen because they made roughly the same amount of money, but was careful to separate these consumers from the professionals and better-off tradespeople lumped together in Group 1. Their salient feature was their ability to consume, and this new measure overrode older methods of categorization.⁴⁷

This might appear a heavy theoretical load to lay on a single study, but as we shall see, the Cincinnati study was soon followed by many others, each aimed at carefully differentiating Americans along lines denoting their ability and desire to consume. During the 1920s, Thompson's researchers would become engaged in nothing less than creating a new vision of American society.

⁴⁷This is not to assert that advertisers did not care at all whether their markets were white-collar or blue-collar, just to claim that it mattered much less here.

Part II: Representations

"'People are People' in a different way"

The 1920s saw Thompson's research division undertake a series of studies designed to measure Americans' ability to consume and to chart the spread of the messages, habits, and institutions of the mass-production, mass-consumption economy. Starting with the third edition of Population and Its Distribution (1921), and continuing with the "Cincinnati Study" (1923), the Rural and Small Town Investigations (1924), the "City A and City B' reports" (1924), the Grocery Jobbing Atlas (1925), the fourth edition of Population and Its Distribution (1926), and its appendix, Retail Trade Areas, Thompson undertook studies that would not only help specific clients reach unexploited or unexpected markets, but illuminate the larger structures of a mass-consumption society. Individually, most of the studies had practical aims; the "Cincinnati study" was designed to survey magazine audiences, and so improve the buying of ad space; Population and Its Distribution remained, through all its revisions, a guide to setting quotas and drawing sales territories. When viewed together, however, and considered along with the articles explicating them that appeared in trade journals and Thompson's newsletters, these studies suggest a deeper process was at work. In these studies Thompson's researchers were hammering out a new way of viewing American society. As

Retail Shopping Areas claimed, in its studies "'people are people' in a different way."

We should be clear here on what I am claiming. A few comments by Thompson executives and researchers in the late 1920s suggest that they did indeed believe they were creating a new way of understanding society, but their "new way of seeing" was never articulated in a single formal document, never embodied in a comprehensive atlas of consumption. Rather, we have to reconstruct researchers' views by carefully examining the reports, charts, graphs, and maps they produced, asking which categories and concepts they considered important, and which they downplayed or neglected to discuss at all. Only in this way can we unearth how Thompson's researchers viewed 1920s America.⁴⁸

The Single Market

To a great extent the research reports Thompson produced were attempts to come to grips with the genuine changes that were sweeping through American society in the 1920s. It was during this decade that millions of Americans entered fully

⁴⁸Several recent works have addressed the relationship between mapping and larger social and political processes; see J. R. Hartley, "Introduction," From Sea Charts to Satellite Images: Interpreting North American History Through Maps, ed. David Buissant (Chicago: University of Chicago Press, 1990, and Benedict Anderson, Imagined Communities: Reflections on the Origins and Spread of Nationalism, 2d ed. (New York: Verso, 1991), esp. ch. 10, "Census, Map, Museum," 163-185.

into the purchase and enjoyment of mass-produced consumer goods. As Stuart Bruchey has noted, this period saw a "huge expansion in the output of prepared foods, other perishables, and semidurable goods, as well as durables such as furniture, radios, refrigerators, vacuum cleaners, and automobiles," the latter reaching so many homes that historians speak of a "consumer durables revolution." Ready to buy them were a sizable minority of Americans with new spending power and leisure time, as per capita income rose \$517 to \$612 over the decade. The widespread extension of installment buying made it possible for many with even modest incomes to enjoy the new goods. The 1920s saw the commercial landscape alter in other ways as well, as the automobile changed mores and consumption habits, carrying business away from small-town stores as farmers learned to buy new goods in the big city. The explosive growth of chain stores brought new products and shopping habits to yet other neighborhoods and towns. Certainly, not everyone changed their habits of consumption; the 1920s neither eliminated poverty nor completely erased older habits of thrift. But consumption and shopping habits did change for many, and as an advertising and marketing firm Thompson wanted to chart those changes.⁴⁹

⁴⁹Stuart Bruchey, Enterprise: The Dynamic Economy of a Free People (Cambridge, MA: Harvard University Press, 1990): 409 and 399-441; this paragraph relies heavily on Bruchey's account. On mass culture and ethnicity in the 1920s, see

Thompson's studies mapped magazine readerships, rural consumption habits, national income levels, and the changing contours of trade areas, but tying together these various studies were a continuing concern with understanding the shape and structure of local and national markets. In a 1926 talk to Thompson's staff entitled "Getting the facts through a Survey," Paul Cherington explained what the agency was interested in. The basic feature they sought to understand, he said, was "[a]bility to buy on the part of consumers," which "can be fairly well measured. It has only two dimensions, people and money." These dimensions, however, marked only the outer boundaries of a market; they rarely captured the market itself. Markets were further defined by a more complex mix of often subjective factors, including "habits and customs, as for example, market preferences for brown eggs in Boston and white eggs in New York," as well as prejudice, climactic conditions, and "racial influences," by which he meant ethnicity. Only by taking all these factors into account could the potential market for a particular product be fixed.⁵⁰

Lizabeth Cohen, Making a New Deal: Industrial Workers in Chicago, 1919-1939 (New York: Cambridge University Press, 1990): 99-158.

⁵⁰Paul T. Cherington, "Getting at the facts through a Survey": 3, 5, Agency Departmental June 22, 1926; Box 1, Research Department Correspondence and Memoranda, 1926-1927, JWTA.

Initially, then, Thompson's researchers were attuned to the multitude of fault lines and divisions that ran through the mass market. As Cherington said in his talk, surveys should reveal the "composite nature of the population," and a year later he wrote of the American market's "wide variation in detail and enormous diversity in buying power." We should not be surprised at this, as it was these same researchers who were "defining and charting the market" for Sun-Maid raisins a few years before, and who sought to "classify the consumer" of U.S. Rubber boots. In perceiving the diversity of the American market, Thompson's researchers were doing little more than recording the actual state of affairs. As Alan Berolzheimer and Lizabeth Cohen have demonstrated, the spread of mass consumption during this era was highly uneven; different social groups picked up on new consumption habits and goods to different degrees, often incorporating them within their own cultural practices rather than adopting wholesale American "mass culture."⁵¹

Thompson's researchers were, however, faced with something of a paradox. Even as they mapped the market's variation and diversity, they also continued to speak of the

⁵¹Cherington, "Getting at the facts through a Survey": 5; Paul T. Cherington, "Some Recent Developments in Market Analysis," J. Walter Thompson News Bulletin 130 (May 1927): 12; Alan Berolzheimer, "A Nation of Consumers: Mass Consumption, Middle-Class Standards of Living, and American National Identity, 1910 - 1950" (Ph.D. diss., U. of Virginia, 1996): 294 and passim; Cohen, Making a New Deal.

"mass market," that seemingly homogenous and widening social and economic structure. How to reconcile the two? Claiming the American market as both mass and variable, diverse and all-encompassing, led to some confusion. In 1924 Cherington wrote that "the United States cannot be considered as a single market but rather as a collection of markets with certain factors in common," while a year later, he wrote that "the United States [is] the largest and richest area on the planet which may be regarded as a unified market." Even in the latter article, he hedged about this claim by noting that the market was still very diverse "notwithstanding its unity in the matter of language, monetary system, transportation facilities, and commercial customs." The term "single market" captured the absence of internal barriers and the national distribution and communication systems, but seemed to promise more homogeneity than the American population actually possessed. Here, it matters less how Cherington resolved the question than the dilemma it faced him with. The segmented, diversified mass market had left Thompson's researchers with a sense of uncertainty and confusion over how to depict the mass market, a confusion only partially resolved by studies that would show the American market as both unified and diverse, anchored by a great middle class of

consumers who nonetheless differed in income, habit, and taste.⁵²

All these studies, however, shared a common assumption: most Americans could, if they chose, be consumers. In 1926, the agency's newsletter announced that "Millions of Americans regarded almost as recently as a few months ago as poor prospects for many kinds of merchandise, are now the best sort of prospects." The majority of Americans, it seems, were now making enough money to afford basic consumer goods. In the "Cincinnati Study," 56% of all families fell into the categories of "Group 1" or "Group 2," both of which were estimated to have incomes above \$2,400 a year. Even families in the lower category, Group 3, were estimated to earn \$1,200 a year. These figures seem quite optimistic for a decade when per capita income was just inching above \$600 a year, and Thompson researchers did not even take into account the possibility a family pooled wages; they genuinely believed that unskilled workingmen brought home, \$1,200 a year.⁵³

Later agency studies also suggested that the majority of Americans were "middle-class" in income if not in culture. In the mid-1920s Thompson had adopted a system of classifying

⁵²"Economic Conditions", a report prepared evidently in connection with an exhibit for JWT customers, in file 1, box 4, Research Department Correspondence and Memorands, 1921-1925, JWTA; Cherington, "Some Recent Developments in Market Analysis": 12.

⁵³JWT quote in Cohen, Making a New Deal: 100.

households on an A-to-D scale (discussed further below) initially as a means of controlling survey samples. In the "B group" went "Homes of people with education and discrimination, but with moderate incomes," while "C" homes were of "those with little education and taste, but with incomes about the same or a little smaller than those in class B." B families were estimated to make \$2,000 to \$5,000, while C families made \$1,000 to \$2,000. Thompson estimated that 85.6% of the population belonged in the B or C groups, a measure that left it asserting close to 90% of the nation made at least "moderate incomes"--an obvious exaggeration. Through its surveys Thompson repeatedly portrayed a broad American consuming class, comprising up to 90% of the population.⁵⁴

While such estimates were common, they were also clearly wrong. The more interesting question is: why did Thompson so badly overestimate the size of the American consuming class? One reason, certainly, is the nature of the samples used. The Cincinnati Study, for instance, was based entirely on subscriber lists to English-speaking magazines, and limited to a relatively affluent midwestern city. Recent immigrants, illiterates, and the rural poor were left out of the sample, perhaps explaining why it concluded that 14.6% of

⁵⁴"Cincinnati Study": 16-20; Richmond Watson, "Polling the Consumer," J. Walter Thompson News Bulletin, v. 2, 2 (May 1930): 15-16.

the population held executive positions. The skewing of the ABCD scale is more difficult to explain, since it was explicitly designed to sample the entire U.S. population. It seems probable, however, that the initial scale was constructed to sample the likely consumer population, and so undercounted the poor; from there, it was a small step to assume the sample represented the total American population.⁵⁵

A deeper reason why Thompson persisted in depicting the majority of Americans as viable consumers, however, lies in its researchers' views the development of American society. If most Americans were not now able to buy consumers goods, they soon would be. In a 1930 article, Cherington somewhat callously disparaged statistical data produced by "those [solely] interested in raising wage levels for working people," who insisted in depicting "millions of families hovering on the edge of starvation, freezing nakedness." The reality, he argued, was that "the number of incomes above the \$2,000 a year line has increased in ten years from 1,800,000 to nearly . . . 10,000,000." The era's dynamism was creating more consumers every year, and exact statistical data needed to take a back seat to this fact.⁵⁶

⁵⁵The question of sample composition is addressed well, and at greater length, in Daniel Robinson, "Polling Consumers and Citizens: Opinion sample surveys and the rise of the Canadian marketing polity" (Ph.D. diss., York University, 1996): 134-200.

⁵⁶Cherington, "What Social Statistics Tell us About Markets": 132.

Divisions

This new, consuming class encompassed far more than the urban middle-class whose incomes had powered the initial growth of the modern, mass-consumption economy. One of Thompson's major innovations was to widen the meaning of "mass market" to include members of the working classes, inhabitants of ethnic enclaves, farmers, and small-townpeople. In the Cincinnati Study, skilled workers were placed in "Group 2," families with incomes averaging \$2,400 a year, while the ABCD scale described class C as homes owned by "skilled mechanics, mill operators, or petty trades people." The descriptions were not always flattering, but they acknowledged that workers had spending power. The divisions between middle-class and working-class was partially reinstated as the divide between class B and C, but we should recognize the important fact as this divide was erected within a larger category including both.

The new methods for classifying consumers were in part responses to genuine changes in national income and mercantile structures. The improvement of roads and the spread of chain stores brought goods within the physical reach of many who previously could not find them. Rising incomes and more leisure time had made it possible for many who previously lived outside the old middle class to participate in the activities of the mass culture, buy branded goods, and even patronize mass retailers. Throughout

the decade, JWT would undertake a series of studies to chart the new boundaries of this "broad market," as well as its internal divisions. One of the first was what came to be known as the "Rural and Small Town Investigations."⁵⁷

"Our Rural Neighbors"

New consumption habits and goods were, it seems, spilling into the countryside. Again, rising income and, this time, better transportation in the form of the automobile were serving to turn farmers and the inhabitants of small towns into full-fledged consumers, no longer reliant on mail order houses to buy consumer goods. Even though farm incomes lagged behind those of industrial workers in the 1920s, Thompson executives evidently believed farmers and their kin earned enough to join in the mass market. The rural market's greatest draw, however, was that it appeared to be not only an uncharted but an untapped market. While a few inroads had been made, especially by the mail-order houses, Thompson's researchers persisted in seeing rural America as a region both prosperous and not yet engaged in mass consumption. An article in the 1924 J. Walter Thompson News Bulletin set out to correct the "exaggerated ideas about the extent to which we have become city dwellers." It opened

⁵⁷For a case study of the changing patterns of ethnic and working-class consumption, see Cohen, Making a New Deal, esp. 53-158, and Berolzheimer, "A Nation of Consumers."

with the seemingly astonishing fact that "Only about one-fourth of all the people in the United States live in cities of over 100,000--nearly one-half live in the country or in towns below 2,500." The clear message was that urban markets were no longer the only markets, and that advertisers dazzled by urban lights needed to look elsewhere for new markets.⁵⁸

To study rural buying habits, distribution networks, and media penetration, in 1923 Thompson launched its "Rural and Small Town Investigations." Its researchers began by studying New York's Putnam County and Indiana's Randolph County, relatively prosperous farming communities that also happened to be near the agency's New York and Cincinnati offices. Over the next few months, Thompson agents fanned out over both, interviewing retailers about how they sold goods and stocked their shelves, and asking consumers about what they read, what they bought, and what they knew of national brands. The results were a surprise to Thompson's researchers: these rural regions about which advertisers knew so little, had already joined in mass consumption. Both county seats had chain stores on their main street, and locally owned stores were stocking a wide range of branded goods. Consumers recognized and bought brand-name goods; a majority of interviewees in Putnam County, for instance, used

⁵⁸On farming, see Bruchey, Enterprise: 421-423; Paul T. Cherington, "Where the Urban and Rural Populations Live," J. Walter Thompson News Bulletin 105 (January 1924): 9-10.

Lux soap chips and Palmolive soap. Rural business habits had already changed to meet the new competition; not only did stores order mass-produced goods from their jobbers, but at least in Putnam County some had adopted new methods to beat the chains, including "route cars running on regular schedules" to deliver goods to customers' doors. Expecting to discover ways to draw rural dwellers into consumer culture, Thompson's researchers instead discovered them already enmeshed in it.⁵⁹

In the words of one agency analysis, these rural markets posed both "rich sales possibilities" and peculiar difficulties for Thompson and its clients. The markets were more in touch with commercial culture than the agency expected, but they had not been exploited with near the thoroughness of urban markets; yet national advertisers' ignorance about what distribution channels reached these communities, and what the rural consumer read, left them with a "characteristic attitude . . . like that of the old song about casting covetous eyes 'beyond the swelling flood' while one fears to 'launch away'." Thompson's need for better

⁵⁹"Rural and Small Town Investigation: Putnam County, N. Y." (J. Walter Thompson Company Research Department, August and September 1923) and "Rural and Small Town Investigation: Randolph County, Indiana" (J. Walter Thompson Company Research Department, 1924), and both in box 1, folder 3 and 10, Research Division Correspondence and Memorands, 1921-1925, JWTA. The reports are summarized in N.a., "What do our Rural neighbors buy?" J. Walter Thompson News Bulletin 120 (March 1926): 1-35.

information on rural buyers was well illustrated by one summary of the study, which reported:

"The possession of accurate knowledge of buying habits may make all the difference between success and failure in a given campaign. Take such a matter as the growth of tenant farming. Knowledge of this may seem remote from the proper work of either advertising agent or sales manager. Yet this development may be the one factor that may defeat a campaign in a given locality for a permanent attachment like a garage door hinge. And in the same community it may mean the unexpected success of a high-priced moveable device like a radio set."

The fact that Thompson researchers thought tenant farmers might make a good market for a radio sufficiently demonstrates their ignorance of rural life. Advertising men might have hailed from small towns, but they remembered little about them. The fact they counted farmers in the mass market, did not necessarily make it so.⁶⁰

Ethnicity

Many of the same features that led Thompson's researchers to pay new attention to rural markets also led them to study the ethnic communities still thriving in many of America's large cities. Rising income levels, the new flood of consumer goods, and new technologies of mass communication had not erased ethnic or, as they were often called "racial" communities, but they had drawn marketers'

⁶⁰"What do our Rural neighbors buy?": 1-3. On the small-town origins of ad men, Marchand, Advertising the American Dream: 37.

attention to them.⁶¹ While historians have disputed the precise compositions of these communities, and the degree to which they were structured along ethnic or class lines, what matters here is that JWT perceived them in terms of ethnicity. By the 1920s, marketers had come to see these neighborhoods as urban analogs to the "rich sales possibilities" they believed lay in the countryside.

Thompson's researchers never saw a contradiction between ethnic identity and participation in mass consumption society; to them, at least, one did not become "less ethnic" when she or he bought a branded good. Ethnicity, rather, was a way a market was bounded. As Cherington wrote in a 1924 article for the Annals of the American Academy of Social Science:

"Racial influences are among the strongest factors determining markets. The 978 foreign language newspapers published in the United States bear evidence of the importance of racial cleavages. The composite nature of the population is illustrated by this as it is also by the more familiar facts that in New York City there are more Irish people than in Dublin, more Jews than in Jerusalem, and more Italians than in Rome."⁶²

⁶¹A genuinely "racial" market, the African-American market, went almost unnoticed until the 1950s, though a few market guides warned users not to ignore the small number of affluent "Negroes" in Chicago and a few Southern cities. Cf. Paul K. Edwards, The Southern Urban Negro as Consumer (New York: McGraw-Hill, 1932).

⁶²Paul T. Cherington, "Statistics in Market Studies," Annals of the American Academy of Social and Political Science CXV (September 1924), reprinted pamphlet: 130-131

Any distributor who attempted to sell a product in an urban ethnic market needed to take ethnicity into account. It could determine the media he advertised in--the "978 foreign language newspapers" might well be where he bought space. His distribution strategy might also be shaped by ethnicity, especially if he was targeting the many ethnic shoppers who preferred their local (often foreign-language) grocery or drug store to a new chain store. "The Italians in New York," Cherington reminded readers, ". . . are served by 1,933 grocery stores and 204 drug stores--more than all the stores of these classes in some entire states." Finally, when trying to position a product to appeal to an ethnic group, its tastes should be taken into account. For one example, Cherington pointed out that "Scottish and Norwegian snuffs are sold among the people descended from those two stocks, illustrating racial influences." While market researchers were often very attuned to ethnic differences, the last category also invited stereotyping; more than one market research report would note that German-Americans were "a naturally thrifty race," or that descendants of the French bought gaudy objects.⁶³

The vision of ethnic neighborhoods as untapped markets, lying not in the hinterlands but at their feet, especially

⁶³"Racial," of course, denoting what in the 1990s is signified by "ethnic." Cherington, "Statistics in Market Studies": 130-131.

appealed to Thompson's researchers. In 1924 the JWT Newsletter ran a series of short notices on "Unrecognized Cities of the United States," discussing the "Jewish City of New York," "The Czechoslovak City of Chicago," "The German City of Philadelphia," and "The Polish City of Chicago," each essay highlighting the community's populations, distribution networks and distinctive shopping habits. They reported that, for instance, the Czechs in Chicago represented "real purchasing power," and they owned "600 grocery stores, 239 drug stores, and about 2500 meat markets, bakeries, and delicatessen stores." Marketers who "recognized" these ethnic cities would, it was implied, enjoy success. And it was not only a conceit of Thompson's that these markets had gone unrecognized. As Elizabeth Cohen point out in her study of 1920s Chicago, branded goods were slow to win customers in working-class ethnic communities in part because chains often bypassed their neighborhoods to focus on "the upwardly and geographically mobile, salaried middle class"--another reason why Cherington may have lauded local ethnic distribution networks.⁶⁴

⁶⁴"Unrecognized Cities in the United States: Jewish City of New York," JWT Newsletter 24 (24 April 1924); "Unrecognized Cities in the United States: The Czechoslovak City of Chicago" JWT Newsletter 22 (22 May 1924); "Unrecognized Cities in the United States: The German City of Philadelphia" JWT Newsletter 31 (12 June 1924); "Unrecognized Cities in the United States: The Polish City of Chicago" JWT Newsletter 75 (9 April 1925); Cohen, Making a New Deal: 101-120.

Ethnic patterns of consumption drew the attention of a wide range of market researchers in the 1920s and 1930s. In the 1920s, Lord & Taylor's magazine Judicious Advertising regularly featured articles on ethnic markets with such titles as "Consider the Czechoslovaks." Several of the decade's new market research textbooks also urged market researchers not to ignore ethnicity. In his Market Analysis, Percival White reported one Milwaukee Journal study that examined the acceptance of margarine by different ethnicities, and found Italians lagging far behind. In their Marketing Geography, R. O. Eastman and Julius Klein urged marketers to shape their sales strategies in light of neighborhoods' ethnicities; if seeking to reach the "buying public" in New York's lower East Side, for instance, "foreign-language newspapers or other media must be employed and, to cover the retail trade successfully, salesmen must be used who can speak the prevailing languages." Working through local retailers was also essential, for "chain grocery stores, attempting to operate in foreign neighborhoods, have often failed; where they have met with any degree of success, the store manager has been of the race prevailing in the neighborhood." What is important here is less the specific facts discovered about ethnicities' consumption habits than the ways ethnicity was portrayed in Thompson's and other market studies. In these studies, ethnicity appears not as common hardships, memories,

language, or shared religious ties. Rather, for market researchers ethnicity denotes a distinctive market.⁶⁵

Class

Where Thompson's researcher subtly reworked understandings of ethnicity and the rural-urban divide, casting those categories in terms of consumption habits and access to the mass market, in the 1920s they invented completely new ways to depict class. Neither models of America as a "classless" society nor those depicting a United States riven by class divides fit the needs of mass marketers trying to measure ability to consume, so market researchers at JWT constructed a scale that placed most Americans into categories A to D, categories that allowed for finer distinctions among Americans of different income levels while treating most Americans as potential participants in mass consumption. In creating such a model of class, Thompson's researchers were both anticipating and abetting one of the major developments of twentieth-century America: the growth of a new, expansive middle class that embraced not just the "old middle-class" of independent proprietors and

⁶⁵Percival White, Market Analysis, 2d ed. (New York: McGraw-Hill, 1925): 235-236; Cohen: Making a New Deal, n. 51, 407-408; R. O. Eastman and Julius Klein, Marketing Geography (New York: Alexander Hamilton Institute, 1930): 87-88.

professionals but the new corporations' white-collar workers and a significant sector of the working class.⁶⁶

Early on, Thompson's researchers began to find shortcomings in the status- and labor-based schemes then available to describe class divisions. Dividing consumers along such lines as "tradespeople" or "professional," "white-collar," or "blue-collar," was of some utility, in particular allowing market researchers to point to new markets made up of blue-collar or industrial workers. However, such categories also proved confining or even misleading, since groups occupying different status or class divisions were sometimes identical in income and purchasing power. The "Cincinnati Study" demonstrates how Thompson's researchers moved to invent new categories that would better capture households' "probable income and buying power," even though those categories obscured older class divisions and left blue-collar workers rubbing shoulders with their white-collar counterparts (so to speak). The "Group 1," "Group 2" and "Group 3" categories did not completely eclipse older

⁶⁶On changes in modern American class structure, see an essay that this section relies on, Olivier Zunz, "Class" in Encyclopedia of the United States in the Twentieth Century, v. 1, ed. Stanley Kutler (New York: Charles Scribner's Sons, 1996): 195-220. For cogent discussions of Americans' ongoing attempts to discuss class, see Margo Anderson, "The Language of Class in Twentieth-Century America," Social Science History 12 (1988): 349-375, and Martin J. Burke, The Conundrum of Class: Public Discourse and the social order in America (Chicago: University of Chicago Press, 1995), esp. ix-xvii.

class divisions--the "Cincinnati Study"' reports on individual magazines also broke down their readerships into "tradespeople," "unskilled labor," and similar groups--but it did provide Thompson's researchers a powerful new tool for categorizing consumers by buying power. The classificatory scheme invented for this study was sufficiently useful that it was used again the next year in a study of the Utica, New York, market.⁶⁷

Even as the Cincinnati and Utica investigations were underway, however, JWT was beginning to refine another scheme for classifying consumers, a classification system that would eventually become part of many market researchers' conceptual arsenal. This was the ABCD schema, which eventually classified consumers along an A-to-D scale depending on their income. As early as 1922, we find Thompson researchers describing interviewees by using ABCD; but the scale was refined by Paul T. Cherington, who explained how Thompson was using it in a 1924 article.⁶⁸

When trying to survey "opinions and judgments about which decisions about consumer purchases may be based," he

⁶⁷"Street Railway Investigation: Utica, New York" File 9, Box 1, Research Division Correspondence and Memoranda, 1921-1924, JWSA.

⁶⁸The earliest example of the ABCD classification is a brief discussion of a door-to-door investigation in an untitled piece in the J. Walter Thompson News Bulletin 93 (December 1922): 5-6.

wrote, an agency needed to take "great care in the selection of representative sample groups." Then and since, the door-to-door interviewing that the agency prided itself on posed particular challenges; left to their own devices, interviewers tended to cluster in well-off neighborhoods and approach well-kept homes, skewing the resulting survey. Considering that housewives wielded considerable economic power, and were the primary market for many goods JWT advertised, this was a major problem. One way to ensure that a sample was representative was to require interviewers to describe an interviewee's home. In order to do so, and to make sure the discoveries of one survey could be compared to others, Cherington wrote, Thompson had to "develop arbitrary, new classifications of sources which may be carried over from one investigation to another without too much modification."⁶⁹

The ABCD scale was such a classification; but it was first developed to describe not people but houses. As the historian of survey research Jean Converse points out, in the 1920s and 1930s "basic demographic questions were often considered quite intrusive," so describing an interviewee's house was one way to depict their demographic status. As Cherington explained the scale, the classes denoted:

"Class A. Homes of substantial wealth above the average in culture that have at least one servant. . . . the

⁶⁹Cherington, "Statistics in Market Studies": 4. My emphasis.

persons interviewed shall be people of intelligence and discrimination.
 Class B. Comfortable middle class homes, personally directed by intelligent women.
 Class C. Industrial homes of skilled mechanics, mill operators, or petty trades people (no servants).
 Class D. Homes of unskilled laborers or in foreign districts where it is difficult for American ways to penetrate."

A similar classification was offered for retailers, also ranking stores from A ("Stores of manifest excellence") to D ("No necessarily inferior to Class B or class C, but . . . found in foreign districts where it is difficult for American ways to penetrate.") While the exact classification still depended in part on the interviewer's judgment, it also provided some control for the sample. To Converse, this marked "an improvement over 'man-in-the-street' interviews or talks with customers in any retail store" formerly favored by interviewers.⁷⁰

In its first incarnation the scale mixed income, social status, and consumption habits (homes of "substantial wealth," giving way to those of the "middle class," to homes in regions untouched by "American ways"). As these were shorthand descriptions of demographic observations, however, it was easy for an interviewer or researcher to use the scale to describe not houses but families or individuals, and even

⁷⁰Cherington, "Statistics in Market Studies": 4-5; Jean M. Converse, Survey Research in the United States: Roots and Emergence, 1890-1960 (Berkeley and Los Angeles: University of California Press, 1987): 101, 93

in the scale's early days we find discussions of "women of the 'C' and 'D' . . . [or] the 'A' and 'B' classes."⁷¹

Soon, however, the ABCD scale expanded from denoting a house's visual appearance to the inhabitants' income group, in effect becoming a new measure of class, one suitable to marketers' needs. It was a way to examine not class divides but social stratification, a new approach that would be increasingly popular with sociologists in the years ahead. This transformation was due to Thompson's alliance with applied psychology, and in particular the applied psychologist Daniel Starch. Starch (1880-1979) was one of the first a generation of applied psychologists who spent their careers not probing the internal workings of the mind but devising and administering tests to discover the habits and aptitudes of large groups. After earning his Ph.D. at the University of Iowa in 1906, he had taught psychology and advertising first at the University of Wisconsin and then, from 1919 to 1926, as the professor of "business psychology" at the Harvard Business School. In 1924, he took on a second job when, at the urging of Stanley Resor, he was hired as director of research for the Associated Advertising Agencies of America (AAAA) and prepared a series of pioneering studies of magazine, newspaper, and eventually

⁷¹J. Walter Thompson News Bulletin 93 (December 1922): 5.

radio audiences. It was in this role that he would borrow and expand the ABCD scale.⁷²

Starch initially used the ABCD scale for his magazine readership studies. Like JWT's researchers he obtained a subscription lists from several cities for over seventy magazines, and then used city directories to fix the occupation of the head of every household. Where JWT had used occupations to place a household in socio-economic Groups 1, 2, or 3, however, Starch used an ABCD scale. Adding an AA class for the wealthy, he categorized families from AA (annual income \$10,000 and over), to A (\$5,000 to \$10,000), B (\$2,000 to \$5,000), C (\$1,000 to \$2,000) and D (under \$1,000). While he initially used this simply to categorize a magazine's readership, so one could say that "Magazine No. 1" had 15% subscribers in the AA range while "Magazine No. 2" drew only 3% from that group, within a few years he had worked out what he believed "the percentage of families in the United States in the various income groups." According to Starch's calculations, 1.2% of American families

⁷²Starch had a long and diverse career, stretching from the 1910s to the 1970s, and is discussed further in chapter 6. See "Starch, Daniel," National Cyclopedia of American Biography v. F: 1939-1942 (New York: John T. White & Co., 1942): 183-184, and Neil H. Borden, "Daniel Starch," Journal of Marketing XXI (January 1957): 265-267. On applied psychology see Michael Sokel, ed., Psychological Testing and American Society, 1890-1930 (New Brunswick, NJ: Rutgers University Press, 1987), and Zunz, Why the 'American Century'?, ch. 3.

belonged in the AA class, 6.6% A, 46.8% B, 38.8% in C, and only 6.6% in D. Starch had presented, and Thompson subsequently adopted, a model of American society in which 93% of families were estimated to make above \$1,000 a year.⁷³

The Thompson-Starch scale (my term) not only described a nation without major divisions between classes (only a few dollars separated each strata from the next), it depicted a social structure in which the great majority of American families had sufficient income to participate in consumer society. Only 7% of families belonged in AA, A, or D, so the scale became the perfect tool for any Thompson researcher or salesman who wanted to argue that there existed in the United States a broad consuming class, and that companies making consumer goods needed to focus their attention on that great center comprised of B and C families. One wrote that those two categories represented "85.6% of the population, [and were] the important groups on which to concentrate in an investigation for a product of general consumption, like breakfast foods, etc." In some cases Thompson surveys would even slightly overcount this great middle, for some researchers thought it a good rule of thumb to advise weigh

⁷³N. a., "Buying Power of Periodical Readers is Being Charted," Printers' Ink CXXXI (May 14 1925): 81-84, which contains a lengthy excerpt of a speech by Starch; Watson, "Polling the Consumer": 15-17. Watson's 1930 essay also suggests that, by then, JWT interviewers were asking interviewees several questions about income, status, etc., to ensure an interview sample was representative.

"interviews by allocating 45% to class B, 45% to C, 5% to D, and 5% to A, [to] obtain a good cross-section." The B and C classes were the people who bought most products for "general consumption."⁷⁴

Eventually, Thompson's researchers made more explicit connections between their income studies and the American class structure. In a 1931 talk, Cherington argued that the United States, unlike European nations, had a broad Middle Class, as proved by income figures. Using a scheme similar to that developed for the Cincinnati Study, Cherington presented a model in which the "Low Class" made below \$1000 or \$1200 a year, the "Middle Class" between \$1000 and \$5000, and the "Upper Class" making more. Using unspecified figures, he then contended that, while 71% of Britons were in the Low Class, and 85% of Swedes, only 6.5% of Americans were in the Low Class, and 85.9% belonged in the middle class. In 1932 Starch made this more explicit when he wrote that the A and B classes were "the so-called middle class," and that "64.4% . . . of the population of the United States falls within this group."⁷⁵

⁷⁴Watson, "Polling the Consumer": 15-17.

⁷⁵Paul T. Cherington, "The Human Attitude of Management as Manifested by Advertising," a paper delivered February 5, 1931, at the conference on "Business Management as a Human Enterprise," Bureau of Personnel Administration; typescript copy in "Paul T. Cherington," Faculty Vertical Files, Harvard Business School Archives, Baker Library, Harvard Graduate School of Business Administration, Boston, MA [hereafter

We should note that here, like the Cincinnati Study, the Thompson-Starch model of American society appears to have seriously overstated the wealth of the American family. In 1932 Starch estimated that 65% of the American families (or the population--he was a little unclear on this) enjoyed an income over \$2,000 a year. As late as 1928, however, the economists Paul Douglas and E. H. Jennison had estimated the average annual earnings of all wage earners at only \$1,405, before wages began dropping in the Great Depression. Starch's figures must have been wrong. The exact reasons why Starch overstated income remain unclear; while a psychologist, the available NBER data was not too complex for him to understand, as he had, after all, taught at the Harvard Business School. It is tempting to assume that he was discussing a "buying public" in his work, a subset of the American population, but as the above example shows Starch was making a claim about the entire "population of the United States." In the end, the most likely explanation appears to be that, like Thompson's other researchers, Starch believed rising income were carrying millions toward consumption, rendering statistical accuracy less than vital.⁷⁶

HBSA]. Daniel Starch, "The Appliance Market," Advertising and Selling 19 (June 7, 1932): 40.

⁷⁶Wage figures quoted in Leo Wolman and Gustav Peck, "Labor Groups in the Social Structure," Recent Social Trends in the United States (New York: McGraw-Hill, 1933): 820, 823.

The ABCD scale became a major tool for depicting social divisions in the 1930s and 1940s, continuing in use at JWT while proving popular well beyond it. Starch used the scale in most of his studies, not only for the AAAA but those conducted by his own firm, Daniel Starch & Associates. Starch & Associates helped design the ubiquitous radio audience rating system of the 1930s, the "Cooperative Analysis of Broadcasting" (CAB), so that CAB studies relied on by advertisers throughout the country used the ABCD scale, though with minor adjustments--in the CAB studies "D" denoted families making less than \$2,000, in keeping with Starch's contention that the middle-class began at \$2,000. In 1935, when Paul Cherington's new firm, Cherington, Roper, and Wood, developed the "Fortune Survey," the first syndicated public opinion poll, it used the ABCD poll (including AA) to classify respondents, though when Fortune actually published the survey it renamed the five levels, describing respondents as "prosperous" to "poor."⁷⁷

Indeed, so useful would such the fine-grained, apparently class-neutral ABCD scale prove that many firms not

⁷⁷H. M. Beville, Jr., "The ABCDs of Radio Audiences," Public Opinion Quarterly 4 (1940): 195-206; Cooperative Analysis of Broadcasters: Second Year Report (New York: Crossley, Inc., 1932). See also Everett R. Smith, "Can We Find a Current Index of Income?" Market Research 4 (June 1936): 3-6 and, for the use of ABCD in the "Fortune Survey", Stuart Ewen, PR: A Social History of Spin (New York: Basic Books, 1996): 187-188; "Fortune Survey," Fortune 12 (July 1935): 66+.

using the Starch-Thompson scale developed alternate ABCD or, even more common, ABCDE schemes to classify consumers. In a case of parallel evolution, in 1924 Robert and Helen Lynd found AT&T classifying homes in Muncie from A (most expensive) to D (cheapest). Similar scales appeared in many marketing studies during the 1930s, so frequently that some assumed that all the studies were relying on the same classificatory scheme. When in 1941, however, a committee of the American Marketing Association attempted to standardize such ABCDE scales, it discovered that "each of the systems defined its groups differently and used a variety of methods in placing families within the five brackets, so that these systems of classification had nothing in common except the letters used as distinguishing symbols."⁷⁸

That last passage, however, was mistaken--all the ABCD and ABCDE classificatory schemes did have something in common. They all rejected a model of American society in which sharp divides separated distinct classes. One value of an ABCD scale was that it allowed market researchers both to assert that most Americans were members of a broad consuming class, and to draw fine distinctions between different strata of that class. It is telling that the CAB used Starch's

⁷⁸Robert S. Lynd and Helen Merrell Lynd, Middletown: A Study in Modern American Culture (New York: Harcourt, Brace 1957 [1929]): 173-174n29; Wroe Alderson, "Marketing Classifications of Families," Journal of Marketing 6 (1941): 143.

scale in a study of "social stratification," not social division. Of course, the ABCD scale did not eliminate other ways of depicting social division; many a marketing report would still record a neighborhood's ethnicity, or whether a respondent were middle- or working-class, white-collar or blue-collar. Rather, its use suggested that such divisions were increasingly subsumed under Americans' ability to participate in the mass market.

The novelty of this view appears starkly when we compare Thompson's studies to another record of the era's social and economic developments, Robert and Helen Lynd's Middletown. Both the Lynds and Thompson's researchers spent the 1920s charting the slow spread of mass-production, mass-consumption society and culture, in the form of new products, habits, working conditions, and even national advertising, with the Lynds focusing on what they thought was a typical community: Muncie, Indiana. Even their data was comparable; the Lynds drew some of their data from market research reports produced by AT&T and the Literary Digest, while Thompson's researchers eagerly seized on Middletown when it came out. Yet the Lynds' take on class was far different from the market researchers's.⁷⁹

⁷⁹Lynd and Lynd, Middletown: 96n8, 173-174n29; Marchand, Advertising the American Dream: 75.

Market researchers used the ABCD scale as a means of separating out social segments, presenting a picture of a society without deep divides, whose parts were segmented along many fine gradations. The Lynds saw instead a great "division into working class and business class" running through the heart of Muncie and, by extension, the United States. "The mere fact of being born upon one or the other side of the watershed roughly formed by these two groups," they insisted, "is the most significant cultural factor tending to influence what one does all day long throughout one's life." This watershed was absent from the maps of the market researchers, who saw businessmen and skilled workmen, the working class and the business class, united by buying power and their ability to consume. The Lynds portrayed the divide between working and business class as a unbridgeable gulf; JWT's researchers depicted a society in which class was at most a minor step to be climbed.⁸⁰

Geography: Mapping Trade

While Thompson's researchers were developing new ways to understand ethnicity, the rural-urban divide, and class, they were also searching out new ways to depict America's

⁸⁰Lynd and Lynd, Middletown: 23-24. For an excellent historical take on the Lynds' work, see Richard Wrightman Fox, "Epitaph for Middletown: Robert S. Lynd and the Analysis of Consumer Culture" in The Culture of Consumption: Critical Essays in American History, 1880-1990, eds. Fox and T. J. Jackson Lears (New York: Pantheon, 1983): 103-141.

commercial geography. On top of older political divisions--cities, counties, and states--JWT researchers would carefully map the borders of "jobbing regions" and "trade areas."

It began as attempts to chart the changes that the previous decades had wrought in retailing and wholesaling. In the 1920s, new paved roads and the increasing dependability of automobiles made it possible for shoppers to plan a Saturday in the big city, while the continued growth of department stores, a panoply of new consumer goods, new advertising, and even enormous new "movie palaces" combined to draw them there. By 1928, Recent Economic Changes reported "a marked shift in retail trade in the small towns and rural districts and in the territories tributary to urban markets." Increasingly, consumers were abandoning their small-town retail stores to buy clothing, furniture, and household goods in larger cities. In response, many of those wholesalers who had previously supplied small-town retailers and country stores began focusing their efforts on larger towns closer to their headquarters, trading universal for intensive coverage. The geography of trade was changing in two directions; while many cities' "trade areas" widened as they drew more rural shoppers, the territories covered by wholesalers shrank.⁸¹

⁸¹Melvin T. Copeland, "Marketing," Recent Economic Changes in the United States, ed. Committee on Recent Economic Changes (New York: McGraw-Hill, 1929): 334; see also 331-

At first, these changes in trade, and trade areas, drew the attention of academic geographers. During this period several geographers began studying the ways that cities were knit into their surrounding regions, drawn to the topic in part by the automobile-powered growth of suburbs and stirrings of interest in regional planning, but also, as the geographer R. D. McKenzie put it in Recent Social Changes "The Rise of Metropolitan Communities," because of a "rising consciousness of cities as centers of commercial provinces." It was only over the previous few years that the term "trade area" had "come into common usage."⁸² Soon, scholars based at business schools' new Bureaus of Business Research also became involved. In 1925 Horace Secrist, then a professor at Northwestern, produced a landmark study of The Widening Retail Market and Consumers' Buying Habits, using data

342, "Changes in Retail Trade Areas". Other good discussions of these changes appear in R. D. McKenzie, "The Rise of Metropolitan Communities," Recent Social Trends in the United States, President's Committee on Recent Social Trends (New York: McGraw-Hill, 1933): 451-461, and Horace Secrist, The Widening Retail Market and Consumers' Buying Habits (Chicago: A. W. Shaw Co., 1926). One counter-current to this move of trade to large cities was the spread of chain stores, which brought staples like groceries and drugs to towns and neighborhoods that once lacked them.

⁸²McKenzie, "The Rise of Metropolitan Communities": 455-456; on the appearance of trade areas c. 1900, see Richard Franklin Bensel, Sectionalism and American Political Development, 1880-1980 (Madison, WI: University of Wisconsin Press, 1984): 421 and, more generally, 415-473. Bensel's study of political sectionalism uses trade areas as a conceptual tool. "Central-place" theory, a major tool of modern geographers, was not invented until the 1930s.

gathered by some twenty scholars based at various Bureaus of Business Research across the country. Over the next few years, many other Bureaus would undertake smaller studies of changes in local trade areas, seeking to discover the specific causes of trade's migration to larger cities.⁸³

Before long these changes in trade patterns drew the attention of researchers at JWT. The grocery and drug wholesalers who were main conduits to consumers had changed their trade practices, and JWT aimed to understand how. In 1925 the agency issued an atlas of Grocery Jobbing Areas, which mapped out the 567 cities with "jobbing houses of substantial size" and the territories each city served. A year later, it issued Drug Jobbing Areas, which found 205 centers in that trade, "a quite different grouping than that for groceries." Aside from illustrating that each trade had its own wholesaling geography, the studies were most useful for producers trying to evaluate their jobbers. Recording the population and number of retailers in each jobbing area, the atlases allowed them to measure their percentage

⁸³Secrist's The Widening Retail Market and Consumers' Buying Habits began as a study for Northwestern's Bureau of Business Research. Other examples include Fred M. Jones, A study of a retail trading area, University of Illinois Bureau of Business Research Bulletin 44 (Urbana, IL: University of Illinois, 1932), and The influence of automobiles and good roads on retail trade centers, Nebraska studies in business 18 (Lincoln, NE: University of Nebraska Committee on Business Research, 1927).

distribution, and tell how intensively the territory was being worked.⁸⁴

But the atlases did more than that. Their maps divided America along commercial, not political, lines, into commercial territories. While business maps had existed well before the twentieth century--consider the fire insurance maps used by urban historians--they all depicted business activity occurring within distinct political units. Over the previous few decades, however, the infrastructure of the national market had grown across state boundaries, in many cases leaping over state lines. Farmers and shoppers in, say, western Nebraska might have more commercial ties with Sioux City, Iowa, than Lincoln. As one JWT article discussing the Grocery Jobbing Atlas reminded readers, modern commerce "entirely ignores . . . political boundaries; trade does not go by counties, nor yet by states." In effect, on top of the nation's older, political units, JWT's cartographers were constructing new, commercial ones.⁸⁵

⁸⁴N.a., "Some New Developments in Commercial Statistics," J. Walter Thompson News Bulletin 117 (October 1925): 6-7. Evidence suggests that the shrinking wholesale area was a long-term phenomenon; when William Cronon examined wholesaling geography in the late nineteenth-century Midwest, he found jobbers in Chicago supplying grocers in Iowa, while by the 1920s they bought stock from jobbers in Des Moines and Davenport. William Cronon, Nature's Metropolis: Chicago and the Great West (New York: W. W. Norton, 1991): 328-332.

⁸⁵"Some New Developments in Commercial Statistics": 2. Before the twentieth century, state lines often did constrain marketing; see Charles McCurdy, "American Law and the

An even more ambitious attempt to depict the nation's new commercial realities would come in 1926, when JWT issued the fourth edition of Population and Its Distribution. For the most part it resembled its predecessors, being an assemblage of figures intended to help users set sales quotas. The 1926 version included not only state and county population and income tax numbers, but such figures as each state's number of families, home telephones, miles of paved road, and percentage population living in cities over 10,000. At the back of the report, however, behind the state reports, statistics, and summaries, appeared a genuine innovation: maps of the nation's 679 "retail shopping areas." A year later, concluding the maps were too "cramped" for easy use, Thompson reissued them in a full-color atlas of Retail Shopping Areas.

As discussed at the beginning of this chapter, the "retail shopping areas" they depicted were simply a "trade center," defined as a town with more than one department store, and the hinterland from which it drew shoppers. Its maps were intended to emphasize the importance of these areas, and downplay other kinds of divisions. A reader of Population and Its Distribution could easily spot each shopping area, its border marked off with a thick black line, but would have to peer closer to see the thin dotted line

that denoted a state line [see figure 3]. As people crossed state borders to shop, so did the shopping areas; the Chicago retail shopping area, for instance, included counties in Indiana. The maps did more than depict each shopping area; they also illustrated what we can call a region's "commercial terrain." The maps depicted all a region's counties (a political unit, but the smallest unit for which several kinds of data was gathered) and cross-hatched them to depict their relative wealth, using Federal income tax figures. Counties returning more than 100,000 tax returns were depicted with tight vertical hatchings, while those returning less than 500 received no illustration at all (in the more elaborate Retail Shopping Areas, five colors replaced the cross-hatchings, with rich counties appearing bright red).⁸⁶

With these maps and the other data in the latest Population and Its Distribution, sales managers could work out distribution plans and quotas for a variety of products, both "mass" and "class," to use rough division occasionally used by Thompson researchers (the ABCD scale was absent from these studies). For inexpensive "mass" items of general consumption, population figures would be a good basis for

⁸⁶J. Walter Thompson Company, Population and Its Distribution, 4th ed. (New York: J. Walter Thompson, 1926): 110, 200, 220; Retail Shopping Areas; on the separate publication of the supplement, see "Representatives' Meeting--Thursday, January 5, 1928": 2, Staff Meetings 1927-1929, Box 1, Folder 4, JWTA.

sales quotas. For higher-priced "class" items, the income tax figures would do. While a fairly small number of families paid income tax in the 1920s, all families with net incomes above \$3,500 (individuals, \$1,500) had to file a return, providing what Cherington called "a useful and trustworthy measure of the medium and high grade market." As Thompson's promotional ads emphasized, the maps would tell a sales manager not only "where his customers buy," they would also allow him to focus his efforts on the nation's wealthy counties. One ad, using an extreme example, pointed out that, in Alabama, "82% of the [income-tax] returns came from 20% of the counties." Armed with Thompson's figures the client could, one imagines, abandon his attempts to sell "class" goods to Black-Belt sharecroppers and, it continued, "concentrate his sales efforts directly in the territory that yielded most of the business." Retail Shopping Areas would help both the executive trying to sell goods to everyone, and the executive trying to capture the more affluent strata of the mass market.⁸⁷

⁸⁷On income tax returns, N.a., "Mid-Census estimate places population of the United States at 113,000,000 as of June 1, 1925" J. Walter Thompson News Bulletin 122 (June 1926): 7-10; on sales, "Representatives' Meeting--Thursday, January 5, 1928": 6; on mass and class, "Representatives' Meeting--Tuesday, January 17, 1928": 1, Staff Meetings 1927-1929, Box 1, Folder 4, JWTA; JWT promo ad appeared in Printers' Ink (February 25, 1926): 8-9, in Promotional Advertisements, JWTA.

But the maps in Retail Shopping Areas were not just designed to help sales managers plan quotas; they were designed, as Cherington said, to "set up a new way of thinking about markets." There is abundant internal evidence from JWT records to support the claim that the agency used the studies to change clients' minds about their markets and the best way to sell to them. Many Thompson clients had been trained to believe that universal distribution was the most desirable distribution. As one sales representative put it at an agency meeting discussing the new books, with some clients, especially those who had "been spreading in a very thin way all over the United States . . . whenever we would discuss questions or sales quotas or sales promotions work for the year, some one was bound to say, 'What about Montana?'" Retail Shopping Areas' highlighting of trade regions and wealthy counties was designed to head off such protests, by showing that affluent consumers could be reached through intensive efforts in a few areas, usually Northern cities. Focusing on these shoppers was for many a better strategy than trying to reach every last consumer in Montana. As Resor replied to the sales rep, Population and Its Distribution was "designed to make the manufacturer forget Montana We are using it primarily as a guide to localize and intensify."

Other representatives quickly chipped in with their own tales of clients steered straight by the guides. In one instance, JWT used Retail Shopping Areas to persuade the Buxton Company, a firm with wide distribution and poor sales, to try a new strategy and focus its efforts on "the red spots on Mr. Cherington's map," wealthy cities like Boston, Chicago, Cleveland, and Rochester--an ultimately successful strategy. Sometimes, the maps of retail shopping areas were used to demonstrate how relatively focused distribution could reach the most desirable shoppers; for the Dwight Company (otherwise unidentified) Thompson arranged distribution of their product in Philadelphia's retail shopping area by placing it in the "two or three large department stores" where people most often shopped. From this approach it was only a short step to seeing the "red spots" on the map as the market to be targeted; no one at JWT missed the fact that "83% of the total income tax returns of the country" were produced by counties in only 19 states.⁸⁸

Yet this "new way of thinking" went well beyond a few Thompson clients. Retail Shopping Areas's "Introduction" had boasted that, in its maps, "the chief emphasis is placed on people as markets rather than as political groups" and over the next years many would indeed come to see "people as

⁸⁸"Representatives' Meeting--Tuesday, January 17, 1928": 2 and passim; the sales representative was an otherwise unidentified "Mr. Perkins."

markets." We get a hint of this change in a 1928 article that appeared in Printers' Ink, the advertising trade journal. In "Recent Developments in Advertising Research," A. Heath Onthank, a former Commerce Department aide, praised Thompson's work on trade areas as "the most important development in the field of advertising research in recent years." Trading areas, he wrote, were most useful because they followed "the lines of commerce rather than the unnatural lines of political boundaries" [my emphasis]. Onthank was exaggerating, but he was onto something. In creating maps of retail trade areas, and persuading its clients to base policies on them, Thompson and other research organizations made visible the changes in retailing and shopping that had been underway for the previous twenty years. While this did not make political boundaries "unnatural," it did lead many to see the new lines of commerce as "natural," or at least as real. Even as JWT had produced new visions of ethnicity, rural and urban, and class, so it propagated new assumptions about American geography. And its new geography, at least, was proven popular; JWT sold over 2500 copies of the fourth edition of Population and Its Distribution, at the then-steep price of \$10 a copy.⁸⁹

⁸⁹Retail Shopping Areas: iii; A. Heath Onthank, "Recent Developments in Advertising Research," Printers' Ink CXLIV (July 19, 1928): 82.

Conclusion

Both Thompson's researchers and the research they created became, in time, a model for American advertising. By the end of the 1920s, other agencies followed JWT's lead and made systematic research into marketing and advertising a part of their daily work. In a 1927 survey, William Reilly found research departments at seventeen of the nation's twenty largest agencies, including not only JWT but N. W. Ayer, the George Batten Company, Barton, Durstein, and Osborne (soon to be BBD&O), and H. K. McCann. Even Thompson's reliance on academically-trained researchers was no longer unique; in 1926, the well-known researcher L. D. H. Weld was research director at McCann (admittedly a special instance--Weld and McCann had been college roommates) and a few years later George Gallup would leave a teaching post at Northwestern for Young & Rubicam.⁹⁰

This examination of Thompson shows how one group of researchers wrestled to solve the problems facing advertisers and marketers, and slowly developed new conceptual categories to describe the changing nature of market distribution and

⁹⁰William John Reilly, "The Place of the Research Department of the Advertising Agency in Market Research" (Ph.D. diss., U. of Chicago, 1927): iii, 118; Donald R. G. Cowan, "Louis D. H. Weld" Journal of Marketing 24 (October 1960): 65. Reilly's empirical study is particularly significant because it reveals the uneven spread of "advertising research" during this period--a few agencies had research offices to rival Thompson's, while others disdained the field altogether.

the multiform nature of American markets. Their initial problems were summed up in the question of whether the United States was a "single market," confronted as they were with both a marketing structure that seemingly penetrated every sector of American society, and a society in which many groups clung tenaciously to distinctive shopping and consumption habits. To gain a clearer understanding of this confusing scene, they developed a range of new categories to describe it: new ways to understand ethnicity, the divide between city and country, class, and region. In the process, they recast each of these categories in terms they understood and could use to craft advertising and marketing campaigns. Alongside older understandings of social and political divisions, they constructed a new set of understandings rooted in different groups' participation in the mass market. Gathered in Thompson's studies, research reports, advertising tests, and commercial atlases, these new ways to understand American society changed the way many of Thompson's clients did business and imagined markets. Ultimately, Thompson's researchers did succeed in creating a "new way of thinking" about American society.

Chapter Four:

The Progress of Commercial Research, 1910-1938

In 1923, the market researcher L. D. H. Weld published a short essay entitled "The Progress of Commercial Research." Over the last decade, he reported, dozens of firms had opened offices to conduct systematic research into "the commercial or marketing part of business," hiring specialists to, among other activities, compare the cost efficiency of various agents of distribution, measure the efficacy of advertising, survey territories' ability to absorb a specific consumer good, and examine consumer habits to uncover possible markets "for new or relatively new products." Everywhere "systematized work along this line" was on the rise. "Every time an executive makes inquiries about general trade conditions, or asks his salesmen what dealers are saying about his products, or compares his current results with those of corresponding months of preceding years," Weld wrote, "he is resorting to commercial research."¹

A range of developments had made it imperative for many firms, particularly those mass-producing consumer goods for dispersed markets, to know more about the distribution, sale, and use of their product. Among those Weld named were "[t]he

¹L. D. H. Weld, "The Progress of Commercial Research," Harvard Business Review 1 (January 1923): 175, 177.

fact that large-scale organization has taken the place of small units, that markets are so far-flung, that the merchandising machinery has become so complex, ... [t]he great increase in production during the past half-century, and the multiplicity of advertised articles." The 1920s would provide yet more reasons for firms to examine carefully their marketing and markets, including Americans' rapidly (if unevenly) rising income, the concomitant spread of new consumption habits to groups once outside the mass market, and the new number and diversity of consumer goods being pushed into the mass market. Every development helped render obsolete manufacturers' traditional knowledge of their markets, and made essential the assemblage of new data on distribution and consumption. In 1911, exactly one firm supported a commercial researcher; by 1923, Weld found 18 of the nation's 200 largest corporations with an office conducting "commercial research"; and by the 1930s dozens of large and small companies, including giants like Coca-Cola, Eastman Kodak, General Foods, and Procter & Gamble, could boast thriving operations devoted to the activity.²

These researchers' work was usually less wide-ranging than the studies discussed in the last chapter; while J. Walter Thompson's social scientists devoted much of their energies to creating a panoramic map of the American mass

²"Thought-Starter," Time 32 (November 14, 1938): 66.

market, their counterparts at other firms were most likely answering narrower questions, trying to discover the size of the golf ball market, how many kitchen brushes inhabitants of a particular state could be expected to buy, or whether or not new car buyers wanted automatic transmissions, and if so, whether wealthy buyers wanted it more than middle-class ones. Yet in answering such apparently narrow questions, these commercial researchers were also charting features of the emerging mass-consumption society, presenting their data in such a way as to make a difference in their employers' behavior. In the above mentioned golf ball study, made by U. S. Rubber, a researcher's inquiry about the popularity of golf revealed basic facts about Americans' increasing leisure time and the expansion of the middle class, while also positioning the firm to enter the soon-booming golf-ball market. These researchers did not describe their findings as new discoveries about "mass-consumption society," but their more detailed reports were vital for firms operating in the new economic terrain.

In this chapter I follow the "progress of commercial research," from 1911 to the late 1930s, from its infancy, at Philadelphia's Curtis Publishing Company, through its early adoption by several consumer goods caught in unusual circumstances at the end of that decade, on to the 1920s when it became a more widely accepted tool for plumbing consumer markets and setting sales quotas, into the 1930s when it grew

to be a vital guide for design, production, and marketing decisions at many large firms. It is not a comprehensive account of corporations' adoption of market research, but instead aims to be a structured but unsystematic evocation (to borrow a phrase) of the early years of corporate market research. Here I ask why several firms first sought better data on distribution and markets, what information their researchers discovered, and how their executives then used this information to craft marketing organizations, sales programs, and even products. In previous chapters we have seen how market research originated, how networks promoting it developed and spread, and how its practitioners developed a vision of an expansive, heterogeneous mass market. Here we shall see it at work.³

Charles C. Parlin and Curtis Publishing: "The Consumer is King"

In 1936, the American Marketing Association held a dinner to honor one of its founders, Charles C. Parlin. Twenty-five years before Parlin had established the nation's first "commercial research" department, at Philadelphia's Curtis Publishing Company, and the men who gathered that evening, from Cherington & Roper's Paul Cherington, to

³I borrowed the phrase from Philip Scranton, Endless Novelty: Specialty Production and American Industrialization, 1865-1925 (Princeton University Press, 1997): 77.

General Foods' Ralph Starr Butler, to General Motors' "Boss" Kettering, were there to commemorate that event. In speech after speech, they paid tribute to Parlin, already beginning to be known as the "father of market research." Yet they were not simply honoring his priority, but paying tribute to his groundbreaking studies of the consumer. Parlin had spent long years not just talking about the consumer, but demonstrating the manifold ways consumers actually wielded power. As the AMA's president, Frank Coutant, said, Parlin was not just "the daddy of all marketing research ... [but] the man who gave us most of the principles on which we work."⁴

It was not what Curtis Publishing had in mind when, in 1910, it went looking for a researcher. Over the previous two decades, Cyrus Curtis had made his magazines, the Ladies Home Journal and Saturday Evening Post, into two of the nation's most successful publications. Part of the new wave of "mass-market magazines" that appeared in the 1880s, they had attracted a huge readership by combining a low cover price with a refined and reformist tone and uplifting articles and stories. Subscriptions alone had not covered

⁴An excellent introduction to Parlin is a recent work, Douglas B. Ward, "Tracking the Culture of Consumption: Curtis Publishing Company, Charles Coolidge Parlin, and the Origins of Market Research, 1911-1930" (Ph.D. diss., U. of Maryland, 1996). See also Wroe Alderson, "Charles Coolidge Parlin," Journal of Marketing XXI (July 1956): 1-3, and Lawrence C. Lockley, "Notes on the History of Marketing Research," Journal of Marketing 14 (April 1950): 734-735

publishers' costs, but the advertising dollars attracted by the magazines' new mass readership easily made up for the lost revenue; by the turn of the century, Curtis was turning a hefty profit, as each magazine carried articles and ads to a million subscribers a month.⁵

The 1910s, however, brought new strains to this symbiotic relationship, as some advertisers began to question how well they were served by using these magazines to reach the "mass market." In part, this was caused by magazines' secretiveness about their circulation and readership. Until the establishment of the Audit Bureau of Circulation (ABC) in 1914 advertisers lacked even the most basic tools to check publishers' claims about their circulation and readerships. Yet the strains were also a product of many advertisers' growing awareness that their own customers were a distinct segment of the magazines' "mass market." Even if the Saturday Evening Post was read by millions each month, who was to say that an advertisers' target audience was among them, or that magazine ads were the best way to reach them?

⁵On mass market magazines, see Matthew Schneirov, The Dream of a New Social Order: Popular Magazines in America, 1893-1914 (New York: Columbia University Press, 1994): 75-103, and, for a Marxist take, Richard Ohmann, Selling Culture: Magazines, Markets, and Class at the Turn of the Century (New York: Verso, 1996). On Curtis's magazines, see Jan Cohn, Creating America: George Horace Lorimer and the Saturday Evening Post (Pittsburgh: University of Pittsburgh Press, 1989), and Salme Harjo Steinberg, Reformer in the Marketplace: Edward W. Bok and the Ladies' Home Journal (Baton Rouge, LA: Louisiana State University Press, 1979).

At Curtis, an advertising manager named Stanley Latshaw found more and more prospects left cold by his "detailed and glowing account of the publisher's accomplishments." To make a persuasive pitch, he decided he should "be able to discuss ... conditions in the industry of the manufacturer whom we were attempting to interest in national advertising," to show how the publisher could help them sell their product to the most likely buyers. To discover facts about both industry "conditions" and how the industries related to their markets, Latshaw decided he needed a researcher, and soon convinced Cyrus Curtis to let him hire one.⁶

So in 1910 Latshaw offered the post to Charles Coolidge Parlin (1882-1943), whose immediate qualification was that he had been Latshaw's high school principal. At the time, Parlin was high school principal in Wausau, Wisconsin, and president-elect of the State Teachers' Association, but he had no special training to prepare him for the Curtis post. He was a graduate of the University of Wisconsin, but spent his years there apparently untouched by the developments in marketing then brewing in its economics department (see chapter 1). Yet his hire was not as odd as it might appear;

⁶Stanley R. Latshaw, "Early Developments in Magazine Research," Market Research 3 (August 1935): 3; Kenneth H. Myers, "ABC and SRDS: The Evolution of Two Specialized Advertising Services," Business History Review 34 (1960): 302-326; For more on the problems of circulation and readerships, see chapters 3 and 6.

in an era when economics was just taking its modern shape, before classes on marketing were offered at most schools, there was no obvious choice for the job of roving commercial researcher, and Parlin was a college graduate, curious, and eager to travel. The fact that Parlin knew almost nothing of economics or marketing did not seem to have bothered Latshaw or Curtis.⁷

Parlin's ignorance of advertising, marketing and consumption mirrored a more general ignorance about these topics in 1910. There were then no market research firms, no marketing scholars, no bureaus of business research to supply basic data on the field, to separate out promising markets or query consumers about their shopping habits. Only in the past few years had a few business schools offered occasional classes on "market distribution." A handful private companies, most notably Dun & Bradstreet, could supply data on individual firms, but their reports focused on a company's creditworthiness. Trade journals contained more information about firms and industries, but these were specialized publications, written and read by men already knowledgeable about the trade. In this light, an intelligent, inquisitive

⁷See "Speech given by Charles C. Parlin at tribute dinner," [1936] typescript in Curtis Publishing Collection, Special Collections, Van Pelt-Dietrich Library, University of Pennsylvania [hereafter CC-UP]; Alderson, "Charles C. Parlin": 1-3.

high-school teacher was probably as good a choice for researcher as any.

So Parlin moved to Boston, coined the term "commercial research" to define his vague commission, and, apparently at one executive's offhand suggestion, began studying the agricultural implements industry. Whereas "industrial research" focused on engineering and technology, Parlin's "commercial research" would examine the operations of the companies that made the product in question, the agencies that carried them from producer to user, and their final buyer. He spent the next three months criss-crossing the Midwest, interviewing makers, distributors, and users of threshers, harvesters, and plows, before producing a 460-page report on the field. Agricultural Implements would be a model for later Curtis studies; it included thumbnail sketches of most major manufacturers and distributors, an analysis of broad industry trends (including the consolidation of manufacturers and the replacement of the independent jobber by the branch house), and, most significant for the future, discussions of consumer behavior based on extensive interviews with agricultural implement dealers ("In sentiment the farmer is anti-trust," Parlin reported, "but he is said to buy a trust machine if it is '10¢ cheaper'").⁸

⁸Charles Coolidge Parlin, Agricultural Implements.

Yet the report did not mesh with Curtis's larger interests. The only Curtis magazine aimed at the farm market, the Country Gentleman, was a new acquisition, and the publisher's salesmen preferred to focus their efforts on selling space in its more successful publications.

Agricultural Implements was soon gathering dust on the shelves of Curtis's sales offices. Its quick disappearance taught Parlin two lessons. First, in the future he would choose his subjects more carefully, focusing on the mass-production consumer-goods industries that provided the bulk of Curtis's income. Second, from then on he would make sure his reports reached two audiences. They would still be available for Curtis's salesmen, but Parlin would also pitch them to the men running companies in the trade under examination, who might want to know more about their industry, competitors, and markets.⁹

In 1912, Parlin produced a new study examining a central institution of the rising mass consumption society,

Investigation made July, August, and September 1911 ([Philadelphia, 1911]): 16, 113. Brief summaries of all of Parlin's studies can be found in Donald M. Hobart, Digests of Principal Research Department Studies (Philadelphia: Curtis Publishing Co., 1945). While copies of Parlin's individual reports occasionally turn up at research libraries, the most complete set is held at CC-UP. These voluminous reports include industry overviews and literally thousands of typescript pages of detailed interview notes; covering industries from automobiles to electrical appliance makers, they are an overlooked treasure trove for business historians.

⁹"Speech given by Charles C. Parlin at tribute dinner."

Department Store Lines. Over the past three decades department stores had come to dominate dry good and ready-to-wear trade in most of America's major cities, selling a wide range of consumer products to urban shoppers while drawing new customers from a city's trade hinterland. Some, such as Philadelphia's Wanamaker's, had already become famous as locales not only for shopping but for enacting the dream of seemingly endless consumption. Behind the scenes, each big store was also a complex business organization, divided into dozens of departments selling product lines from auto parts to men's undergarments, some manufacturing their own wares while others buying goods from a complex web of manufacturers and jobbers. The plethora of manufacturers and jobbers, the resulting complexity of distribution networks, their complex ties to consumers, and, not the least, their heavy investment in advertising, all drew Parlin's attention.¹⁰

His report was a massive examination of the trade. In four thick volumes Parlin tried to elucidate the whole marketing network of the mass retailer, covering topics ranging from the organization of department stores, to their product lines, merchandising methods, national and regional

¹⁰On department stores, see Susan Porter Benson, Counter Cultures: Salesmen, Managers, and Customers in American Department Stores, 1890-1940 (Urbana, IL: University of Illinois Press, 1989): 31-74, and William Leach, Land of Desire: Merchants, Power, and the Rise of a New American Culture (New York: Vintage Books, 1993).

volume of trade, and relationships with manufacturers and jobbers. Yet the report was notable not simply for its thoroughness. Accompanying the analysis of the stores was an analysis of their clientele's shopping habits, with a particular focus on the differences between men and women's shopping habits. In this account, the department store appeared not as the creator of a new consumer order, but as a response to Americans' shopping habits.¹¹

In this analysis the prime actor was not the department store, but the consumer. Parlin began with an observation most of his readers took as a given, that "Men and women differ in their buying." Drawing on interviews and observations, he reported that for most important purchases women preferred to go from one store to find the best value. In contrast, "A man does not go from one store to another comparing values before making a selection. When he has entered a store, he lacks the courage to leave without buying." So far, Parlin appears to have been repeating the stereotypes of the day; but he then moved to argue that the reasons for this divergence were rooted in the kinds of good each bought. In the middle-class families Parlin studied, those patronizing department stores, a new division of labor had appeared, conforming to larger social and economic roles.

¹¹Charles C. Parlin, Department Store Lines ([Philadelphia]: Curtis Publishing Company, 1912).

Men had been assigned the responsibility for making the family's money, so women had assumed responsibility for wisely spending it. It was their job to buy the more expensive household items like "cloaks and suits, draperies, carpets, [and] millineries," so they were careful when shopping. Men, in contrast, most often bought fewer low-cost, easily obtainable items. For such cheap purchases, it made sense to get them quickly, and so most men bought "(1) in the most convenient place, (2) by impulse, (3) in an accustomed place, or (4) by brand." From this, Parlin produced a rough taxonomy of goods, dividing them into the expensive "shopping items" women usually bought and the cheaper "convenience goods" sought by men.¹²

From these differing buying habits, Parlin claimed, arose the structure of modern retailing. Men bought their convenience goods at the most convenient place, and to cater to them small retail stores, "five-and-dime," had sprung up across big cities and small towns. Women buying "shopping items," in contrast, insisted on comparing values and so shopped in locations where it was easy to do such comparison shopping. This explained a basic fact of marketing geography--that department stores clustered together in

¹²Parlin's distinction was not absolute; women sometimes bought convenience goods, men shopping goods; he was not writing rules but providing a broad outline of shopping. There was also a third category: "emergency" goods, bought when immediately needed.

trading towns, and drew women customers from a broad area. To be specific, Parlin found that it was always three department stores that clustered together. Why three, Parlin did not know, but that was the "magic number." If her hometown lacked three stores, a woman shopper would take her business to the nearest town large enough to support three, producing the widening trade areas so many marketing scholars noted during the period.¹³

This picture of consumers habits dictating the structure of department stores may have struck readers--particularly those who ran department stores--as improbable, but Parlin backed up his claims with evidence from interviews and statistics. Along with Department Store Lines he had assembled an "Encyclopedia of Cities," relying on interviews with business executives and local chamber of commerce officials to develop rough estimates of 54 sizable cities' trade volume, trading populations, and large stores. In was, in its way, a precursor to the "quota guides" of the 1920s

¹³Charles C. Parlin, "The Merchandising of Textiles" [1914] in The Collected Works of C. C. Parlin, ed. Henry Assael (New York: Arno Press, 1978): 6,7. This address summarized the main findings of Department Store Lines. Note that, despite its title, Assael's collection is not comprehensive. See also Parlin, "Why and How a Manufacturer Should make Trade Investigations," in Business Statistics, ed. Melvin Copeland (Cambridge, MA: Harvard University Press, 1921): 204-205 and, on the shifts underway in trade, Melvin T. Copeland, "Marketing," in Recent Economic Changes in the United States, Committee on Recent Economic Changes (New York: McGraw-Hill, 1929): 334-336

and the 1930 Census of Distribution. In most smaller cities, the "Encyclopedia" revealed "just three important stores with [department store] lines--seldom less and seldom more." In the biggest cities, the number slowly rose, but "[w]hen the number reaches six there is apt to be a division into two classes--three stores carrying merchandise that is medium and up, and three carrying merchandise that is medium and down; and the women who shop regularly in one group seldom visit the other."

The difference between men and women's shopping habits also dictated the way different goods were distributed. Parlin found that "in every suburb and village the stock of men's clothing excels that of women's wear, [while] in every trading center ... the stocks of ladies' wearing apparel exceed those of the men." Men's unwillingness to go on shopping expeditions created an opportunity for local stores to stock men's clothes, while women's insistence on comparison shopping discouraged small shopkeepers from doing the same with women's clothing, and led jobbers to place their lines in larger trade centers.¹⁴

In passing, we should note that Parlin's analysis of gendered shopping habits runs counter to many historians' claims about the way women were understood by the architects

¹⁴"The Merchandising of Textiles": 7; Department Store Lines, v. B: Retailing and Jobbing, quoted in Hobart, Digests of Principal Research Department Studies: 18.

of mass-consumption society. Historians have noted, correctly, that advertisers usually regarded women as less rational than men. Jackson Lears describes their "tacit assumption that women's minds were vats of frothy pink irrationality," while Charles McGovern writes that "most male advertisers believed that women were less capable of 'reason' than men." Parlin, however, took quite a different tack. In his depiction of shopping, women behaved more rationally than men. Women's "shopping expeditions" appeared as irrational only because men did not understand their underlying logic. Women would not spend money until they found the best buy, while men just wanted to get the whole thing over with. While Parlin cannot stand in for all market researchers, much less all those who helped construct the mass-consumption economy, his writings do suggest that we cannot generalize a single image of "women shoppers" from the comments of a few advertisers. The middle-class female shoppers in Parlin's works are paragons of reason, true "home economists."¹⁵

For Parlin, it was not sufficient to draw broad distinctions between classes of consumer goods, or make generalizations about consumers' shopping habits. He moved

¹⁵Jackson Lears, Fables of Abundance: A Cultural History of Advertising in America (New York: Basic Books, 1994): 209; Charles McGovern, "Sold American: Inventing the Consumer, 1890-1940" (Ph.D. dissertation, Harvard University, 1993): 30. See also Michael Schudson, Advertising, the Uneasy Persuasion (New York: Basic Books, 1986): 61.

to link his discoveries about the consumer market to policies marketers, specifically Curtis clients, should follow. The kind of good a manufacturer made should dictate his marketing strategies. A manufacturer of a "shopping line" item such as a dress or draperies, Parlin advised, could probably handle distribution himself, for his sales force needed to place such an item in only one department store per trade center. Sooner or later, women doing comparison shopping would stop by. In contrast, makers of "convenience goods" like cigarettes needed maximum distribution, as a consumer looking for such a product would not seek out a specific manufacturer or brand but would just buy the first such item he found. This meant that makers of convenience goods should rely on jobbers to distribute their products, for a good wholesaler would have unmatched access to local stores. Thus, the distinction between shopping and convenience goods was not just academic; as Parlin wrote in a later study, "mistakes in merchandising and advertising sometimes occur through a failure to recognize the importance of these differences."¹⁶

Such a practical approach meant that deep insights into consumer behavior and even social structure were obscured by being phrased in terms the best marketing plan. Such was the case with Parlin's observation that department stores needed

¹⁶Department Store Lines v. B: Retailing and Jobbing, quoted in Hobart, Digests of Principal Research Department Studies: 17.

to cultivate a clientele beyond the urban middle-class market. When analyzing shoppers, he discerned several different strata, finding "three broad classes of trade: high, medium, and low," corresponding to the wealthy, the urban middle-class, and ethnic shoppers. Each was capable of patronizing the new department stores, implying consumption habits were already spreading beyond the old middle-class. However, Parlin used this broad insight to make the specific point that no single store could aspire to attract and keep all three, for "The elite and the shawl trade will not shop together, for neither will feel comfortable in the presence of the other, but the great middle class which furnishes the bulk of department store business will trade with either." A store owner had to reckon with both mass market and class tension, and choose how to position his store or target; he had to "make his choice between an upper and a lower end, and ... supplement either of these ... with a substantial middle class trade." The point was not to chart the new class structure, but to position a store to attract as many shoppers as possible.

A similar transformation was worked on Parlin's insight about the surprising uniformity of national shopping patterns. In researching his 1912 "Encyclopedia of Cities" he had made a striking discovery about national trade conditions; volume of department store trade in trading regions, he found, was closely related to their population,

irrespective of the efforts of local stores. Across the country, trade regions' volume of trade held close to \$30 per inhabitant, so that an area with 100,000 inhabitants could be expected to have a department store trade of approximately \$3 million, whether it was in rich Ohio or poor Tennessee. This changed only slightly from region to region, and most variations could be traced to specific causes; trade volume in state capitals, for instance, tended to be "sub-normal, because the people come from outside for politics and society rather than to buy," while ethnic makeup would also have some effect, for "German women ... spend less in the department stores than women of other races." These variations, however, did not negate the point that there was a "natural" volume of trade. Parlin made this point about uniform behavior to draw a lesson; that in "a city where department store methods had been fully developed," no "new methods of display or exploitation" could increase overall sales. Higher volume of sales would only come with regional or national changes--higher overall incomes, more population.¹⁷

It was these insights into the emerging mass consumption society and the shopping habits of its inhabitants that won Parlin a measure of fame--not by penning the phrase "The Consumer is King," or observing that "woman is a shopper."

¹⁷Hobart, Digests of Principal Research Department Studies: 17-18; "The Merchandising of Textiles": 13-15.

Parlin showed Curtis's clients the specific ways that consumers' habits and preferences shaped marketing, sales, and consumption, and advised Curtis's clients on the best way to alter their policies and products to fit the consumer's set ways. Men and women shopped for different products, at different locations, so marketers had to plan distribution accordingly. Upper-class shoppers and ethnic consumers would not patronize the same store, so department stores had to go after one or the other. This broad approach, combining insights into the new mass consumption society, an overview of industry trends, detailed reports on specific firms, and analysis of how consumers selected a product, became the template for all Parlin's studies, from Automobiles (1914) to the Electrical Industry (1917) to Radio (1921).

Automobiles is a case in point. Again enormous, 4 volumes and over 2000 pages, it examined an industry that over the previous ten years had enjoyed explosive growth, become a powerhouse of the national economy, and already begun to change American society. Many auto makers had also, incidentally, become major investors in advertising, particularly in the Saturday Evening Post. In Parlin's eyes, the years 1912-1913 marked a climacteric, as supply of automobiles finally begin to catch up with demand, facing auto manufacturers with increasing competition. Buyers who had over the previous decade become accustomed to purchasing the first car they saw, or risk it selling out, could now

weigh the pros and cons of various makes. The crowding has begun at the high end of the market, and was moving down. Drawing on auto makers' own perception of their market strata, he wrote that "by the year 1913 the supply had caught up with the demand in all grades of cars down to the \$2000 mark, and in 1914 pretty well down to the \$1000 mark." A market where a small firm could spring up, produce a prototype, take orders, then use the downpayments to assemble a fleet of cars was being replaced by a market dominated by a smaller number of established national firms, making cars on assembly lines and selling them through national distribution networks. Especially for upper-end car makers, this presaged "sharp competition and a struggle in which some companies will be eliminated, and a few will grow strong enough to control the bulk of the business."¹⁸

Survival lay in understanding and responding to how consumers regarded cars. To explain this, Parlin drew another distinction between classes of goods (and, implicitly, types of consumer behavior). This time he

¹⁸Parlin, "The Merchandising of Automobiles," in Assael, The Collected Works of C. C. Parlin; 6; Charles C. Parlin and Herbert Younker, Automobiles ([Philadelphia]: Division of Commercial Research of Advertising Department, Curtis Publishing Co., 1914): ch. XI. On the auto industry during this period, see also Donald F. Davis, Conspicuous Production: Automobiles and Elites in Detroit, 1899-1933 (Philadelphia: Temple University Press, 1988), which offers an alternate explanation for the crowding of the upper-end car market.

differentiated between "utility" goods, which shoppers bought strictly for their functionality, and "style" goods, which shoppers bought to set themselves apart from the neighbors. While all cars had elements of both, he explained, the more expensive cars all tended to be well-engineered and thus have equivalent "utility." This meant a car maker seeking to differentiate his car from its competitors had to pay heed to style, which in turn suggested that car makers should pay attention to a consumer they had previously ignored, for while utility could be the concern of a man, style was largely the domain of the woman.

Like "shopping items," "style goods" were the province of women. As before, he backed up his conclusions, using extensive interview data (literally hundreds of pages) to show that women had become newly important in car buying. "The woman has more to do with the selection of a high-priced than a low-priced car," opined an Iowa dealer. "Almost any man who will invest \$1,000 in an automobile wants his wife satisfied," reported one North Dakota dealer. "Woman ... is the real power that wants an automobile and that selects one," said a San Francisco retailer. To attract buyers, then, Parlin advised car makers to pay heed to what woman shoppers demanded. They needed to emphasize the style elements in their car, its "paint, upholstery, rising qualities, width of doors, the lines of the car." Perhaps, too, since women's opinions were increasingly important, auto

manufacturers should think about buying ad space in the Ladies Home Journal.¹⁹

These conclusions are intriguing, but they raise a larger question: who was listening to Parlin? Because he worked at a publisher and not a manufacturer, it is not easy to trace the impact his anatomy of consumer behavior had at specific manufacturers or wholesalers. Certainly, Curtis executives thought Parlin's work was drawing favorable attention to the publisher; in 1915 his office was moved from Boston to company headquarters at Philadelphia, and in the 1920s he was one of the company's highest-paid employees, as well as one of the few to be given any of Curtis's closely-held stock. Beginning in 1915, his division was also the centerpiece of a major Curtis advertising campaign including expensive two-page spreads in its magazines, in which the publisher promised that Parlin's work could help any firm advertising in its publications. Years later, Parlin himself claimed to have drawn new advertisers to Curtis, increasing "the thickness of the Saturday Evening Post." Although precise evidence is difficult to pin down, it seems he also had a large and attentive audience outside Curtis, as he became a popular speaker at meetings of consumer-goods manufacturers, wholesalers and retailers. By

¹⁹Parlin and Younker, Automobiles, v. B: Gasoline Pleasure Cars: 1003-1006.

the 1920s the company employed several full-time lecturers just to publicize his findings. But these suggest Parlin's wider influence, they do not prove it.²⁰

Parlin's greatest long-term influence actually came from outside the corporate milieu he inhabited; his ideas became common currency when adopted by the fledgling academic field of marketing. His quest for data on consumer behavior had led him to forge ties to the first generation of marketing teachers; as early as 1911 Parlin had befriended several marketing instructors including Paul Nystrom and Ralph Starr Butler, and regularly exchanged data with them (chapter 1). In 1913 and 1914 he lectured on marketing at the new Harvard Business School, not only spreading his ideas in a new arena but beginning a long friendship with Harvard marketing professor Paul T. Cherington.²¹ Of greater consequence, these marketing scholars, eager to gain a conceptual handle on their new field, seized on Parlin's taxonomies of consumers

²⁰"Speech given by Charles C. Parlin": 50-52, typescript in CC-UP. Lockley, "Notes on the History of Marketing Research": 745, and Alderson, "Charles Coolidge Parlin": 1, both suggest that Curtis's strong support and Parlin's own speaking skills were important elements in creating his high profile. See also Ward, "Tracking the Culture of Consumption": 134-138, 248.

²¹Parlin, Department Store Lines, v. A: Interviews and General Index: A1; Lockley, "Notes on the History of Marketing Research": 734-735; Harvard University, Report of the Graduate School of Business Administration, 1913 - 1914 (Cambridge, MA: Harvard University, 1914): 5; Report of the Graduate School of Business Administration, 1914 - 1915: 6.

and consumer goods. By the 1920s (and ever since) marketing students across the country were learning that there were basic differences between "convenience" and "shopping" goods, and "style" and "utility" items, and that these differences determined how the goods were to be distributed and why they were bought. These categories became touchstones of marketing thought, and have so thoroughly entered marketers' conceptual vocabulary that today it is surprising to recall that someone invented them.²²

Parlin would continue as one of market research's most innovative researchers and popular publicists into the 1930s, but by the late 1910s he had lost his brief monopoly on the field of market research. Consumer-good corporations, advertising agencies, business schools, and publishers all began to hire their own researchers to examine distribution, market structures, and consumers' habits. A fitting testament to Parlin's importance, however, was that, when other firms sought to open their own research divisions, several sought to hire Parlin and, when he turned them down, hired his protégés instead. It is to these firms that we now turn.

²²Robert Bartels, The Development of Marketing Thought (Homewood, IL: Robert Irwin, 1962): 108-109. Textbooks relying on Parlin's classifications range from Melvin T. Copeland, Principles of Merchandising (Chicago: A. W. Shaw & Co., 1924), to Philip Kotler and Gary Armstrong, Marketing: An Introduction (Englewood Cliffs, NJ: Prentice-Hall, 1987).

The Spread of Commercial Research: Swift & Co., U. S. Rubber, and Winchester Arms, 1915-1923

As early as 1915, Parlin's "commercial research" had begun to reach a wide audience. Dry-goods wholesalers, department store owners, and automobile dealers and makers learned from his studies both that it was possible to assemble detailed pictures of their channels of distribution and markets, and that this knowledge could then be applied to improving marketing strategies and products. It was one thing, however, for an executive to observe that Parlin's studies were of benefit to some users, another for him to commit significant resources to replicate Parlin's work.

During the 1910s the vast majority of large corporations did not invest in any form of systematic marketing research. Even those whose success relied on selling goods to large, dispersed consumer markets, or which spent the decade constructing new wholesaling or retailing networks, apparently did not believe that systematic studies of distribution, markets, and consumer habits could help them. Doing well in a robust economy, these companies lacked an incentive to invest in new and unverified research techniques. The one group of businesses that did face significant economic challenge in the mid-1910s were smaller retailers and wholesalers whose livelihood was challenged by integrated distribution. These firms could not afford their own "commercial research", but, tellingly, they were also the

firms that proved the most enthusiastic supporters of the distribution cost studies performed by the Harvard Bureau of Business Research (chapter 2).

As we shall see in this section, the few consumer-oriented "center firms" that did invest in commercial research during the 1910s did so not as part of larger industry- or economy-wide movements but because they confronted peculiar challenges not facing the bulk of their competitors. At Swift & Co., it was a government investigation that pushed the meatpacker to study its marketing mechanisms; at U. S. Rubber, the effects of ongoing corporate disorganization that spurred some of the firm's divisions to study select consumer markets; at Winchester, the evaporation of its primary markets that forced the arms maker to search out new ones. Yet though these firms were ahead of the curve in adopting commercial research, their reasons were the same ones that would lead other firms to commercial research in the 1920s. All thought research would help them control distribution costs, target likely markets, and fit their products to consumers' habits and desires.

For Swift & Co., the immediate problem was the Federal government. In 1917, Swift and its fellow "big five" meatpackers had become the subject of a Federal Trade Commission investigation, accused of conspiring to control the American meat market. In part this control was said to

work through old-fashioned price-fixing, but the FTC accusations also addressed Swift's ownership of an integrated marketing network that stretched from stockyards to retail stores. Such ownership, the FTC claimed, allowed the firm to exclude competitors and garner unreasonable profits. To counter these claims, Swift needed its own marketing studies, and so, after Parlin refused a job offer, it hired Louis D. H. Weld. In some ways, Weld was probably a better choice than Parlin. As discussed in chapter 1, he was one of the first experts on marketing economics, and by 1917 had already taught the subject at the University of Minnesota and Yale. He was also the rare dissenter from the producer-oriented ethos of most marketing scholars trained in the midwest. Certainly, Swift was willing to pay top dollar for his expertise; among marketing scholars, his salary at Swift was rumored to be \$15,000 a year, in an era where a professor was lucky to get \$3,000.²³

²³Lockley, "Notes on the History of Marketing Research": 735; Donald R. G. Cowan, "Louis D. H. Weld," Journal of Marketing 26 (October 1960); Paul D. Converse, The Beginning of Marketing Thought in the United States, with reminiscences of some of the pioneering marketing scholars (Austin, TX: University of Texas Bureau of Business Research, 1959): 48-49; 64. Report of the Federal Trade Commission on the Meat-Packing Industry (Washington: GPO, 1919). See also G. O. Virtue, "The Meat Packing Investigation," Quarterly Journal of Economics 34 (August 1920): 626-685, and L. D. H. Weld, "The Meat-Packing Investigation: A Reply," Quarterly Journal of Economics 35 (May 1921): 412-430.

At Swift, market research first took the form of detailed studies of marketing costs. Weld aimed to prove that Swift made only modest profits, but to show this he had to assess the overall costs of distribution. Using methods he had first developed at Minnesota, Weld followed the meat Swift bought along the company-owned distribution chain, carefully assessing the costs accruing at every step. Swift, he reported, paid an average of \$84.45 per live cattle. Killing and dressing cost it \$2.56, transport \$2.30, and retailing \$2.46, making its total cost \$91.77. Average income from the cattle, its meat and by-products, he then calculated, was \$93.06, leaving Swift a profit of \$1.29 per head--less that 2¢ for each dollar of sales, nothing near the "exorbitant profits" the packer was accused of reaping. Weld performed a similar analysis of costs at Swift's retail stores, a target of consumer anger over the price of their prime cuts. While porterhouse and sirloin were expensive, he explained, their cost was balanced out by the relatively low cost of the "the stewing and broiling cuts." Both Swift's profits and prices were fair, and neither rancher nor consumer had cause to be angry at Swift.²⁴

²⁴Swift & Company, Swift and Company Year Book, Covering activities of the Year 1917 (Chicago: Swift & Co., January 1918): 9, 27-30; Swift & Company, Swift and Company Year Book Covering the Activities for the Year 1920 (Chicago: Swift & Co., January 1921): 51.

Weld's conclusions about marketing costs were not merely of interest to economists, but became part of a broader public relations campaign waged by Swift. In a time of public protests over the "high cost of living," it was important for Swift to meet charges it was gouging the consumer. His findings were summarized in the Swift Yearbooks, widely circulated pamphlets that were a cross between annual reports and marketing studies. He testified before Congress for Swift, and prepared the firm's Analysis of the FTC investigation, a document one opponent called "by far the ablest defense produced by the packers." Despite his efforts, however, Swift lost its battle, as investigators from the Justice Department and Congress joined in the fight, and evidence mounted that the big packers had conspired to control the meat market. Weld was right that Swift made small profit off each sale, but subpoenaed documents revealed that the meat packers had apportioned market share and excluded competitors. In 1919 Swift capitulated, signing a consent agreement with the Attorney General agreeing to sell its stockyards, railroad cars and retail stores, while preserving the core of Swift's business, its packinghouses. Despite this ending, Weld's work at Swift had been important, both as an early instance of the political use of market studies, and, of more immediate concern here, as an example

of the way market specialists would carefully examine distribution costs.²⁵

Where Swift & Co. focused on marketing, U. S. Rubber studied consumption. Like Swift, an unusual set of circumstances led it to "commercial research" in the 1910s. The firm had been created in the great merger wave of the 1890s, but unlike most corporations born in that period, after over two decades U. S. Rubber had still not centralized or vertically integrated its operations. Its component firms manufactured dozens of rubber products, ranging from footwear to industrial hoses to auto tires, with little coordination or consideration of the corporation's needs. The resulting products were distributed haphazardly, under different brands, through both wholesalers and the firm's own branch houses. By the 1910s, this confusion had begun to take its toll on the corporation's growth; its footwear business began to lose ground to better-organized competitors, while its decentralized structure prevented it from making a concerted push into the booming sector of the rubber trade, automobile tires.²⁶

²⁵Cowan, "Louis D. H. Weld": 64; Virtue, "The Meat Packing Investigation": 663; Louis Corey, Meat and Man: A Study of Monopoly, Unionism, and Food Policy (New York: Viking Press, 1950): 77-88.

²⁶Lockley, "Notes on the History of Marketing Research": 734; Glenn D. Babcock, History of the United States Rubber Company Indiana Business Report No. 39 (Bloomington, IN: Indiana University Graduate School of Business, 1965): 105-

Beginning in the 1910s, U. S. Rubber's formidable president, Samuel F. Colt, took steps to bring order to this marketing chaos, trying to build a system that would efficiently carry a coordinated line of products from factory to consumer. He hired the J. Walter Thompson advertising agency to compare the efficiency of his branch houses against the independent jobbers some divisions still employed (chapter 3). He imposed company-wide brand names on products, including the still-famous "Keds." He hired a retailing specialist, the University of Wisconsin economist Paul Nystrom, who had made early studies of retail-store failures and who probably helped Swift in forging better ties with shoe retailers. The development with the greatest long-range impact, however, occurred not at the firm's main office, but at a subsidiary that initially had a question about a small market: golf balls.²⁷

Over the last few years, U. S. Rubber's Cleveland subsidiary, Rubber Goods Manufacturing Company, had found itself falling behind its better-managed competitors, and as a response began looking for new markets for rubber products. The golf ball market was a seemingly natural field for the

107; Alfred Chandler, The Visible Hand: The Managerial Revolution in American Business (Cambridge, MA: Belknap Press, 1977): 433-438; Daniel Nelson, American Rubber Workers and Organized Labor, 1900-1941 (Princeton, NJ: Princeton University Press, 1988): 9-10.

²⁷Lockley, "Notes on the History of Marketing Research": 734.

diversified corporation to expand into--golf balls were made of rubber, and for many years rival B. F. Goodrich had dominated the market. Yet Rubber Goods' managers hesitated. In 1917 they commissioned a "trade analyst," Ernest S. Bradford, to report on the possibilities of the golf ball market. Much of the resulting report, received in February 1917, was unexceptional. He had "interviewed editors of two golf magazines, scanned other publications, talked with golf instructors, professional and amateur golfers, and called on sporting goods dealers in New York, Philadelphia, and Washington, D.C." to assemble data on such topics as total annual sales of golf balls (500-600,000 dozen), standard prices (75¢, 65¢, and 55¢, though two firms recently raised top line prices to 85¢), main channels of distribution, and selling methods.²⁸

But his study also led him to survey the overall consumer market, and unearthed a series of broader trends that would, he predicted, carry thousands of men into the golf ball market. Golf, his interviews had showed him, was not a poor man's game; "to play golf," he estimated, "a single man should have an annual income of \$3,000; a married

²⁸Babcock, History of the United States Rubber Company: 112-114, 137-139; Mansel G. Blackford and K. Austin Kerr, BFGoodrich: Tradition and Transformation, 1870-1995 (Columbus, OH: Ohio State University Press, 1997): 29-30. My account of Bradford's study relies heavily on Babcock's account.

man ... \$4,000 to \$5,000 a year." Yet such an income was no longer exceptional; turning to government figures, Bradford discovered that, in 1915, over 337,000 Federal tax returns had been filed by men who fell into this category. The rising income of this slice of the new middle class, he reported, would put golf in reach "of the man of moderate income," and would soon create a "greatly increased number of players." In forecasting the growing market for golf balls, Bradford was also predicting the widening of the middle-class and the growth of its new spending power. On the basis of his report, Rubber Goods entered the golf ball market, and U. S. Rubber would dominate the expanding field through its heyday in the 1920s.²⁹

Bradford's study pointed towards one set of developments that would lead more firms to study consumer markets in the 1920s: rising consumer income and the broadening middle class, which created opportunities for the firms able to predict where new consumer spending would go. Even as these new markets pulled many consumer-goods firms to market research, a related set of developments would push others there, developments set in motion by World War I. The war had temporarily created huge new markets for America's biggest businesses. Lured by fixed-price contracts and the

²⁹Babcock, History of the United States Rubber Company: 113-114.

promise of guaranteed profits, many companies making military lines bought new machinery, built new factories, and adopted the latest in labor management techniques, developments that combined to raise American industrial productivity by some 20% between 1915 and 1920. When the war ended, and contracts were canceled, these same firms found themselves overextended. Where would they sell all they could now produce?³⁰

It was a problem for many firms, but the extreme example was undoubtedly Winchester Arms. While Winchester's foray into market research would ultimately prove less successful than U. S. Rubber's, it is still illustrative of the larger reasons leading many firms to take up such research in the late 1910s and early 1920s. Between 1915 and 1919 Winchester's sales had grown fivefold, from \$12 million to \$60 million, largely on the strength of Allied orders for guns and ammunition. To meet demand, the arms maker went on a building spree, adding factory space and machinery. When the war ended Winchester lost the vast bulk of its markets, but still had the industrial capacity. Clearly, peacetime ammunition and sporting rifle sales would not take up the slack. Already poorly managed before the war (Winchester had not paid a stock dividend for years) the firm teetered on the

³⁰On productivity, see Jeremy Atack and Peter Passell, A New Economic View of American History from Colonial Times to 1940, 2d ed. (New York: W. W. Norton, 1994): 564-566.

brink of bankruptcy, only rescued from that fate by an infusion of funds from the investment firm of Kidder, Peabody in 1918. But that was a stopgap, not a solution. Deprived of its main markets, what would Winchester do?³¹

The eventual answer was that Winchester would re-orient itself towards new consumer markets. Unlike U. S. Rubber, Winchester appears not to have anticipated the postwar expansion of American consumer markets; it just wanted to find products its huge plants could profitably be making. In 1918, as the war closed, Winchester's managers set down three criteria for the firm's new product lines. They should, first, be articles of personal use, to draw on the "Winchester" trademark; second, their manufacture should utilize Winchester's metal-working expertise; and third, they should be products carried by the retailers who already sold guns and ammunition. This pointed the firm to brand-oriented consumer markets, more specifically sporting goods and hardware lines. But to which products?³²

To answer this question, Winchester turned to market research, in the form of the market researcher J. George

³¹Harold F. Williamson, Winchester: The Gun that Won the West (Washington, D.C.: Combat Forces Press, 1955): 370-371. Despite its lurid title and publisher, this is a fine corporate history written by a distinguished economic historian.

³²Williamson, Winchester: The Gun that Won the West: 273-275, 280.

Frederick. Frederick had begun life as a journalist, editing the advertisers' trade journal Printers' Ink, but in 1911 he set himself up as perhaps the first marketing consultant, owner and proprietor of the "Business Bourse." Hired by Winchester in 1918, Frederick supervised a series of studies performed by various departments within the firm to discover which "sporting goods and hardware lines" were most appropriate for manufacture. Between 1919 and 1923, relying on his advice, the firm would begin to make over a dozen new product lines, including cutlery (both flatware and knives), tools (including screw drivers, chisels, punches, hammers, hatchets, pliers, axes, hatchets, saws, planes, and squares), batteries and flashlights, steel fishing rods, reels and baits, and even ice and roller skates.³³

As Harold Williamson notes, it was a process in which "sales engineers occupied a strategic position." Illustrating Frederick's methods was the study Winchester made of cutlery. This survey began with "an extensive sampling of the retail hardware dealers and jobbers on total sales, seasonal fluctuations, the amounts of business done by stores in different localities, the quality of merchandise demanded by various buying groups, [and] the nature of

³³J. George Frederick, "Research in Business" Special Libraries (September-October 1921): 170-171; Williamson, Winchester: The Gun that Won the West: 296-294. Williamson never names Frederick as the consultant Winchester hired, but Frederick himself claims the spot in his short article.

competition." After sifting through this information, Winchester decided its best opportunities lay in the market for high-end cutlery. Following this, the "sales engineers" then estimated the output and prices most likely to win buyers for "Winchester Knives." Only then were manufacturing engineers called in to see how to make cutlery, and estimate production costs. Once they concluded Winchester could indeed make the knives, the firm began large-scale production of quality knives. Similar methods were followed when planning production of other consumer goods.³⁴

Winchester's efforts to turn itself into a consumer-goods company eventually failed, a failure illuminating some of the larger problems facing firms adopting market research. Frederick had, it is true, identified several product lines which were fast-growing in the early 1920s, lines in demand from consumers gaining greater purchasing power and new leisure time. However, Winchester never matched his study of consumer demand with studies of manufacturing or marketing. Skills honed in manufacturing guns were not as easily transferred to making consumer goods as Winchester's owners thought. Its initial line of knives, for instance, were as sharp as competitors's, but found few buyers because the

³⁴Williamson, Winchester: The Gun that Won the West: 286-287.

firm's machinists did not know to give them the shiny finish that consumers associated with "quality."

Even larger problems loomed in marketing. When Winchester switched production over to new lines, it simultaneously decided to revamp its distribution system. Sitting on the firm's board was William Liggett, who had built the United Drug ("Rexall") chain, and on his advice Winchester decided to follow more general business trends by abandoning its traditional wholesalers and building a new distribution network consisting of dealer-agents in smaller towns and Winchester-owned retail and hardware stores in larger cities. Within a year, mimicking United Drug, the firm opened 150 retail stores, only to discover that sporting-goods stores could not attain the rapid turnover that generated profits for Rexall. In the meantime, of course, Winchester had thoroughly alienated its old jobbers. So disastrous was its push into distribution that in 1924 Winchester was forced into a merger with Simmons Hardware Company just to regain national distribution. However, the combined attempts to make new products, for new markets, sold through new distribution channels, had smashed the company's marketing system for good. Even though it managed to keep a sharp eye on new facets of consumer demand, as when it identified refrigerators as a growth field in the mid-1920s, Winchester proved unable to produce and distribute products

to meet that demand. It never regained profitability, and went into bankruptcy in 1929.³⁵

While in some ways exceptional, the experiences of Swift, U. S. Rubber, and Winchester highlight several of the prime reasons why, over the next decade, many more firms were drawn to "commercial research." Changing methods of distribution, in particular the abandonment of wholesalers by many manufacturers, would lead firms to evaluate carefully their distribution costs, comparing rival methods of distribution to see which was most cost-effective. Broader developments, notably rising disposable income and changing consumer habits, would create new opportunities for firms able to estimate where new spending would take place. And the great rise in industrial capacity caused by World War I would make it imperative for many companies to secure markets for all their products. The varying success of commercial research for U. S. Rubber and Winchester also suggests the limitations of commercial research; both identified promising new markets, but for U. S. Rubber, the golf-ball market could be entered without major changes in manufacturing techniques, and through established marketing networks selling sporting goods. Winchester, in contrast,

³⁵Williamson, Winchester: The Gun that Won the West: 306-310, 370-373. Of course, the Depression of 1921-1922 would not help Winchester's position, but the firm was doomed well before that reached its height.

also identified expanding consumer markets, but its manufacturing abilities were not up to making new products for those markets, any more than its marketing strategy could reach them. It did not integrate its commercial research with larger corporate capacities and plans. Winchester's fate, however, should not obscure the main point: that commercial research soon became a necessity for many firms seeking consumer markets in the postwar era.

Even as researchers were taking on new responsibilities, corporations were taking on new researchers. For most of the 1910s, as Charles Parlin once recalled, his division at Curtis really did have a "monopoly" on commercial research. In the 1920s, that changed. In his incomplete 1923 study L. D. H. Weld found "commercial research" divisions operating at 18 of the nation's largest 200 firms, no doubt missing efforts underway at smaller firms, and the work of consulting researchers like J. George Frederick. While these researchers were engaged in a wide variety of tasks--as we can see from the range of work done at the three firms discussed above--a particular focus of commercial research in the 1920s would be the seemingly mundane task of devising better sales quotas and gauges of consumer purchasing power. It was these studies, however, that carried a new vision of

the American market to hundreds of firms well outside the core of American industry.³⁶

Setting Sales Quotas

In the 1920s, market research (the term rapidly winning acceptance) found a niche in many organizations through the design of sales quotas. These "new" sales quotas were just monetary or numerical goals for salesmen and sales divisions, based not on a haphazard guess of how much product a territory could absorb, but on a careful estimate of a region or population's actual ability to purchase the good. Though seemingly routine, such quotas would be important tools for sales organizations struggling to maximize sales and spur on salesmen in the decade's hypercompetitive sales milieu. Through them ordinary salesmen came in contact with market research, and the researchers's vision of the American mass market. Their significance was widely recognized at the time--sales quotas earned mention in two of the era's classic documents, the report on Recent Economic Changes and Frederick Lewis Allen's "informal history of the nineteen-twenties," Only Yesterday, and in 1932, one business writer called their development "one of the most important movements in the last decade in the field of marketing."³⁷

³⁶Weld, "The Progress of Commercial Research": 179.

³⁷Herbert S. Howard, "Consumer Purchasing-Power Indices" Harvard Business Review 11 (1932-1933): 115. Henry S.

Of course, sales managers had been setting quotas well before the 1920s, establishing them using rules of thumb, perhaps modified by past experiences with a region. National Cash Register's salesmen, for example, had long worked under a system that set their quota at 1 cash register for every 400 inhabitants of a territory. In the 1920s, however, such methods were increasingly seen as old-fashioned and untrustworthy, based as they were on guesses and outmoded assumptions. In their place appeared the new quotas, which, while constructed in a variety of ways, all claimed to be based on systematic measurement of how much a territory or population could be expected to buy.³⁸

A variety of reasons drove companies to seek new quotas, reasons nicely summed up in a 1921 account of the Packard Truck Company's adoption of new quotas. According to Packard president Alvan Macaulay, in 1919 the company had undertaken a study of state truck registration figures, intending to use them to supplement existing sales quotas, which were based on a region's wealth and population. Much to the firm's

Dennison, "Management," in Recent Economic Changes in the United States, Committee on Recent Economic Changes (New York: McGraw-Hill, 1929): 533, and Frederick Lewis Allen, Only Yesterday: An Informal Guide to the 1920s (New York: Hapner & Row, 1959 [1932]): 140-141. For an overview, see Percival White, Sales Quotas: A Manual for Sales Managers (New York: Harper & Brothers, 1929).

³⁸Daniel Boorstin, The Americans: The Democratic Experience (New York: Vintage Books, 1973): 201-203; Roy W. Johnson and Russell Lynch, The Sales Strategy of John H. Patterson (Chicago: Dartnell Corporation, 1932): 257.

surprise, however, the figures revealed that its old methods had led Packard managers to misjudge completely their market. In one instance, shortly before the survey, Packard set up three new sales districts in the Northeast, paying heed to wealth and population to ensure each had roughly the same number of truck buyers. After a few months, sales figures seemed to show that one district's salesman was doing excellent business, selling far more trucks than his counterparts in the other two districts. When Packard took its survey of truck registrations, however, a new truth emerged.

"[A]lthough the three territories were about the same in size, wealth, and population, differences in commercial interests made the third . . . [a] 400% better market than the other two. It showed, also, that the man who had been making the high [sales] records was actually placing only about 4% of the trucks that went into his territory, while the two men who [appeared to be] 'falling down' were, in fact, selling 20% of all the trucks placed in their territory."

The one truck salesman was doing so well only because his district had far more truck buyers than the other two; but the other salesmen were gaining a greater share of the market in their districts.³⁹

All the readily available figures that should have reflected the market for trucks in each region--size, wealth, and population--in fact told little about it. Only a

³⁹Alvan Macaulay, "How we budget our production before we get the orders," System 40 (July 1921): 47.

systematic investigation, unearthing of hard-to-find data, had revealed the market's true contours. The broader moral was clear: the businessman who relied only on best guesses and easily obtainable data to measure demand, would be led astray.⁴⁰

The Packard story encapsulates many of the fears that drove businessmen in the 1920s to abandon old methods in favor of market research-built sales quotas. Rapid changes in American society, including already-mentioned rising income, changing spending patterns, altered shopping habits, and the expansion and diversification of consumer markets, led many businessmen to believe that markets had fundamentally changed. U. S. Rubber and Winchester displayed this belief when they hired specialists to survey consumer markets, and Packard's Macaulay must have felt something similar after his truck-registration study. This fear was exacerbated by an event well underway when the Packard article appeared, the Depression of 1920-21. While comparatively brief, and followed by seven prosperous years, this downturn, which began with a sharp and unexpected drop in consumer demand, convinced many businessmen that they had

⁴⁰The parable of the businessman who thought he knew his market, only to be proven wrong by market research, would recur throughout the decade; see the "Introduction" to J. Walter Thompson, Population and Its Distribution, 3d ed. (New York: J. Walter Thompson, 1921): ix, and Daniel Starch, Principles of Advertising (New York: A. W. Shaw and Co., 1923): 120-123.

lost touch with their markets, and could no longer be confident they were reaching all their likely buyers. One well-known response was to invest in new ways to stimulate demand, including more advertising and "high-pressure" sales campaigns. Another, however, was to reconstruct distribution to guarantee their products were reaching every possible consumer; and one tool for this was sales quotas.⁴¹

This new emphasis on sales quotas and, more generally, "sales management" also fit well with an ongoing reconstruction of sales networks. Over the past few decades, manufacturers had been engaged in the reorganization of sales divisions, bringing to them the same kind of method and system that marked production. While underway since the turn of the century, this process had gained in importance as more and more firms mass-producing consumer items found independent wholesalers unable to distribute the new flood of goods, and so either invested in advertising and branding to generate demand or built their own sales networks to gain direct contact with retailers and consumers. The wholesaler's "drummer," that glad-handing, slightly disreputable salesman of nineteenth century lore who relied on personality and personal contacts to sell his product to

⁴¹Atack and Peter Passell, A New Economic View of American History: 564-566; Joseph Dorfman, The Economic Mind in American Civilization, v. IV: 1918-1933 (New York: Viking, 1959): 30-41; Leach, Land of Desire: 353-354.

retailers, was replaced by the "professional" salesman, who used tested methods to create steady, dependable markets for their goods.⁴²

An important aspect of this changeover was the slow erosion of salesmen's autonomy. Already, the professional salesman, required to use tested sales methods and sometimes even a standardized sales talk, was more constricted than the drummer had been. The development of new tools to monitor a salesforce further constrained him; it was during this period that firms like Shaw-Walker began selling systems for tracking sales that included filing cabinets, standardized sales slips, and "map-and-tack systems for following salesmen's movements." Much as advocates of "scientific management" discounted skilled workmen's craft knowledge, so the architects of the new sales organizations denigrated their salesmen's experience and knowledge of their territory. One well-known study claimed that the bulk of its salesmen's time was spent in traveling, filing, or loafing--"only 15 percent in the actual selling operation," a discovery showing that "the average salesman is not able to plan his time efficiently." By implication, responsibility for planning

⁴²Olivier Zunz, Making America Corporate, 1870-1920 (Chicago: University of Chicago Press, 1989): 181-183.

both estimates and sales needed to be assumed by experts staffing a central office.⁴³

The denigration of salesmen's knowledge of their markets was not solely an attempt to gain control over once-autonomous workers; as noted above, consumer markets really had changed. Not only had prosperity, the transformation of retailing, and new shopping habits brought millions into the new mass market, but the new mass market was also in its very breadth a more complex one. National corporations had to worry about segments and strata, "ethnic markets" and "rural shoppers," in a way they had not a generation before (chapter 3). Markets could no longer be estimated simply by population; each product seemingly had its own market, bounded by income, locale, and taste. As salesmen's informal knowledge of markets was no longer accurate, they had to be given a new picture of those markets; and so sales quotas.

In an ideal world, these quotas would have been based on a careful measure of the market for a particular product; but only a few companies were lucky or rich enough to have

⁴³Susan Strasser, Satisfaction Guaranteed: The Making of the American Mass Market (New York: Pantheon, 1989): 199; White, Sales Quotas: 172. On the changing nature of salesmanship, see Strasser, Zunz, and Timothy B. Spears, 100 Years on the Road: The Traveling Salesman in American Culture (New Haven, CT: Yale University Press, 1995): 1-9, 204-209, and passim. There were links between the new sales managers and Taylorites; see Samuel Haber, Efficiency and Uplift: Scientific Management in the Progressive Era, 1890-1920 (Chicago: University of Chicago Press, 1964): 164-165.

access to such a measure. Packard Trucks was fortunate, in that it found a figure, truck registrations, which by virtue of State power was indeed an accurate measure of the truck market. For a few others, there were similar figures; many oil companies, for example, found car registrations an accurate weathervane of the gasoline market. But these instances were rare; there were no readily available figures that predicted the market for, say, toothbrushes, oil stoves, or yeast. And calculating the market for a specific product, absent such figures, was tough, as one instance will show.⁴⁴

After Swift & Co. abandoned its battle against the Federal government, Louis D. H. Weld turned his attention to designing sales quotas for the meatpacker, now forced to compete for market share. He wanted a figure that would reflect demand for Swift's meats as surely as truck registrations predicted the market for Packard's trucks. Discovering no single such figure, he then sought figures partly correlated to Swift's demand; rising population, for instance, was probably positively correlated to a growing market for meat. Weld was soon testing dozens of variables against Swift's past sales records. After much labor, he found three figures strongly correlated to Swift sales, and used a then-novel statistical tool, "multiple correlation," to construct a formula that would properly weigh these three

⁴⁴White, Sales Quotas: 81, 71, 11.

factors to produce a single "index number" reflecting demand for meat in different areas. His formula worked, and after 1925 it became the basis for the quotas Swift set for its national sales force.⁴⁵

Most firms, however, lacked the money, time, and research skills necessary to construct a statistical index of demand for their particular product. For them, there were "sales quota guides." These guides were compendia of publicly available figures assembled to help companies set quotas, ranging from county populations, to each state's miles of paved road, to percentage of houses wired for electricity. One such guide, J. Walter Thompson's Population and Its Distribution, was discussed in the last chapter, but it had many competitors, including Crowell Publishing's National Markets and National Advertising and, perhaps the most popular, Curtis Publishing's Sales Quotas, assembled by Charles Parlin and his staff.⁴⁶

⁴⁵L. D. H. Weld, "The Scientific Determination of Sales Quotas," Printers Ink CXLVII (May 30, 1929): 19; White, Sales Quotas: 48. Weld's account is frustratingly incomplete, as he tells readers neither which factors proved to correlate with Swift sales, nor how the resulting index was used to set individual quotas; but in this article he is concerned with showing the usefulness of statistical techniques, not explaining in detail his work at Swift.

⁴⁶J. Walter Thompson, Population and Its Distribution; Crowell Publishing Company, National Markets and National Advertising (New York: Crowell Publishing Company, 1923); Curtis Publishing Company, Sales Quotas by Counties and Cities over 100,000 Population (Philadelphia: Curtis Publishing Co., 1927).

Using these figures, a manufacturer or distributor could pick out his most promising market strata, segments, or territories from the complex mass market. An electrical appliance maker, for instance, could use figures on each state's percentage of homes wired for electricity to set his quota. If, say, Utah had 3% of the nation's wired homes, a refrigerator maker might expect the state to absorb 3% of its output, even if it had less (or more) of national population. A pen manufacturer could devise a similar quota by combining population and literacy figures, as could a tire maker with figures on car registration and miles of paved roads. The figures delimited the market; it was up to individual firms to combine them with their output and desired market share to produce specific quotas.

At the same time, the guides were also helpful to firms producing consumer goods targeted at the entire mass market. Many guides included not just the a range of government and private figures, but also calculated a single number, a so-called "purchasing power index," which purported to measure a county or state's overall ability to buy consumer goods. "Purchasing power" effectively meant "ability to buy." Most of these indices were not actual measures of local income; constructing such a figure would have been tough in a decade when even national income figures were rudimentary. Rather, they relied on some other, easily accessible figure that the guides's editors claimed closely tracked purchasing power.

Thus the "Literary Digest Index" was drawn from a region's number of telephones, for its creators assumed that phone ownership was directly correlated with income and thus ability to buy consumer goods.⁴⁷

There was a strong element of self-interest in all this, for the figures publishers in particular used to establish an "index" often reflected well on the firm itself. Thus, after devising their index, the Literary Digest's editors commissioned R. O. Eastman to take the Zanesville study, hoping it would prove that their magazine was disproportionately read in homes with telephones. The message would then be clear: to reach the mass market, one should advertise in the Literary Digest. Other publishers were even more blatant associating spending power with their readership; Parlin's "Curtis Index," for instance, relied directly on the publisher's subscription data. If a county received 3% of a state's subscriptions to the Ladies Home Journal, Saturday Evening Post, and Country Gentleman, then the "Curtis Index" showed it possessing 3% of the state's purchasing power. Though self-serving, some of these guides did prove excellent maps of the mass market. In one study Corona Typewriter found that "the Saturday Evening Post

⁴⁷Lyndon O. Brown, "Quantitative Market Analysis Methods," Harvard Business Review 15 (1932-1933): 327-328; White, Sales Quotas: 83, 85.

circulation [figures] followed [Corona's] own sales figures within 2 per cent."⁴⁸

The guides helped many large and small firms set quotas, but in so doing they also communicated the stratified, segmented nature of the mass market. The wealth of data they supplied reinforced the idea that a firm needed to target carefully the most promising segments within the mass market, and that data on the "mass market" were often misleading when trying to measure the market for specific goods. As one Thompson executive said of the 1926 edition of Population and Its Distribution, was intended to help companies "localize and intensify" their efforts, carefully picking promising market segments out of the mass market. At the same time, the "index numbers" provided by many guides also underscored the point that there was a mass market, probably bigger than manufacturers knew, and that it could best be known through systematic study.⁴⁹

One thing most guides shared was their assumption that a "market" could best be determined by a set of fairly objective measures--a region's population, its income, or, as

⁴⁸On Zanesville, see Alan Roy Berolzheimer, "A Nation of Consumers: Mass Consumption, Middle-Class Standards of Living, and American National Identity, 1910-1950" (Ph.D. diss., U. of Virginia, 1996): 313-314. On the guides' self-serving quality, see William Reilly, Marketing Investigations (New York: Ronald Press, 1929): 18-21.

⁴⁹See chapter 3.

is the case with paved roads and electrical wires, its degree of penetration by a national infrastructure. But what if a market's ability to consume was also set by the habits of the consumers who composed it? This question prompted at least one alternate effort to set quotas, one run from 1922 to 1929 by the Fuller Brush Company. Fuller Brush established a consortium of eleven makers of cheap, nationally distributed consumer goods, including Colgate and Eastman Kodak, to pool their sales figures in order to measure the "buying habits" of different states. A state population's previous willingness to buy their inexpensive consumer goods was taken as the best measure of its future market. And the figures gathered by Fuller Brush showed there was a difference from region to region not reducible to income or population. "[P]eople in one locality do not buy as freely as the people in another locality," wrote the firm's sales manager. "The people on the western coast of this country, for example, particularly in California, spend their money much more freely than do those in the east." For these firms, a region's quota should take into account not just its inhabitants "purchasing power" but their willingness to adopt consumers's habits.⁵⁰

⁵⁰Everett R. Smith and P. W. Smith, "Determining a Sales Quota Basis," Harvard Business Review 4 (1925-1926): 50-52; Smith and Smith, "Studying Buying 'Habits' to Control Marketing," Advertising and Selling 9 (May 18, 1927): 62.

By the early 1930s, the figures contained in the quota guides were widely accepted as measures of market segments, and the guides were used to steer sales organizations at hundreds of firms across the nation. A sales manager could choose from almost a dozen such guides, not only the Curtis Guides, Crowell's National Markets, or Population and Its Distribution, but also manuals provided by International Magazines, Time, Batten, Barton, Durstein, and Osborne (the "BBDO Index") and McCann Erickson, whose "McCann Index" was designed by L. D. H. Weld after he left Swift. The most popular guides included Population and Its Distribution, in use at AT&T, Eastman Kodak, Hills Brothers Coffee, and U. S. Rubber, and the Curtis Guide, which by the end of the decade was used to set quotas at some 300 companies, including Corona Typewriter, Oshkosh Overalls, and Parker Pen.⁵¹

But how did they change sales? As we have seen, at firms producing specialized products, from pens to refrigerators, the guides' figures could be used to target likely market segments within the mass market. But sales managers selling cheap consumer goods, who really did aspire to reach the whole "mass market" also benefitted, discovering in the guides that Americans had more spending power than they thought possible. In response, these managers took

⁵¹JWT advertisement in Printers' Ink (October 13, 1921): 8-9.

steps to sell to them more intensively, creating smaller sales territories for their salesmen, and setting higher sales quotas in each. The result was that sales organizations blanketed regions they would once have covered lightly if at all, pushing consumer goods into every nook and cranny of the mass market. It was in this decade, after all, that the quota-driven "Fuller Brush Man" became an ubiquitous figure, seemingly at every housewife's door. The quota guides also provided the perfect weapon for making new demands on salesmen; their figures were apparently "objective" and unbiased, so it was more difficult for salesmen to challenge the quotas generated from them, even moreso if the quotas were produced not by an immediate superior but by a distant national sales office, as was the case with Fuller Brush. It was this coercive element that struck many contemporary observers; Frederick Lewis Allen wrote that, when new quotas were installed, many firms took the opportunity to set their salesmen "a figure 20 or 25 percent beyond that of the previous year." The new quota guides made sales managers aware of the possibilities of the new mass market; the quotas they made allowed them to take advantage of it.⁵²

⁵²Dennison, "Management," Recent Economic Changes: 533; Allen, Only Yesterday: 140.

The "More Formidable Problem": Matching Production and Consumer Demand at General Motors

Almost from its inception, market research promised to be a powerful tool for linking firms' production decisions to consumer demand. In the 1910s a few firms, notably U. S. Rubber and Winchester, used commercial research to scope out new markets, but over the following decades many large corporations expanded on this, relying on commercial research to tell how much of their product a market could absorb, and even what specific features consumers wanted. Market researchers became prime interpreters of the "consumer" as they surveyed the stratified, segmented American mass market, measuring aggregate demand and eventually individual preferences in different strata, and passing their findings on to executives who often based production decisions on their reports. We can best understand the construction of this complex web of connections tying together large manufacturers and their market by focusing our attention on the development of market research at the prototypical "center firm," General Motors.

Auto makers had long been aware that they were selling diversified products to heterogeneous, stratified markets. While historians' accounts of automobile marketing have frequently focused on the Ford Model T, a standard car mass-produced for the mass market, contemporaries knew that the 50% of all cars sold above the Ford price level were arrayed

in a price-class hierarchy. In 1913 Charles Parlin discerned five "fairly distinct grades of automobiles," ranging from the Ford to the "above \$2500" Cadillac and Studebaker, while other observers were content to break the market into High, Medium, and Low price classes. Auto makers also knew that these price classes corresponded to social strata; in a 1926 study the economist Ralph Epstein would write that the price classes catered to "social stratification." Moreover, most auto makers concentrated on making a car within a single price-class, no doubt furthering their awareness of the strata at which they aimed their product.⁵³

Through the 1910s, however, auto makers made little systematic effort to survey the dimensions of their market strata, or estimate overall demand for cars. Charles C. Parlin had made them aware of consumers' motivations for buying, but they did not follow his lead in trying to predict the market's overall dynamic. Reason for this certainly include the rudimentary nature of available figures, auto registration data often being unavailable until the 1920s, and the fly-by-night quality of many early car manufacturers. Even more established firms, however, did little to find out

⁵³Parlin, "Merchandising of Automobiles": 16; Davis, Conspicuous Production: 18; Ralph C. Epstein, The Automobile Industry: Its Economic and Commercial Development (Chicago: A. W. Shaw & Co., 1928): 62. See also Richard S. Tedlow, New and Improved: The Story of Mass Marketing in America (Boston: Harvard Business School Press, 1996): 112-146.

how many cars their market strata might absorb. The major reason was likely the car market's explosive growth; it was, as Richard Tedlow has dubbed it, an era of "hyper-demand." While Ford's market grew the fastest, demand in all price categories skyrocketed. In 1911, 82,000 cars priced above \$1,375 were bought; in 1915, 226,000; in 1919, 411,000. The industry would be competitive during the decade, as firms sought to win new buyers and many smaller companies disappeared, but measuring demand took a back seat to meeting it.⁵⁴

In 1920, that changed. The Depression of 1920-21 hit auto makers hard, in the process giving them an early lesson in consumer behavior: when consumer income went down, one of the first categories economized on was consumer durables, and the premiere consumer durable was the car. Overall demand dropped, but demand for cars dropped like a rock, leaving companies that had expected the market to absorb whatever they made dangerously overextended. Inventories of unsold cars swelled, while companies remained locked into contracts for raw materials. Among the manufacturers bankrupted by this crunch were Willys, Maxwell-Chalmers, and Lincoln Motor Car.⁵⁵

⁵⁴Tedlow, New and Improved: 127, 130; Davis, Conspicuous Production: 4. This steady growth was interrupted by downturns in 1914 and during World War I.

⁵⁵John B. Rae, The American Automotive Industry (New York:

Making a narrow escape was General Motors. Founded in 1908 by William C. Durant, GM had in the intervening years grown into one of the largest auto makers in the nation, largely through rapid acquisitions of both auto makers and parts suppliers. To the casual observer, the firm appeared an exception to the rule that auto makers concentrated in a single price-class. Unfortunately, Durant was an enthusiastic buyer but an incompetent administrator; he never bothered to integrate his acquisitions into a single structure, or impose real administrative controls on them, so that each division continued to act as an independent entity, producing however many cars its managers thought their particular market could absorb. Even before the Depression such haphazard management had left GM in financial trouble, and the swift downturn hit it particularly hard. To save the firm, its majority owners, the Du Pont family, fired Durant and replaced him with the head of GM's United Motors subsidiary, Alfred P. Sloan, Jr.⁵⁶

Twayne, 1984): 53-54, 61. My understanding of the automobile industry was also aided by Flink, "Automobile," Encyclopedia of American Economic History v. 3, ed. Glenn Porter (New York: Charles Scribner's Sons, 1980): 1168-1193, and the summary of the 1920s market in Donald T. Critchlow, Studebaker: The Life and Death of An American Corporation (Bloomington, IN: Indiana University Press, 1996): 67-75.

⁵⁶Tedlow, New and Improved: 147-150. Technically, Durant was replaced Pierre Du Pont, who was succeeded by Sloan, his right-hand man, in 1923; but Sloan was really running things from the beginning.

Sloan became head of a company with, as he later recalled it, "a lack of adequate information about anything." He could not find out how many cars its divisions were making, what their inventories were, or what raw materials GM had contracted to buy. In a series of now-famous steps, he implemented policies that would transform the unruly giant into one of the best-run and most successful firms in the world. He formed a new, central administrative staff and imposed new company-wide accounting and reporting procedures. Within three years he built a system in which an array of information flowed in established channels, from the firm's divisions to its main office, enabling GM's top executives to monitor production while leaving a good deal of autonomy to each division's managers.⁵⁷

Even as Sloan laid new lines of communication between GM's main office and its divisions, he also moved to forge new connections between those divisions and their markets. While as Richard Tedlow notes some auto makers would through the 1920s continue "shipping vehicles to dealers in accord with a quota determined by what was needed to keep the factory running full and steady," Sloan would not allow GM

⁵⁷Alfred P. Sloan, Jr., My Years with General Motors, ed. John McDonald and Catharine Stevens (Garden City, NY: Doubleday & Co., 1964): 42; the reorganization of GM is recounted by Alfred D. Chandler in Strategy and Structure: Chapters in the History of Industrial Enterprise (Cambridge, MA: MIT Press, 1962): 130-141, and The Visible Hand: 457-462.

ever again to put its faith in the consumer market's ability to absorb goods. In 1921, having stanchd the worst of GM's wounds, Sloan and his aide Albert Bradley turned to what he called the "formidable problem of controlling the inventory of finished products," by which he meant tying it to consumer demand.⁵⁸

As a first step, they ordered division managers to produce four-month forecasts of expected business, including overall sales and details about "plant investment, working capital, and outstanding inventory commitments." Soon after, Sloan began requiring the managers to produce 10-day reports of expected production and cars on hand. They were given this responsibility because, as Sloan reasoned, "they were closer to the consumer." While these methods were an improvement on the complete ignorance of demand that marked Durant's reign, they did not prevent a second crisis in 1924, when inventories again rose to dangerous levels. In response, Sloan sought further feedback from the auto market by bringing GM's dealers into the loop, asking them to report

⁵⁸Tedlow, New and Improved: 155; Sloan, My Years with General Motors: 127, 128, 135-136. I have also learned much from Sally Clarke, "Consumers, Information, and Marketing Efficiency at GM, 1921-1940," Business and Economic History 25, v. 1 (Fall 1996): 186-195, and Roland Marchand, "Customer Research as Public Relations: General Motors in the 1930s," The Development of the Consumer Society in the 20th Century, eds. Susan Strasser, Charles McGovern, and Matthias Judt (New York: Cambridge University Press, forthcoming), and I thank them for sharing their then-unpublished work with me.

their inventories every ten days, as well. Together, division managers' and dealers' reports constituted a system for keeping GM's Executive Committee abreast of current production, demand, and stocks on hand.⁵⁹

Even as these measures gave Sloan a handle on short-term consumer demand for GM cars, he moved to gain a better overview of the total market for new cars. In 1921--a busy year--he cut "a historic deal" with R. L. Polk & Co., until then a maker of city directories. Sloan offered the firm \$50,000 a year to survey auto registrations in each state. Polk's figures would be a gauge of the national car market, providing GM an objective measure of its own market share and an outside check on its managers' enthusiasms. It was a good investment; in 1924, Polk's figures were what first warned GM executives that sales were lagging behind managers' projections. In cutting this deal, Sloan inadvertently created a market-research service for the entire industry; GM's arrangement with Polk was not exclusive, and many firms were soon subscribing to its market reports.⁶⁰

⁵⁹Arthur J. Kuhn, GM Passes Ford 1918-1938: Designing the General Motors Performance-Control System (College Station, PA: Penn State Press, 1986): 203-206; Kuhn's work was particularly helpful in explaining Sloan's innovations at GM during this period.

⁶⁰"G.M. III: How to Sell Automobiles," Fortune 19 (February 1939): 78. Tellingly, one of the few auto makers not to take Polk's report was Ford, a firm that proved out of touch with consumers in the late 1920s; Kuhn, GM Passes Ford: 298.

Yet even as Sloan developed new ways to survey the auto market, he also moved to fit GM's products and marketing strategies to the stratified car market. In 1921 he determined to replace the welter of models made by GM divisions with a single, coordinated line of motor cars. Like other auto makers, Sloan knew that there was a "price pyramid" for cars following the contours of American society. At its broad base lay a mass market--Ford buyers. Above it was a slightly smaller and more affluent market that could afford Chevrolets, and so on, tapering to a small, wealthy market for Cadillac-class cars. Sloan ordered GM's divisions each to produce a single car targeted at a distinct layer of this pyramid, from the Chevrolet "for the hoi polloi" to the Cadillac "for the rich." Of course, there were sound business reasons for Sloan's innovation; it eliminated direct competition between GM divisions, tied consumers to the firm even when their incomes and aspirations rose, and helped insulate the car maker against recessions (in a downturn a Cadillac buyer could settle for a Buick, and so on down the price ladder). But in structuring such a price ladder, GM planners signaled that they expected Americans to rise through the strata of an expansive middle class over the course of their lives; an owner of a Chevrolet would live to be an Oldsmobile owner, and so up. As Sloan later put it,

through its new product line GM had become "critically attuned to the course of American history."⁶¹

The adoption of its new product line was only the first of several steps GM took to win and hold consumers across the mass market. It brought millions of new consumers into the auto market of the 1920s by instituting "installment buying" through the General Motors Acceptance Corporation (GMAC). It invested heavily in advertising for GM cars, in a decade when Ford disdained it. And the auto maker instituted annual models and regular style changes to convince car buyers to speed up purchase of "replacement" cars. While these innovations contributed to GM's success in the 1920s, they also raised costs and made careful estimation of the car market more important than ever.⁶²

Beginning in 1924, Sloan and Bradley began constructing yet more mechanisms to forecast consumer demand, mechanisms that would allow GM to respond not only to changes in overall demand but to shifts in population, income, and habit in each of the layers of GM's price pyramid. They began their attempt at annual planning by generating an estimate of

⁶¹Annual Report of the General Motors Corporation for the Year Ended December 31, 1923: 6, Historical Collections, Baker Library, Harvard GSBA; Olivier Zunz, Why the 'American Century'? (Chicago: University of Chicago Press, 1999), ch. 5; Sloan, My Years with General Motors: 65-70. See also Tedlow, New and Improved: 166-171.

⁶²Tedlow, New and Improved: 156; Sloan, My Years with General Motors: 71-72, 76.

overall demand for cars in the Low, Medium, and High price classes, using sales data gathered from the previous three years, the trend of car replacement, and an estimate of overall business conditions. Each division then took these figures and adjusted them in light of its share of the overall market, "the effect of new models, price reductions, and other factors," to produce a numerical estimate of its own sales for the upcoming year, the "Divisional Index." In effect, the Index directly linked each division's yearly production to predicted purchases within its targeted market segment. Such precise estimates of demand made long-range planning feasible, and incidentally allowed GM dealers to keep smaller inventories on hand. In 1925, the first year the new system was in place, Bradley reported that "the turnover of General Motors' dealers new cars stocks [was] ... approximately 25 per cent greater than in any previous year."⁶³

By the late 1920s, however, these measures to track aggregate consumer demand, and even demand within market

⁶³A. Bradley, "How General Motors Copes with the Seasonal Problem," Printers' Ink CXXXIV (March 18, 1926): 159; Bradley, "A Financial Staff Officer Explains the General Motors Forecasting System" N.A.C.A. Bulletin 7 (1927), reprinted in Giant Enterprise: Ford, General Motors, and the Automobile Industry: Sources and Readings, ed. Alfred D. Chandler (New York: Harcourt, Brace and World, 1964): 140. See also Donaldson Brown, "Forecasting and Planning," Survey 62 (April 1929): 35, and Sloan, My Years with General Motors: 152-156.

segment, were no longer sufficient to guide GM. The car market itself was undergoing a sea change, as the era of "hyper-demand" was succeeded by the "mature market" auto pundits had long foreseen. In 1927, Sloan reported that auto sales had "practically stabilized." The first-time car buyer was becoming a rarity, with most business now coming from previous owners. Overall new car sales had plateaued, and increased sales would now only come from "... a shift of business from one manufacturer to another." At the same time, the used car market began rapid growth, eating into new car sales at lower price levels and leading dealers to warn of a "used car menace." To manage these changes, GM needed to know more than immediate demand; it needed new ways to win over, or keep, repeat buyers, and to measure the used car market and its exact impact on sales. So GM turned to Henry Weaver.⁶⁴

In coming years, Henry "Buck" Weaver would be synonymous with "consumer research" at GM, but during much of the 1920s he had to struggle to draw GM's attention to the consumer. Studying aggregate demand was one thing, the individual buyer quite another. Weaver first joined GM in 1918 as a sales analyst for its Hyatt Roller Bearings subsidiary. He pushed his way into consumer research in 1923 when he circulated

⁶⁴"G.M. III: How to Sell Automobiles": 78; Tedlow, New and Improved: 156.

among GM managers a copy of the Saturday Evening Post's article on market research, "The Producer Goes exploring to find the consumer," with an attached memo arguing that GM needed "definite knowledge of the actual consumer." Within a year he was GM's official "market analyst." Yet despite his prizewinning studies on national purchasing power, Weaver spent much of the decade working in isolation, assigned to GM's sales division and a figure of fun to many on the sales staff who thought quizzing the consumer a waste of time and saw "high-pressure sales" as the key to growth. The changing car market, however, brought Weaver new attention.⁶⁵

Both the growing used car market and the preponderance of "repeat car buyers" raised questions about consumer behavior GM could not yet answer. How did a repeat buyer differ from a first-time buyer? Did she or he have any loyalty to their make? How long did they keep a new car before selling it? How long did a car stay useful before being junked? In 1926, Weaver made an early attempt to answer these questions when he conducted a postcard survey of car owners which revealed, among other things, that they replaced their cars, on average, every two-and-a-half years, and, as Roland Marchand notes, that "a slightly decreasing percentage of owners of Ford cars were expressing the

⁶⁵Clarke, "Consumers, Information, and Marketing Efficiency at GM": 188; "Thought-Starter," Time: 70.

intention of buying a Ford next time," a hint that consumers had begun to rise up the price ladder. The study gained Weaver new attention at GM, leading the firm's Executive Committee to spend \$75,000 to mail Ford owners a pamphlet touting GM's cars. But it also shows Weaver trying to understand the dynamics of consumer behavior that underlay larger changes in the car market.⁶⁶

Weaver plumbed the auto market and consumer behavior in a series of reports in the late 1920s and early 1930s, most effectively in 1928's "The Domestic Automobile Market," a report whose introduction posed explicitly the questions GM executives wanted answered:

"How many passenger cars will the people of the United States be able to absorb this year, next year, and the year after?

"How will those sales be distributed as between price classes?

"How will used cars affect the future performance of the industry?"

Circulated among senior GM executives, the report relied not only on auto registration figures and sales projections, but also on consumer surveys of likely GM buyers, and even on studies of the average age of cars in junk yards. While the Great Depression made many of its long-term projections false, it still demands attention. Weaver's broad

⁶⁶Marchand, "Customer Research as Public Relations": 28n10, 1-2; Clarke, "Consumers, Information, and Marketing Efficiency at GM": 191. See also Sloan, My Years with General Motors: 284-285.

predictions agreed with others in the industry; extrapolating from auto registration figures, he estimated that new car sales would inch up only slightly from 1928 to 1933, staying near 3,900,000 annually, with the vast majority going to replacement buyers.⁶⁷

Weaver's study did not just predict overall demand, however, but also projected sales trends for all six market strata/price classes, ranging from the under-\$600 Fords to the above-\$3000 Cadillac class. The forecasts themselves were projections of past sales trends. Each class had its own dynamics. At the Cadillac price level, for example, Weaver found sales were slowly falling--an admitted surprise in a society where "the number of people in the higher income levels has grown very substantially in recent years." Explaining the drop, however, Weaver cited technological change, which had narrowed the quality gap between Cadillacs and their midpriced competitors, and changing consumer habits, specifically the rise of the two-car family. In such a family, a sum which once might have gone toward a Cadillac was now split between two cheaper models. In

⁶⁷ "The Domestic Automobile Market: Its Past and Future" (New York: General Motors Sales Section and New York Office Statistical Staff, November 1928), Edward Stettinius Papers, Box 18, Acc. 2723, Alderman Library, University of Virginia. Stettinius was then General Counsel of GM, based in New York, and the presence of Weaver's report in his files suggests its circulation.

Weaver's account, economic change, technological advances and social developments all shaped GM markets.⁶⁸

Weaver took a similar broad approach to the used car market. To discover how long a car stayed in use before being junked, he visited junkyards and tallied the ages of the cars he found there (supplementing the data with university studies). He concluded that the age at which a car was junked was determined not only by its durability, but by its owner's proclivities. This explained why the average Ford stayed in use almost eight years, while all other cars averaged six years. It was not that the Ford was superior, but that the average Ford buyer was more demanding. Using Charles Parlin's distinctions, Weaver said that a Ford buyer regarded his car chiefly as a utility item, so kept it long after a more style-conscious owner would have sought a new one. To discover how long a consumer kept a new car, Weaver drew on his earlier consumer surveys, and GMAC data, to conclude that the average consumer traded in a new car after two and a half years. With these two figures in hand, he produced a rough estimate of the used car market: over 3,000,000 a year. Yet the "used car menace" would not affect all GM divisions equally, for a used Cadillac was not competing in the same price class as a new one. Rather, the

⁶⁸"The Domestic Automobile Market": 29-30, 32, 41. Appearing in 1928, the study dealt carefully with Ford, which suspended production for much of 1927; but Weaver's broad conclusions were that Ford would revive successfully.

study found that as they aged used cars tumbled down the price ladder; the older it was, the cheaper it got. Rapid depreciation of cars meant that, in the "\$1300-\$2000" price class and above, the impact of used cars would be minimal, but would increase the further down the price class ladder one went. Ultimately, they would constrict the market for \$600 and below cars, and completely occupy the market for cars under \$360.⁶⁹

All this data was useful for GM, particularly as it planned for future production, but the discovery that would actually have the greatest impact on GM's policies appeared in the report as a sidebar on consumer behavior. Weaver noted that the mature market meant that "old owners of a given make of car [would] become an increasingly important source of business for its manufacturer." And convincing them to buy another car from the car maker would require a new approach. "[W]ord-of-mouth advertising, based on first-hand experience, is beginning to overshadow the power of the printed word," Weaver warned. "Service, instead of being a side issue, is becoming recognized as a potent sales force." Through later surveys, Weaver refined this insight to conclude that "the owner's past experience [with a dealer] and that of his friends" was the single largest influence on a repeat car buyer. To win a repeat buyer, the car maker had

⁶⁹"The Domestic Automobile Market": 20, 46-52.

first to win the loyalty of its current owners. In response to this finding, Sloan erected a new set of mechanisms for cooperating with dealers and keeping an eye on their service, organizing a "Dealer's Council" to bring dealers and GM executives together, and arranged regular visits to most dealers. In the 1930s, a major task of GM's Customer Relations Department would be to keep close tabs on dealers. As Sally Clarke has shown, the department regularly tabulated consumer reports to identify dealers with "an 'abnormal' number of complaints," and to pressure the worst into improving service.⁷⁰

The 1930s brought Weaver new prominence within GM and a new public profile. What had been his small bailiwick in the 1920s expanded into the "division of customer research," which by 1938 had 37 researchers and an annual budget approaching \$500,000. Weaver became the subject of GM ad campaigns and even made the cover of Time in 1938. Certainly a major reason for GM's support was to garner good publicity; several profiles of Weaver noted his work's "propagandistic" aspect, and pointed out that his widely circulated consumer surveys had the effect of stirring curiosity about new features on GM cars. As Roland Marchand has argued, the new visibility of "customer research" was also a response to the

⁷⁰"The Domestic Automobile Market": 12; "G.M. III: How to Sell Automobiles": 105 ; Clarke, "Consumer Negotiations" Business and Economic History 26 (1997): 109.

political climate of the 1930s; GM attempted to blunt criticism of big business by insisting that it was the consumer who held real power in the market, and "customer research" was one proof that GM only followed "John Public"'s lead. However, Weaver's work was not all, or even chiefly, PR.⁷¹

He was genuinely interesting in discovering consumer habits and what they wanted in a car. The foundation for Weaver's work was consumer surveys, usually conducted through the mail. Most frequently, he sent out questionnaires in booklet forms, asking respondents' their opinion on possible new features and designs in GM cars, ranging from such specific items as door locks to vague features like "streamlining." While such postal ballots are notoriously uneven and unrepresentative, Weaver claimed a high response rate for his mailings; in 1938 he reported mailing out three million booklets and receiving two million responses, leading him to remark that "2,000,000 opinions make a fact." In addition to the general mailings, by the late 1930s Weaver's staff had assembled a special list of 100,000 "car buffs" who responded to his questionnaires at a 90% rate. In form, GM's surveys resemble the mailed ballots that were proven so unreliable in the Literary Digest fiasco of 1936, and it is true that Weaver did little to ensure his surveys reached a

⁷¹Marchand, "Customer Research as Public Relations: General Motors in the 1930s"; "Thought-Starter": 69.

random sample of the buying public (though he did ask respondents their income level). Yet he was not completely ignorant of survey methodology; rather, Weaver devoted his energy to increasing response rates through better questionnaire design. After much experimentation, he concluded the booklets garnering the most responses were "small, black-covered, generously illustrated by drawings," and printed in 12-point New Pica type.⁷²

For the most part, Weaver quizzed consumers about what features they might like to see in GM cars. In 1938 he could produce a list of no fewer than 185 improvements that consumers requested, ranging from ventiplane locks, to wider front seats, to concealed hood latches. He was quite precise in reporting what consumers wanted, noting that, of the general public, "96.4% favor an all steel top," "90.9% favor streamlining," and "74.3% want car radios." He also knew that merely listing improvements was not enough for a company making a diverse product line to appeal to a stratified market. In accord with GM's marketing philosophy, he broke down responses by income level, to see whether a new features had particular appeal for buyers in particular price ranges. A survey on the new, and expensive, feature of automatic

⁷²"Thought-Starter": 66; "General Motors IV: A Unit in Society," Fortune 19 (March 1939): 138, 141; Henry G. Weaver, "Questionnaire Technique, Section III, Consumer Research Analysis" (Detroit: Sales Section General Motors May 31, 1933), Box 18, Stettinius Papers.

transmission, for instance "measured the potential market ... at various price levels."⁷³

But did Weaver's list of preferences actually effect the design of GM cars? Even at the zenith of his influence, in the late 1930s, he did not wield much direct power within General Motors. His "division of consumer research" remained a branch of the sales division, and Weaver himself was, as one reported noted "pretty far down the line on GM's organizational chart," making a relatively lowly \$20,000 a year. Yet many, both within and outside the firm, clearly connected Weaver's findings to design innovations on GM cars; among the features Weaver recommended that appeared in GM's new cars during the 1930s were a "lower center of gravity, improved visibility, partial elimination of running boards, gear shift lever on steering post, [and] door locks on both front doors."⁷⁴

The likely answer is that Weaver's conclusions had their impact when taken up by GM engineers and designers, who used his findings to push features they already favored. Within GM, as one feature reported, Weaver's "services are sought mostly by [GM vice-president of engineering O. E.] Hunt, by

⁷³"Thought-Starter": 68; "General Motors IV: A Unit in Society," Fortune 19 (March 1939): 141.

⁷⁴"Thought-Starter": 70, 68. Another sign of Weaver's role in GM is that his name appears nowhere in Alfred Sloan's memoir, My Years with General Motors.

Styling Director Harvey Earl, and by those divisional engineers who want to know what car buyers are thinking." Hunt's connection to Weaver is especially significant, for it was Hunt's division that held responsibility for evaluating and introducing design changes in GM cars. As one profile noted, Hunt had "a highly developed feeling for sales," believing that "the balance of power in the design of automobiles [had] passed from engineer and the production man ... to the buying public." Hunt, it appears, treated Weaver's studies as an accurate measure of that the "buying public" wanted, and used his own power to add the highly rated features to new models. Automatic transmission is a case in point; one of Weaver's polls, which showed that "a great majority of [auto buffs] covet it," was described in one article as "ammunition" that Hunt used "to push its development within the divisions."⁷⁵

By the late 1930s, then, General Motors had become reliant on market research to tailor its production, distribution, and sales strategies to the contours and preferences of the consumer market. It was the very structure of the stratified market that first led Sloan to produce a product line with "a car for every purse and purpose," and to order each division to target its car at a specific market strata. Past consumer purchases dictated how

⁷⁵"General Motors IV: A Unit in Society": 136, 138, 141.

many cars each GM division would make, figures modified by GM planners' expectations of how many used cars consumers would buy. Consumers' expressed preference for specific features, from a steel roof to narrow sideboards to door locks, helped determine the design and equipment of its new cars. Even consumer satisfaction with dealerships was tracked, and a dealer who displeased his customers would hear about it from GM's central office. General Motors had become a corporation that, at every step, was shaped by consumers's carefully measured qualities and desires.

Conclusion

In 1938, General Motors was seen as exceptional in the degree to which market research had come to guide its basic decisions. Data from market studies and consumer surveys helped determine what cars GM made, which features they boasted, how many each division made, how they were pitched to consumers, and even how dealers were treated by GM managers. Yet looking beyond GM we can see that, to lesser degrees, hundreds of other firms, large and small, making simple or complex consumer products, were also using detailed studies of both the individual consumer and the complex mass market guide their business decisions. The auto maker who subscribed to R. L. Polk's reports to discover his market share, the sales manager who pulled Curtis's Sales Quotas off the shelf to see if his salesmen were meeting expectations,

the consumer-goods manufacturer who hired a consultant to see whether consumers could use his new product, all were letting market research guide their business decisions. On a deeper level, for those managers who had trained at a collegiate business school, market research had even shaped the way they viewed their products and markets. They had been taught to differentiate "convenience" or "shopping" items, to search out their products' "utility" and "style" qualities, to ask whether their main buyers were women or men--the long legacy of Charles Parlin's work. Market research was no longer the experiment of a few firms; it had become woven into the fabric of marketing consumer goods.

Chapter Five:

The Nation's Markets: The Federal government and "The Distribution of Goods," 1921-1933

The previous three chapters described how market researchers established themselves as experts on distribution and consumption in several segments of private industry by building a network for studying marketing problems that spanned university business schools and trade associations, by devising new ways to study and classify consumers, and by providing a variety of large and small manufacturers with information allowing them to plan production and distribution decisions in light of consumers' habits, preferences, and purchasing power. In this chapter I examine how, in the 1920s, the Federal government joined these activities and became a major producer and distributor of marketing data. Seeking to build a high-production, high-consumption economy, and eliminate "waste" throughout American industry, government bureaus began performing studies of distribution costs, making regional commercial surveys, and mapping changing patterns of retail and wholesale trade, steps culminating in 1929 when the Census Bureau, an institution long at the center of America's public life, added a new division, the Census of Distribution.¹

¹My understandings of government marketing work during this era has been especially influenced by two works: Brian Balogh, "Mirrors of Desire: Markets, Interest Groups, and

The Federal move into market study occurred at a vital moment of the expansion of the American state and at the then-center of innovation in government, the Department of Commerce. Under the leadership of Herbert Hoover, secretary of commerce from 1921 to 1928, the department became the construction site for a set of joint public-private mechanisms intended to direct American economy and to improve the efficiency of American industry, arrangements that historians have dubbed a "Cooperative" or "Associative State." In this Associative State, the activities of producing and disseminating economic information, and coordinating the activities of many individual firms, were to be undertaken not by the State, as they were in Europe, but by private, nonpartisan organizations such as independent research institutes, trade associations, and professional societies. Organizations like the National Bureau of Economic Research (NBER) would study the economy and produce policy recommendations, recommendations that trade and professional would then transmit to their members. Due to their patriotism and the era's new "cooperative ethos," thousands of individual firms would, Hoover expected, then act in concert to follow these recommendations. In the words

Political Constituencies Between the World Wars" (Unpublished paper delivered at the Seminar, Johns Hopkins University, 1993), and William Leach, Land of Desire: Merchants, Power and the Rise of a New American Culture (New York: Vintage Books, 1993): ch. 12: "Herbert Hoover's Emerald City and Managerial Government."

of the historian Ellis Hawley, the Associative State aspired to be "a new and superior synthesis between the old industrialism and the new, a way whereby America could benefit from scientific rationalization and social engineering without sacrificing the energy and creativity inherent in individual effort, 'grass-roots' involvement, and private enterprise." It was in the context of the Associative State that systematic Federal attempts to study markets, and improve marketing, began.²

Hoover and the Marketers

When President Warren G. Harding offered Herbert Hoover his choice of cabinet posts in 1921, Hoover chose the department of Commerce. It was a surprising decision, for until then Commerce had been a political backwater; while it comprised such individually important offices as the Census Bureau, the Bureau of Standards, and the Coast and Geodetic

²Ellis W. Hawley, "Herbert Hoover, the Commerce Secretariat, and the Vision of an 'Associative State,' 1921-1928," Journal of American History 62 (1974): 117. There is a large historical literature on Hoover's attempt to build a cooperative system in the 1920s. Apart from Hawley's article, I have benefited most from Guy Alchon, The Visible Hand of Planning: Capitalism, Social Science, and the State in the 1920s (Princeton, NJ: Princeton University Press, 1985); William J. Barber, From new era to New Deal: Herbert Hoover, the economists, and American economic policy, 1921-1933 (New York: Cambridge University Press, 1985); and Joan Hoff Wilson, Herbert Hoover, Forgotten Progressive (Boston: Little, Brown, 1975). When completed, George Nash's multivolume The Life of Herbert Hoover (New York: Morrow, 1983-) will be the definitive biography.

Survey, these offices' activities were largely uncoordinated, and shared little common purpose. Harding had promised Hoover "a voice in all important economic policies of the administration," but in 1921 it was difficult to see just what this meant. Hoover, nonetheless, saw great potential in Commerce, for he believed that the department could serve as the nucleus for his new associative economic order. To make such a sweeping reorganization, however, and to expand the department's scope so radically, he needed help. By 1921, Hoover had gathered around himself a group of like-minded businessmen, academics, and (for lack of a better term) freelance reformers, who shared his vision of a new economic order that would bring new levels of coordination and efficiency to American industry while preserving individual initiative. Among the most influential of this large group were several men who had spent much of the last decade studying marketing: Frederick Feiker, Edwin Gay, Julius Klein, and Arch W. Shaw. When Hoover entered government, he brought these men with him.³

It was through Gay and Shaw who put Hoover in touch with the new concerns over "market distribution" that arose during the 1910s. As discussed in chapter 2, Gay and Shaw had first

³Barber, From New Era to New Deal: 4-5. See also Herbert Hoover, The Memoirs of Herbert Hoover, v. 2: The Cabinet and the Presidency, 1920-1933 (New York: Macmillan and Co., 1953).

become friends at Harvard, when they jointly created the Harvard Bureau of Business Research, dedicated to eliminating, through better information sharing and accounting methods, the waste they found permeating the nation's marketing structures. During the war, they met Hoover through the three's work in senior positions in the war bureaucracy, where Hoover served as U. S. Food Administrator, Gay as chief statistician of the U. S. Shipping Board and later director of the Central Bureau of Planning and Statistics, and Shaw as the number-two man at the War Industries Board, overseeing "simplification" programs. Common experiences and similar temperaments brought them together, and their wartime work gave them a shared conviction that, while American industry harbored great inefficiencies, proper guidance by enlightened planners would also result in enormous gains in productivity.

After the war they remained in touch, and in 1921, when Hoover was named secretary of Commerce, he asked Gay and Shaw to join him in Washington. Busy with other commitments, both declined his offer of full-time employment, but they would be presences in the department through Hoover's tenure, visiting regularly, advising him through a steady stream of letters and memos, and serving in the constellation of quasi-public organizations that formed around the department. They guaranteed their influence by placing their protégés in important positions. In 1921, on Gay and Shaw's

recommendation, Hoover named Julius Klein, a former HBS marketing instructor and student of his, as director of the Bureau of Foreign and Domestic Commerce (BFDC), a then-minor office Hoover had slated for major expansion. When Klein left there in 1927, it would be to become Hoover's assistant secretary. Also at the beginning of Hoover's term, Shaw persuaded him to hire Frederick M. Feiker, a former editor of Factory and System, early Harvard Business School instructor and then-publisher at McGraw-Hill, as his "personal assistant"; over the next few years Feiker would hold several posts at Commerce, succeeding Klein at the BFDC in 1927. They would be the most prominent students of marketing to serve at Commerce, but during the rest of the decade other prominent marketing scholars, including Harvard's Melvin Copeland, J. Walter Thompson's Paul T. Cherington, and Ohio State's T. N. Beckman, would also take part in Commerce department activities, creating a strong base for marketing studies.⁴

At the risk of reiterating what was discussed in chapter 2, it is important to emphasize the extent to which Hoover's Commerce department was staffed by men trained at the Harvard

⁴A. W. Shaw to Herbert Hoover, March 26, 1921, Commerce Papers, Herbert Hoover Presidential Library, West Branch, IA [hereafter HHPL]; Shaw to Hoover, May 11, 1921, Commerce Papers, HHPL; Herbert Heaton, A Scholar in Action: Edwin F. Gay (Cambridge, MA: Harvard University Press, 1952): 97-102.

Bureau of Business Research, and the degree to which they carried forward the Bureau's work and ideas. Beginning in 1911 the Harvard Bureau had developed a system by which a private, nonpartisan research office, the HBBR, studied the problems of different segments of American industry, in this case wholesalers and retailers, and developed methods and recommendations for improving their operations, usually through operating cost studies. The HBBR performed its work in collaboration with individual trades' trade associations, which then distributed the results to their members across the U. S. and Canada. The end result was industry-wide adoption of better accounting procedures and, in the 1920s, a proliferation of such work as other business schools began to set up their own Bureaus. The Harvard Bureau was the Associative State writ small. To be sure, many roads led to the Associative State, but one undoubtedly began at the Harvard Bureau's door.

In 1921, then, marketers had gained positions of power in the Commerce department, and in both the Harvard Bureau and their own experiences in the war bureaucracy they had models of the ways that associative arrangements and better data could bring new efficiency to the conduct of business. Yet marketing would only become a major concern of the government as its role in the New Era's political economy became clear.

The "New Economy" and the Problems of Distribution

Marketing's new significance was intimately tied with Hoover's larger economic vision. In the 1920s he was not only constructing a new mechanism for managing the American economy, he and his followers also believed they were on the verge of constructing a "new economy" built on high production and mass consumption. In large part, the institutions of the Associative State were to be means to this end. New levels of productivity would be achieved by the development of new technologies, the widespread dissemination of government-generated economic data, and the adoption of new, more benevolent techniques for worker management, the last including "welfare capitalist" programs, methods drawn from applied psychology, and higher wages and shorter hours. Workers with more money and leisure time would in turn spend more on consumer goods, creating yet more demand, further raising productivity and lowering prices, creating what Shaw once called a "fortuitous circle" of spiraling wages and production. As Hoover explained it, "The very essence of great production is high wages and low prices, depending upon a widening range of consumption for high real wages and increased standards of living."⁵

⁵Shaw quoted in William R. Tanner, "Secretary of Commerce Hoover's War on Waste, 1921-1928," in Herbert Hoover and the Republican Era: A Reconsideration, ed. Carl E. Krog and William R. Tanner (Lanham, MD: University Press of America, 1984): 19; Hoover quote in Joseph Dorfman, The Economic Mind

Events of the 1920s appeared to lend their support to Hoover's new economy. U. S. Steel Corporation's institution of an eight-hour day in 1923 signaled a movement towards a shorter workweek in a number of industries, creating new leisure time for the working class, while workers' wages also rose during the period, although not matching the rise in corporate profits. Both these developments seemed harbingers of the new era, as did the very visible expansion of mass consumption during the decade, fueled by rising wages and developments ranging from electrification to installment purchasing. While Hoover's programs never won universal business support--many business leaders were happy to accept his help but had no interest in paying workers more than they had to--he soon found his broader vision had gained him allies within the business community. Old supporters like Shaw were and the Boston manufacturer Henry Dennison were joined by businessmen whose locations left them attuned the new economic order, men like Edward Filene, the Boston department store magnate, and Owen D. Young, creator of RCA and chairman of General Electric, whose profits rose with consumer spending. Both in and out of Commerce, a powerful

in American Civilization v. 4 1918-1933 (New York: Viking Press, 1959): 65. On the economic thought of the "New Era," see Dorfman, and Barber, From New Era to New Deal: 1-31.

set of interests were lining up to promote the "widening range of consumption."⁶

Within Commerce, the push for high production and high consumption took the form of a department-wide "war on waste." Belief that American industry was rife with "waste" had been spread early in the century by the work of Thorstein Veblen and Frederick Taylor, and had already sparked one "efficiency craze" in the 1910s. The experience of World War I, when government management had raised industrial productivity by as much as 20%, convinced many more, including Hoover, that still higher levels of production could be reached if more "waste" were wrung out of the economy. One of Hoover's first actions after leaving the Food Administration was to commission a study on Waste in Industry from the Taylorite Federated American Engineering Societies, a study that promised to "examine [the nation's] efficiency toward its only real objective--maximum production" and that concluded with a set of recommendations for better manufacturing methods. Once installed at Commerce, the attack on "waste in industry" expanded to cover

⁶Dorfman, Economic Mind in American Civilization v. 4 1918-1933: 64-66; on Young, see "Owen D. Young," Dictionary of American Biography: Supplement 7, ed. John Garraty (New York: Scribner's, 1983): 808-812; and the short but useful discussion in Ronald W. Schatz, The Electrical Workers: A History of Labor at General Electric and Westinghouse, 1923-60 (Urbana, IL: University of Illinois Press, 1983): 11-17.

almost any effort to increase industrial production, or even prevent its disruption, including simplification and standardization programs, the promotion of new industrial management techniques, and even efforts to mitigate cyclical unemployment. Joan Hoff Wilson put it well when she wrote that central to "all Hoover's activities during his eight years as secretary of commerce were his efforts to eliminate waste in industry in order to lower production costs and broaden consumption."⁷

From the attack on "waste in industry," it was only a short step for many both in and outside of the department of commerce to focus their efforts on eliminating "waste in distribution." Well before Taylor and Veblen attacked producers, the idea that distributors were wasteful had been a staple of America's popular political economy. Unlike farmers or craftsmen, wholesalers and retailers were held to "produce" nothing, and from at least the 1830s they were depicted in popular writing as parasites on the labor of others. In the 1910s and 1920s this hostility to middlemen

⁷Hoff Wilson, Herbert Hoover, Forgotten Progressive: 110. On "waste in industry," see Alchon, Visible Hand of Planning: 65; Samuel Haber, Efficiency and Uplift: Scientific Management in the Progressive Era (Chicago: University of Chicago Press, 1964): 156-159 and passim; John M. Jordan, Machine-Age Ideology: Social Engineering and American Liberalism, 1911-1938 (Chapel Hill, NC: University of North Carolina Press, 1994): 36-67; Federated American Engineering Society, Waste in Industry (New York: Mc-Graw Hill, 1921); and Tanner, "Secretary of Commerce Hoover's War on Waste, 1921-1928."

appeared again among a surprising group: economists seeking to understand the "high cost of living." Why, they asked, did consumers' goods remained expensive when productivity was rising? Their answer blamed distributors. The exact diagnoses varied; some, depicting the chain of distribution as a toll road, argued there were "too many middlemen" carrying a good from consumer to producer, creating nothing of value while each extracted payment from the final consumer. Others argued, often with good reason, that wholesale houses and retail stores were poorly managed and cost consumers more than was necessary.⁸

Thus, much of the 1920s "war on waste" became a "war on waste in distribution." Gay and Shaw had battled such waste since their work at the Harvard Bureau in the 1910s. As the decade passed, however waste in distribution gained greater attention still, motivated in part by the rapid spread of new institutions of mass distribution, especially chain stores, and partly by the belief that manufacturing productivity was

⁸An argument that parallels Brandeis's attack on railroads in 1911. For Progressive-Era attacks on distribution, see chapter 1. Chapter 2 shows that many wholesalers and retailers did keep poor records and operate inefficiently. On distribution, see Daniel Pope, "American Economists and the High Cost of Living: The Late Progressive Era," Journal of the History of the Behavioral Sciences 17 (1981): 71-87; Ralph Borsodi, The Distribution Age: A Study in Modern Distribution (New York: D. Appleton & Co., 1927); and the essays in "Scientific Distribution," Annals of the American Academy of Social and Political Science CXV (September, 1924).

increasing so rapidly that it offered little potential for still further improvement. In 1928, Julius Klein, then Assistant Secretary of Commerce, made marketing the main focus of the essay on "Business" that he contributed to Charles Beard's collection of panoramic essays on "modern civilization," Whither Mankind?. There he wrote that,

"Questions of economy in distribution, of eliminating wastes in selling costs, have only very recently received the attention which they deserve among business leaders. The world as a whole is still obviously in its earliest experimental stages with installment selling, with such mass distributive apparatus as chain stores and mail-order establishments, and with problems of more accurate market-appraisal estimates of potential buying power, etc. It is along these lines of more economical and generally less wasteful selling that business is likely to make the greatest progress in the immediate future."⁹

A new concern with the central role of marketing in the economy appears not only in Whither Mankind? but in several of the decade's attempts at broad overviews of the American commercial and social landscape, especially those promoted by the circles Hoover moved in. The 1929 report on Recent Economic Changes, sponsored by a committee Hoover chaired whose membership included Klein and Shaw, not only took the rise of "mass consumption" as a major theme for many of its

⁹Julius Klein, "Business," in Whither Mankind?: A panorama of modern civilization, ed. Charles Beard (New York: Longmans, Green, 1928). Productivity had risen over the decade; according to one index manufacturing productivity stood at 71 in 1921 and rose to 95.6 by 1928. Louis Galambos and Joseph Pratt, The Rise of the Corporate Commonwealth: United States Business and Public Policy in the 20th Century (New York: Basic Books, 1988): 98.

essays, but included Melvin Copeland's detailed report on "Marketing." In over 100 pages Copeland sketched out the major changes that had occurred over the past decade, including the development of installment selling, the increased popularity of hand-to-mouth buying, the spread of chains, and the widening of trade areas, all in the assumption that marketing had become an important part of the "general economic structure of the country." Henry Dennison's essay on "Management" stated the case even more forcefully, arguing that "Since 1920, it is pre-eminently the problem of marketing . . . which has held the attention of business executives." In the Recent Social Trends report, published three years later, marketing again threaded its way through the essays, from Gay's "Changes in Economic Organization," which focused on changes in marketing structures, to R. D. McKenzie's "The Rise of Metropolitan Communities," which discussed the widening of trade areas, to Robert Lynd's "The People as Consumers." The changing nature of distribution, and the spreading realization that mass distribution was the corollary to mass production and mass consumption, had placed marketing on the national agenda.¹⁰

¹⁰Melvin Copeland, "Marketing," Recent Economic Changes in the United States, Committee on Recent Economic Changes (New York: Mc-Graw-Hill, 1929): 321-424; Henry Dennison, "Management," Recent Economic Changes: 531; President's Committee on Recent Social Trends, Recent Social Trends in the United States (New York: McGraw-Hill, 1933).

Studying "Domestic Commerce"

At the department of commerce, the war on "waste" in marketing was waged most forcefully from the Bureau of Foreign and Domestic Commerce. During the 1920s it would become a main vehicle for Hoover's ideas, encouraging trade association activities, organizing industrial conferences to spread innovative business practices, pushing to open foreign markets to American manufactured goods (Hoover called the BFDC agents "hounds for possible American sales"), and, most important here, delving into the study of "domestic commerce." Under Klein, the bureau would examine marketing and wholesaling practices, support studies of "buying trends, commodity preferences, and consumer habits," and ultimately commission large-scale "Commercial Surveys" of American cities and commercial regions, trusting that better data on American marketing and markets would reduce waste, allow distributors to improve their own operations, and so lower the cost of living for ordinary Americans. Explosive growth came with the Bureau's new importance; in 1921, the BFDC had 100 employees and a budget of \$100,000; by 1929, its 2,500 employees could draw on a budget of nearly \$8 million.¹¹

¹¹Hoover quoted in Emily S. Rosenberg, Spreading the American Dream: American Economic and Cultural Expansion, 1890-1945 (New York: Hill and Wang, 1982): 141; Leach, Land of Desire: 358-368. Inevitably, Leach's work has influenced my understanding of the BFDC and the Census of Distribution.

Assigned a range of activities that would help construct the "Associative State," the BFDC could not have found a better-trained director than Klein. Initially a product of the Harvard marketing milieu, by 1921 Klein had leavened his education with government experience. At Harvard, he had earned his Ph.D. in economic history in 1915 under Gay. Like many Gay students, he wrote on the historical development of a marketing organization, in this case "The Mesta," a Spanish wool cooperative dating from Medieval times that, as William Leach notes, "served as the major circuit for movement and distribution of goods throughout Spain, paving the way for the brief emergence of a Spanish national market." While working on his doctorate Klein taught HBS's precursor to marketing, "commercial organization," and even spent a year as the school's traveling fellow, studying marketing in Latin America. After 1915 he moved between Harvard and the Department of Commerce, serving during the war as head of the department's Latin American division and then spending a year as U. S. commercial attaché in Buenos Aires. He was back at Harvard when Gay and Shaw persuaded Hoover to offer him the directorship of the BFDC.¹²

¹²Leach, Land of Desire: 362 and 358-368, discusses Klein. See also Julius Klein, The Mesta: A Study in Spanish Economic History, 1273-1836 (Cambridge, MA: Harvard University Press, 1920); "Julius Klein," National Cyclopedia of American Biography v. C (New York: James T. White and Co., 1930): 23, and Robert N. Seidel, "Progressive Pan

In Klein's first years the BFDC made foreign trade its main priority, seeking to increase American firms' exports abroad and secure their supplied of raw materials. To this end, Klein reorganized the Bureau, replacing a series of regionally-oriented trade offices with 18 "commodity divisions," each headed by a specialist in a single industry, while also opening almost 50 offices throughout the world, in the hopes that the experts would guide American firms to promising foreign markets, and the overseas offices would help them enter the new territory. As late as 1924 two political scientists studying the Bureau described it as "to a large extent a unifunctional organization . . . devoted to foreign trade." In that year, however, a new push for domestic commerce also began to emerge at the Bureau.¹³

The new focus on "domestic distribution" was linked to Hoover's broader campaign to lower prices and create a high-consumption economy. In his "Introduction" to the department's 1925 Annual Report, Hoover wrote that the Department's effort toward "the elimination of waste in materials and motion in our production and distribution

Americanism: Development and United States Policy Toward South America, 1906-1931" (Ph.D. diss., Cornell University, 1973): 151-187.

¹³Laurence F. Schmeckebier and Gustavus A. Weber, The Bureau of Foreign and Domestic Commerce: Its History, Activities, and Organization (Baltimore, MD: The Johns Hopkins Press, 1924): 43 and passim; Rosenberg, Spreading the American Dream: 140-141; Ninth Annual Report of the Secretary of Commerce, 1921 (Washington, DC: GPO, 1921): 73-74.

system" were designed not merely to improve production and distribution but were ultimately aimed at producing a "higher standard of living" for all Americans, as greater efficiency led to lower prices led to broader consumption. The BFDC's own efforts to improve marketing, then, must be understood in light of Hoover's larger goals. To "eliminate waste in domestic distribution," the Bureau would not only study wholesalers and retailers, but would encourage the expansion of America's consumer-oriented industries and examine consumers' attributes and habits, moving, as William Leach writes, to "target and deepen markets in the United States."¹⁴

The BFDC's first projects, however, did focus on the "machinery of distribution." In 1924 and 1925 it published a series of pamphlets recalling their work at the Harvard Bureau. Covering such topics as "Retail-store location," "Education of a retail sales force," and "Cooperative retail advertising," the pamphlets were intended to spread elementary notions of efficient management to interested retailers. Finding an eager audience for such advice--the first two bulletins sold 60,000 copies within weeks of their printing--the BFDC collected them in 1926 in a bulletin on Retail Store Problems. Wholesalers also received aid, as

¹⁴Herbert Hoover, "Introduction," Thirteenth Annual Report of the Secretary of Commerce, 1925 (Washington: GPO, 1925): 2; Sixteenth Annual Report of the Secretary of Commerce, 1928 (Washington: GPO, 1928): 95.

when the BFDC made a study of The Merchandise Warehouse in Distribution in 1926. By the end of the decade, the BFDC had expanded even deeper into producing data that would help distributors, inaugurating an "Operating Cost Series," with a detailed examination of operating costs of grocers in Louisville, Kentucky.¹⁵

The BFDC was not, however, simply replicating work done at bureaus of business research and trade associations, nor aiming only for incremental improvements in distribution. It saw streamlined distribution as necessary for an expanded mass market. Its larger goals were revealed in one of the BFDC's first domestic studies, Domestic Market Possibilities for Electrical Merchandising Lines. During the 1920s spreading electric networks, cheap power, and rising income had created the potential for huge new markets for electrical appliances like stoves, electric irons and washing machines. The task of marketing these products, however, as the booklet's "Introduction" reported, been left to local utilities and tradesmen, in large part because manufacturer lacked "a guide by which they might determine the possibilities for market expansion in a given territory."

¹⁵Department of Commerce Bureau of Foreign and Domestic Commerce, Retail Store Problems Domestic Commerce Series No. 9 (Washington: GPO, 1926); A. Lane Crichton, The Merchandise Warehouse in Distribution Trade Promotion Series No. 15 (Washington: GPO, 1925). Sales figures are from Thirteenth Annual Report of the Secretary of Commerce, 1925: 126-127.

Electrical Merchandising Lines was to be that guide, providing manufacturers basic data to judge the size of each state's market for electrical appliances, from average income to installed kilowatt capacity. The ultimate goal was not simply to help manufacturers, but to strengthen a rapidly growing industrial sector, and widen the mass market. In such ways did an attack on "waste in distribution" fit into the department of commerce's larger agenda.¹⁶

Its most ambitious efforts to promote marketing came in the late 1920s, when the Bureau undertook, as Klein described it, "a series of surveys designed to throw light on . . . phases of the domestic commercial landscape." In 1925 it took a preliminary Commercial Survey of the Philadelphia Marketing Area, and, encouraged by its success, made additional surveys including studies of New England, the Southeast, Florida, and the Southwest, culminating in a Market Data Handbook of the United States. Viewed from one angle, the Commercial Surveys recapitulated and expanded similar work being done in private market research organizations, providing users detailed summaries of each region's trading geographies, marketing structures, and markets. Yet in their production we can also see the

¹⁶R. A. Lundquist and H. E. Way, Domestic Market Possibilities for Electrical Merchandising Lines Trade Promotion Series No. 9 (Washington: GPO, 1924); see also "Another Market Survey that has wide application," Printers' Ink CXXIX (October 2, 1924): 41-43.

expansion of the Federal government's commitment to promoting efficient marketing, as the government created maps of marketing geographies, and examined Americans as consumers. Through the Commercial Surveys marketers' categories and concerns were being etched into the Federal statistical system.¹⁷

The Surveys followed the lead of the Commercial Survey of the Philadelphia Marketing Area, which was intended, Klein wrote in 1925, "to give the industrial and commercial interests a basis for understanding the various economic areas in the country," and to ". . . . disclose discrepancies between sales expenditures and potentialities." It was chiefly a large market research report. Its authors had carefully examined the whole "Philadelphia Marketing Area"--most of eastern Pennsylvania--and divided it into five sub-markets, each of which differed "from the others in racial and occupational characteristics of the people, in their wealth and buying power." Even the Pennsylvania Dutch, it noted, were a distinct market, perhaps suggesting that opposition to modern ways itself rendered the group a niche

¹⁷Sixteenth Annual Report of the Secretary of Commerce, 1928: 95. J. Frederick Dewhurst, Commercial Survey of the Philadelphia Marketing Area Domestic Commerce Series 1 (Washington: GPO, 1925). Paul W. Stewart, Market Data Handbook of United States Domestic Commerce Series 30 (Washington: GPO, 1929). See also "Regional Market Surveys Promise Valuable Facts," Printers Ink CXXIX (November 27, 1924): 25-27.

market. The Survey then examined the marketing structure of each sub-market more closely, noting such regional peculiarities as the fact that "the wholesale grocery business in [Philadelphia] is radically modified by two important factors--the predominance in the retail grocery trade of powerful chain stores and the existence . . . of strong wholesale buying organizations." Difficulties in retailing were similarly noted; a city with "conservatism and regard for precedent," Philadelphia's shoppers had fixed buying habits, and national retailers had good reason for thinking it a "'difficult' market to enter."¹⁸

As they were issued through the late 1920s, moving through different regions from New England to the Southwest, the Commercial Surveys reinforced the point that marketing was increasingly important to the national economy, and that such an important activity deserved government support. Much like private "quota guides," (chapter 4), they were clearly intended to help individual firms set sales territories or sales quotas. In adopting more efficient sales organizations, however, firms would not only be selling more but forwarding a larger national agenda, to "eliminate waste in distribution." While it is difficult to tell just which firms actually acquired the Surveys, or what they did with

¹⁸Thirteenth Annual Report of the Secretary of Commerce, 1925: 26; Commercial Survey of the Philadelphia Marketing Area: 32-33, 63-64.

them once they bought them, they were clearly popular. The Philadelphia Survey sold over 6,000 copies within a year of its issuance, and was in a third printing by 1927.¹⁹

As marketing became more firmly a part of the governmental agenda, and more integrated into the operations of government agencies, those agencies also formed new ties with other, private networks for marketing data. While Klein's own career demonstrate the close connections between the two, so does the development of the BFDC's apparently straightforward 1927 product, the Atlas of Wholesale Grocery Territories. As we saw in earlier chapters, by the mid-1920s several major marketing research operations, including Curtis Publishing, International Magazines, and J. Walter Thompson, had produced atlases charting the United States's "trade areas." The BFDC's Atlas simply did this for grocery wholesaling, beginning by locating the cities with large grocery jobbing houses and then delineating the regions each city served. According to its "Introduction," the Atlas was assembled by A. Heath Onthank, an experienced BFDC employee, based on the results of over 3,000 questionnaires distributed to members of the two main wholesale grocers' trade associations. The study followed methods of "a similar analysis made by the J. Walter Thompson Company." This

¹⁹Fifteenth Annual Report of the Secretary of Commerce, 1927: 73-74.

summary, however, hid the most interesting fact about the BFDC's Atlas: it did not follow Thompson's study, it was Thompson's study. The BFDC had simply borrowed Thompson's data to reproduce the advertising agency's grocery wholesaling territories.²⁰

In its search for better ways to improve distribution, the BFDC had become a channel for turning private, proprietary marketing data into a public commodity. This was no secret, at least not to marketers. While the BFDC tried to disguise its dependence on JWT in the Atlas itself, even burying the above reference to Thompson in the middle of a paragraph, elsewhere Paul T. Cherington, JWT's director of research, would describe the Atlas as simply a revision of his agency's study--as must have been obvious to the marketers and grocery wholesalers who used both books. An even more striking instance of the BFDC's ties to private marketers came two years later, in its Market Data Handbook of the United States. Appearing in 1929, that publication also resembled the era's "quota guides," reporting significant figures for each U.S. county, from its population to number of telephones. Such figures were the perfect basis for measuring demand and setting sales quotas. It was the back of the book, however, that should interest us, for

²⁰Atlas of Wholesale Grocery Territories Domestic Commerce Series 7, prepared by J. W. Millard (Washington, DC: GPO, 1927): iii-v.

there, neatly folded in an envelope, were a series of commercial maps, each devised by a different market research organization. One showed J. Walter Thompson's 683 "retail shopping areas," another BBD&O's division of the U. S. into 187 "local areas of trade," and a third International Magazine Company's 632 trading areas.²¹

In attempting to bring new efficiencies to distributors, the BFDC had followed paths laid down by a range of private actors, but especially those organizations already operating into the network for market research. Its operating cost studies resembled those done at bureaus of business research; its "Commercial Surveys" looked like private marketing reports; and, finally, its Atlases were repackagings of private studies of America's marketing geography. Yet the BFDC had not simply copied their work; its reach far exceeded that of any private research organization, and its studies bore an authority none of them could attain. The BFDC had given marketing research the authority of government, and a new significance, expanding it from a tool to help individual firms to a means of improving the national economy.

²¹Paul T. Cherington, "Some Recent Developments in Market Analysis," J. Walter Thompson News Bulletin 130 (May 1927): 14; Market Data Handbook of United States, maps in folder on inside of back cover.

Building the Census of Distribution

In 1933, as the United States struggled through the worst of the Great Depression, the Census Bureau published the results of the 1930 Census. In addition to the population count, the agricultural census, occupational data, and the other information the Census had long supplied, this census had a new section, the Census of Distribution. In three volumes and over 3,000 pages it presented a mass of data on the structure, costs, and volume of wholesaling and retailing, providing, as one observer wrote, "in minute detail a picture of that important institution which economists call the market." At its publication, it must have appeared folly--why provide a detailed picture of the market when the economy appeared about to collapse? In hindsight, however, we can see the Census of Distribution as both the culmination of a twenty-year campaign that carried marketers' assumptions and concerns to the center of the nation's statistical machinery, and the forerunner of an era in which data gathered by public agencies is constantly put to private use.²²

A look at the development of the Census of Distribution also illuminates some of the larger political issues stirred

²²Nathanael H. Engle, "The Census of Distribution: A New Census Activity," American Economic Review 22 (1932): 547; Fifteenth Census of the United States: Distribution (Washington: GPO, 1933).

by questions of "distribution" in the 1920s, issues that went unmentioned in the BFDC's bland studies. In writing about marketing and distribution, advocates of better data usually fell into the language of experts and economists, implying that "elimination of waste in distribution" was a goal toward which everyone could work. In fact, however, this was not the case. Political maneuvers were needed to win a Census of Distribution, and its appearance raised more basic questions about distribution's role in American life. To start, it was not clear that a census of distribution would appear in the 1930 Census. As in most decades, during the 1920s the Census Bureau faced more demands for its statistical aid than it could possibly meet. Manufacturers and distributors were calling for a "Census of Distribution," farmers demanded an expanded Census of Agriculture, social workers insisted that the figures on child labor be expanded--even hotel-keepers called for a Hotel Census. To win popular, Bureau, and eventually Congressional support for a new Census of Distribution, its initial backers had to construct a coalition that united the range of interests seeking better data on marketing and distribution. Small businessmen, wholesalers' and retailers' trade associations, department store magnates, advertisers, and the captains of the new

consumer-goods industries had to be marshaled in support of the Census.²³

Once the Census of Distribution won support, its design and intent raised even thornier issues. During the 1920s, the organizational revolution that had transformed production in the previous century began to make its presence felt in distribution, most notably through the chain store. Chains enjoyed rapid growth, increasing their share of national retail sales from 4 to 20 percent, while also taking on a new prominence in Americans' consciousness, as a chain store appeared, it seemed, on the main street of every town. In "Middletown," the Lynds reported, "a swarm of chain stores [was] pressing hard upon the independent retailer." Independent retailers fought back. Tapping the mistrust of large corporations that still lurked in American political culture, many backed "buy local" campaigns, and called on state legislatures to pass anti-Chain Store Laws. Others responded by changing the way they did business, using trade association-distributed operating cost figures to implement new efficiencies, or joining with other storekeepers in cooperating buying, creating so-called "independent chains." The Census of Distribution appeared in the midst of these

²³For the range of demands placed on the Census, see letters in Box 127, "Census Bureau," Commerce Papers, HHPL; for a more general discussion of the Census Bureau in these years, see Margo J. Anderson, The American Census: A Social History (New Haven, CT: Yale University Press, 1988), esp. chs. 6-7.

troubles, and inevitably raised questions about which groups were to benefit from it. Would it aid smaller retailers, or were its benefits to go chiefly to large distributors? Could the small shopkeeper survive, or was the war on "waste in distribution" being fought against him?²⁴

In the United States, the Census was bound up in the larger political and social life of the country. The first decennial census was called for in the U. S. Constitution, to serve as a basis for apportionment in the House of Representatives. As the United States grew, its inhabitants frequently turned to the Census Office for a numerical portrait to flesh out the body of their large and diffuse nation. As Daniel Boorstin notes, over the nineteenth century the Census became something of a "national inventory," gathering data on "the whole social and economic life of the nation: on agriculture and industry, on schools and colleges, churches, libraries, newspapers and periodicals, pauperism, crime, and wages." Its place at the center of public life sometimes made it a lightning rod for controversy, as many found it a short step from arguing over

²⁴Robert S. Lynd and Helen Merrell Lynd, Middletown: A Study in Modern American Culture (New York: Harcourt Brace, 1957 [1929]): 45. For more on the 1920s struggle between small and large distributors, a good introduction can be found in Daniel A. Horowitz, Beyond Left and Right: Insurgency and the Establishment (Urbana, IL: University of Illinois Press, 1997): 115-124.

slavery or immigration, to arguing over how they were measured. Yet the Census remained a recorder of the great changes in American life; when Americans learned of the "closing of the west" in 1890, or the triumph of the city in 1920, they learned it through Census figures.²⁵

The Census of Distribution came at the end of a 30 year period of growth for the Census. At the turn of the century, the Census Office was one of the few government branches with significant statistical capacities, its responsibilities having expanded with the growth of the nation-state and national corporations. In an era before the perfection of statistical sampling methods, its enumeration was perhaps the only reliable means to gather data on the nation as a whole. In 1902, Congress recognized these developments by making it a permanent office within the Federal bureaucracy. As Margo Anderson reports, this permanent office soon "broke away from

²⁵Daniel Boorstin, The Americans: The Democratic Experience (New York: Vintage, 1973): 171. Surprisingly few historical studies have been made of the American census itself, though historians have extensively mined Census records. Anderson's The American Census is very useful, but she limits herself to studying "the decennial population census," [3] thus bypassing the Census of Distribution. There is a brief discussion of the Census of Distribution in Leach, Land of Desire: 365-366. There is a growing literature on other national censuses, however, inspired by both the work of Michel Foucault and recent developments in the history of statistics; see, among others Benedict Anderson, Imagined Communities: Reflections on the Origins and Spread of Nationalism, 2d ed. (London: Verso, 1991), ch. 10, and Silvana Patriarca, Numbers and Nationhood: Writing Statistics in Nineteenth-Century Italy (New York: Cambridge University Press, 1997).

the tradition of collecting data only at the decennial census and moved toward more frequent and timely surveys," producing new surveys of such fields as banking, railroads, and manufacturing. Despite these developments, however, plans to make the Census Office (after 1914, Bureau) the government's central statistical office never worked, foundering on inter-bureau rivalry and political indecision. Its main job remained gathering data, not providing it to interested parties. As one Census official wrote in 1914, the Bureau "may be more correctly called a figure factory. It has tabulated an infinite variety of statistical facts, but it seldom offers anything but raw materials."²⁶

The promise of such untapped statistical data drew the attention of many groups, including the marketing scholars gathered around the Harvard Bureau of Business Research. In the early 1910s, Edwin Gay, Arch Shaw, and their associates sought to improve distribution by providing wholesalers and retailers with quantitative "standards of store efficiency." Such standards, however, could only be quarried from statistical data about the actual operations of distributors--data the HBBR did not have and lacked the resources to gather. As early as 1912, they began to demand the

²⁶Anderson, The American Census: 120, 116. My discussion of the Census's development and political environment in these years relies heavily on Anderson's ch. 6, "Building the Federal Statistical System in the early Twentieth Century": 116-130.

government gather such data. That year Melvin Copeland, then teaching at HBS, called on the American Statistical Association to support a "Federal Trade Census." Two years later, Shaw used the pages of System to call for a "Federal Bureau of Business Practice" to expand on the work begun at the Harvard Bureau. When that idea fizzled, he turned his sights on the Census Bureau, complaining that, despite its size and reach, it had "never taken a commercial census" and could not "tell so much as the total number of grocery or shoe or dry goods stores in the country."²⁷

Initially, at least, these calls fell on deaf ears. Few businessmen seemed to share Shaw's belief that statistics would provide a means to improve marketing, while with the election of Woodrow Wilson the Census Bureau itself moved beyond the reach of the economists, statisticians, and Progressive reformers who had wielded influence over it in the century's opening years. While the Republicans had favored the Census Bureau as a vital part of the nation's growing statistical apparatus, the Democrats saw it chiefly

²⁷Melvin Copeland, "Need of a Federal Trade Census," Quarterly Publications of the American Statistical Association 15 (1912): 62-66; A. W. Shaw, "In the Day of Prosperity--" System 31 (February 1917): 127. See also A. W. Shaw, "Wanted--A Government Bureau of Business Practice," System 25 (April 1914): 447, "More About a Bureau of Business Practice," System 25 (June 1914): 665+, "A Federal Bureau of Business Practice," System 27 (May 1915): 557+, "A Federal Bureau of Business Practice," System 28 (September 1915): 334, "A Federal Bureau of Business Practice--Now," System 29 (April 1916): 445+.

as a rich source of patronage jobs. For the moment, anything like a "Federal Trade Census" would have to wait.

As it did so many things, the war changed this situation, opening up new lines of influence for both the Census's critics and the advocates of a "Census of Distribution."²⁸ Ironically, both groups pinned their hopes on the same man, Edwin Gay. Gay's work at the Central Bureau of Planning and Statistics not only made him one of the nation's experts on Federal statistical capacities, it also introduced him to several disaffected former Census officials, including William Rossiter and, most notably, Wesley Mitchell. Rossiter and Mitchell had been disgusted by the Census Bureau's turn to political patronage in the 1910s, and looked for new ways to build and maintain an expanded Federal statistical machinery. The war's end, however, dashed some of their hopes. In well-known fights, they tried, and failed, to save the Central Bureau from Congress; later they tried, and succeeded, in founding a new private organization to generate economic data, the National Bureau of Economic Research (NBER). Less well-known is the fact they also tried to change the Census.²⁹

²⁸The proposed Census Bureau study of distribution and sales went by many names right up to the time it was taken; a "Federal Trade Census," a "Census of Merchandising," a "Commercial Census." For convenience's sake, I will refer to it as the "Census of Distribution."

²⁹Anderson, The American Census: 124 and passim; Mark Smith,

Their vehicle was a new "Joint Census Advisory Committee," set up in 1918 by the American Economic Association and the American Statistical Association to win social scientists back the influence they had lost in the previous few years. Among those on the new committee were Gay, Mitchell, and Rossiter, and they promptly moved not only to return the Census Bureau to its earlier professional standards, but also to insert their pet projects into its machinery. One of the Committee's recommendations for the Census of 1920 was a "commercial census." Problems caused by wartime and poor management meant that its recommendations, including this one, were rejected, but they were not forgotten. In 1921, the Committee laid down a long-term goal by calling for a "commercial census" to be taken with the next Census, in 1930.³⁰

It was Hoover's appointment as secretary of commerce, a position that made him overseer of the Census Bureau, and his push for the expansion of government statistical capacities, that really instituted major changes at the Census Bureau.

Social Science in the Crucible: The American Debate Over Objectivity and Purpose, 1918-1941 (Durham, NC: Duke University Press, 1994): 62-65.

³⁰Anderson, The American Census: 128-129; "Report of the Joint Census Advisory Committee" The American Economic Review X: Supplement (1920): 267-278; W. Hull Stolt, The Bureau of the Census: Its History, Activities, and Organization (Washington: The Brookings Institution, 1929): 70-71; Heaton, A Scholar in Action: 189-191. The Joint Advisory Committee still exists, and still has a prominent voice in the design of the Census.

Within a few months of his appointment, he ordered the Bureau to undertake a new measure of national economic activity, the monthly Survey of Current Business. Assembling data on "production, stocks, sales, and prices . . . [gathered from] various government bureaus, trade associations, and other organizations," the Survey was designed to help businessmen and planners monitor the overall strength and direction of the economy. While it was one of many tools created to help measure and tame the business cycle, it also signaled a new prominence for the Census Bureau.³¹

Neither the Census Bureau's new prominence, nor the influence of Gay, Mitchell and Shaw, nor even the recommendations of the Joint Census Advisory Committee, however, guaranteed that it would undertake a Census of Distribution. More pressing political problems demanded attention. The Census of 1920 had revealed the movement of population from rural areas to cities, and Congressional seats soon followed the population, making the Bureau unpopular with many Congressmen from states with reduced delegations. The Bureau also had its own priorities. For the 1930 enumeration, its main goal was an expanded census of agriculture, which would draw strong Congressional support but required an additional \$3,000,000 appropriation. Whether the Bureau could get still more money was uncertain. When

³¹Holt, Bureau of the Census: 80.

one businessman wrote the Bureau calling for a new "census of trade," Bureau director N. I. Stone explained that the census of agriculture was his main priority, and that "the initiative and impelling force for [a Census of Distribution] should come from outside government service."³²

If backers of the Census of Distribution wanted to make it a reality, then they would have to mount a campaign for it, rallying support and giving definite form to the many proposed "commercial" or "mercantile," or "distribution" censuses. The initial steps in this campaign took place between 1921 and 1925, a coordinated effort launched by several of Hoover's associates, most notably Gay and Feiker, in cooperation with the U. S. Chamber of Commerce.

The Chamber of Commerce provided the institutional base for the efforts to create the new Census. Sometimes called an "association of associations," throughout the 1920s it was a strong supporter of the attempts to construct cooperative mechanisms for economic coordinating and planning. Yet beyond the general support it offered the projects of the "Associative State," it also had strong reason to back more detailed studies of distribution. For one, over half the Chamber's members were wholesalers and retailers, the independent distributors who found the changes in

³²Anderson, The American Census: 131-134; William Steuart to N. I. Stone, April 30, 1923, Box 127--"Bureau of the Census," Commerce Papers, HHPL.

distribution most unsettling and threatening. In 1927, one Chamber publication described these changes as occurring with "bewildering rapidity. Goods flow in an ever-increasing stream to consumers," it continued, "but it is a broad, swirling, tortuous current." Better data on distribution would, it seemed likely, help the Chamber's smaller members navigate that current.³³

Even as much of its membership grappled with the problems of changing marketing methods, many of the Chamber's leaders were deeply involved with the development of mass distribution and the spread of mass consumption. When the Chamber appointed a "Committee on Domestic Distribution" in 1921, it was chaired by Theodore Whitemarsh of the Leggett's department store chain, and among its dozen members were Shaw and the Boston department store magnate A. Lincoln Filene, who by 1925 had been joined by Henry Dennison, Feiker, and Edward Filene, all of whom shared ties to Hoover and the Harvard Bureau, as well as the department store magnate J. C. Penney, whose presence on the panel only emphasizes its importance to mass retailers.³⁴

³³Quoted in Leach, Land of Dreams: 271. On the Chamber's work in the 1920s, see Ellis Hawley, The Great War and the Search for a Modern Order, A History of the American People and their Institutions, 1917-1933 (New York: St. Martin's Press, 1979): 92-95.

³⁴Minutes, 59th Meeting, Board of Directors, U. S. Chamber of Commerce, September 27, 1921, and Minutes, 76th Meeting, Board of Directors, USCC, June 29, 1923, both in Box 1, U. S.

While the Chamber of Commerce provided a home for the new Census, and would cooperate in its design and implementation, initial public support for the Census was stirred up by Gay and, especially, Feiker, who in August 1924 joined to form a "Committee to Promote a Mercantile Census" apparently funded by several retailers' and wholesalers' trade associations. Feiker spent the rest of that year addressing trade associations and professional groups on the need for "basic statistics on mercantile and retail business," and making personal contact with men involved with mass distribution who could help design or promote the Census, ranging from R. P. McNair of the Harvard Bureau of Business Research to Oswald Knauth of Macy's to Lew Hahn of the National Retail Dry Goods Association. As they waged their campaign from several different institutional bases, it is hard to pinpoint whether the "real" impetus for the Census of Distribution came from the Department of Commerce or the Chamber, and even trying to answer the question misses the most important point: that the creators of the Census--Feiker, Gay, and their allies--were comfortable moving between public and private organizations to win their goals and used all these organizations to assemble a broad base of support for the Census.³⁵

Chamber of Commerce Papers, Acc. 1960, Hagley Museum and Library [hereafter HML].

³⁵F. M. Feiker, "Shall the Government Undertake a Census of

In January 1925, Feiker's efforts paid off when the Chamber of Commerce hosted a "National Distribution Conference" (NDC). Under Hoover, "industrial conferences" had been a favorite tool to generate publicity and persuade major firms in a given industry to adopt new standards and practices, but the NDC had larger goals. Some of its activities were designed to spread new marketing practices, but its main goal was the new Census. Participants included not only the usual suspects like Dennison, the Filenes, and Shaw, but also businessmen whose corporations were built on rising mass consumption like General Electric's Owen Young and Macy's Jesse Straus. Also present were almost all the nation's most experienced market researchers, including Harvard's Melvin Copeland, Curtis Publishing's Charles Parlin, the AAAA's Daniel Starch, and Swift & Co.'s L. D. H. Weld, who had spent much of the last 15 years constructing private networks for producing marketing data. In his opening address, "Reducing the Cost of Distribution," Hoover unsurprisingly expressed his hope for a "census of distribution . . . [that] would automatically eliminate a great amount of waste in the whole distribution machinery." Keeping a tight rein on the conference, his aides then made

Mercantile Establishments," Address delibered at Annual Meeting Association of National Advertisers, Atlantic City, NJ, November 17-19, 1924; on Gay and Feiker's ties, see Feiker to Gay, August 11, 1924; Gay to Feiker, n.d., 1924; "Inquiries from Interersted Individuals, Firms, Associations, etc." n.d. [1924?]; all in "Advisory Committee on Statistics," Feiker Papers, HHPL

sure that the Chamber "asked" Hoover to name the conference's "Committee I--Collection of Business Figures." Young took on yet another responsibility for Hoover by becoming the committee's chair, with Feiker as vice-chair. Among the 34 men appointed to the committee were Dennison, Edward Filene, Gay, Julius Klein, Mitchell, and sympathetic outsiders including Parlin, Paul Cherington, and Stanley Resor. Within months, the Committee issued its major recommendation, that the Census Bureau institute a Census of Distribution.³⁶

The publicity and planning for the Census over the next two years further illustrates the complex interconnections between different groups pushing for it. In 1927, to test methods and generate further publicity, the Chamber sponsored a "test census" of distribution in Baltimore and eleven other cities. The test census was designed by the Chamber's "sub-committee on the census," which was chaired by Cherington and whose members included Dennison and Gay; it was paid for by wealthy Chamber leaders, including Edward Filene; administered and tabulated by Census Bureau personnel; and

³⁶On industrial conferences, see Hoff Wilson, Herbert Hoover, Forgotten Progressive: 82; Herbert Hoover, "Reducing the Cost of Distribution"; "National Distribution Conference" (Washington: Domestic Distribution Conference, Chamber of Commerce of the United States, [1925?]); "Collection of Business Figures," Report of Committee I of the National Distribution Conference; all in Commerce Papers-Conferences, Distribution, 1924-1926, HHPL.

its its results were published by the Chamber.³⁷ The results of the "test census" led chambers of commerce in many unexamined cities to demand they, too, get a census of distribution, creating yet more pressure on Congress to appropriate money for the new Census of Distribution. When Congress did so in 1929, trade associations representing small retailers then joined with Census Bureau officials to approve the final design of its schedules, and even helped publicize the new Census. When the test census revealed that few retailers actually kept expense figures at hand, the trade associations published "in their monthly magazines the questionnaires applicable to their particular kind of business," so shopkeepers could prepare those figures and have them ready.³⁸

³⁷Due to a miscommunication, for a short time Hoover thought the entire cost of the test census, some \$20,000, would be footed by the Filenes, leading Edward Filene to write a somewhat panicked letter denying he had agreed to any such thing. Edward A. Filene to Julius Klein, May 26, 1925, in "Advisory Committee on the Census," Feiker papers, HHPL. The fact that Filene wrote his letter to Klein, about a conversation Lincoln Filene had with Hoover, and that it wound up in Feiker's papers, testifies to the close-knit group planning the Census of Distribution.

³⁸"Memorandum prepared by Mr. F. A. Gosnell, former Chief Statistician for Distribution, for his successor, Dr. R. J. McFall," April 1, 1929, in Box 1, Record Group "Records of the Bureau of the Census," Entry 268, "Records Relating to the 1929 Census of Distribution, National Archives [hereafter RG 29-268]; Melvin Copeland, "The Census of Distribution," Proceedings of the American Statistical Association 23 (1928): 34-39.

The Census of Distribution was administered in the spring of 1929. The fact that it had garnered such widespread support over the past few years rested in good part on the fact that so many different, sometimes conflicting groups could all nonetheless hope to benefit from its findings. It promised to answer basic questions about distribution that had bedeviled marketers and marketing scholars for twenty years; as late as 1929, in his essay on "Marketing" in Recent Economic Changes, Melvin Copeland had admitted that without such a census "not even an approximate measurement of the [national] volume of trade . . . is possible." For the trade associations who collaborated in its design, it would provide data on operating costs that would help both small and large members cut their own costs. For larger distributors, it promised better data on operating costs, and new data on underexploited markets. For the business intellectuals in Hoover's circle and at the Chamber of Commerce, the data it provided would help eliminate "waste in distribution" and thus accomplish the still larger goal of lowering the "cost of living." How well did it succeed?³⁹

The Fifteenth Census of the United States: Distribution did not appear until 1933, and it did provide, as one summary put it, "a complete picture of our great marketing

³⁹Melvin Copeland, "Marketing," Recent Economic Changes: 331.

structure." According to its "General Survey," its two volumes on retailing contained:

"[I]nformation on number of stores, personnel, pay roll, stocks, sales, operating expenses, seasonal employment characteristics, credit business, receipts from sales of meals, receipts from repair and service of automobiles, merchandise manufactured by retailers, returned goods and allowances, country buying retail sales of manufacturing establishments and wholesalers, sales to other retailers, forms of organization, and sales by commodities . . . classified by kinds of business, type of operation, and size of establishment."

Not only did the new Census provide these masses of detailed data on retailing and wholesaling, but it also tabulated the overall figures on "national volume of trade" sought by economists and marketing scholars. In 1929, the business year covered by the Census, the total sales at retail were revealed to have been approximately \$53 billion, and that the total volume of business done by wholesalers was \$69 billion (the discrepancy in figures being explained by intra-wholesale sales). Copious breakdowns of the figures were also provided, so readers could learn that, for instance, food retailers had 22.07% of all retail sales in the United States, or that 55.2% of all manufactured goods were sold to the home consumer.⁴⁰

⁴⁰Engle, "The Census of Distribution: A New Census Activity": 547; Fifteenth Census of the United States: Distribution, v. 1, Retail Distribution--Part I: 13; Fifteenth Census of the United States: Distribution, v. 2: Wholesale Distribution: 5, 7.

The Census of Distribution also charted the larger changes that distribution had undergone in the last decades, the spread of chain stores and the consequent decline of wholesalers and the small retailers. It promised the "first true picture of the degree of penetration of the multiunit type of operation in the principle kinds of retail business." In 1929, it found, 7,061 chain store organizations, with 159,638 stores, handled 21.9% of all retail sales. Despite their rapid spread, fears of chains had perhaps been exaggerated; with drug stores, for instance, "more than 50,000 of the 58,258 . . . [were still] single store independents, and only 18.5% of the total business [was] done by chains."⁴¹

Beyond providing such elementary data, however, the Census was also designed to eliminate "waste in distribution." For the most part, the Census's recommendations were directed towards large-scale, integrated distributors, not the small retailers from which so much of its data was gathered. Its authors recommended that wholesalers only cultivate stores with lower operating costs, reasoning that the lower a store's operating cost, the more it could pay a wholesaler. More significantly, they recommended that wholesalers cut off many small retailers, specifically the 770,000 stores that did less than \$12,000 of

⁴¹Retail Distribution--Part I: 44, 28.

business a year. Reaching and stocking such stores was not easy, and "their business is unprofitable to the wholesaler." The Census's figures also suggested that, in most trades, the larger a wholesaler, the more profitable it was. In this study, "waste in distribution" was identified with the small retailer and the small independent wholesaler.⁴²

The Census was crowded with such advice, urging distributors to use its figures to improve their operations. The problem, of course, was that its figures were from the business year 1929--a year that, in 1933, must have seemed to belong to a different age. The Bureau did its best to put a good face on this, claiming that it was "fortunate that the base or reporting year was 1929, for no subsequent year to date would have provided . . . a normal comparison," and that ". . . the 1929 figures provide a better picture of the normal relations within the retail field." In reality, however, the events of the past few years had rendered the 1929 figures hopelessly out of date, of interest chiefly to historians. Skirmishes over marketing were still being fought between chains and independents, even heating up in the 1930s, and retailers and wholesalers were still trying to

⁴²Retail Distribution--Part I: 15-16, 43-44. In 1930, the Bureau also issued some guidelines for retailers hoping to use Census data to improve their operations; see T. N. Beckman, Bureau of the Census, Department of Commerce, The Practical Usefulness of the Census of Distribution (Washington: GPO, 1930).

improve operations (in order, one might add, to survive), but the figures provided in the Census of Distribution were of little help. When the Fifteenth Census appeared in 1933, it was not the Census of Distribution that drew public attention, but its unemployment figures.⁴³

Conclusion

On the morning of Friday, October 25, 1929, the nation waited anxiously to hear from President Herbert Hoover. Thursday had been "Black Thursday," a day of falling prices and frantic trading on the New York Stock Exchange. Already, in John Kenneth Galbraith's words, a "suicide wave was in progress, and eleven well-known speculators had . . . killed themselves." Seven fat years of prosperity seemed about to end, and hundreds of thousands of Americans sought some reassurance from the "Great Engineer" in the White House. Finally, Hoover issued a statement that, if not completely reassuring, perfectly captured his tone. There was no cause for panic, he stated. "The fundamentals of business in the country, that is, the production and distribution of commodities, is on a sound and prosperous basis" [my

⁴³Retail Distribution--Part I: 13. For the ongoing fight in retailing, and the forms it took under the New Deal, see Jordan Schwartz, The New Dealers: Power Politics in the Age of Roosevelt (New York: Vintage, 1993): 288-294.

emphasis]. Hoover, at least, had come to see distribution as basic an economic activity as production.⁴⁴

In the 1930s, this belief would survive, as the Federal government continued its study of marketing and consumption, albeit with less publicity and less extravagant hopes than in the 1920s. If anything the actual government study of markets expanded during the Roosevelt administration, as efforts continued to reduce distribution costs and target consumers, and as measures of consumer spending became increasingly important to New Deal planners. In 1935, the Department of Commerce could boast a "Division of Marketing Research and Service" composed of six sections, including ones devoted to "Market Data," "Wholesale Trade," "Retail Trade," and the "Consumer Market," producing regular reports on subjects from "Chain Grocery Store Sales" to "New Automobile Financing" to "Retail Credit." The Atlas of Wholesale Grocery Territories and the Market Data Handbook of the United States were both updated. When the Sixteenth Census was taken in 1940, it included a Census of Distribution, albeit folded into its a "Survey of Business."⁴⁵

⁴⁴John Kenneth Galbraith, The Great Crash, 1929 (New York: Houghton Mifflin, 1955): 105, 111.

⁴⁵Wilford L. White, "Domestic Marketing Research," Market Research 2 (April 1935): 16-19 and Market Research 2 (May 1935): 37-40; Sixteenth Census of the United States: Census of Business (Washington: GPO, 1943).

As Ellis Hawley reminded us almost twenty years ago, the study of the New Era is significant in part because in it we can see "the beginnings of the 'modern era'." Certainly, it began our "modern era" of marketing study, a time in which government data is not merely used by private marketing firms, but is actively gathered with their needs in mind. Today, agencies of the Federal government are among the nation's largest suppliers of marketing and market data; private market research quite simply could not continue without them. The close interconnections forged between marketers and government statisticians in the 1920s could be seen again in the 1960s, when the Census Bureau opened a Data Access and Use Laboratory geared towards private industry, selling raw census data to private marketing firms and even developing mapping software designed specifically to make Census data useful to market researchers. Government marketing data has come to bolster entire private industries; since 1982, Erik Larson reports, major credit-reporting firms have relied on Federal data for the names of delinquent debtors, with addresses often pulled directly from IRS files. In a era in which public and private data interpenetrate so that it is difficult to tell the difference, we should not neglect the government's first attempt to build such a structure for marketing data.⁴⁶

⁴⁶Hawley, "Herbert Hoover, the Commerce Secretariat, and the

Vision of an 'Associative State': 116; Erik Larson, The Naked Consumer: How Our Private Lives Become Public Commodities (New York: Penguin, 1992): 41-42.

Chapter Six:

**"A Mechanism Adapted not only to the Selling of
Toothpaste but to the Plumbing of the Public Mind"**

"The task of locating the beginning of commercial public opinion research ... is made difficult by the fact that it has never been clearly distinguished from market research. The two grew together, and the point at which the one merges into the other is often impossible to locate."

--Archibald Crossley¹

In July 1935, readers of Fortune magazine opened its pages to find a new feature, "The Fortune Survey." "The Fortune Survey," the editors claimed, would measure not just what Americans bought but what they thought, about the major political, social, and economic issues of the day. With results drawn from a survey taken of a representative sample of Americans, Fortune told its readers that their countrymen were almost evenly divided on recent "Share-the-Wealth" proposals (45.8% opposed, 45.1% in favor), that the majority believed their electric bills to be reasonable (53.9%), and that their favorite cigarette brand was Camel (27.5% smoked it). The "Survey" drew enormous reader response, and within a few years it would be the magazine's most popular feature.

¹Archibald M. Crossley, "Early Days of Public Opinion Research," Public Opinion Quarterly 21 (1957): 159 [hereafter POQ].

In retrospect, however, it stands out for a different reason: it was the first "scientific" sampled public opinion poll.²

Heralding and explaining the "Survey" was a long preface, "A New Technique in Journalism," penned by staff writer Archibald MacLeish. Attempts to survey American public opinion were nothing new, he wrote; every four years newspapers and magazines conducted straw polls to discover who the voters preferred. But such polls, even those garnering millions of responses, were not to be trusted, based as they were on postcards unsystematically "chucked at the hinder parts of the population like bird shot at a rising duck." There was no way to know if respondents were truly representative of the American public. The Fortune Survey was different. Although it relied on only 4500 responses, researchers had used new methods to ensure that this small sample was a cross-section of the nation. And, it continued, lest readers doubt their veracity, sampled surveys had already proven their worth as tools of a trade many readers relied on every day: market research. The real question, the magazine asked, was:

²"A New Technique in Journalism," and "The Fortune Survey": Fortune 12 (July 1935): 65-66 and 66+; on its popularity, see Jerome H. Springarn, "The Public Opinion Poll," Harper's 178 (December 1938): 102.

"if a tire manufacturer can learn by scientific questioning where his customers stand; if Mr. H. G. Weaver can discover by a survey what trend in automobile design is most welcome to General Motors customers, why cannot the editors of a magazine ascertain by the same method the real state of public opinion on matters that vitally concern his readers?"

All Fortune's editors had done, the editorial continued modestly, was recognize that market research was "a mechanism adapted not only to the selling of toothpaste but to the plumbing of the public mind."³

In this chapter we will examine how market research made the jump from being a tool for selling toothpaste to a gauge for the "public mind." In making the jump, market research also leapt to a prominent place in American culture. As we have seen, over the previous thirty years market researchers had constructed a taxonomy of the American mass market, and a set of tools for carefully examining small segments and narrow strata of that market. Advertising managers, editors, and executives had come to rely on market researchers' maps to direct their products and marketing campaigns to the most likely groups. Even the government had gotten into the business of market research. In a sense, the new opinion polls just closed a circuit in the development of market

³"A New Technique in Journalism": 65, 66. The article was unsigned, as Fortune preferred to cultivate a single corporate voice; on MacLeish's role, see Eric Hodgins, Trolley to the Moon: An Autobiography (New York: Simon and Schuster, 1969): 407.

research; whereas earlier developments had given business managers a new way to view consumers, the polls provided Americans with a new way to view themselves. But in looking at their own society through the opinion poll, Americans were looking through a lens ground by market research.

The story of the opinion poll touches not only on developments in American business, but also changes in American journalism and political culture. The sampling methods that underlay the new polls were developed in the 1920s by several market researchers looking for ways to construct a still more accurate picture of the American market. Paul T. Cherington, George Gallup, and Daniel Starch devised the new sampling methods to create a cross-section of the nation, a "micro-America" as Gallup later called it. In the 1930s, these same researchers recognized larger possibilities in their work; if they asked respondents what they bought or read, why not ask them what they thought on national issues? In a decade of economic collapse, social upheaval, and unprecedented state expansion, such a survey had enormous appeal to the editors and publishers long charged with studying and molding "public opinion." That Americans were willing to accept the results of these surveys as "public opinion" was due in part to a political culture that had long equated the voice of the people with the results of a ballot, but also to a more recent attitude that saw the "public" not as a substantive, organic body, but as a

catch-all term papering over the competing interest groups and lobbies that really made up American society. To understand why Americans went to these polls, we must first ask what they thought of public opinion.⁴

Understanding the Public

The idea that "public opinion" should dominate American life dates back to the nation's founding. Within decades of the Revolution, as Gordon Wood has written, growing democratization meant that "enlarged and democratized public opinion [became] the 'vital principle' underlying American government, society, and culture." Ever since, appeals to "public opinion" have been a staple of American politics. Yet it is one thing to pay obeisance to "public opinion," and accept that the people's will should ultimately prevail; another thing altogether to agree that the "people's will" can best be gauged through sampling a representative cross-section of the population. The sampled opinion poll won rapid acceptance in the 1930s only because over the previous few decades Americans had already come to accept a concept of

⁴Only in the last few years has inquiry begun into the history of opinion polling. The best places to begin are Susan Herbst, Numbered Voices: How Opinion Polling has Shaped American Politics (Chicago: University of Chicago Press, 1993), David W. Moore, The Superpollsters: how they measure and manipulate public opinion in America (New York: Four Walls, Eight Windows, 1992), and Daniel J. Robinson, "Polling Consumers and Citizens: Opinion Sample Surveys and the Rise of the Canadian Marketing Polity, 1928-1945" (Ph.D. diss., York University, 1996), esp. chs. 1-2.

"public opinion" amenable to the new survey techniques. In other nations, with different political traditions, this was not the case. In Canada of the 1930s, a nation with a more hierarchical political order and a "deep distrust of unfettered democracy," pollsters were looked on with suspicion, and even blocked from entering the country. In postwar France, the Third Republic's political tradition, which dictated the people's will was expressed solely in Parliament, would prevent widespread acceptance of the new mechanism of opinion polling well into the 1960s. In asking why the public opinion poll appeared in the 1930s, then, we must first ask what Americans thought "public opinion" was.⁵

The rule of "public opinion" was so unquestioned a feature of the American political landscape that its greatest students would be two foreigners, the French writer Alexis de Tocqueville and the British diplomat James Bryce. For much of the nineteenth century, Tocqueville's reflections would be the last word on the subject; but by the century's end, and the passing of the agrarian nation described in Democracy in America, Bryce's American Commonwealth (1885) would take its place as the most widely accepted description of American

⁵Gordon Wood, The Radicalism of the American Revolution (New York: Vintage Books, 1993): 364. On political culture, see Jon Cowans, "Redefining the People: The Advent of Opinion Polling in France, 1939-1968" (paper presented at the annual meeting of the American Historical Association, Atlanta, GA, 6 January 1996), and Robinson, "Polling Consumers and Citizens": ch. 3.

politics and society. Like Tocqueville, Bryce thought that in America public opinion ruled, at times growing misty on the subject and describing public opinion as "the ether that passes through all things."⁶

For the most part, though, Bryce the politician was a keen-eyed observer of the American scene, interested not just in rhapsodizing "public opinion" but in describing how the public actually expressed its will through the then-dominant institutions of American politics. He began by assuming the "Public" was not merely any gathering of people; it was the set of people qualified to participate in politics, gathered to debate public issues. "Public opinion" took shape in four stages, beginning with the appearance of a public policy issue that evoked individuals' "sentiments of approval or disapproval." Next came a stage when individuals drew together to discuss the issue, in the process sharpening their ideas and falling in behind the strongest positions. In the third stage, each major party (Democrat and Republican) took a stance on the issue, leading to a fourth and final stage where "action bec[ame] necessary" and a vote was taken. Following this, Public Opinion was "twofold only.

⁶James Bryce, The American Commonwealth v. 2 (New York: Macmillan, 1885): 267. The two best accounts of the developing idea of "public opinion" in American thought are Stow Persons, American Minds: A History of Ideas (New York: Henry Holt & Co., 1958): 363-381, and Daniel Rodgers, Contested Truths: Keywords in American Politics since Independence (New York: Basic Books, 1987): 198-203.

There is a view which has triumphed and a view which has been vanquished." All in all, Bryce approved of this system, which turned the ill-considered sentiments of the many into the considered judgment of the nation--"Public Opinion."⁷

Within a decade, however, Bryce's account was challenged by several social scientists involved in the Progressive movement, most notably Charles Cooley, Robert Park, and E. A. Ross. Like Bryce, they refused to label any gathering a "public," or any group sentiment a "public opinion," reserving the terms for a deliberative populace and its considered judgment on political issues. Ross made the distinction nicely when he wrote,

"There is a preponderant opinion as to coeducation, or the legitimacy of the tontine life insurance policy, or the moral effects of religious revivals, but not public opinion. The latter implies the direction of social attention ... in view of a collective decision or action."

Unlike Bryce, though, the Progressive social scientists saw little evidence that such a public opinion actually existed in the United States. Living in cities controlled by corrupt bosses and filling with immigrants apparently unready for self-government, these social scientists feared for their democracy. Yet they were also unwilling to abandon all hope of an organized and reflective "public," for to do so would be to abandon faith in that democracy. To resolve this

⁷Bryce, The American Commonwealth v. 2: 248-249.

conflict, they put their trust in technology and the future. New methods of communication, especially the telegraph and newspaper, would, they argued, spread wise counsel, banish ignorance, and slowly transform the urban mob into a Public worthy of the name. Ross again put it best, writing "Universal contact by means of print [will usher] in the rule of 'public opinion,' which is a totally different thing from 'government by the mob'."⁸

Despite their differences, Bryce, his Progressive opponents, and indeed most social thinkers of the period shared the belief that there was a "Public" that subsumed other groups in American society, and that Public's judgment on political issues was expressed as a balanced "Public Opinion." This belief did not survive World War I. Initially, many intellectuals welcomed the war, hoping it would draw Americans together across class divides and open the doors of government to Progressive planners. Instead, it brought out the worst in many Americans; they appeared to be much less interested in reconstructing society than they were in killing the Hun. They proved easy marks for political propaganda, falling first for the Creel Commission's anti-

⁸Edward A. Ross, Social Psychology (New York: Macmillan, 1908): 64-65, 346. On Progressives, communication, and public opinion, see Daniel Czitrom, Media and the American Mind: From Morse to McLuhan (Chapel Hill, NC: University of North Carolina Press, 1982): ch. 4, and Eldon Eisenach, The Lost Promise of Progressivism (Lawrence, KS: University Press of Kansas, 1994), ch. 3.

German crusade, then for the Red Scare of 1919. Far from being rational and deliberative, many of these intellectuals believed that the American public had been revealed as emotional and ready to follow any demagogue.⁹

Such a view informed Walter Lippmann's influential monument to postwar disillusionment, Public Opinion (1922). In that work, Lippmann broke sharply with earlier thinkers by describing public opinion not as the product of deliberative judgment, but as the expression of the "stereotypes," or simplified maps of the world, most people carry around in their heads. "Those pictures which are acted upon by groups of people, or by individuals acting in the names of groups," he wrote, "are Public Opinion with capital letters." The nation, it turned out, was too fragmented and its groups too contentious for a genuine Public to form and then reach consensus on any important issue; the best one could hope for was to unite the people around an empty symbol or image. "When political parties or newspapers declare for Americanism, Progressivism, Law and Order, Justice, Humanity," he continued, "they hope to amalgamate the emotions of conflicting factions which would surely divide if, instead of these symbols, they were to discuss a specific

⁹See David M. Kennedy, Over Here: The First World War and American Society (New York: Oxford University Press, 1980): 45-92, and Robert Westbrook, John Dewey and American Democracy (Ithaca, NY: Cornell University Press, 1993): 195-227.

program." While Lippmann proposed some remedies for this state of affairs, his cure was less persuasive than his diagnosis, and Lippmann himself appears to have recognized this. Public Opinion's 1925 sequel was entitled The Phantom Public.¹⁰

So widespread was this new skepticism towards the Public that even Lippmann's opponents joined in it. In 1928 the philosopher John Dewey tried to rebut Lippmann's dark view of the public in his The Public and Its Problems. But Dewey wound up repeating many of Lippmann's points, conceding that at present the public "is still largely incoherent and unorganized, caught in the grip of forces too vast to understand." While he offered a few suggestions about improving this state of affairs, he admitted that "[t]he prime condition of a democratically organized public is a kind of knowledge and insight which do not yet exist." Dewey would not despair of the public, but neither did he know how to improve it.¹¹

Yet while both Lippmann and Dewey described a public composed of prejudiced individuals and fractured into many small, quarrelsome groups, neither presented a very

¹⁰Walter Lippmann, Public Opinion (New York: The Free Press, 1965 [1922]): 18, 132-133; Lippmann, The Phantom Public (New York: Macmillan, 1925).

¹¹John Dewey, The Public and Its Problems (New York: Henry Holt & Co., 1927): 109, 166.

satisfactory account of its origins, or explored the full implications of their views (in fairness, they accomplished the goals they set). It is rare to find any accounts of causation in Dewey's works, while the best Lippmann could do was point to urbanization and industrialization's role in the public's degradation, suggesting that "eight to twelve hours of noise, odor, and heat in a factory, or day upon day among chattering typewriters and telephone bells and slamming doors" had corrupted the political judgment of modern city-dwellers. The fullest account of public relations's transformation would come from an unexpected chronicler: Edward Bernays.¹²

In 1923, when he published Crystallizing Public Opinion, Bernays was a fast-rising public relations man who had already built a reputation on clever stunts and the fact he was Freud's nephew. Much of his book was clever self-promotion, Lippmann's ideas dressed up in the language of public relations, as when Bernays suggested that the public relations counsel could "crystallize" (read: manufacture) public opinion by finding a suitable symbol to rally disparate groups. But alongside his advertisement for himself, Bernays included a sharp analysis of public opinion, one that explained its changing nature in light of larger shifts in American commerce and culture. The more skeptical

¹²Lippmann, Public Opinion: 72-73

concept of Public Opinion that won quick acceptance in the 1920s was not, he suggested, simply a retreat from prewar optimism, but a move towards a "Public Opinion" appropriate to a society dominated by large corporations and enmeshed in the mass market.¹³

One reason the term "public opinion" had changed was that the public's power now stretched into new realms. In the nineteenth century, public power was limited to a few national issues advocated by the national political parties. In the twentieth century, the rise of large corporations and the new importance of mass consumption had created new arenas for public influence. Bernays specified three movements that each broadened the scope of public opinion. "[F]irst, the tendency of small organizations to aggregate into groups of such size and importance that the public tends to regard them as semi-public services; second, the increased readiness of the public ... to feel that it is entitled to its voice in the conduct of these large aggregations," and "... third, the keen competition for public favor due to modern methods of selling." In a mass-consumption society dominated by large corporations, public opinion was a concern not only of

¹³Edward Bernays, Crystallizing Public Opinion (New York: Boni, Liveright, 1923).

politicians but of corporate magnates and middle-level marketers.¹⁴

The rise of mass marketing, and industrial society in general, had changed not only the scope of public opinion but the "Public" itself. One reason the public was increasingly segmented and divided was that each person found himself occupying so many roles. As Bernays explained it,

"Society is made up of an almost infinite number of groups, whose various interests overlap and intersect inextricably. The same man may at the same time be the member of a minority religious sect, supporter of the dominant political party, a worker in the sense that he earns his living primarily by his labor, and a capitalist in the sense that he has rents from real estate investments."

And, we should note, among these groups were groups formed around consumer preference--market segments. As one example of the kinds of divisions that ran through society, Bernays pointed to the marketers' chestnut that "Boston women prefer brown eggs and New York women white eggs."¹⁵

The broad conclusions that Bernays had reached--that society was divided into innumerable overlapping groups, and that the "Public" was largely a fiction--had also been reached well beyond the world of public relations. In political science, new "realist" students of politics were, as Dorothy Ross has written, "dismissing out of hand the

¹⁴Bernays, Crystallizing Public Opinion: 35.

¹⁵Bernays, Crystallizing Public Opinion: 143.

idealism and constraints of the older political tradition," and moving their attention from abstractions like the "Public" to the smaller groups that, it seemed, actually wielded political power. In so doing, they abandoned any view that saw an undifferentiated Public at the center of American politics. Political scientists like Harold Lasswell and Charles Merriam discovered that political participation was not universal, and that in fact "non-voting" was on the rise; they examined how laws were actually enacted, and found out that the decline of political parties had created a space where interest groups clashed for electoral favors. Like Lippmann and Bernays, political scientists had begun, in Daniel Rodgers' words, to proclaim the "disappearance of the social whole."¹⁶

The disappearance of the "Public," however, did not mean that there were no more attempts to study Public Opinion--quite the contrary. Looking back from 1931, the political scientist Harold Lasswell reported that the 1920s "had witnessed an unparalleled outlay of energy discussing public opinion." After much contention, social scientists began to

¹⁶Dorothy Ross, The Origins of American Social Science (New York: Cambridge University Press, 1991): 455; Rodgers, Contested Truths: 203. See also Edward A. Purcell, Jr. The Crisis of Democratic Theory: Scientific Naturalism and the Problem of Value (Lexington, KY: University Press of Kentucky, 1973): 95-112, and Brian Balogh, "Mirrors of Desire: Markets, Interest Groups, and Political Constituencies Between the World Wars" (Unpublished paper delivered at the Seminar, Johns Hopkins University, 1993).

formulate a new, broader and more flexible notion of what "public opinion" was, one that depicted public opinion as the aggregate opinion of individuals rather than as the magisterial voice of the organic Public.¹⁷

In 1924, at the annual meeting of the American Political Science Association, a round table on public opinion broke up after participants found themselves unable to reach any agreement on the subject. As the session's chair reported, "[s]ome members of the round table believed there was no such thing as public opinion; others believed in its existence but doubted their ability to define it with sufficient precision for scientific purposes. Others again ... believed the term could be defined but were of differing minds concerning the kinds of definition that could be adopted." Yet after the participants had stormed out, the chair was able to conclude that they had agreed on some important points. They all thought that "(1) opinion need not be the result of a rational process, (2) it need not include an awareness of choice, and (3) it must be sufficiently clear or definite to create a disposition to act on it under favorable circumstances." Beneath the surface debates a new view of public opinion was taking shape, one much like that of Lippmann and Bernays. There would be no more attempts to

¹⁷Harold D. Lasswell, "The Measure of Public Opinion," American Political Science Review 25 (1931): 311.

define the Public as a specially organized body qualitatively different from other groups, or to claim that "Public Opinion" was judicious, or limited to a few public-policy issues. The "public" was simply the mass of individuals in society, and "public opinion" was what they expressed on any topic.¹⁸

This new openness made possible new approaches to public opinion. One of the most popular was to attempt to quantify it. Such attempts are understandable, in part because public opinion had often been equated with the results of elections; Public Opinion spoke in the win/loss column. Yet the new enthusiasm for quantification also owed much to political scientists' desire to turn their field into a natural science. Quantifying political phenomena appeared the first step to a true "science of politics," and an escape from the idealism of prewar political science. The very attempt to measure public opinion, however, would prove to have important implications for what "public opinion" was.¹⁹

The first and most influential attempt at quantification was that of the social psychologists Floyd Allport and D. A. Hartman, who presented their "Measurement and Motivation in

¹⁸A. N. Holcombe, "Report of the 2nd National Conference on the Science of Politics 'Round Table on Political Statistics'" APSR 19 (1925): 123.

¹⁹On quantification, see Purcell, Crisis of Democratic Theory: 31-35, 97-99, and Ross, The Origins of American Social Science: 455-458.

Atypical Opinion," at the 1924 joint meeting of the APSA and the American Psychological Association. The experiment they reported was fairly straightforward; they began by asking a group of students to situate their own beliefs on a conservative-radical continuum, and then to rate the strength of their beliefs. Unsurprisingly, Allport and Hartman discovered that radical and reactionary students were more passionate about their politics than those in the middle of the road. From this, they then concluded that extremist politics were the result of personal instability, since no-one with extreme views held them in moderation. While its conclusion may seem flimsy, this experiment inspired a host of others, and the remainder of the decade saw many psychologists and political scientists trying to measure "public opinion" by having students rank their opinions on topics ranging from political figures to racial prejudice.²⁰

These experiments embodied two assumptions that would permeate much social science writing on public opinion. First, their authors assumed that public opinion was the sum or weighted aggregate of individual opinion; comfortable with

²⁰Floyd Allport and D. A. Hartman, "Measurement and Motivation of Atypical Opinion in a Certain Group," APSR 19 (1925): 735-760; see also E. S. Bogardus, "Analyzing Change in Public Opinion," Journal of Applied Sociology 9 (1925): 372-381, and L. L. Thurstone, "Attitudes can be Measured," American Journal of Sociology 33 (1928): 529-554. These developments are closely related to changes discussed in Donald Fleming, "Attitude: the History of a Concept," Perspectives in American History 1 (1967): 287-365.

the language of quantity, they always presented a group's "public opinion" as a series of percentage measurements, and never entertained the notion that there could be a single "public opinion." Second, they agreed that no particular process had to precede a "public opinion." Certainly, the quantifiers influenced by behavioral psychology refused to inquire after such internal processes; but even the social scientists who did seek after "attitudes" never specified how those "attitudes" had to be formed. The opinions measured could proceed from careful reflection, or rankest prejudice.

As the 1930s open we see taking shape a new consensus over public opinion. While the consensus was actively pushed by a few social scientists, we find it implicit in the great body of work done on public opinion during these decades, and even in the work of many journalists and writers like Bernays. It was the product of postwar disillusionment with the American people, the growth of large corporations and mass marketing, and the new enthusiasm for quantitative and "realist" approaches in the social sciences. The new consensus's central assumptions were largely "negative," in the sense they were repudiations of older interpretations of Public Opinion. The "Public" was not a special organic body, but simply the sum of individuals in society; "Public Opinion" was not the result of deliberation by this "social whole," but simply the aggregate opinion of its members; and it was not limited to public policy issues, but could exist

on a range of political, social, and economic questions. Yet this new consensus was only a starting-point; while many agreed Public Opinion could be measured, there was as yet no agreement on what tools might do the job. That would await developments in a very different field: market research

Sampling Consumers and Readers

In 1922, as Lippmann's Public Opinion stirred debate in the nation's intellectual centers, a young journalism student from Iowa was getting his own lesson in public opinion. George Gallup spent that summer trudging from door to door in St. Louis, interviewing readers for an ad agency to discover what people liked and disliked about the St. Louis Post-Dispatch. The job gave him a first-hand introduction to the methods then in use to measure consumers's reading habits and preferences, an introduction that left Gallup unimpressed. The vaguely worded questions he was assigned seemed to elicit little useful information, and if the survey was like most used in the early 1920s, Gallup was asking respondents to remember specific features they had read days or weeks before. On top of that, how could he be sure that the people he found at home were representative readers of the Post-Dispatch? Gallup returned to the University of Iowa at the end of August, but the experience, and the question it had raised, stayed with him. He would spend the next few years

trying to contrive a better way to measure consumers's interests and habits.²¹

The frustrations Gallup met were being encountered by many market researchers at about the same time. Before 1920, most market researchers had spent the bulk of time either assembling broad demographic data on markets or studying specific industries in depth. Works like J. Walter Thompson's Population and Its Distribution gathered Census figures on states and counties, while the Audit Bureau of Circulation (ABC) provided reliable circulation figures for newspapers and magazines. Elsewhere, marketing scholars like Arch Shaw and L. D. H. Weld were tracing out the complex chains of distribution carrying goods from producer to consumer. It was only in the 1920s that market researchers turned from gathering this data to studying the individual consumer. Increasingly, researchers wanted to know not only what a consumer consumed, but her or his subtler reactions. Which advertising slogans did they remember? Why did they prefer one brand to another? What parts of a paper did they actually read? As the early marketer Paul Converse pointed out, marketing textbooks testified to the shift. "In 1921, Percival White's Market Analysis dealt primarily with methods

²¹Becky Wilson Hawbaker, "Taking the 'pulse of democracy': George Gallup, Iowa, and the Origin of the Gallup Poll" The Palimpsest 74 (Fall 1993): 105; James Playsted Wood, "George H. Gallup," Journal of Marketing 27 (October 1962): 78.

of computing market potentials, while his 1931 book, Market Research Technique, dealt largely with consumer surveys made by personal interviews."²²

As we saw in previous chapters, early attempts at consumer interviewing were haphazard and unsystematic at best. Too often surveys included every question a firm wanted answered, were poorly phrased, and demanded detailed recall of purchases made weeks before, or over the course of a year. The interviews themselves were often administered to fellow employees or whoever was passing by the ad agency's building and had a few minutes to spare. Stories soon circulated of interviewers who despaired of finding consumers to answer their elaborate questionnaires, and so completed their own surveys with made-up responses. One market researcher even argued that any passer-by able to answer all the questions in such complex surveys would be "so abnormal that ... [his report] might not be representative of the public in general." By the end of the 1920s a few researchers had begun refining the surveys, shortening them and experimenting with different wordings in the questions, but well into the 1930s many surveyors would demand more than consumers could give.²³

²²Paul D. Converse, Fifty Years of Marketing in Retrospect Studies in Marketing No. 5 (Austin, TX: Bureau of Business Research, University of Texas at Austin, 1959): 32.

²³Jean Converse, Survey Research in the United States:

Even if individual consumers could be found to answer all the questions, the problem still remained of whether such shoppers were representative of the larger market or segment being studied. There was little agreement on what it would mean for a group to be "representative." Some researchers approached the problem by focusing on a town whose qualities marked it as "average," as the Literary Digest did when it made its Zanesville study, or when JWT studied magazine readers in "typical" Cincinnati. Alternatively, researchers might assemble a small set of experts on their products and then treat them as representative, something General Motors' researchers did in the 1930s when they assembled a panel of "car buffs" to report what car buyers wanted (chapter 4). The car buffs were to represent the buying public, but they did not mirror it.²⁴

While the public might be willing to accept a small town or a panel of experts as representative of the nation, however, by the mid-1920s several researchers were not. For one, these approaches had glaring flaws; Zanesville, Ohio,

Roots and Emergence, 1890-1960 (Berkeley and Los Angeles: University of California Press, 1987): 104. On contemporary concerns, see Richard B. Franken, "How to get Unprejudiced Market Data" Printers' Ink CXXXIX (April 21, 1927): 127-138; Monte W. Sohn, "Finding Facts between the Lines of Trade Investigations," Printers Ink CXXVII (May 15, 1924): 73-74; and especially Royce B. Howes, "Statistics Show--" American Mercury 9 (September 1926): 14-19

²⁴Literary Digest, Zanesville and 36 other American Communities (New York: Literary Digest, 1927); Converse, Survey Research in the United States: 91-92.

was not really representative of urban industrial America, however much the Literary Digest might wish otherwise. But researchers were also reacting to new pressure from clients, who had probably heard enough stories of surveys being filled by the surveyors to begin doubting their results. These researchers concluded that, for a survey to be an accurate report on the buying public, its respondents should be drawn from different parts of that public. As we saw in chapter 3, in 1924 the J. Walter Thompson agency initiated a new practice to ensure that its surveys queried respondents from several different socioeconomic classes by requiring surveyors to interview a certain number, and eventually percentage, of people drawn from each class on an ABCD scale. Other researchers were soon using similar scales to classify respondents, and while primitive, they were a first step to ensuring that the interviewees were a cross-section of the larger market.

Within a few years, Thompson had developed an elaborate protocol for making surveys that were "a truly representative cross section of the market." The cross section would cut across more than just classes; each survey was required to include a certain percentage of people from each class (on the ABCD scale), but also from different geographical sections, from cities, small towns and rural areas, of different ages, and of each sex. That these particular characteristics--class, region, city, age, and sex--were

chosen demonstrates that Thompson researchers considered them major determinants of consumption habits. As the contours of a market changed from product to product, so would the exact composition of the sample. A survey of radio listeners might exclude farms without electricity, while a study of rainwear would be weighted to include a disproportionate number of people from the Pacific Coast, as that region's weather "naturally increases the weight of the market for products worn in rainy weather." While their make-up changed from survey to survey, the goal remained constant: To assemble a sample of respondents that mirrored the larger market being studied.²⁵

Today, the "quota method" or "stratified sampling" developed at Thompson and other firms is disdained by most academic and business survey researchers. There are several problems with it, a major one being that it prejudices which factors will be important in determining the outcome of a survey. For instance, Thompson researchers had already decided that the major factors influencing consumer choices were class, region, city size, sex, and age. If consumption of a particular product were also strongly affected by

²⁵Richmond Watson, "Polling the Consumer," J. Walter Thompson News Bulletin 2, 2d series (May 1930): 15-19. It should be noted that a few surveys did attempt to sample the entire buying public, which is why both JWT and Daniel Starch & Associates were able to produce studies claiming to represent the entire population; see chapter 3.

another factor, such as ethnicity, the survey might well be skewed, as Thompson would have no way of knowing whether respondents of a particular ethnicity were over- or underrepresented. It is also not a genuine "probability sample," as interviewers have the final say over what individual gets queried. Beginning in the 1940s, such problems caused quota sampling to lose favor, and most researchers adopted in its place various "probability sampling" methods designed to ensure respondents were truly chosen at random. In the 1920s and 1930s, however, their greater expense made such probability sampling methods seem a pipe dream, and even professional statisticians saw market researchers' sampling methods as ingenious, and statistically legitimate, solutions to challenging survey problems.²⁶

The quota method was one of two developments that made it possible for market researchers to make cost-effective and fairly accurate surveys of large, dispersed markets. The other development was the realization that a larger sample was not necessarily a better one. Statisticians had long known that a small sample, properly drawn, could accurately represent the whole; this was also apparent to any farmer who watched a buyer grade the grain in an entire silo after

²⁶Converse, Survey Research in the United States: 92-94; Archibald Crossley, "Theory and Application of Representative Sampling as Applied to Market Research," Journal of Marketing 5 (1941): 456-461; Floyd J. Fowler, Jr., Survey Research Methods (Newbury Park, CA: Sage Publications, 1993).

drawing a few samples from it. But only in the 1920s did a few statistically adept market researchers, most notably the applied psychologist Daniel Starch, apply this lesson to their own work, and only in the 1930s would these lessons reach most market researchers through a series of Harvard Business Review articles by the business statistician Theodore H. Brown. Even when a researcher realized that a smaller sample might be sufficient, his client often demanded more; Thompson, one researcher explained, often took many interviews because "10,000 interviews sound more convincing to the layman than 3,000." The public's faith in Big Numbers, and the researchers' appreciation of small samples, led to some unusual situations. At the Literary Digest, for example, Archibald Crossley was making accurate readership studies using a few thousand respondents, even as the magazine pointed to the million respondents to its quadrennial Presidential poll as proof of its accuracy.²⁷

The researcher who would carry the new sampled surveys the farthest, however, and the one who would in time become their public face as co-creator of the opinion poll, was

²⁷Watson, "Polling the Consumer": 23; Crossley, "Early Days of Public Opinion Research": 160-163. Converse has a good discussion of sampling in her Survey Research in the United States, in particular pointing out the importance of Theodore Brown's work; but I think she assumes that because a few skilled market researchers understood sampling, most did. Converse, Survey Research in the United States: 93-95.

George Gallup. Gallup (1901-1984) was born and raised in Jefferson, Iowa, a small farming community near the center of the state. Years later a New Yorker profile writer would hypothesize that it was Gallup's birth in "utterly normal Iowa" that prepared him to "see nothing odd in the idea that one man might represent, statistically, ten thousand or more of his own kind." After graduating from Jefferson High, he enrolled at the State University of Iowa, planning to study journalism. While he followed this track as an undergraduate, becoming editor of the Daily Iowan, that summer in St. Louis had led his interests astray. Instead of writing for newspapers, he began studying them, and their readers. It was this new interest that led him to the field that was actually studying readers' reactions to newspapers and advertisements: applied psychology.²⁸

Gallup earned his M.A. from Iowa in 1925, and his Ph.D. in 1928, both in applied psychology. Over the previous decade that field had witnessed huge growth, as many applied psychologists had reached out from their laboratories to the schoolhouse, office, and factory, producing educational and vocational tests soon used to sort and manage students and workers in the mass institutions of modern America. Applied psychologists had been less involved in marketing studies,

²⁸Hawbaker, "Taking the 'pulse of democracy'": 101; George H. Gallup, interview by Frank Rounds, 15 March 1962, in Columbia University Oral History Collection, Part III, No. 192: 1-2, 19.

though even there a few, most notably Daniel Starch and JWT's Max Freyd, made an impact. The University of Iowa was a particular center for such work, and had been since at least 1905, when Starch received his M.A. there. In the 1920s it was well-known for producing educational and vocational tests, and the department boasted such luminaries as Carl Seashore, creator of the "Seashore Test for Musical Aptitude," and the educational psychologist Franklin Knight, Gallup's advisor. For his master's thesis, Gallup produced a study in the Iowa tradition, which examined the vocational tests used to hire salespeople at Killian's department store in Cedar Rapids.²⁹

His dissertation was altogether different. "An Objective Method for Determining Reader Interest in the Content of a Newspaper" offered a solution to the interview, recall, and sampling problems that had plagued earlier studies of readers and consumers. Gallup's method itself was straightforward. His investigators approached a subject and sat down with them and a copy of yesterday's newspaper (in Gallup's case, the Des Moines Register and Des Moines Tribune), then went through it page-by-page, asking what articles and advertisements they had read. In retrospect

²⁹Hawbaker, "Taking the 'pulse of democracy'": 105; Gallup oral interview: 19. See also Jean Cantor, ed., Psychology at Iowa: Centennial Essays (Hillsdale, N.J.: L. Erlbaum Associates, 1991), and Carl E. Seashore, Pioneering in Psychology (Iowa City, IA: University of Iowa Press, 1942).

this approach seems obvious, but at the time it was a great improvement over the two approaches in wide use, which either asked respondents to remember everything they read a week before, or which involved strapping respondents (usually, students) in a painful apparatus to measure eye movements. Various tests, some involving the inclusion of made-up stories in interviewers' papers, confirmed the method's validity. On top of that, like the Iowa educational tests, Gallup's test was easy to understand and use. It was, he wrote, "relatively inexpensive, ... easily understood, and ... produce[d] reliable results when applied by persons without scientific training."³⁰

While the "Gallup method" (he originally named it the "Iowa method," but the new name stuck) would gain him a great deal of attention over the next few years, one of its less-appreciated but more important features was that it relied on a representative sample. Instead of simply interviewing any 1000 readers of the Tribune and Register, Gallup had tried to assemble a cross-section of the Iowa reading public. The categories he used in the dissertation were fairly basic: sex, region, and class. The dissertation sample included an

³⁰George Horace Gallup, "An Objective Method for Determining Reader Interest in the Content of a Newspaper," (Ph.D. diss., State University of Iowa, 1928): 1, 20. On measuring reader response, see Thomas C. Leonard, News for All: America's Coming-of-Age with the Press (New York: Oxford University Press, 1995): 132-138.

even number of men and women. Readership of both papers was roughly divided among residents of Des Moines, of Iowa's small cities, and of farms, so Gallup interviewed about 300 people from each. Finally, he invented a class ladder to reflect Iowa society, and drew an equal number of respondents from each class: "Business and Professional," "Salaried (minor executive)," "Skilled laborers," "Unskilled laborers," and "Young men/women." While this stab at a stratified sample was certainly imperfect, and probably would have resulted in major misjudgments in a state with a population less homogenous than Iowa's, it was better than what earlier surveys had offered. In later years, Gallup would continue to refine his sampling methods, adding new categories and refining percentages, to make his samples into what he called a "micro-America."³¹

Gallup's dissertation would alter both his career path and the way newspapers and magazines were designed. After receiving his Ph.D., he spent two years teaching journalism at Des Moines's Drake University, drawn there less by the school than by the promise he could work part-time for the Cowles family, publishers of the Register and Tribune. He then spent one year as professor of advertising at Northwestern before moving to New York in 1932 to become a

³¹Gallup, "An Objective Method for Determining Reader Interest in the Content of a Newspaper": 41-44; Converse, Survey Research in the United States: 114-116.

researcher for the advertising agency Young & Rubicam. Along the way he developed a thriving research business, making reader studies not only for the Des Moines paper, but for publications including the Chicago Tribune and Liberty magazine.³²

Between 1928 and 1931 Gallup conducted a battery of tests to see how subscribers actually read their paper, and discovered that most of the newspaperman's conventional wisdom was wrong. Readers, it turned out, did not really care about the national and international news that usually ran above the fold; they preferred state and local stories. They paid far more attention to photographs that editors had thought. Most men read the sports pages, not only the stories but the box scores and statistics. Most surprisingly, the most popular section of the paper was revealed to be the cartoons. These discoveries had an enormous impact; beginning with the Des Moines Register in 1929, many publishers redesigned their papers, simplifying headlines, changing layout, and adding photographs. The Gallup studies were a spur to the creation of the new photo-magazines, beginning with the Cowles's Look in 1933. They also changed the face of advertising. In 1931, advertising managers at General Foods noticed Gallup's studies of cartoons and commissioned a series of comic-strip ads for

³²Gallup, oral interview: 28-29.

Grape-Nuts and Postum. Their huge success sparked a craze for cartoon advertising that lasted through the decade. By the time he arrived in New York, Gallup could open a newspaper and see his influence on every page.³³

In the early 1930s, then, we find a number of research firms, including J. Walter Thompson, Daniel Starch & Associates, and Young & Rubicam, using the new sampling methods to make surveys of consumers' attitudes, habits, and tastes. Far from being experiments, the sampled surveys were vital for studies of reading habits, brand recognition, and radio audiences. As yet, however, the questions asked were those that market researchers had been posing for a decade: What brand do you prefer? Whose slogan do you remember? Which section of the paper did you read first? It would take the economic, social, and political upheavals of the Great Depression and the New Deal for market researchers to add political questions to the mix, and so transform the sampled survey into the "scientific" public opinion poll.

³³Hawbaker, "Taking the 'pulse of democracy'": 106; Gallup oral interview: 28-29; George Gallup, "Guesswork Eliminated in New Method for Determining Reader Interest," Editor & Publisher 62 (February 8, 1930): 1+, and "What do Newspaper Readers Read," Advertising and Selling 18 (March 31, 1932): 22+. See also Ian Gordon, "Envisioning Consumer Culture: Comic Strips, Comic Books, and Advertising in America, 1890-1945" (Ph.D. diss., University of Rochester, 1992): 111-112 and 120-128; and Roland Marchand, Advertising the American Dream: Making Way for Modernity, 1920-1940 (Berkeley and Los Angeles: University of California Press, 1985): 110-112.

The Business of Opinion

The widening scope of sampled surveys is seen in bold relief when we focus on the work of a single firm: Cherington, Roper and Wood (CRW). In 1931 Paul T. Cherington left J. Walter Thompson, setting up as a "marketing consultant" in New York City. In addition to working for the Federal government, still sorting through the results of the Census of Distribution (chapter 5), Cherington began tutoring a few marketers on the side, introducing them to the survey methods he helped develop at JWT. One student was Richardson Wood, a former advertising copywriter at Thompson, and in 1933, Wood brought Cherington another new student, a recently transplanted midwesterner named Elmo Roper.³⁴

Roper (1900-1971) would become, along with Gallup and Archibald Crossley, one of the "big three" of opinion polling. In 1933 he had just moved East, and was looking to break into market research. Roper had started out running a jewelry store in Creston, Iowa, but it failed in 1928, in large part, he recalled, because he had been more interested in discovering why farmers or small townspeople liked a piece of jewelry than in selling it to them. He spent the next five years as a traveling salesman, winding up with Detroit's

³⁴Archibald Crossley, "Paul Terry Cherington," Journal of Marketing XXI (October 1956): 135-137; "An Interview with Elmo Roper," by Robert O. Carlson, August 14, 1968, held at the Roper Collection, Special Collections, University of Connecticut Library [hereafter Roper collection]: 3-4.

Traub Jewelers. In 1931 the firm asked him to discover why a new line of jewelry had failed. Interviewing jewelers across the country, Roper discovered that the line, designed to appeal to rural and urban shoppers, in fact fell between the two markets, appearing too fancy for farmers and too provincial for urbanites. A re-design followed, and sales shot up. Some months later, Roper recounted the tale to his friend Wood, whom he had met when Wood handled the Traub account for JWT. Wood told him that it was a fascinating account of marketing research. Roper later claimed "it was the first time I had ever heard the words 'marketing research'".³⁵

So when Roper moved to New York, Wood introduced him to Cherington, and within months the three set up as Cherington, Roper, and Wood (CRW). Though business start-ups were rare in the depth of the Depression, CRW's principals thought they had something valuable to sell. In promotional materials, they promised "to supply to management significant facts connected to the movement of goods and from a representative sampling of consumers" [my emphasis]. While it was "significant facts" about consumption that CRW would produce, the sampling technique itself was a major selling point. As

³⁵ "An Interview with Elmo Roper": 1-5; see also "Elmo Roper" American National Biography, ed. John Garraty (New York: Oxford University Press, 1999).

consumer demand seemed about to gutter out, perhaps these new surveys could reveal what consumers really wanted.³⁶

Considering the times, CRW was fortunate in landing a single client, the utilities holding company Engineers' Public Service (EPS), itself a subsidiary of the engineering giant Stone & Webster. That a public power company decided to hire a market research firm is not surprising; in the 1920s power companies like Boston Edison often commissioned marketing surveys, trying to estimate demand for electrical appliances, and thus electricity. EPS's specific reason for hiring Cherington, Roper, and Wood, however, was unusual. The big holding company sought CRW marketing reports not to measure consumer demand, but to stave off government regulation.³⁷

Franklin Roosevelt's election in November 1932 had thrown fear into the hearts of the electrical utilities holding companies then dominating the nation's power grid. The previous two decades had seen a slow consolidation of power ownership, to the point where, in 1932, the many small,

³⁶Cherington, Roper, and Wood, Trade and Consumer Studies (New York: privately printed, n.d. [1933?]), Roper collection.

³⁷On electrical market surveys, see David Sicilia, "Selling Power: Marketing and monopoly at Boston Edison, 1886-1929" (Ph.D. diss., Brandeis University, 1990): 472, and Ronald C. Tobey, Technology as Freedom: The New Deal and the Modernization of the American Home (Berkeley and Los Angeles: University of California Press, 1996): 8-9.

local or statewide electricity companies that actually supplied power were owned by a few giant national firms, exercising control from atop a complex pyramid of holding arrangements. Such concentrations of power (in several senses) worried reformers, a worry increased by the holding companies's penchant for "financial skullduggery" and often successful attempts to evade regulatory oversight. Until 1932, the holding companies held the upper hand in their fights with reformers; but FDR's election set their foes on the commanding heights of government power. Thus it was the threat of a New Deal that indirectly created demand for CRW's surveys.³⁸

Between 1933 and 1935, Cherington, Roper and Wood conducted a series of consumer surveys for Engineers' Power, almost all in towns where customer dissatisfaction had led to calls for greater regulation. Its first job was in Savannah, where EPS-owned Savannah Electric and Power was under attack for high rates. A CRW survey uncovered deep dissatisfaction with Savannah Power--its rates really were higher than most--and suggested a solution: that the company market big

³⁸Bob Swierczek, "Stone & Webster, Inc." International Directory of Company Histories, v. 13, ed. Tina Grant (New York: St. James Press, 1995): 495-498. On the war against utility holding companies, see Ellis W. Hawley, The New Deal and the Problem of Monopoly (New York: Fordham University Press, 1995 [1966]): 325-343, and Jordan A. Schwarz, The New Dealers: Power Politics in the Age of Roosevelt (New York: Vintage, 1994): 148-151 and 209-214.

electric appliances, whose presence would increase overall demand and make it easier to lower rates. Next came a survey in Seattle, where EPS's Puget Power and Light was locked in a struggle with the municipally-owned City Light. Eventually, CRW's success in providing with data on EPS customers brought in a second client, American Water Works, like EPS a utilities holding company. For them, CRW conducted a consumer survey in a midwestern city about to hold a referendum on municipal control of the AWW water works. While the firm did not want to sell, it also did not want to pour resources into an unwinnable election. The CRW survey, however, revealed that "most people were fairly happy" with their water service. Heartened by these results, the waterworks launched a campaign to sell voters on private ownership, and in the end defeated the referendum. It was, Roper later recalled, "our first piece of political research." In truth, though, all of CRW's surveys, taken to quiet consumer complaints and avoid government intervention, had been "political."³⁹

The way that CRW's studies united consumer concerns and political motives was only a notable instance of a more

³⁹"An Interview with Elmo Roper": 6-9; Roper didn't name the midwestern city. On Seattle, see Schwarz, The New Dealers: 208. Roper continued to work for many utilities, and summarized some of his findings in "What the Customers think of Utilities," a speech given to the Pennsylvania Electric Association, March 2, 1939, in the Roper Collection.

general phenomenon: increasingly, many consumption decisions had come to have political aspects. In part, this was because of the expansion of state power in the New Deal. After 1933, as Engineers' Power had discovered, the threat of government intervention hung over many firms, and consumer dissatisfaction could have political consequences. Less directly, the linkage of consumption and politics was also a product of the state's growing concern with consumer spending; one approach to ending the Depression was to try and boost mass consumption. The question of when a shopper would buy a new GM car thus became a concern not only for Alfred Sloan and Buck Weaver, but also for many economists and planners staffing the alphabet agencies in Washington. To be sure, not all consumption decisions became political matters, but the once-sharp line separating the two had certainly blurred.⁴⁰

As consumption became a matter of politics, it became easier for politics to be seen as a concern for "consumers." In Cherington, Roper & Wood's work we see that questions about consumer satisfaction were political. An even more striking instance is provided in the work of the

⁴⁰This is not to claim that the New Deal was solely marked by a new concern with consumption; as Alan Brinkley has written, it was "awash in ideologies." Alan Brinkley, "The New Deal and the Idea of the State," in The Rise and Fall of the New Deal Order, ed. Steve Fraser and Gary Gerstle (Princeton, NJ: Princeton University Press, 1989): 86.

Psychological Corporation, the testing and market research firm run by the applied psychologist Henry Link. In March 1932, Link had initiated a "Psychological Brand Barometer" designed to measure brand awareness among housewives. Every three months, Psychological Corporation interviewers approached women across the country and asked them to connect a slogan to its product (this was not, strictly speaking, a stratified survey, as they just sought "housewives in the home" and did not ask about economic status). The early surveys included questions like "What company's ham and bacon are 'Ovenized'?" and "What coffee uses the 'Vita-fresh' process?" In October, 1933, however, a new question appeared, one that joined consumption and politics by asking the housewives their opinion on a government program whose effects had reached deep into their daily lives: "From what you have seen of the National Recovery Act in your neighborhood, do you believe it is working well?".⁴¹

⁴¹Henry C. Link, "Milestones in Public Opinion Research," International Journal of Opinion and Attitude Research 1 (1947): 37-38, and "A New Method for Testing Advertising Effectiveness," Harvard Business Review 11 (1932-1933): 165-177. See also Converse, Survey Research in the United States: 107-111, and Michael M. Sokal, "The Origins of the Psychological Corporation," Journal of the History of the Behavioral Sciences 17 (1981): 54-67. Link exaggerated his own role in the development of modern survey methods.

A Sampled Polity

It was one thing for market researchers to include a political question or two in their sampled surveys of consumers, quite another for a marketing survey to be converted into a tool for sampling the opinions of the American polity. Only at mid-decade would market researchers officially produce an "opinion poll," and so present the sampled survey as a tool for expressing the voice of the American public. 1935 saw the appearance of the first two "public opinion polls," "America Speaks," conducted by George Gallup's new "American Institute of Public Opinion", and the "Fortune Survey," taken for that magazine by Cherington, Roper, and Wood. Within a year two more would appear, Daniel Starch's short-lived "Polling America," and Archibald Crossley's election surveys for the Hearst newspapers.⁴²

Their appearance lies at the end of a series of developments that opened the door to a sampled survey claiming to measure "public opinion." First and most

⁴²Archibald Crossley (1896-1985) does not figure in this chapter as prominently as Gallup or Roper, but from the 1930s to the 1950s he was seen as the third "big three" pollster. A graduate of Princeton, he, too, worked in the 1920s as a market researcher, for the Literary Digest and then his own Crossley, Inc. In 1930 he designed the first widely used radio rating system, the Cooperative Analysis of Broadcasting (CAB), relying on sampled surveys. In 1936 he was hired by the Hearst papers to conduct an election-year poll, and so became a "pollster." See Converse, Survey Research in the United States: 111-113, and Crossley, "Early Days of Public Opinion Research".

important was the development of the sampling techniques themselves. Second, the collapse of the prewar notion that "Public Opinion" was the voice of a deliberative Public speaking on public issues, and the emergence of a more flexible approach to the topic during the 1920s, had left social scientists open to accepting a sampled survey as a genuine gauge of public opinion. Finally, the Depression and then the New Deal pushed a range of questions into the public arena, making private business and even buying decisions a matter of public policy, while leading the state to intervene in areas once deemed beyond its reach.

One more development of the 1930s also helped make possible a survey mixing consumer and political questions: the growing equation of consumption with voting. Americans had long been familiar with the adage that shoppers could "vote with their feet" if they disliked a store, and by 1930 one article discussing market research was even entitled "Polling the Consumer." The association of consumption and voting accelerated in the early 1930s, as both business and government implied that shopping was an aspect of a citizen's behavior. Within the Federal government, several New Deal economists searched for ways the government encourage the public to consume more. Outside it, large corporations funded public relations campaigns claiming that government intervention was unnecessary because the public already had a "vote" in business via their shopping decisions. Roland

Marchand uncovered an egregious instance of this when he wrote of General Motors' 1930s publicity campaign that described consumer research as "the 'ballot box' of a great business." If consumption was just like voting, then there should be no problem with a survey in which a question about brand preference rubbed shoulders with one about FDR.⁴³

But the opinion polls were not simply the offspring of market research; they were also the spawn of journalism. While today polling and politicians are closely linked, we should remember that until the 1950s the polls were almost exclusively sponsored by newspapers and magazines. In journalism, the opinion polls were seen as the latest incarnation of the "straw poll." Americans had a century-long tradition of such straw polls, ballots taken in advance of an actual election; they can be found as early as 1824. In 1896, as Richard Jensen has written, the Chicago Tribune was sending reporters to factories and railroad yards to judge the way workers would vote, and in the 1920s straw polls were a staple of election-year reporting at such important papers as the Chicago Herald-Record and Columbus Dispatch. While methodologically imprecise, and limited to their sponsors' cities, these polls were touted by their

⁴³Watson, "Polling the Consumer"; Roland Marchand, "Customer Research as Public Relations: General Motors in the 1930s," The Development of the Consumer Society in the 20th Century, eds. Susan Strasser, Charles McGovern, and Matthias Judt (New York: Cambridge University Press, forthcoming).

proprietors and an accepted feature of the political landscape. A few even asked about issues not on the ballot, as when the Literary Digest included a question about Prohibition in its 1932 Presidential straw poll. By the 1930s, such straw ballots had familiarized Americans with the idea of national surveys on political issues.⁴⁴

Given all these developments, it is surprising neither that several market researchers independently conceived the idea of a "poll" in the early 1930s, nor that the researcher first out the gate was George Gallup. With backgrounds in market research and journalism, Gallup was perhaps uniquely placed to realize that a modern marketing survey could take the place of the traditional straw poll, offering more accurate and wide-ranging predictions (at a much lower cost) to a newspaper. In 1932, he got an inkling of the possibilities inherent in such a poll. That year, his mother-in-law, Olga Miller, was the Democratic nominee for secretary of state in Iowa, a post no one thought she would win. Curious, Gallup conducted a postcard survey of Iowa voters to judge her support, and found out that FDR's coattails would carry her into office. Her victory convinced

⁴⁴Richard Jensen, "Democracy by the Numbers," Public Opinion (February/March 1980): 54-58; Moore, Superpollsters: 35-37. See also Claude Robinson, Straw Votes: A Study in Political Prediction (New York: Columbia University Press, 1932).

him that market research methods were suited to studying voting decisions as well as reading habits.⁴⁵

Over the next few years Gallup built an institutional base for taking a poll. In 1933, he began experimenting with a national survey of opinion, at first by mailing postcard ballots to names drawn from voter and magazine subscription lists. As Daniel Robinson notes, the cards included questions about a respondent's basic demographic qualities and past voting behavior, allowing Gallup to claim that the sample was indeed a cross-section of the voting public. Using this method, the next year he predicted the unprecedented Democratic gains in midterm elections, a success that convinced several publishers, including the Washington Post's Eugene Meyer, to back his work. His readership studies supplied Gallup with a second pitch for skeptical publishers. In asking what sections of the paper readers liked, he had discovered that men loved reading not only the Sports stories, but the box scores. Gallup's statistics promised to be not only accurate, but entertaining. Finally, in early 1935 he founded a new company, the "American Institute of Public Opinion" (AIPO), based in Princeton, New Jersey. Both name and location served to distance the operation from workaday marketing research, and to emphasize their disinterestedness and

⁴⁵Hawbaker, "Taking 'the pulse of democracy'": 108.

reliability (though Gallup himself continued to work full-time at Young & Rubicam). By fall, he had also assembled a national organization of parttime interviewers.⁴⁶

On Sunday, October 20, 1935, some 60 papers debuted his new feature, "America Speaks." Occupying a full page, the survey promised to "report the trend of public opinion on one major issue each week." Accompanying articles described how the poll, called "a national election on a small scale," was conducted. Using both mail ballots and interviews (soon to move to interviews only), AIPO had queried people "from every state in the union, the large cities, the towns, and the rural districts, and from high and low income groups," allotting each group "the same proportion of votes as it casts in a national election." Its first question: "Do you think expenditures by the Government for relief and recovery are too little, too great, or just about right?" (60% thought "too great"). While the Gallup poll would focus on political issues over the next year, particularly as the election neared, Americans would also be queried about use of alcoholic beverages, and whether they thought King Edward should marry Mrs. Simpson.⁴⁷

⁴⁶See Robinson, "Polling Consumers and Citizens," ch. 2.

⁴⁷George H. Gallup, The Gallup Poll: Public Opinion 1935-1971, v. 1 1935-1948 (New York: Random House, 1972): 1; "America Speaks" Atlanta Constitution (October 20, 1935): 1C.

As it turned out, however, "America Speaks" had not been the first opinion poll; it was beaten to the presses by the "Fortune Survey." Where "America Speaks" had been Gallup's brainchild, the "Fortune Survey" had several parents. In the fall of 1934, Richardson Wood had gone searching for new clients for his firm, and soon approached his old employer, Fortune magazine, then at the peak of its influence. Wood's initial proposal was modest: that the business magazine commission a quarterly survey of sales of cigarette by brand and automobiles by make. Eric Hodgins, however, had a better idea. Hodgins, later famous as writer of the novel Mr. Blandings Builds his Dream House, was then Fortune's managing editor, and he made a counter-proposal. Why not use hire Cherington, Roper, and Wood to survey a range of Americans and "find out what people thought, or thought they thought, about all manner of things?"⁴⁸

The first "Fortune Survey" appeared in July 1935, and like "America Speaks," it included questions about society, politics, and economics--with more of an emphasis on economics. It was a bit of a rush job; the previous month's Fortune had just promised a "Market Survey." The initial Survey did resemble a market survey; it aimed to tell readers what people thought about business, and what they

⁴⁸"An Interview with Elmo Roper": 9-10; Hodgins, Trolley to the Moon: 407.

were buying. It opened with a political question--"Do you believe that the government should allow a man who has investments worth over a million dollars to keep them, subject only to present taxes?"--inspired by Huey Long and Charles Townsend's Share-the-Wealth proposals. To Fortune's credit, the magazine reported that almost half (45.8%) of respondents answered "no." The rest of the Survey was more market-oriented, asking after cigarette and brand preference, and--a reminder of CRW's presence--whether Americans thought their electric, phone, and tax bills were too low or too high (most thought them reasonable).

Unlike "America Speaks," the "Fortune Survey" made a virtue of its roots in market research, pointing to market research's success over the past decade as proof its validity. Remember that, in introducing the new feature, Fortune asked, "if Mr. H. G. Weaver of General Motors can discover by a survey" what his customers think, why not "the editor of a magazine?" The editors even bragged that the survey had been conducted by Paul T. Cherington, one of the inventors of the new sampling methods.⁴⁹

The reference to "customers," however, raises an important question about these samples of "American" opinion. Both claimed to have surveyed the American people; Gallup spoke of his sample as a "micro-America," while the "Fortune

⁴⁹"A New Technique in Journalism": 65-67.

Survey" promised to be a "microcosm" of the U.S. As soon became apparent, however, their origins in market research dictated the kind of samples on which these polls relied. Gallup had set out to produce a modern version of the straw poll, and its ability to predict elections was to be proof of its reliability. As Daniel Robinson has shown, however, this meant that the AIPO drew its samples not from the "American public," but from the "voting public." In 1930s America, the poor voted less than the rich, women less than men, and in many places African-Americans not at all. Faithfully reflecting these facts, Gallup's sample was disproportionately affluent, male, and white (most notably, about two-thirds male). So, when "America Speaks" claimed that "Americans" believed expenditures for relief and recovery were too great, it was really reporting that set of Americans who had voted in the 1932 election--only 60% of those eligible--believed that. Limited to the voting public, "America Speaks" would never be a mirror of the American public.⁵⁰

Such sampling issues were even more apparent in the "Fortune Survey." As noted, the first Survey appeared to have been put together at the last minute; a month before its debut it was billed as a "Market Survey," and at least

⁵⁰A penetrating discussion of Gallup's sampling biases can be found in Robinson, "Polling Consumers and Citizens": 96-115.

one of its questions, about electricity and telephone rates, was suspiciously like a question CRW had already been asking for its utility company clients. But the problem was not just that CRW, and Fortune's editors, had to put together a last-minute poll. It was that, where Gallup took the voting public as the American public, Fortune's pollsters had assumed the "American public" was the "buying public."

The problem was revealed when a disclaimer appeared along with October 1935's "Fortune Survey II." While the first survey had claimed to draw respondents from each region according to its population, it had actually drawn them according to the region's buying power. Thus, in the first Survey only 7% of all respondents had been drawn from the South, even though the South had 15% of the population, because Southerners wielded just 7% of national purchasing power. The first "Fortune Survey" had sampled not a microcosm of Americans but a microcosm of consumers. Fortune apologized, and corrected its methods "to make the geographical distribution represent population rather than buying power," but the mistake highlighted larger tensions that would not be so easy to resolve. Was an "opinion poll" a survey of markets, or voters, or the "American public"? And, even if it did draw a cross-section from the public, how was that public depicted?⁵¹

⁵¹"Fortune Survey II" Fortune XII (October 1935): 58, 173.

As the pollsters' early mistakes revealed, sampling was not a neutral process. Gallup's vision of a "micro-America" was impossible, for the quota methods he and his competitors relied on could not replicate every division in America. Stratified sampling, as two early students of the polls wrote, involved "the selection of cases ... according to significant factors which determine the nature of the total population" [my emphasis]. This raises the question, what factors did the pollsters deem "significant"? For Gallup, Roper, and Crossley, the factors they took into account when constructing their poll samples were the same factors they had deemed important when working as market researchers. Crossley's sample was taken from different regions of the country, then adjusted according to "income group." Gallup's sample was adjusted according to five factors: state population, ratio of farm to city votes, distribution of voters from the previous election, age, and again income group. Fortune likewise used five groupings: age, sex, geographical divisions, rural-urban districts, and economic class. Of these, the most significant factor was class.⁵²

Like their forbears in market research, the opinion polls depicted an "America" in which most people were members

⁵²Daniel Katz and Hadley Cantril, "Public Opinion Polls" Sociometry 1 (1937): 158, 161-163; "Fortune Survey II"; Stuart Ewen, PR!: A Social History of Spin (New York: Basic Books, 1996): 187-188.

of an expansive middle-class, and where the population was not sharply divided into antagonistic classes, but classified into different "income groups." Even these "income group" classifications were based on the marketers' ABCD scale for social stratification (chapter 3). Archibald Crossley, who used an ABCD ranking in his Cooperative Analysis of Broadcasting, drew on it for his election polls. 10% of respondents to the Crossley poll were in the "top income class," 15% "upper middle," 20% middle, 40% "lower middle," and only 15% in the "low income group." Fortune was similar, drawing 10% of respondents from the "prosperous" group, 30% upper middle class, 40% lower middle class, and 20% from the poor. Gallup suggested a proper weighting would be 20% wealthy, 20% poor, and 60% "medium."⁵³

The implications were significant for the pollsters' understanding of society. The tools they used promoted a vision of a politically moderate, middle-class nation. It is not that the pollsters deliberately downplayed political dissent during the period. Remember that the first "Fortune Survey" reported that half of all Americans supported share-the-wealth programs. Rather, by sampling only likely voters for their Presidential ballots, the polls left unheard the

⁵³Katz and Cantril, "Public Opinion Polls": 161-165; "Fortune Survey II"; "America Speaks" Atlanta Constitution (October 20, 1935): 1C; "Dr. Gallup Chided by Digest Editor," New York Times July 19 1936: 21.

voices of people unable or unwilling to participate in the electoral process--precisely those people most likely to voice discontent with the present system. On top of this, the categories they used led the pollsters to depict an America in which even the Depression had been unable to create deep rifts. Class was not ignored, but presented as one of many lines along which society was divided, given no more weight than the other divisions running through American society. A poll that showed divergence between the opinions of the "prosperous" and the "poor" might depict is no more significant than disagreement between people of different sexes or regions.

A fine example appeared in the June 1937, "Fortune Survey," which asked a question seemingly designed to pull out all the class stops: "Do you think that today and young man with thrift, ability and ambition has the opportunity to rise in the world, own his own home, and earn \$5,000 or more a year?" Overall, 57.6% responded either "Yes" or "Yes, if he's lucky." Yet a great deal of agreement was found even across class lines; 29% of the "Prosperous" answered No to the question, as did 41% of poor respondents. Alongside this appeared another tabulation, which revealed that 55% of those on the Northwest Plains answered No, as opposed to only 30.7% of respondents on the Pacific Coast. In their very form the polls presented a nation basically united but then segmented into a motley of cross-cutting and overlapping groups,

closely resembling the vision of the mass market developed over the previous decades by market researchers. And in this nation the loudest voice belonged to the expansive middle class.⁵⁴

Yet the fact the pollsters, as some called them, had produced this picture of America did not mean it was universally accepted. "America Speaks" had been a success, with almost 60 papers carrying the first report; but a year later the number had not grown, and a competing polling service, Daniel Starch's, had failed. The "Fortune Survey" had quickly become one of the magazine's most popular features, but not necessarily the most trusted. Eric Hodgins commented that he "had never seen a feature . . . that had so many avowed skeptics, but was so interesting to so many people, including the skeptics." The polls had won acceptance, not yet respect. They only gained that in the 1936 elections.⁵⁵

A Poll Made of Straw

The rest is now a well-known tale. In 1936 the Literary Digest, one of the nation's largest and best-known magazines, predicted on the basis of a massive straw poll that the next

⁵⁴"The Fortune Quarterly Survey VII," Fortune 15 (June 1937): 86-87.

⁵⁵"Polling America," Business Week (November 30, 1935): 41-42.; "An Interview with Elmo Roper": 13-14.

president would be the Republican Alf Landon. That same fall, all three of the new "scientific" sampled opinion polls predicted that Roosevelt would win. All that fall the two sides fought it out, with the Digest insisting on the reliability of its unscientific but time-tested method of prediction, while the new pollsters pointed out flaws in its design and made extravagant claims for their own surveys. In November the sampled opinion polls were proved right, and the Digest wrong. In the wake of this debacle the Literary Digest folded, while the opinion polls soared to new popularity and credibility.⁵⁶

Surprising for such an historical morality tale, the story is substantially true. In 1936 the Digest poll did fail, the new polls did succeed, and their victory did mark a moment when the opinion poll was widely perceived to have proven its reliability. But this tale is still worth another telling, both because the thumbnail sketch leaves out some details, and because the story as a whole is a valuable reminder that the polls were not simply the end-product of larger historical forces. A series of larger historical developments did prepare the way for the sampled opinion poll, from the rise of mass marketing to the expanding state of the New Deal. But the opinion polls owed their acceptance

⁵⁶A good summation is in Moore, The Superpollsters: 31-55.

not only to these larger developments, but to the marketing savvy of one man: George Gallup.

Long before the appearance of "America Speaks" and the "Fortune Survey" in 1935, American publications had routinely taken straw polls in advance of important elections, and by the 1930s the best-known was the Literary Digest's quadrennial presidential poll. It was no sampled survey, but an old-fashioned national balloting; in 1932 the Digest had mailed out almost ten million ballots, and received two million back, to provide an accurate prediction of the outcome of Hoover v. Roosevelt. Late in 1935, the Literary Digest began gearing up for its 1936 survey. Hundreds of employees started mailing millions of postcard ballots across the nation, to names drawn from subscription lists, car registrations and telephone books. As the magazine reported, "500 pens scratched out more than a quarter million addresses a day," while every day "400 workers deftly slid a million pieces of printed matter--enough to pave forty city blocks--into the addressed envelopes." When all the returned ballots were counted, the magazine promised, "the country will know to within a fraction of 1 per cent the actual popular vote of forty millions."⁵⁷

⁵⁷"The Digest Presidential Poll is On!" Literary Digest (August 22, 1936): 3-4.

Then, in July 1936, while the Literary Digest was still mailing out ballots, George Gallup announced in a public letter that its poll would be wrong. His earlier studies of postcard balloting had revealed that a straw poll like the Digest's was fatally flawed. The problem, he explained, was that the magazine had made only the loosest attempt to construct a sample that was a genuine cross-section of the nation. Its respondents were drawn from car, telephone, and magazine lists, and so more than likely to be middle-class or above. But in 1936, voting would be more polarized along class lines than it had been in a generation. Simply put, the poor preferred Roosevelt, while the rich tended to go for Landon. An additional factor was that people with strong opinions were more likely to reply to such a survey than the general population, meaning Roosevelt-haters would be overrepresented. In contrast to the Digest's, Gallup wrote, an "accurate" and "scientific" poll should weigh responses by class; his own suggestion was that it divide the voters into three classes, and overall represent "the rich two-tenths, the medium six-tenths, and the poor two-tenths." The Digest had not adopted such basic controls, and so would receive disproportionate responses from middle-class voters, which would lead it to overestimate Landon support. Adding insult

to injury, Gallup even predicted the Digest's final result: Roosevelt 44%, Landon 56%.⁵⁸

As public relations, it was a risky but brilliant move, turning the election into a test of the two polls. Gallup's claim immediately drew new attention to his polls, helped perhaps by loud protests from the Digest, whose editor, Wilfred Funk, replied to Gallup's warning by asking him to "confine his political crystal-gazing to the offices of the American Institute of Public Opinion." Funk also attacked the very idea of a stratified sample, writing that the Digest had never been able to discover how many "rich men, poor men, G-men, racketeers, and candlestick makers" voted in a given election. In making this particular complaint, Funk furthered Gallup's goals of highlighting the differences between the two polls; millions of Americans who might formerly have paid little attention to what separated them were now learning that the "Literary Digest poll" relied on sheer number of respondents for its accuracy, while "America Speaks" drew its responses from a much smaller sample, tailored to be a mirror of the American voting public.⁵⁹

⁵⁸It appears that Crossley, Gallup, and Roper were all well aware of the flaws in the Digest's survey, but only Gallup saw the public relations gold waiting to be mined. "Dr. Gallup Chided by Digest Editor": 21; Gallup, "Oral History": 118-123.

⁵⁹"Dr. Gallup Chided by Digest Editor."

That fall, the contest between the public opinion polls and the straw polls became a dramatic subplot to the Roosevelt-Landon race. Gallup kept up his warnings to the Digest, and the Digest kept up its criticisms of Gallup. In itself, their competition made a good story. Amplifying it was the fact that many papers carrying "America Speaks" were backing Landon, and so had a reason for mentioning the Literary Digest's results, and for playing up the possibility of an error in Gallup's calculations. The editors of the New York Herald-Tribune, the nation's most prestigious paper, simultaneously carried "America Speaks" and criticized it from their pro-Landon editorial page. Even the Des Moines Sunday Register, a paper shaped by Gallup's readership studies, turned the election into a test of his predictions. Its election-day headline read "'America Speaks' Poll Predicts F.R. to Win; Literary Digest Gives Majority to Landon." A similar drama was played out in the Hearst papers, which had hired the market researcher Archibald Crossley as their pollster. Crossley, using methods similar to Gallup's, also predicted a Roosevelt victory, leading the pro-Landon Hearst editors to play up the Literary Digest's results and so throw doubt on Crossley. By election day, millions of Americans knew of the battle between the polls, and had gleaned some knowledge about the difference between the two kinds of polls. The election had been set up as a

giant test to see which could more accurately "plumb the public mind."⁶⁰

On November 7, 1936, Gallup won; Roosevelt had gained reelection with 60.7% of the vote. The Literary Digest had been wrong, and it would not have another chance at such a national poll; its failure was the last nail in its economic coffin, and the magazine ceased publication in 1937. In contrast, Gallup, Roper, and Crossley were looking like political prophets in the election's aftermath. So impressive was their work that few noted that each of their polls had its own flaws; while the "Fortune Survey" was pretty close, predicting FDR's percentage at 61.7%, both Gallup and Crossley were off by a fair margin, each having predicted the Democrat would receive 53.8% of the vote. These mistakes were not minor, and would lead the new pollsters to a debacle of their own in the 1948 election; but at the time the percentages mattered less than the fact that the sampled surveys had accurately predicted the election, and demonstrated to the public they were an accurate gauge of public opinion.⁶¹

⁶⁰'Taking the 'pulse of democracy': 109; Katz and Cantril, "Public Opinion Polls": 163.

⁶¹Peverill Squire, "Why the 1936 Literary Digest Poll failed," Public Opinion Quarterly 52 (1988): 125-133. Two articles published at the time are also excellent guides to the polls in 1936, Archibald M. Crossley, "Straw Polls in 1936," POQ 1 (January 1937): 24-35, and Katz and Cantril, "Public Opinion Polls": 155-179.

Conclusion

The pollsters' victory in 1936 converted earlier skepticism into widespread acceptance. The election itself, News Week wrote, had provided "spectacular proof of the Gallup method's relative accuracy." So complete was their triumph that straw polls soon disappeared from newspapers and magazines, and "polling" became synonymous with the sampled opinion survey. The pollsters themselves were depicted in popular articles as mind-readers, oracles of the public's voice. Even social scientists accepted the polls; when Princeton University launched a new journal, Public Opinion Quarterly, in 1937, among its first contributors were not only the political scientists and psychologists who had dominated academic study of the topic, but Gallup and Roper. Debate continued over the practice of polling, but it was no longer debate over the accuracy of the polls, but over the wisdom of leaving such a powerful tool for measuring public opinion in private hands.⁶²

As the polls' results won widespread acceptance, they carried with them their portrait of American society. The polls never papered over divisions in American society--after

⁶² "Dr. Gallup Closes a Gap between People and Government," News Week 8 (November 14, 1936): 15; Herbst: 79-18, 83-85. On the respect accorded to pollsters see, for instance, Beverly Smith, "Who's Behind that Poll," American Magazine 130 (November 1940): 31+, and Springarn, "The Public Opinion Poll" : 97-104.

all, they measured differences of opinions--but the polls also embodied the assumption that these divisions occurred within an overarching social whole. In the polls, the marketing vision of an expanding and encompassing mass market became a political vision of an expanding and encompassing "American people," anchored by the broad middle-class the pollsters placed at the center of their categories. While it is difficult to tell how fully this portrait was accepted by the readers of the polls, evidence suggests it was. Warren Susman has noted how, in the 1930s, depictions of "the people" were popular because of their "ability to suggest that a basic unity underpinned the social and cultural structures of America," making "divisions within society" seem superficial. Yet even at the time observers noted that the polls promoted a new vision of American society. The journalist Jerome Springarn summed this up when he wrote in 1938 that,

"[O]ne can today look at a crowd of people at a ball park and feel sure not only that most of them carry in their pocket cigarettes of three leading brands, but that 62 per cent of them think government regulation of the stock market has helped investors and that 76 per cent are against Philippine independence."⁶³

⁶³Warren Susman, "The People's Fair: Cultural Contradictions of a Consumer Society," Culture as History: The Transformation of American Society in the Twentieth Century (New York: Basic Books, 1984): 212. Susman saw the opinion poll as one aspect of this development (217). Springarn, "The Public Opinion Poll": 97.

His passage captures something essential about the way the polls worked. In them one saw an American public, divided on innumerable issues, cheering different teams, buying different products, backing different politicians, but still somehow gathered together in the polls.

Conclusion:

The World They Made

Sixty years on, we live in commercial, political, and social worlds profoundly shaped by market research. The field itself has exploded, as the small number of corporate market research offices developed in the 1920s and 1930s were joined in the 1940s and 1950 by a host of others, and as demographic and consumer research became guiding forces for corporations trying to win consumers. In 1929, one researcher found 29 companies with formal market research departments; in 1969, the number was 1,235. The fragile networks for studying distribution that grew in the interwar years were superseded by a marketing research complex which tied together large corporate market research divisions, flourishing consultancies and thriving university-based research bureaus, all sustained by a flood of private and public data.¹

In business, executives have learned to subject both their products and pitches to the bar of market research. Prospective new consumer items are run through batteries of tests, panels, and consumer "juries" to see whether they appeal sufficiently to different age, social, and

¹Erik Larson, The Naked Consumer: How Our Private Lives Become Public Commodities (New York: Penguin Books, 1992): 37.

psychological market segments. Their features, packages, color schemes, and even names are carefully adjusted in light of laboratory-based "consumers'" responses. Advertisements are produced much the same way, molded to fit target audiences and consumers' responses and then placed according to detailed, multidimensional studies of television, radio, and print audiences. Even the major vehicles of entertainment, movies and television shows, are often rigorously tested by market researchers before they reach the general public, and characters and even endings can be changed if the test audiences don't like them. To be sure, business' reliance on market research has its critics--it is accused of stifling innovation, promoting the lowest common denominator, and just not working--but the very high level of criticism testifies to its ubiquity.

Businesses's reliance on market research has even inspired a distinctively American polemic, one which attacks market researchers for commodifying Americans' private lives and souls. In 1957, the journalist Vance Packard spotlighted psychologically-oriented "motivational research" in his The Hidden Persuaders, focusing on the émigré psychologist Ernst Dichter, to show that American corporations were preying on Americans' psychological weaknesses to sell products. In the 1960s, such criticisms often focused on the growing power of opinion polls, as works like Michael Wheeler's Lies, Damn Lies, and Statistics attacked pollsters for manipulating

their surveys, while taking sideswipes at commercial polls as well. The 1990s have seen new criticisms of market research in works like Eric Larson's The Naked Consumer, an attack on the growing intermingling of marketing databases and the consequent potential they have for invading privacy by tracking consumer purchases, and Thomas Frank's The Conquest of Cool, which argues that social rebellion in the 1960s was defused by clever marketers, who transformed angry youth into yet another niche market.²

In the guise of polling, market research has also changed the ways political campaigns are run and policies are made. Nowadays few candidates are without their election consultants, who borrow marketers' concepts and tools to envision the electorate as a "political market," and who poll voters and listen in on focus groups to discover what the electorate wants. These consultants are adept at crafting pitches that will appeal to particular segments of the electorate, and at finding the right media channels to distribute their messages. So successful have they been that it is hard to remember a time when marketing and campaigning were not synonymous. The 1960s and 1970s saw candidates'

²Vance Packard, The Hidden Persuaders (New York: David McKay, 1957); Michael Wheeler, Lies, Damn Lies, and Statistics: The Manipulation of Public Opinion in America (New York: Dell, 1976); Larson, The Naked Consumer; Thomas Frank, The Conquest of Cool: Business culture, counter-culture, and the rise of hip consumerism (Chicago: University of Chicago Press, 1997).

pollsters gradually move to the center of campaigns, as the Kennedy's Lewis Harris and Jimmy Carter's Pat Caddell became major advisors. According to one study, the most important pollsters took on the role of "an analytic interpreter, a grand strategist, and to some, a Delphic oracle" of the people.³

This new reliance on pollsters and the apparatus of consumer surveys also changed what candidates did once in office. Using political polls, not only could candidates identify particular "political markets" within the larger electorate, they could also judge those segments' response to particular issues before raising them publicly. The new wealth of data has made it easier than ever before for candidates to identify polarizing issues and steer clear of them, running instead on less contentious policies. Focus groups can now be assembled to vet every aspect not only of a politician's message, but her or his policies. This approach to politics reached some kind of apotheosis in 1994 when not only the language but also the planks of the Republican "Contract with America" were tested through focus groups and polls before being sent out on the campaign trail. After it

³Larry Sabato, The Rise of Political Consultant: new ways of winning elections (New York: Basic Books, 1981): 73 and 68-110; Robert Westbrook, "Politics as Consumption: Managing the Modern American Election," in The Culture of Consumption: Critical Essays in American History, ed. Richard Wightman Fox and T. J. Jackson Lears (New York: Pantheon, 1983): 143-174.

was unveiled, Republican insiders were instructed to boast of their polling, and argue that the use of such means meant that the Contract had already been "approved by the American people." At least in their rhetoric, the polls had become as legitimate a medium as elections for Americans to express their political views.⁴

An important if less identifiable way market research changed America was through the image it offered the nation. In market researchers' eyes, Americans appeared as consumers comprising a stratified, segmented, heterogeneous market. This worldview was soon adopted far beyond commerce and politics. In religion, America's fastest-growing churches, the nondenominational, "seeker" churches have in recent years seized on market research to define their congregations and missions. The nation's largest, Chicago's Willow Creek Community Church, is a case in point. A recent study reports that Willow Creek has used "quantitative research to gain a specific understanding of [its] audiences," and that its pastor bases his preaching and planning on a demographic and psychological model of "unchurched Harry," the 25-to-45 year

⁴Brian Balogh, "Mirrors of Desire: Markets, Interest Groups, and Political Constituencies Between the World Wars" (Unpublished paper delivered at the Seminar, Johns Hopkins University, 1993); John Geer, From Tea Leaves to Opinion Poll: a theory of democratic leadership (New York: Columbia University Press, 1996): 14; Elizabeth Drew, Showdown: The Struggle Between the Gingrich Congress and the Clinton White House (New York: Simon and Schuster, 1996): 29-30.

old, suburban professional the church targets as its prime constituent. Ministries within the Church have also been "guided by the idea of isolating a target audience," focusing their efforts on a smaller segment of the Church's target audience. Far from being a Church for everyone, Willow Creek's leaders have used market research to define themselves as a Church selling a religious product to a particular market segment. In recent years Willow Creek's spectacular growth has led dozens of other suburban churches to borrow its model.⁵

As market research changed the congregation into a market segment, so in criminal justice it has changed the "jury of one's peers" into a (no other term will do) consumer jury. In the most recent "trial of the century," the O. J. Simpson murder case, both prosecutors and defenders extensively employed jury consultants. Beginning in the 1970, a small industry appeared of marketers who used market research tools and ideas to identify the segments most likely to convict (or acquit) defendants, and to evaluate the most promising defense and prosecutorial strategies. Working for the prosecution in the Simpson case was DecisionQuest, a 200-

⁵G. A. Pritchard, Willow Creek Seekers Services: Evaluating a New Way of Doing Church (Grand Rapids, MI: Baker Books, 1996): 59, 61, 297n11. Of course, American churches have always competed in the marketplace; see R. Laurence Moore, Selling God: American Religion in the Marketplace of Culture (New York: Oxford University Press, 1994).

employee research firm founded by Donald Vinson, a former University of Southern California marketing professor. To assemble a profile of likely jurors, the firm used "focus groups, telephone surveys, [and] jargon-filled demographic analyses" to conclude that the jurors least likely to convict Simpson were African-American women, who were also revealed in focus groups to find lead prosecutor Marsha Clark "shrill" and unsympathetic. When prosecutors rejected the firm's advice, and used gut feelings rather than the marketing analyses to choose the jury, they were bitterly criticized. Some attributed Simpson's acquittal in part to the prosecution's refusal to use this latest product of market research.⁶

Market research's deep influence on American culture can also be gauged through a peculiar fact: both its promoters and its critics came to see market research as not just one way to represent American society, but a transparent medium with the potential to reveal what the nation really looked like and thought. Even sharp analysts of American society took this view. In his classic The Lonely Crowd, largely a critique of the "outer-directed" personality taking shape in America's bureaucratic corporations, David Riesman suggested that people's "true wants" could be uncovered by vital agents

⁶Jeffrey Toobin, The Run of his Life: The People v. O. J. Simpson (New York: Random House, 1996): 187-194.

of those corporations, market researchers. In a striking passage, he wrote:

[M]arket research has for many years seemed to me one of the most promising channels for democratic control of our economy. Market researchers know as well as anyone that their methods need not be used simply to manipulate people into buying the goods and cultural definitions that already exist or to dress them up in marginal differentiations, but can be employed to find out not so much what people want but what with liberated fantasy they might want.

In this account, market research appears a royal road to discovering people's "true wants."⁷

The founding document of America's "New Left" also bears witness to the ubiquity of market research. Students for a Democratic Society's Port Huron Statement, written by Tom Hayden, aimed to explode the apathy and alienation that they believed gripped American society, much of it produced by America's materialism and consumerist culture. Yet to prove that the American public was alienated, Hayden turned to a tool that seemed the enemy of participatory democracy, opinion polls. "Almost no students value activity as citizens," the Statement claimed, pointing to the fact that "Gallup concludes that they will settle for 'low success and won't risk high failure'." Like Riesman, Hayden assumed that the polls could depict what the American people really

⁷David Riesman with Nathan Glazer and Reuel Denney, The Lonely Crowd: a study of the changing American character (New Haven, CT: Yale University Press, 1969 [1961]): 302-303.

thought and felt. He, too, accepted the world the market researcher made.⁸

Here we see the deep dilemma that market research raises. It is not that market researchers invade our privacy; though some probably do, laws can prevent that. Nor is it that market research saps businessmen's daring and imagination; no doubt it affects some that way, but the hard hand of the market will surely punish those businessmen who fail to excite the consumer. Rather, the problem is that market researchers have proven so efficient at surveying, dividing and stratifying America, and so good at ferreting out Americans' attributes, beliefs, and desires, that we easily accept that the world depicted by market researchers is the world as it is, that their image of America is the truest one. The reality is that while market research captures some truths about American society, the world depicted by market research is like all such models only an abstraction from the real one. As we have seen in this dissertation, it was not discovered but created, by men simply trying to understand the new American market. These market researchers succeeded in making a world; our error lies in believing it is the only one.

⁸Students for a Democratic Society, "The Port Huron Statement," reprinted in James Miller, "Democracy is in the Streets": From Port Huron to the Siege of Chicago (New York: Simon and Schuster, 1987): 334.

Note on Sources

This dissertation draws on a range of sources, including archival material, contemporaneous articles, books and studies, and secondary scholarly works. Here I want to discuss the most significant published sources and archives I utilized.

Printed Sources

There is no comprehensive scholarly history of market research. At present the best account of market research's origins and development can be found in Jean Converse, Survey Research in the United States: Roots and Emergence, 1890-1960: 87-121 (1987) [full references to be found in the "Select Bibliography"], who offers an illuminating, though largely internalist, account of market research's development in relation to survey research. There is also a good account in Daniel Robinson, "Polling Consumers and Citizens: Opinion Sample Surveys and the rise of the Canadian marketing polity" (Ph.D. diss., York U., 1996), ch. 1. Special note should be made of Douglas Ward, "Tracking the Culture of Consumption: Curtis Publishing Company, Charles Coolidge Parlin, and the Origins of Market Research, 1911-1930" (Ph.D. diss., U. of Maryland, 1996). I believe a single-case study is not the best way to approach the growth of market research, but Ward's is a fine account of market research at Curtis.

Briefer accounts of market research's early history can also be found in James Beniger, The Control Revolution: Technological and Economic Origins of the Information Society (1986) and Daniel Boorstin's The Americans: The Democratic Experience (1973), the latter containing several perceptive remarks on its origins. While not focused on market research, William Leach's Land of Desire: Merchants, Power and the Rise of a New American Culture (1993) includes excellent accounts of the construction of public-private networks for producing data on markets and consumers.

Several works are now underway, or in press, examining market research as part of a broader net of relationships between corporation and consumer; see Sally Clarke, "Consumer Negotiations," (1997) and "Consumers, Information, and Marketing Efficiency at GM, 1921-1940," (1995) and Roland Marchand, "Consumer Research as Public Relations: General Motors in the 1930s" (forthcoming).

More recently, several social historians have put market research studies to good use in their accounts of the transformation of American life in the early part of this century; see Alan Berolzheimer, "A Nation of Consumers: Mass Consumption, Middle-Class Standards of Living, and American National Identity, 1910-1950" (Ph.D. diss., U. of Virginia, 1994), Susan Strasser, Satisfaction Guaranteed: The Making of the Mass Market (1989) and especially Elizabeth

Cohen, Making a New Deal: Industrial Workers in Chicago, 1919-1939 (1990).

Historians of advertising have also begun to pay heed to the ways that systematic study of readers and consumers shaped advertising design and strategy; see Peggy Jean Kreshel, "Toward a Cultural History of Advertising Research: A Case Study of J. Walter Thompson, 1908-1925" (Ph.D. diss., U. of Illinois at Urbana-Champaign, 1989), and the still-useful Ralph M. Hower, The History of an Advertising Agency: N. W. Ayer & Son at Work, 1869-1939 (1939). Historians attempting to craft "critical" accounts of advertising have produced more uneven work, tending to depict market research either as an all-powerful tool for prying into men's souls, or as a practice useless for men able to manipulate their audiences. For the former approach, see Stewart Ewen, PR! A Social History of Spin (1996) for the latter, T. J. Jackson Lears, "The Rise of American Advertising" (1983).

The bulk of the history of marketing and market research has been written by marketing scholars, often in brief reminiscences that give an overview of their careers and colleagues. Special note should be taken of three works. Lawrence Lockley's "Notes on the History of Marketing Research" (1950) is a remarkable accurate sketch of the field's early years. Paul Converse's The Beginnings of Marketing Thought (1959) and Fifty Years of Marketing Thought

in Retrospect (1959) are good retrospectives from a first-generation marketing scholar. Indispensable is Robert Bartels's The Development of Marketing Thought (1962). Bartels provides a scholarly and first-hand account of the rise of academic marketing, along with potted summaries of major theories in the field and the influence of early figures. Particularly valuable is the book's "Appendix"; while writing the first edition Bartels wrote many of the field's founders, asking them how their careers developed, and here he reprints their replies.

Several articles on the development of academic marketing, and brief biographies of its important early figures, appeared in the Journal of Marketing in the 1950s and 1960s; the brief biographies, often written by a subject's friend or colleague, were collected in John S. Wright and Parks Dimsdale, Jr., eds., Pioneers of Marketing (1974).

The writings of the market researchers themselves are a primary source for this dissertation. Though now neglected, the books cited here, from Arch Shaw's Some Problems in Market Distribution (1915) to George Gallup's The Pulse of Democracy (1940), were standard works in their time and can with little effort be found moldering on the shelves of many business schools established before the 1940s. In the late 1970s the Arno Press reprinted many of these books in its

series "A Century of Marketing," and also included several collections of important essays, the most significant of the latter edited by Henry Assael: Early Development and Conceptualization of the Field of Marketing (1978), The Collected Works of C. C. Parlin (1978), and A Pioneer in Marketing: L. D. H Weld, Collected Works 1916 - 1941 (1978).

Beginning in 1919 with C. S. Duncan's Commercial Research, textbooks on the new fields of marketing and marketing research began appearing with great regularity, and textbooks on advertising also began including sections on advertising research. Many were written by men actively involved in the new field, and they are an important repository of information on what was being taught and done; among those I found most useful were Melvin Copeland's Principles of Marketing (1924), J. G. Frederick's Business Research and Statistics (1922) William J. Reilly's Marketing Investigations (1929), Daniel Starch's Principles of Advertising (1923), and Percival White's Market Analysis (1925). Also valuable are the articles collected in Copeland, ed., Business Statistics (1921).

Several journals from the period printed important articles and surveys of marketing research, including the American Economic Review and the Annals of the American Academy of Social and Political Science; but articles on marketing research appeared most consistently in System magazine, owned by Arch Shaw; the Harvard Business Review,

reflecting the importance marketing had at Harvard in the 1920s; and in the trade journal Printers' Ink, which despite its special focus on advertising also printed articles on a range of marketing issues. Useful articles can also be found in the journal Advertising and Selling.

While textbooks are particularly useful, the 1920s saw the appearance of a few articles providing an overview of the new field of marketing research, the most useful being James H. Collins's "The Producer Goes Exploring to find the Consumer " (1923) written for a popular audience, and Louis D. H. Weld's "The Progress of Commercial Research" (1923) aimed more at a business readership. These were soon followed by several more detailed surveys, including Paul Cherington's "Statistics in Market Studies" (1924) and Daniel Starch's "Research Methods in Advertising" (1923). The best surveys of the growing use of quantitative data in the 1930s are Lyndon O. Brown's seminal articles "Quantitative Market Analysis Methods" and "Quantitative Market Analysis: Scope and Uses" (1933).

A work vital to understanding the transformation of marketing in the 1920s is Melvin Copeland, "Marketing," in Recent Economic Changes in the United States (1933).

In the 1930s, the tail end of the period my dissertation covers, two important journals appeared that would carry many articles on the field; the Journal of Marketing (1936 -), official organ of the American Marketing Association, and

Market Research (1933-1940) a limited-circulation journal published by Percival and Pauline White's Market Research Corporation of America.

For public opinion polling, the standard journal was and remains Public Opinion Quarterly (1937 -). Surprisingly, few historical works have examined the growth of opinion polling; the best are Susan Herbst, Numbered Voices: How Opinion Polling has Shaped American Politics, David W. Moore, The Superpollsters: how they measure and manipulate public opinion in America (1992), and Robinson, "Polling Consumers and Citizens," the last particularly valuable for providing U.S. readers an account of polling's development in Canada, a nation whose political culture differs sharply from our own.

Finally, not strictly a source, but necessary for this dissertation, was Joseph M. Williams, Style: Toward Clarity and Grace (1990).

Archives

Some archives supplied material used throughout this dissertation, while others held material used in only a single chapter or section.

At the Harvard Business School Archives, Historical Collections, Baker Library, Harvard Graduate School of Business Administration (hereafter HBSA), I chiefly used two collections, the "Bureau of Business Research Office Records" and "Dean's Correspondence" from the Gay and Donham

administrations [no accession numbers]. These provided the majority of the data relating to the Harvard Bureau of Business Research and to the Harvard marketing scholars who did so much to build a network for market research in the 1910s and 1920s. The Bureau of Business Research records are extensive, including not only all the Bureau's reports but records of correspondence with retailers and wholesalers, a smattering of the original questionnaires, and internal documents relating to employees, the Bureau's own operating costs, and the role it played at the Business School. The Dean's Correspondence files also contain some information on the Bureau's origins and functions.

The papers of the Bureau's founders are not at Harvard. Gay's papers, apart from official papers held in the Dean's Correspondence, are held at the Huntington Library, San Marino, California; Shaw's papers are not available to scholars, though Robert Cuff, in "Strengthening Proprietary Capitalism" (1997), reports that they are in the private possession of William Shaw, Birch Tree, Missouri.

Chapter 3 relies on the J. Walter Thompson Archives, Hartman Center for Sales, Advertising, and Marketing History, Special Collections, Duke University Library, Durham, NC [no accession number]. The Thompson records are a comprehensive collection of the advertising agency's papers from the turn of the century to the 1970s, including original advertising materials, publications (especially the useful in-house

Newsletter and the Bulletin prepared for general circulation), internal studies, correspondence, personnel files, and ephemera. It is an unmatched resource for the study of advertising.

Chapter 4 relies on the Curtis Publishing Company records, c. 1887-1960, Department of Special Collections, Van Pelt Library, University of Pennsylvania, Philadelphia [NS Coll. 51]. The collection holds an almost complete set of Curtis's voluminous market studies from 1911 to the 1940s, as well as internal records of the Commercial Research Division, some of the publisher's business records and a run of its corporate newsletter, Obiter Dicta. The studies themselves often run to several thousand pages, and include hundreds of pages of notes from Parlin's comprehensive surveys of consumer industries. They are a major, untapped resource for business historians.

The Edward Stettinius Papers, Special Collections, Alderman Library, University of Virginia [Boxes 18-19, Acc. 2723] also were useful, containing as they do several General Motors market studies sent to Stettinius while he served as counsel to General Motors.

At the Herbert Hoover Presidential Library in West Branch, Iowa (HHPL) [no accession numbers] I used several sets of papers for much of the material in chapter 5. "Edwin W. Gay," "Arch W. Shaw," and "The Census of Distributing

Trades" are each separate subject files within the voluminous "Commerce Papers" there. Separately held and catalogued are the "Frederick Feiker Papers."

It also relies on the U. S. Chamber of Commerce papers, Hagley Museum and Library, Wilmington, Delaware, especially the Minutes of the Chamber's Board of Directors [Box 1-2, Acc. 1960]. They were useful in determining the Chamber's relationship to the National Distribution Conference of 1924 and its role in the construction of the Census of Distribution.

The National Archives in Washington, DC, contained records of the Census Bureau's work on the 1930 Census of Distribution, found in Box 1, Entry 268, "Records Relating to the 1929 Census of Distribution," Record Group 29, "Records of the Bureau of the Census" [RG 29, 1.268, NA].

Chapter 6 relies on the Elmo Roper Papers, currently stored at the Roper Center for Public Opinion Research, University of Connecticut, Storrs, Connecticut [no accession number; uncatalogued]. The Roper papers consist of correspondence, scrapbooks, and a few printed sources, most dating from the 1940s and later; but the scrapbooks include material from the 1930s. Oral interviews with Roper, George Gallup, and Archibald Crossley are stored at the American Association for Public Opinion (AAPOR) Archives, National Opinion Research Center, University of Chicago; there is also an interview with Gallup in the Columbia Oral History

Archives. Gallup's papers, currently unavailable to scholars, were promised to the University of Iowa Libraries in 1995; but as of this writing they have not yet been deposited there.

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