CHAPTER 3
The Evolution of Advertising

After reading and thinking about this chapter, you will be able to do the following:

1. Explain why advertising is an essential feature of capitalistic economic systems.

2. Describe manufacturers' dependence on advertising, promotion, and branding in achieving balanced relationships with retailers.

3. Discuss several important eras in the evolution of advertising in the United States, and relate important changes in advertising practice to more fundamental changes in society and culture.

4. Identify forces that may make the next decade a period of dramatic change for the advertising industry.
—and he wonders why
she said "NO!"

If only he had read her thoughts he would not have lost her. A
picture of neatness herself, she detested slovenliness. And not
once, but many times, she had noticed his ungarpered socks
creeping down around his shoe tops. To have to apologize to
her friends for a husband’s careless habits was too much to ask. So she
had to say "NO"—and in spite of his pleading couldn’t tell him why.

No SOX Appeal Without

PARIS
GARTERS

NO METAL CAN TOUCH YOU
25c to 82

Dress Well and Succeed

© 1928 A. STEIN & COMPANY. MAKERS. CHICAGO, NEW YORK, LOS ANGELES, TORONTO
The 1935 Lux advertisement shown in Exhibit 3.1 is undoubtedly curious to contemporary audiences. It is, however, typical of its time and very likely made perfect sense to its original audience. In the 1930s, in the middle of the Great Depression, anxiety about losing one's husband—and thus one's economic well-being—to divorce was not unfounded. Targeted to a new generation of stay-at-home housewives anxious about their exclusion from the modern world of their husbands, during a period when losing one's source of income could mean abject poverty or worse, in a society where daily bathing was still rare but where self-doubt about personal hygiene was on the rise, such an ad may have pushed just the right buttons. If Lux can "remove perspiration odor from underthings," it might save more than colors and fabrics. It might save marriages. If Bob's romantic indifference continues, Sally may soon be back home with Mom or on the street. But with Lux on the scene, Bob goes home for dinner.

While some ads today use the same general technique to sell deodorants, soaps, and feminine-hygiene products, this ad is certainly not read the same way today as it was in 1935. Ads are part of their times. Today, Sally would likely have a job and be far less economically vulnerable and socially isolated—not to mention that Sally and Bob would both be bathing more. So we see the 1930s in this ad in the same way that students of the future will view ads of our time: as interesting, revealing, but still distorted reflections of daily life in the early 21st century. Even in the 1930s, consumers knew that ads were ads; they knew that ads exaggerated, they knew that ads tried to sell things, and they knew that ads didn't exactly mirror everyday life. But ads look enough like life to work, sometimes.

This chapter is about the evolution of advertising. Over the decades, advertisers have tried many different strategies and approaches, and you can learn a lot from their successes and failure. Studying them will allow you to know when a given advertising technique is really something new or just reheated retro. Besides being interesting, history is very practical.

**Fundamental Influences on the Evolution of Advertising.** In many discussions of the evolution of advertising, the process is often portrayed as having its origins in ancient times, with even primitive peoples practicing some form of advertising. This is incorrect. Whatever those ancients were doing, they weren't advertising. Remember, advertising exists only as mass-mediated communication. As far as we know, there was no Mesopotamia Messenger or "Rome: Live at Five." So, while cavemen and cavewomen certainly were communicating with one another with persuasive intent, and maybe even in an exchange context, they were not using advertising. Advertising is a product of modern times and mass media.
Before offering a brief social history of American advertising, we will first discuss some of the major factors that gave rise to it. Advertising, as we have defined it, came into being as a result of at least four major developments:

1. The rise of capitalism
2. The Industrial Revolution
3. Manufacturers’ pursuit of power in the channel of distribution
4. The rise of modern mass media

1. The Rise of Capitalism. For advertising to become prominent in a society, the society must rely on aspects of capitalism in its economic system. The tenets of capitalism warrant that organizations compete for resources, called capital, in a free market environment. Part of the competition for resources involves stimulating demand for the organization’s goods or services. When an individual organization successfully stimulates demand, it attracts capital to the organization in the form of money (or other goods) as payment. One of the tools used to stimulate demand is advertising.

The Industrial Revolution. The Industrial Revolution produced a need for advertising. Beginning about 1750 in England, the revolution spread to the United States and progressed slowly until the early 1800s, when the War of 1812 boosted domestic production. The emergence of the principle of interchangeable parts and the perfection of the sewing machine, both in 1850, coupled with the Civil War a decade later, laid the foundation for widespread industrialization. The Industrial Revolution took American society away from household self-sufficiency as a method of fulfilling material needs to marketplace dependency as a way of life. The Industrial Revolution was a basic force behind the rapid increase in a mass-produced supply of goods that required stimulation of demand, something that advertising can be very good at. By providing a need for advertising, the Industrial Revolution was a basic influence in its emergence.

Other equally revolutionary developments were part of the broad Industrial Revolution. First, there was a revolution in transportation, most dramatically symbolized by the east-west connection of the United States in 1869 by the railroad. This connection represented the beginnings of the distribution network needed to move the mass quantities of goods for which advertising would help stimulate demand. In the 1840s, the principle of limited liability, which restricts an investor’s risk in a business venture to only his or her shares in a corporation rather than all personal assets, gained acceptance and resulted in the accumulation of large amounts of capital to finance the Industrial Revolution. Finally, rapid population growth and urbanization began taking place in the 1800s. From 1830 to 1860, the population of the United States increased nearly threefold, from 12.8 million to 31.4 million. During the same period, the number of cities with more than 20,000 inhabitants grew to 43. Historically, there is a strong relationship between per capita outlays for advertising and an increase in the size of cities. Overall, the growth and concentration of population provided the marketplaces essential to the widespread use of advertising. As the potential grew for goods to be produced, delivered, and introduced to large numbers of people residing in concentrated areas, the stage was set for advertising to emerge and flourish.

Manufacturers' Pursuit of Power in the Channel of Distribution. Another fundamental influence on the emergence and growth of advertising relates to manufacturers' pursuit of power in the channel of distribution. If a manufacturer can stimulate sizable demand for a brand, then that manufacturer can develop power in the distribution channel and essentially force wholesalers and retailers to sell that particular brand. Demand stimulation among consumers causes them to insist on the item at the retail or wholesale level; retailers and wholesalers have virtually no choice but to comply with consumers' desires and carry the desired item. Thus, the manufacturer has power in the channel of distribution and not only can force other participants in the channel to stock the brand, but also is in a position to command a higher price for the item. The marketing of Intel's Pentium chip is an excellent example of how one manufacturer, Intel, has developed considerable power in the computer distribution channel, establishing its product, the Pentium chip, as a premium brand.

A factor that turned out to be critical to manufacturers' pursuit of power was the strategy of branding products. Manufacturers had to develop brand names so that consumers could focus their attention on a clearly identified item. Manufacturers began branding previously unmarked commodities, such as work clothes and package goods, by the late 1800s, with Levi's (1873), Maxwell House (1873), Budweiser (1876), Ivory (1879), and Coca-Cola (1876) being among the first branded goods to show up on shopkeepers' shelves. Once a product had a brand mark and name that consumers could identify, the process of demand stimulation could take place. Of course, the essential tool in stimulating demand for a brand is advertising. Even today, when Procter & Gamble and Philip Morris spend many billions of dollars each year to stimulate demand for such popular brands as Crest, Charmin, Velveeta, and Miller Lite, wholesalers and retailers carry these brands because advertising has stimulated demand and brought consumers into the retail store looking for and asking for the brands.

Manufacturers' pursuit of power in the distribution channel is a standard facet of capitalistic economic systems. Generally, the economic system also needs to be advanced enough to feature a national market and a sufficient communication and distribution infrastructure through which power in the channel is pursued. It is just this sort of pursuit of power by manufacturers that is argued to have caused the widespread use of advertising in the United States.2

The Rise of Modern Mass Media. Advertising is also tied to the rise of mass communication. With the invention of the telegraph in 1844, a communication revolution was set in motion. The telegraph not only allowed the young nation to benefit from the inherent efficiencies of rapid communication, but also did a great deal to engender a sense of national identity and community. People began to know and care about people and things going on thousands of miles away. This changed not only commerce, but social consciousness as well.3 Also, during this period, many new magazines designed for larger and less socially privileged audiences made magazines both a viable mass advertising medium and a democratizing influence on American society.4 Through advertising in these mass-circulation magazines, national brands could be projected into national consciousness. National magazines made national advertising possible; national advertising made national brands possible. Without the rise of mass media, there would be no national brands, and no advertising.

It is critical to realize that for the most part, mass media in the United States are supported by advertising. Television networks, radio stations, newspapers, and mag-

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azines produce shows, articles, films, and programs, not for the ultimate goal of entertaining or informing, but to make a healthy profit from the sale of advertising. Media vehicles sell audiences. If this really bothers you, become a journalist.

Advertising in Practice. So far, our discussion of the evolution of advertising has identified the fundamental social and economic influences that fostered its rise. Now we’ll turn our focus to the evolution of advertising in practice. Several periods in this evolution can be identified to give us various perspectives on the process of advertising.

The Preindustrialization Era (pre-1800). In the 17th century, printed advertisements appeared in newsbooks (the precursor to the newspaper). The messages were informational in nature and appeared on the last pages of the tabloid. In America, the first newspaper advertisement is said to have appeared in 1704 in the Boston News Letter. Two notices were printed under the heading “Advertising” and offered rewards for the return of merchandise stolen from an apparel shop and a wharf.

Advertising grew in popularity during the 18th century both in Britain and the American colonies. The Pennsylvania Gazette printed advertisements and was the first newspaper to separate ads with lines of white space. As far as we know, it was also the first newspaper to use illustrations in advertisements. But advertising changed little over the next 70 years. While the early 1800s saw the advent of the penny newspaper, which resulted in widespread distribution of the news medium, advertisements in penny newspapers were dominated by simple announcements by skilled laborers. As one historian notes, “Advertising was closer to the classified notices in newspapers than to product promotions in our media today.” Advertising was about to change dramatically, however.

The Era of Industrialization (1800 to 1875). In practice, users of advertising in the mid- to late 1800s were trying to cultivate markets for growing production in the context of a dramatically increasing population. A middle class, spawned by the economic windfall of regular wages from factory jobs, was beginning to emerge. This newly developing populace with economic means was concentrated geographically in cities more than ever before.

By 1850, circulation of the dailies, as newspapers were then called, was estimated at 1 million copies per day. The first advertising agent—thought to be Volney Palmer, who opened shop in Philadelphia—basically worked for the newspapers by soliciting orders for advertising and collecting payment from advertisers. This new opportunity to reach consumers was embraced readily by merchants, and at least one newspaper doubled its advertising volume from 1849 to 1850.

With the expansion of newspaper circulation fostered by the railroads, a new era of opportunity emerged for the advertising process. Advertising was not universally hailed as an honorable practice, however. Without any formal regulation of advertising, the process was considered an embarrassment by many segments of society, including some parts of the business community. At one point, firms even risked their credit ratings if they used advertising—banks considered the practice a sign of financial weakness. This image wasn’t helped much by advertising for patent medicines.

6. Ibid., 11.
7. Ibid., 40.
which were the first products heavily advertised on a national scale. These advertisements promised a cure for everything from rheumatism and arthritis to “consumption” and respiratory affliction, as Exhibit 3.2 shows.

**The “P. T. Barnum Era” (1875 to 1918).**

The only one who could ever reach me was the son of a preacher man.

—John Hurley and Ronnie Wilkins, “Son of a Preacher Man”; most notably performed by Dusty Springfield

Shortly after the Civil War in the United States, modern advertising began. This is advertising that we would begin to recognize as advertising. While advertising existed during the era of industrialization, it wasn’t until America was well on its way to being an urban, industrialized nation that advertising became a vital and integral part of the social landscape. From about 1875 to 1918, advertising ushered in what has come to be known as consumer culture, or a way of life centered on consumption. True, consumer culture was advancing prior to this period, but during this age it really took hold, and the rise of modern advertising had a lot to do with it. Advertising became a full-fledged industry in this period. It was the time of advertising legends: Albert Lasker, head of Lord and Thomas in Chicago, possibly the most influential agency of its day; Francis W. Ayer, founder of N. W. Ayer; John E. Powers, the most important copywriter of the period; Earnest Elmo Calkins, champion of advertising design; Claude Hopkins, influential in promoting ads as “dramatic salesmanship”; and John E. Kennedy, creator of “reason why” advertising. These were the founders, the visionaries, and the artists who played principal roles in the establishment of the advertising business. One interesting side-bar is that several of the founders of this industry had fathers with the exact same occupation: minister. This very modern and controversial industry was founded in no small part by the sons of preachers.

By 1900, total sales of patent medicines had reached $75 million—providing an early demonstration of the power of advertising. This demonstration sent advertising in a new direction and set the stage for its modern form. During this period, the first advertising agencies were founded and the practice of branding products became the norm. Advertising was motivated by the need to sell the vastly increased supply of goods brought on by mass production and by the demands of an increasingly urban population seeking social identity through (among other things) branded products. In earlier times, when shoppers went to the general store and bought soap sliced from a large locally produced cake, advertising had little or no place. But with advertising’s ability to create enormous differences between near-identical soaps, advertising suddenly held a very prominent place in early consumer culture. Advertising made unmarked commodities into social symbols and identity markers, and it allowed them to charge far more money for them. Consumers are much more will-

ing to pay more money for brands (for example, Ivory) than for unmarked commodities (generic soap wrapped in plain paper).

The advertising of this period was, until 1906, completely unregulated. In that year, Congress passed the Pure Food and Drug Act, which required manufacturers to list the active ingredients of their products on their labels. Still, its effect on advertising was minimal; advertisers could continue to say just about anything—and usually did. Many advertisements took on the style of a sales pitch for snake oil. The tone and spirit of advertising owed more to P. T. Barnum—“There’s a sucker born every minute”—than to any other influence. The ads were bold, carnivalesque, garish, and often full of dense copy that hurled fairly incredible claims at prototype “modern” consumers. A fairly typical ad from this era is shown in Exhibit 3.3.

Several things are notable about these ads: lots of copy (words); the prominence of the product itself and the corresponding lack of surrounding social space, or context in which the product was to be used; small size; little color; few photographs; and plenty of hyperbole. Over this period there was variation, and some evolution, but this style was fairly consistent up until World War I.

Consider also the social context of these ads. It was a period of rapid urbanization, massive immigration, labor unrest, and significant concerns about the abuses of capitalism. Some of capitalism’s excesses and abuses, in the form of deceptive and misleading advertising, were the targets of early reformers. It was also the age of suffrage, the progressive movement, motion pictures, and mass culture. The world changed rapidly in this period, and it was no doubt disruptive and unsettling to many—but advertising was there to offer solutions to the stresses of modern life, no matter how real, imagined, or suggested.

The 1920s (1918 to 1929). In many ways, the Roaring Twenties really began a couple of years early. After World War I, advertising found respectability, fame, and glamour. It was the most modern of all professions; it was, short of being a movie actor or actress, the most fashionable. According to popular perception, it was where the young, smart, and sophisticated worked and played. During the 1920s, it was also a place where institutional freedom rang. The prewar movement to reform and regulate advertising was completely dissipated by the distractions of the war and advertising’s role in the war effort. During World War I, the advertising industry learned a valuable lesson: donating time and personnel to the common good is not only good civics but smart business.

The 1920s were prosperous times. Most Americans enjoyed a previously unequalled standard of living. It was an age of considerable hedonism; the pleasure principle was practiced and appreciated, openly and often. The Victorian Age was over, and a great social experiment in the joys of consumption was underway. Victorian sexual repression and modesty gave way to a more open sexuality and a love affair with modernity. Advertising was made for this burgeoning sensuality; advertising gave people permission to enjoy. Ads of the era exhorted consumers to have a good time and instructed them how to do it. Consumption was not only respectable, but expected. Being a consumer became synonymous with being a citizen.
During this post–World War I economic boom, advertising instructed consumers how to be thoroughly modern and how to avoid the pitfalls of this new age. Consumers learned of halitosis from Listerine advertising and about body odor from Lifebuoy advertising (see Exhibit 3.4, a Lifebuoy ad from 1926). Not too surprisingly, there just happened to be a product with a cure for just about every social anxiety and personal failing one could imagine, many of which had supposedly been brought on as side effects of modernity. This was perfect for the growth and entrenchment of advertising as an institution: Modern times bring on many wonderful new things, but the new way of life has side effects that, in turn, have to be fixed by even more modern goods and services. Thus, a seemingly endless chain was created: Needs lead to products, new needs are created by new products, newer products solve newer needs, and on and on. This chain of needs is essential to a capitalist economy, which must continue to expand in order to survive. It also makes a necessity of advertising.

Other ads from the 1920s emphasized other modernity themes, such as the division between public workspace, the male domain of the office (see Exhibit 3.5), and the private, “feminine” space of the home (see Exhibit 3.6). Thus, two separate consumption domains were created, with women placed in charge of the latter, more economically important one. Advertisers soon figured out that women were responsible for as much as 80 percent of household purchases. While 1920s men were out in the “jungle” of the work world, women made most purchase decisions. So, from this time forward, advertising’s primary target became women.

Another very important aspect of 1920s advertising, and beyond, was the role that science and technology began to play. Science and technology were in many ways the new religions of the modern era. The modern way was the scientific way.
So one saw ads appealing to the popularity of science in virtually all product categories of advertising during this period. Ads even stressed the latest scientific offerings for child rearing and “domestic science,” as Exhibits 3.7 and 3.8 demonstrate.

The style of 1920s ads was much more visual than in the past. Twenties ads showed slices of life, or carefully constructed “snapshots” of social life with the product. In these ads, the relative position, background, and dress of the people using or needing the advertised product were carefully crafted. These visual lessons were generally about how to fit in with the “smart” crowd, how to be urbane and modern by using the newest conveniences, and how not to fall victim to the perils and pressure of the new fast-paced modern world. The social context of product use became critical, as one can see in Exhibits 3.9, 3.10, and 3.11.

Advertising during the 1920s chronicled the state of technology and styles for clothing, furniture, and social functions. Advertising specified social relationships between people and products by depicting the social settings and circumstances into which products fit. Some of the best illustrators, artists, and writers in the world worked on advertisements during this period, and some of the ads from this period are now being collected and sold as art. Also note the attention to the social setting into which plumbing fixtures were to fit. Is the ad really about plumbing? Yes, in a very important way, because it demonstrates plumbing in a social context that works for both advertiser and consumer. Advertising was becoming sophisticated and had discovered social context in a major way.

In terms of pure art direction, the ads in Exhibits 3.12, 3.13, and 3.14 are examples of the beauty of the period’s look. The J. Walter Thompson advertising agency was the dominant agency of the period. Stanley and Helen Resor and James Webb

EXHIBITS 3.7 AND 3.8

The cultural theme of modernity in the 1920s emphasized science and technology. These ads for General Foods (Exhibit 3.7) and Pet Milk (Exhibit 3.8) tout the “domestic science” these brands brought to the home.
As the Kodak (Exhibit 3.9) and Standard Sanitary (Exhibits 3.10 and 3.11) ads illustrate, ads from the 1920s often showed carefully constructed “snapshots” of social life with the products. In an effort to make their advertising depict the technology and style of the era, advertisers in the 1920s enlisted the services of some of the best illustrators and artists of the time. So fine were the illustrations that some of them are now prized by some as works of art.

These 1920s ads are more examples of the beautiful and stylish art direction of the period.

Young brought this agency to a leadership position through intelligent management, vision, and great advertising. Helen Resor was the first prominent female advertising executive and was instrumental in J. Walter Thompson’s success. Still, the most famous ad person of the era was a very interesting man named Bruce Barton. He was
not only the leader of BBDO, but also a best-selling author, most notably of a 1924 book called *The Man Nobody Knows*. The book was about Jesus and portrayed him as the archetypal ad man. This blending of Christian and capitalist principles was enormously attractive to a people struggling to reconcile traditional religious thought, which preached against excess, and the new religion of consumption, which preached just the opposite.

The Depression (1929 to 1941).

By 1932 a quarter of American workers were unemployed. But matters were worse than this suggests, for three quarters of those who had jobs were working part-time—either working short hours, or faced with chronic and repeated layoffs. . . . Perhaps half the working population at one time or another knew what it was like to lose a job. Millions actually went hungry, not once but again and again. Millions knew what it was like to eat bread and water for supper, sometimes for days at a stretch. A million people were drifting around the country begging, among them thousands of children, including numbers of girls disguised as boys. People lived in shanty towns on the fields at edges of cities, their foods sometimes weeds plucked from the roadside.

If you weren't there, you have no idea how bad it was. We don't, but our parents and grandparents did. It was brutal, crushing, and mean. It killed people; it broke lives. Those who lived through it and kept their dignity are to be deeply admired. It forever changed the way Americans thought about a great many things: their government, business, money, and, not coincidentally, advertising.

Just as sure as advertising was glamorous in the 1920s, it was villainous in the 1930s. It was part of big business, and big business, big greed, and big lust had gotten

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America into the great economic depression beginning in 1929—or so the story goes. The public now saw advertising as something bad, something that had tempted and seduced them into the excesses for which they were being punished.

Advertisers responded to this feeling by adopting a tough, no-nonsense advertising style. The stylish and highly aesthetic ads of the 1920s gave way to harsher and more cluttered ads. As one historian said, “The new hard-boiled advertising mystique brought a proliferation of ‘ugly,’ attention-grabbing, picture-dominated copy in the style of the tabloid newspaper.” \(^{16}\) Clients wanted their money’s worth, and agencies responded by cramming every bit of copy and image they could into their ads. This type of advertising persisted, quite likely making the relationship between the public and the institution of advertising even worse. The themes in advertisements traded on the anxieties of the day; losing one’s job meant being a bad provider, spouse, or parent, unable to give the family what it needed (as seen in Exhibits 3.16 and 3.17). The cartoon-strip style also became very popular during this period. (See Exhibit 3.18 for this style as well.)

Another notable event during these years was the emergence of radio as a significant advertising medium. During the 1930s, the number of radio stations rose to 814, and the number of radio sets in use more than quadrupled to 51 million. Radio was in its heyday as a news and entertainment medium, and it would remain so until the 1950s when television emerged. An important aspect of radio was its ability to create a new sense of community in which people thousands of miles apart listened to and became involved with their favorite radio soap opera, so named in reference to the soap sponsors of these shows.

Advertising, like the rest of the country, suffered dark days during this period. Agencies cut salaries and forced staff to work four-day weeks without being paid for the mandatory extra day off. Clients demanded frequent review of work, and agen-

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16. Ibid., 303-304.
cies were compelled to provide more and more free services to keep accounts. Advertising would emerge from this depression, just as the economy itself did, during World War II. However, it would never again reach its pre-depression status. It became the subject of a well-organized and angry consumerism movement. Congress passed real reform in this period. In 1938 the Wheeler-Lea Amendments to the Federal Trade Commission Act deemed “deceptive acts of commerce” to be against the law; this was interpreted to include advertising. Between 1938 and 1940, the FTC issued 18 injunctions against advertisers, including “forcing Fleischmann’s Yeast to stop claiming that it cured crooked teeth, bad skin, constipation and halitosis.” These agencies soon used these new powers against a few large national advertisers, including Fleischmann’s Yeast (consumers were being advised to eat yeast cakes for better health and vitality) and Lifebuoy and Lux soaps.

World War II and the Fifties (1941 to 1960).

Almost one-half of all women married while they were still teenagers. Two out of three white women in college dropped out before they graduated. In 1955, 41 percent of women “thought the ideal number of children was four.”

Many people mark the end of the depression with the start of America’s involvement in World War II in December 1941. During the war, advertising often made direct reference to the war effort, as the ad in Exhibit 3.19 shows, linking the product with patriotism and helping to rehabilitate the tarnished image of advertising. During the war, advertisers sold war bonds and encouraged conservation. In addition, they encouraged women to join the workforce, as seen in the so-called Rosie the Riveter ads. The ad in Exhibit 3.20 for the Penn Ral air is a good example. During the war years, many women joined the workforce; of course, many left it (both voluntarily and involuntarily) after the war ended in 1945.

Following World War II, the economy continued to improve, and the consumption spree was on again. This time, however, public sentiment toward advertising was fundamentally different from what it had been in the 1920s. During the 1950s, when there was great concern about the rise of communism, the issue of “mind control” became an American paranoia, and many people suspected that advertising was involved. The country was filled with suspicion related to McCarthyism, the bomb, repressed sexual thoughts, and aliens from outer space. Otherwise normal people were building bomb shelters in their backyards (see Exhibit 3.21 on page 90) and wondering whether their neighbors were communists and whether listening to “jungle music” (a.k.a. rock-and-roll) would make their daughters less virtuous.

In this environment of fear, stories began circulating in the 1950s that advertising agencies were doing motivation research and using the psychological sell, which served only to fuel an underlying suspicion of advertising. It was also during this period that Americans began to fear they were being seduced by subliminal advertising (subconscious advertising) to buy all sorts of things they didn’t really want or need. There had to be a reason that homes and garages were filling up with so much stuff; it must be all that powerful advertising—a great excuse for lack of self-control was born. In fact, a best-selling 1957 book, The Hidden Persuaders, offered the answer: slick advertising worked on the subconscious. Suspicons about slick advertising still persist, and is still a big business for the “aren’t consumers dumb/aren’t advertisers evil” propagandists such as Jean Killbourne. Selling unfounded fears has always been good business. (See the IBP box on page 89.)

The most incredible story of the period involved a man named James Vicary. According to historian Stuart Rogers, in 1957 Vicary convinced the advertising world, and most of the U.S. population, that he had successfully demonstrated a technique to get consumers to do exactly what advertisers wanted. He claimed to have placed subliminal messages in motion picture film, brought in audiences, and recorded the results. He claimed that the embedded messages of “Eat Popcorn” and “Drink Coca-Cola” had increased sales of popcorn by 57.5 percent and Coca-Cola by 18.1 percent. He held press conferences and took retainer fees from advertising agencies. Later, he skipped town, just ahead of reporters who had figured out that none of this had ever happened. He completely disappeared, leaving no bank accounts and no forwarding address. He left town with about $4.5 million ($22.5 million in today’s dollars) in advertising agency and client money.20

Wherever you are, Jim, it appears that you pulled off the greatest scam in advertising history. The big problem is that a lot of people, including regulators and members of Congress, still believe in the hype you were selling and that advertisers can actually do such things. That’s the real crime.

The 1950s were also about sex, youth culture, rock-and-roll, and television. In terms of sex, volumes could be written about the very odd and paradoxical fifties. On one hand, this was the time of neo-Freudian pop psychology and Beach Blanket Bingo, with sexual innuendo everywhere; at the same time, very conservative pronouncements about sexual mores were giving young Americans very contradictory messages. What’s more, they would be advertised to with a singular focus and force never seen before, becoming, as a result, the first “kid” and then “teen” markets. Because of their sheer numbers, they would ultimately constitute an unstoppable youth culture—one that everyone else had to deal with and try to please—the baby boomers. They would, over their parents’ objections, buy rock-and-roll records in numbers large enough to revolutionize the music industry. Now they buy golf clubs, cell phones, and mutual funds.

And then there was TV (Exhibit 3.22). Nothing like it had happened before. Its rise from pre–World War II science experiment to 90 percent penetration in U.S. households occurred during this period. At first, advertisers didn’t know what to do with it, and did two- and three-minute commercials, typically demonstrations. Of course, they soon began to learn TV’s look and language.

This era also saw growth in the U.S. economy and in household incomes. The suburbs emerged, and along with them there was an explosion of consumption. Technological change was relentless, and it fascinated the nation. The television, the telephone, and the automatic washer and dryer became common to the American lifestyle. Advertisements of this era were characterized by scenes of modern life, social promises, and a reliance on science and technology.

Into all of this, 1950s advertising projected a confused, often harsh, at other times sappy presence. It is rarely remembered as advertising’s golden age. Two of the most significant advertising personalities of the period were Rosser Reeves of the Ted Bates agency, who is best remembered for his ultrahard-sell style, and consultant Ernest Dichter, best remembered for his motivational research, which focused on the subconscious and symbolic elements of consumer...
desire. Exhibits 3.23 through 3.26 are representative of the advertising from this contradictory and jumbled period in American advertising.

These ads show what were becoming (or already were) mythic nuclear families, well-behaved children, our “buddy” the atom, the last days of unquestioned faith in science, and rigid gender roles. In a few short years, the atom would no longer be our friend; we would question science; youth would rebel; and women and African-Americans would demand inclusion and fairness.


You say you want a revolution, well, you know, we all want to change the world.

— John Lennon and Paul McCartney, “Revolution” 21

Advertising in the United States during the 1960s was slow to respond to the massive social revolution going on all around it. While the nation was struggling with civil rights, the Vietnam War, and the sexual revolution, advertising was often still portraying women and minorities in subservient roles. Based on the ads of the day, one would conclude that only white people bought and used products, and that women had few aspirations beyond service in the kitchen and the bedroom.

The only thing really revolutionary about 1960s advertising was the creative revolution. This revolution was characterized by the “creatives” (art directors and copywriters) having a bigger say in the management of their agencies. The emphasis in advertising turned “from ancillary services to the creative product; from science and research to art, inspiration, and intuition.” 22 The look of advertising during this period was clean, minimalist, and sparse, with simple copy and a sense of self-effacing humor. The creative revolution, and the look it produced, is most often associated with four famous advertising agencies: Leo Burnett in Chicago; Ogilvy & Mather in New York; Doyle Dane Bernbach in New York, and Wells Rich and Green in New York. They were led in this revolution by agency heads Leo Burnett, David Ogilvy, Bill Bernbach, and Mary Wells. The Kellogg’s Special K cereal,

Advertising during the 1950s offered consumers contradictory messages. On one hand, technological change and economic progress created the widespread enthusiasm reflected in the Ford, IBM, and Atlas Tires ads in Exhibits 3.23, 3.24, and 3.25. On the other hand, consumer suspicions about slick advertising that worked on the subconscious led some advertisers to use hard-sell messages, like the one in the Serta ad shown in Exhibit 3.26 (lower left).
Rolls-Royce, Volkswagen, and Braniff ads pictured in Exhibits 3.27 through 3.30 are 1960s ads prepared by these four famous agencies, respectively.

Of course, it would be wrong to characterize the entire period as a creative revolution. Many ads in the 1960s still reflected traditional values and relied on relatively uncreative executions. Typical of many of the more traditional ads during the era is the Goodyear ad in Exhibit 3.31. And it was certainly the case that a wide range of products, notably Pepsi (Exhibit 3.32), traded on youth and the idea of youth.

A final point that needs to be made about the era from 1960 to 1972 is that this was a period when advertising became generally aware of its own role in consumer culture—that is, advertising was an icon of a culture fascinated with consumption. While advertising played a role in encouraging consumption, it had become a symbol of consumption itself. While the creative revolution did not last long, advertising would always be different as a result. After the 1960s it would never again be quite as naive about its own place in society; it has since become much more self-conscious. In a very significant way, the 1960s changed advertising for real, and forever.

Every few years, it seems, the cycles of the sixties repeat themselves on a smaller scale, with new rebel youth cultures bubbling their way to a happy replenishing of the various culture
EXHIBIT 3.29
Through innovative advertising, Volkswagen has, over the years, been able to continually refuel its original message that its cars aren’t expensive luxuries but as much a household staple as broccoli and ground round (and, at $1.02 a pound, cheaper than either!).
www.vw.com

EXHIBIT 3.30
This is one of Mary Wells’s famous ads.

EXHIBIT 3.31
Not all the advertising in the 1960s was characterized by the spirit of the creative revolution. The ad in Exhibit 3.31 relies more on traditional styles and values. www.goodyear.com

EXHIBIT 3.32
Pepsi “created” a generation and traded on the discovery of the vast youth market. They claimed youth as their own. www.pepsiworld.com
industries’ depleted arsenal of cool. New generations obsolete the old, new celebrities render old ones ridiculous, and on and on in an ever-ascending spiral of hip upon hip. As adman Merle Steir wrote back in 1967, “Youth has won. Youth must always win. The new naturally replaces the old.” And we will have new generations of youth rebellion as certainly as we will have generations of mufflers or toothpaste or footwear.  

The 1970s (1973 to 1980).

Mr. Blutarski, fat, drunk, and stupid is no way to go through life. —Dean Vernon Wormer (John Vernon) in National Lampoon’s Animal House, 1978

Dean Wormer’s admonition to John Belushi’s character in Animal House captured essential aspects of the 1970s, a time of excess and self-induced numbness. This was the age of polyester, disco, and driving 55. The re-election of Richard Nixon in 1972 marked the real start of the 1970s. America had just suffered through its first lost war, four student protesters had been shot and killed by the National Guard at Kent State University in the spring of 1970, Middle Eastern nations appeared to be dictating the energy policy of the United States, and we were, as President Jimmy Carter said late in this period, in a national malaise. In this environment, advertising again retreated into the tried-and-true but hackneyed styles of decades before. The creative revolution of the 1960s gave way to a slovenly economy and a return to the hard sell. This period also marked the beginning of the second wave of the American feminist movement. In the 1970s, advertisers actually started to present women in “new” roles and to include people of color, as the 1978 Polaroid OneStep ad in Exhibit 3.33 shows.

The seventies was also the end of the sixties, and the end of whatever revolution one wished to speak of. This period became known as the era of self-help and selfishness. “Me” became the biggest word in the 1970s. Why a great environment for advertising. All of society was telling people that it was not only O.K. to be selfish, but it was the right thing to do. Selfishness was said to be natural and good. A refrain similar to “Hey, babe, I can’t be good to you, if I’m not good to me,” became a seventies mantra. Of course, being good to one’s self often meant buying stuff . . . always good for advertising. Funny how that worked out.

Somewhat surprisingly, the seventies also resulted in added regulation and the protection of special audiences. Advertising encountered a new round of challenges on several fronts. First, there was growing concern over what effect $200 million a year in advertising had on children. A group of women in Boston formed Action for Children’s Television (ACT), which lobbied the government to limit the amount and content of advertising directed at children. Established regulatory bodies, in particular the Federal Trade Commission (FTC) and the industry’s National Advertising Review Board, demanded higher standards of honesty and disclosure from the advertising industry. Several firms were subject to legislative mandates and fines because their advertising was judged to be misleading. Most notable among these firms were Warner-Lambert (for advertising that Listerine mouthwash could cure and prevent colds), Campbell’s (for putting marbles in the bottom of a soup bowl to bolster its look), and Anacin (for advertising that its aspirin could help relieve tension).

While advertising during this period featured more African-Americans and women, the effort to adequately represent and serve these consumers was minimal; advertising agency hiring and promotion practices with respect to minorities were formally challenged in the courts. Two important agencies owned and managed by African-Americans emerged and thrived: Thomas J. Burrell founded Burrell Adver-

tising and Byron Lewis founded Uniworld. Burrell is perhaps best known for ads that rely on two principles: “positive realism” and “psychological distance.” Optimistic realism is “people working productively; people engaging in family life . . . people being well-rounded . . . and thoughtful; people caring about other people; good neighbors, good parents . . . people with dreams and aspirations; people with ambition.” Psychological distance is “a feeling of separation between the black consumer and a mainstream product.” One of Burrell’s well-known ads is shown in Exhibit 3.34. (You should also go to http://www.littleafrica.com/resources/advertising.htm for a current list of major African-American advertising agencies and resources.)

The 1970s also signaled a period of growth in communications technology. Consumers began to surround themselves with devices related to communication. The development of the VCR, cable television, and the laserdisc player all occurred during the 1970s. Cable TV claimed 20 million subscribers by the end of the decade. Similarly, cable programming grew in quality, with viewing options such as ESPN, CNN, TBS, and Nickelodeon. As cable subscribers and their viewing options grew, advertisers learned how to reach more specific audiences through the diversity of programming on cable systems.

The process of advertising was being restricted by both consumer and formal regulatory challenges, yet technological advances posed unprecedented opportunities. It was the beginning of the merger mania that swept the industry throughout the end of the decade and into the next, a movement that saw most of the major agencies merge with one another and with non-U.S. agencies as well. This period in the evolution of advertising presented enormous challenges.
In all of this, the look of advertising was about as interesting as it was in the 1950s. Often, advertisements focused on the product itself, rather than on creative techniques. The Alpo ad in Exhibit 3.35 and the Spirit ad in Exhibit 3.36 represent this product-focused feature of 1970s advertising, which reflects the fact that management had taken control of agency activities during this era. Does 7-Up’s recent campaign (www.7up.com) reflect a similar focus on the product itself, or on creative techniques? What do current advertising trends tell us about the role of management in today’s agencies? www.alpo.com


Greed, for a lack of a better word, is good.
—Gordon Gekko (Michael Douglas) in Wall Street, 1987

“In 1980, the average American had twice as much real income as his parents had had at the end of WWII.”24 The political, social, business, and advertising landscape changed again around 1980 with the election of Ronald Reagan. The country made

a sharp right, and conservative politics was the order of the day. There was, of course, some backlash and many countercurrents, but the conservatives were in the mainstream.

Many ads from the Republican era are particularly social-class and values conscious. They openly promote consumption, but in an understated and conservative way. The quintessential 1980s ad may be the 1984 television ad for President Ronald Reagan’s reelection campaign called “Morning in America.” The storyboard for this ad is shown in Exhibit 3.37. This ad is soft in texture, but it gives an impression of firm reaffirmation of family and country. Other advertisers quickly followed with ads that looked similar to “Morning in America.” The 1980s were also about designer labels and social-class consciousness, as the ad in Exhibit 3.38 demonstrates.

At the same time, several new, high-technology trends were emerging in the industry, which led to more-creative, bold, and provocative advertising. Television advertising of this period was influenced by the rapid-cut editing style of MTV, and some advertising near the end of the period played to at least someone’s idea of Generation X, as the Pepsi ad in Exhibit 3.39 illustrates.

This was also the age of the infomercial, a long advertisement that looks like a talk show or a half-hour product demonstration. If you watch late-night cable television, you’ve probably seen some guy lighting his car on fire as part of a demonstration for car wax. These very long ads initially aired in late-night television time slots, when audiences were small in number and airtime was relatively inexpensive. Infomercials have since spread to other off-peak time slots, including those with somewhat larger audiences, and they have gained respect along the way. The Psychic Friends Network, Bowflex, and a wide assortment of automotive, weight loss,
and hair care products are all examples of products and services recently promoted on infomercials. You might check out [http://www.as-on-tv-ads.com](http://www.as-on-tv-ads.com).

**The Second Nineties (1993 to 2000).**

Modern advertising had entered its second century, and it was more self-conscious than ever before. Winks and nods to the media-savvy audience were common. It was fast, and it was everywhere. It was being challenged by the World Wide Web and other new media, reshaped, and reinvented, but was still advertising.

The going for advertising got pretty rough in the mid-1990s. In May 1994, Edwin L. Artzt, then chairman and CEO of Procter & Gamble, the $40-billion-a-year marketer of consumer packaged goods, dropped a bomb on the advertising industry. During an address to participants at the American Association of Advertising Agencies (4As) annual conference, he warned that agencies must confront a “new media” future that won’t be driven by traditional advertising. While at that time P&G was spending about $1 billion a year on television advertising, Artzt told the 4As audience, “From where we stand today, we can’t be sure that ad-supported TV programming will have a future in the world being created—a world of video-on-demand, pay-per-view, and subscription TV. These are designed to carry no advertising at all.”

Then, just when the industry had almost recovered from Artzt’s blast, William T. Esrey, chairman and CEO of Sprint, fired another volley almost exactly a year later at the same annual conference. Esrey’s point was somewhat different but equally challenging to the industry. He said that clients are “going to hold ad agencies more closely accountable for results than ever before. That’s not just because we’re going to be more demanding in getting value for our advertising dollars. It’s also because we know the technology is there to measure advertising impact more precisely than you have done in the past.”

Esrey’s point: Interactive media will allow direct measurement of ad exposure and impact, quickly revealing those that perform well and those that do not.

Four years down the road, in August 1998, Procter & Gamble hosted an Internet “summit,” due to “what is widely perceived as the poky pace of efforts to eliminate the difficulties confronted by marketers using on-line media to pitch products.” Some of these problems are technological: incompatible technical standards; limited bandwidth, and disappointing measurement of audience, exposure, and subsequent behavior. Advertisers such as P&G want to know what they are getting and what it costs when they place an Internet ad. Does anyone notice these ads, or do people click right past them? What would “exposure” in this environment mean? How do you use this medium to build brand relationships? At the end of this summit, P&G reaffirmed its commitment to the Internet. We’ll see.

Another change has come in the form of a significant challenge on New York’s claim as the center of the advertising universe. In the United States, the center has

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25. This quote and information from this section can be found in Steve Yahn, “Advertising’s Grave New World,” *Advertising Age*, May 16, 1994, 53.


moved west, with the ascendency of the California, Oregon, and Washington agencies. These agencies tend to be more creatively oriented and less interested in numbers-oriented research than those in New York. Other hot or nearly hot markets include Minneapolis and Austin. Outside the United States, London and Singapore emerged as trendsetters (Exhibits 3.40, 3.41, and 3.42). Nineties ads were generally more visually oriented and much more self-aware. They said “this is an ad” in their look and feel. They tended to have a young and ironic flavor. Some call them “post-modern.” Exhibits 3.43, 3.44, and 3.45 are good examples of 1990s advertising.

The 00s: The Interactive/Wireless/Broadband Revolution (2001–present).

As you might imagine, the perspectives offered by the heads of Procter & Gamble and Sprint did send shock waves through the advertising industry during that era of the mid- to late 1990s. The technological changes that occurred during those years were intoxicating. But at the outset of the 21st century, some harsh realities of the complexity of global commerce landed squarely on many dot-coms. In a phenomenon often referred to as a “shake-out,” many Internet firms declared bankruptcy—such as Pets.com and Brandwise.com (see the E-commerce box on page 106)—that once had billion-dollar valuations and many believers (Exhibit 3.46).

The demise of Web sites that were totally dependent on online advertising for their revenues does not mean that online advertising is dead (although it’s not feeling too well today). It’s just not going to be as all-encompassing as those early predictions at P&G and Sprint (and others) might have suggested. From 1999 to 2000, online advertising grew from $4.6 billion to $6.1 billion—a more-than-healthy 32.6 percent. But 90 percent of that spending came in the first three quarters of 2000, and the fourth quarter showed a 6.5 percent rate indicating a significant slowdown in spending.28 Despite the slowdown, predictions for growth in online ad spending are still highly optimistic (probably way too optimistic) for the future, with estimates ranging from 15 to 40 percent annual growth.29

The main impetus for such spending is focused on three aspects of technology that will foster further growth—interactive, wireless, and broadband technologies. We are living now with significant interactive capability. The Web is the most obvious example; for instance, P&G has developed and maintains 70 different Web sites for the company’s 300 brands to serve and interact with customers.30 But aside from the obvious, the crux of the real turmoil caused by interactive technology is interactive media. With interactive media, consumers can call up games, entertainment, shopping opportunities, and educational programs on a subscription or pay-per-view basis. The belief is that consumers want the wide range of choices, the convenience, and the control such programming provides. To reach consumers through this new technology, Procter & Gamble has set up partnerships with sites like Women.com and Bolt.com. In addition, P&G has gone beyond just product-oriented sites and has launched “relationship building” sites like beinggirl.com—a teen community site (Exhibit 3.47). With such a site, the firm can gather data, test new product ideas, and experiment with interactivity. For example, if a visitor wants to know what nail polish will match the lipstick she just saw in a commercial, she can go to the Web site and get an immediate answer. Thus, target audiences do not have to be broadly defined by age or geographic groups—individual households can be targeted through direct interaction with the audience member. Of course, there are those who believe that, at least in the case of television, consumers do not want to be interactive but passive. When they watch TV, they just want to watch TV and be left alone. The “audience” involvement of computers and the passivity of TV viewing may prove incompatible. We’ll have to wait and see.

Outside the United States, London and Singapore have emerged as advertising trendsetters.
Exhibits 3.43 through 3.45 are good examples of 1990s advertising. They are visual, self-aware, young-feeling, and spiced with irony.
Chapter 2 raised the issues of wireless and broadband technologies as trends that will be affecting the future of advertising (Exhibit 3.48). To follow up on that discussion, wireless penetration into U.S. households is poised for tremendous growth. In countries that have significant penetration of households with the Internet, wireless penetration is growing rapidly. With mobile phone subscribers worldwide estimated to be about 600 million in 2000 and estimated to grow to more than 1 billion people by 2003, the ability to go wireless would seem to be in place and developing rapidly. These estimates seem credible given the declining cost and proliferation of wireless devices (see Exhibits 3.49 through 3.51).

Key to delivery is the broadband capability discussed in Chapter 2. Recall that broadband is a high-speed network for sending video and audio transmission over the Internet. The growth of broadband access parallels the growth of wireless use. By 2004, it is estimated that 15 percent of U.S. households (about 16 million households and 40 million people) will have broadband connections. Advertisers will have to seriously consider the implications of this mode of communication and how well it will serve as a way to send persuasive communications.

In terms of the look, ads of the 00s have become even more self-aware and self-referential. They are ads that are very aware of being ads. Everyone is in on it. (See Exhibits 3.52 through 3.55.) It is also the period in which the biggest regulatory story of all ad history is being played out: the tobacco settlement in which the tobacco industry and the government worked out a settlement (after intense litigation). Under the terms of this settlement, tobacco advertising is highly restricted, and the industry pays for ads that are extremely critical of itself.

Say it's Tuesday. You've had a hard day at work and don't feel like joining your friends at the gym. Your Nokia communicator flashes a message that the latest Aki Kaurismäki movie is playing tonight at the local art house. The HVV system knows you might be interested because you went to see Leningrad Cowboys Meet Moses by the same director last week. So you message a friend who might want to go, too. She replies that she's already bought a ticket. With the aid of a seating plan that appears on your communicator screen, you not only book your admission but rebook hers, picking two seats in the middle of a row. The system alerts your friends that you won't be working out tonight and your home heating system that you'll be returning later than usual. Then it adds the fact that you're clearly nuts about Finnish auteurs to its ever-evolving list of your tastes and habits—maybe even notifying you that a movie club has formed in your apartment building. Would you like to join? Meanwhile, you haven't returned the message your mom left you at work; she wants to discuss her plans for Dad's surprise birthday party. Because she lives in Arabianranta and you've allowed her access to some parts of your HVV profile, she can see that you've gone to the movies tonight, sparing you a "Where are you?" scold on your voicemail.


**EXHIBIT 3.48**

This excerpt from Wired is a good discussion of technology's impact on advertising.

**EXHIBITS 3.49 THROUGH 3.51**

Wireless devices come in all sizes, shapes, and capabilities, and they just keep coming.
00s ads are even more self-aware, retro, and ironic.
Reinventing the Advertising Process?

As intriguing as new technology is and the new communications options it may present, we shouldn’t jump to the conclusion that the very nature of advertising as a process will change. So far, it hasn’t. Advertising will still be a paid, mass-mediated attempt to persuade. As a business process, advertising will still be one of the primary marketing mix tools that contribute to revenues and profits by stimulating demand and nurturing brand loyalty. Even though the executives at P&G believe there is a whole new world of communication and have developed 70 Web sites (Exhibit 3.56), the firm still spends almost $3 billion a year on traditional advertising through traditional media.33

If advertising retains its character as both a business and a communication process, then how would the process be reinvented in the context of new technology—if at all? Of course, there is no absolute answer to that question, but we can engage in some speculation. Some believe that e-commerce will force a change toward e-advertising. They believe this will be seen in the way advertising is prepared and delivered to target audiences. The scenario for the integrated, interactive advertisement of the future goes something like this: Prospective car buyers, from the comfort of their home, consider a variety of cars on their television screen. They change the model, position, color, and options on the

E-COMMERCE

Start the Evolution without Me

During the latter part of the 1990s and the early days of the 2000s, nearly every advertiser made a commitment to the Internet. The (fairly sound) logic was that this new medium was gaining more and more favor with consumers and more households were getting “wired” every day. Surely, this would be an ideal opportunity to reach a large number of consumers, through a new medium and in a much more personalized way.

Whirlpool was just the sort of company to use that logic. As one of the oldest U.S. companies and one that held a leading market share, not to mention a great brand image, Whirlpool wanted to be sure the opportunities to use the Internet effectively were not overlooked. Managers’ thinking went something like this. Millions of people were scouring the Web in search for the best deals on books, air travel, and even cars. Surely, some of these millions of people would want to search the Web for a deal on a refrigerator or washing machine.

With that strategic orientation, Whirlpool launched Brandwise.com—the first comparative-shopping Web site for appliances. Brandwise.com would be consumers’ trusted source for up-to-the-minute product information and reviews of all kinds of appliances made by all kinds of manufacturers. And Brandwise could make arrangements, right there on the Web site, for consumers to buy their dream appliance by connecting them to a nearby retailer. Whirlpool was so certain that Brandwise.com would be a runaway hit with consumers, that the firm hired Kathy Misunas, former CEO of American Airlines’ Sabre Reservations Group. At Brandwise.com’s launch, Misunas crowed, “Brandwise.com represents the next step in the evolution of e-commerce.”

Wrong. Within eight months, Brandwise.com was shut down. The site attracted so few visitors—less than 200,000 per month—that Media Metrix wouldn’t even follow it on its Web traffic-counting system. What happened was that Whirlpool botched the marketing effort, failed to establish good relations with retailers, and underestimated the difficulty in setting up and maintaining a good Web site. In addition, the consumer behavior analysis was botched as well. Eighty percent of appliance purchasers are replacing something that broke. They don’t want to go to a Web site, they want to go to a store and get a new appliance—now. In the end, what wrecked this new economy idea was an old economy challenge—execution.

vehicle with a click of a mouse. Then, having constructed one or more appealing
versions of the desired vehicle, another click of the mouse sets an appointment for a
test drive with a nearby dealer. The dealer brings the requested car to prospective
buyers. If a buyer is ready to take action, the dealer representative can go online with
a laptop computer to check inventory and leasing programs and then signal the deal-
ership to prepare the necessary paperwork. Under this very optimistic scenario, e-
commerce and e-advertising become indistinguishable.

Some organizations are already promoting interactive advertising and promotion.
Consider the program available through Yahoo! Broadcast. Yahoo! Broadcast pro-
vides Internet broadcasting and support tools for businesses and content providers to
deliver corporate communications messages via audio and video streaming. Applica-
tions include product launches, press conferences, e-learning, seminars, keynote
addresses, annual shareholder meetings, quarterly earnings calls, and corporate TV
channels. The program offers rich audio and video content and services through a
digital distribution network designed to deliver high-quality audio and video to
Yahoo!’s 166 million users worldwide via the Internet through both dial-up and
broadband connections. The services of this Internet broadcast portal include the fol-
lowing:

- Live continuous broadcasts of more than 500 radio stations and networks
- Broadcasts of 70 television stations and cable networks
- Game broadcasts and other programming of more than 475 college and profes-
sional sports teams
- Live and on-demand corporate and special events from Yahoo!’s Business Ser-
VICES customers
- Live music, including concerts and club performances
- 3,100 full-length CDs on demand in the CD Jukebox
- 1,600 full-length audio books

• 1,500 video titles, classic movies, documentaries, and independent films
• 15 million hours of “streaming” content

Of course, for all this to happen, someone is going to actually have to make money . . . this is far from certain.

Another medium for interactive/wireless communication that is not as elaborate as broadband but certainly fulfills the objective of reaching target audiences with new technology is e-mail. While this may not seem like an important communication medium for advertising, advertisers invested $97 million in e-mail communications in 1999 to send an astounding 40 billion permission-based e-mails and another 38 billion spam e-mails. The spending on e-mail communication is expected to grow to $4.8 billion by 2004. Permission-based e-mail is an advertiser originated e-mail to consumers who have granted permission for e-mail to be sent to them. Spam is advertiser-originated e-mail to consumers who have not granted permission for e-mail to be sent to them. E-mail is emerging as an important new interactive method for the advertising process for several reasons:

• Traditional direct mail methods such as letters, fliers, and coupons can cost from 50 cents to $2.00 per item.
• The message can be customized to individual users, creating a better opportunity for relationship building with the communication effort.
• The timing of the delivery of the message can be controlled more precisely than with traditional direct marketing media.

The world of new media and the effects on the advertising process will be covered throughout the text in E-Commerce boxes and in several chapters, including Chapter 10 on creativity; all the media chapters in Part Four of the text; Chapter 17, which covers supportive communications; and Chapter 19, which covers e-commerce in detail.

The Value of an Evolutionary Perspective. In this chapter, we have tried to offer an evolutionary perspective on advertising. We strongly believe that to understand advertising in an evolutionary perspective is to appreciate the reasons for advertising’s use in a modern industrialized society. Advertising was spawned by a market-driven system and grew through self-interest in capitalistic, free enterprise market economies. Efficient methods of production made advertising essential as a demand stimulation tool. Urbanization, transportation expansion, and communications advancements all facilitated the use and growth of advertising. The result is that advertising has become firmly entrenched as a business function, with deeply rooted economic and cultural foundations. This evolutionary perspective allows us to understand the more basic aspects of the role and impact of advertising. An interesting correlate to any discussion of the evolution of advertising is, of course, the evolution of integrated brand promotion. While the advances in technology have taken center stage in our discussion of the latest era in advertising, IBP strategies and tactics evolve as well. Remember from Chapter 2 that more and more money is being allocated to IBP tools other than advertising. And the evolution of IBP is truly a global evolution as the Global Issues box highlights.

Corporate leaders such as Artzt from Procter & Gamble and Esrey from Sprint have issued a challenge to traditional advertising methods and media. New technologies and the interactive media options they present are an important issue, as we have discussed. But this should not be interpreted as the death of advertising, as some have argued.37 In fact, paraphrasing Mark Twain, the death of advertising has been greatly exaggerated. Back in 1995, just when people were starting to describe advertising’s sorrowful death at the hands of new media, we witnessed a surge in demand for traditional mass media space that set off a bidding war and the prospect of rationing time slots during the 1995–1996 prime-time network television season.38 A record $10 billion in advance media time was purchased then, and advertisers were scrambling for airtime. Now, in the early years of the 21st century, even though network television audiences appear to be shrinking somewhat, and virtually all broadcasters have purchased Internet services, they seem less worried about the survival of broadcast as a medium of traditional advertising than they were a short time ago. The death of advertising at the hands of interactive media does, indeed, seem to have been greatly exaggerated. Echoing and extending the recent sentiments of one Wall Street analyst: We have to look back at failure after failure in the interactive media realm, and wonder if consumers really want to be that engaged, that much of the time. We’ll see. Passivity has its fans. Just because we can be more interactive doesn’t mean we will choose to be.

1. Explain why advertising is an essential feature of capitalistic economic systems.

Although some might contend that the practice of advertising began thousands of years ago, it is more meaningful to connect advertising as we know it today with the emergence of capitalistic economic systems. In such systems, business organizations must compete for survival in a free market setting. In this setting, it is natural that a firm would embrace a tool that assists it in persuading potential customers to choose its products over those offered by others. Of course, advertising is such a tool. The explosion in production capacity that marked the Industrial Revolution gave demand-stimulation tools added importance.

2. Describe manufacturers’ dependence on advertising, promotion, and branding in achieving balanced relationships with retailers.

Advertising and branding play a key role in the ongoing power struggle between manufacturers and their retailers. U.S. manufacturers began branding their products in the late 1800s. Advertising could thus be used to build awareness of and desire for the various offerings of a particular manufacturer. Retailers have power in the marketplace deriving from the fact that they are closer to the customer. When manufacturers can use advertising to build customer loyalty to their brands, they take part of that power back. Of course, in a capitalistic system, power and profitability go hand in hand.

3. Discuss several important eras in the evolution of advertising in the United States, and relate important changes in advertising practice to more fundamental changes in society and culture.

Social and economic trends, along with technological developments, are major determinants of the way advertising is practiced in any society. Before the Industrial Revolution, advertising’s presence in the United States was barely noticeable. With an explosion in economic growth around the turn of the century, modern advertising was born: The “P. T. Barnum era” and the 1920s established advertising as a major force in the U.S. economic system. With the Great Depression and World War II, cynicism and paranoia regarding advertising began to grow. This concern led to refinements in practice and more careful regulation of advertising in the 1960s and 1970s. Consumption was once again in vogue during the designer era of the 1980s. The new communication technologies that emerged in the 1990s era may effect significant changes in future practice. Finally, the interactive, wireless, and broadband technologies that are leading advertising into the 21st century hold great promise but a hard-to-predict future.

4. Identify forces that may make the next decade a period of dramatic change for the advertising industry.

Integrated, interactive, and wireless have become the advertising buzzwords of the nineties. These words represent notable developments that may reshape advertising practice. Integrated marketing communications may grow in importance as advertisers work with more-varied media options to reach markets that are becoming even more fragmented. A variety of advertisers are now experimenting with interactive media to learn how to make effective use of this new tool. Advertising in the next decade will continue to be a vibrant and challenging profession.
KEY TERMS

Industrial Revolution
principle of limited liability
branding
dailies
consumer culture
Pure Food and Drug Act

subliminal advertising
creative revolution
Action for Children’s Television (ACT)
Federal Trade Commission (FTC)
National Advertising Review Board

infomercial
interactive media
permission-based e-mail
spam

QUESTIONS

1. As formerly communist countries make the conversion to free market economies, advertising typically becomes more visible and important. Why would this be the case?

2. Explain why there is a strong relationship between increasing urbanization and per capita spending.

3. Why are manufacturers such as Nabisco and First Brands losing power in their channels of distribution? To whom, exactly, are they losing this power?

4. Describe the various factors that produced an explosion of advertising activity in the “P. T. Barnum era.”

5. The 1950s were marked by great suspicion about advertisers and their potential persuasive powers. Do you see any lingering effects of this era of paranoia in attitudes about advertising today?

6. There were many important developments in the seventies that set the stage for advertising in the Reagan era. Which of these developments are likely to have the most enduring effects on advertising practice in the future?

7. Ed Artzt, then chairman and CEO of Procter & Gamble, made a speech in May 1994 that rattled the cages of many advertising professionals. What did Artzt have to say that got people in the ad business so excited?

8. Review the technological developments that have had the greatest impact on the advertising business. What new technologies are emerging that promise more profound changes for advertisers in the next decade?
1. In this chapter, manufacturers' pursuit of power in the channel of distribution is listed as an important influence on the emergence and growth of advertising. Manufacturers depend on other members of the distribution channel (such as retailers and wholesalers) for the success of their brands. Hoping to pressure channel members to purchase manufacturers' brands, advertisers use ads to stimulate demand for their products at the consumer level, which in turn spurs retailers to purchase from manufacturers to meet that demand.

Contact a local retail store and set up a brief phone interview with the manager or retail buyer. Ask the manager what role customer requests and fashion trends play in determining the store's product offerings. Find out how they keep track of those requests and trends and how they respond to them. Finally, ask the manager to describe the role of advertisers in stimulating consumer demand and how that places leverage on them to carry certain brands. Ask for real-world examples.

2. During the period from 1980 to 1992, half-hour television product demonstrations known as infomercials emerged and became popular. Infomercials sell a variety of popular products—from diets and cosmetics to housewares and body training—and are designed to prompt a direct response from viewers. While many viewers question the integrity of these advertising programs, they have earned respect for their success in eliciting spontaneous purchases from broad target audiences.

The Carlton Sheets infomercial for his No Money Down Real Estate System is seen all over the country on late-night television. Go to a search engine and search for the Carlton Sheets Internet site. Compare and contrast the message of the infomercial with the message of the site. Do you think these two media reach the same target audience? Which medium do you think is more persuasive for this particular kind of product advertisement? Why? What social and economic conditions of the 1980s produced the advertising method known as the infomercial? If you are not familiar with Carlton Sheets, pick any infomercial and answer these same questions.
3-1 Reinventing the Advertising Process

While many aspects of advertising have remained constant over the course of its evolution, other aspects have changed dramatically. Emerging forces in technology and globalization have challenged advertisers to develop and promote brands in widely fragmented markets. As the evolutionary perspective of the history of advertising demonstrates, social, cultural, and economic shifts of the past have radically influenced the overall progression of the industry. As we would expect, many of today’s important trends will guide the future evolution of advertising.

InfoWorld: http://www.infoworld.com

1. The final sections of the chapter examine some of the forces that will shape the next decade of advertising. What changes can be expected for the advertising industry, and why? What aspects of advertising are likely to remain constant?

2. Since new technologies will continue to play an important role in shaping the evolution of advertising, choose a relevant news story from InfoWorld and explain how you think the news might relate to the future evolution of the industry.

3-2 Important Eras in the Evolution of Advertising

The practice of advertising has emerged in modern times, owing its development largely to the social and economic changes of recent centuries and the rise of modern mass media. During the history of the United States, 11 important advertising eras evolved, each reflecting fundamental changes in society and culture. One of the world’s largest searchable databases of classic print ads, adflip.com, features ads from the 1940s to the present. Fans of advertising history visit adflip.com to enjoy these retro ads and the evolution of pop culture they represent.

adflip: http://www.adflip.com

1. Browse adflip and select two ads from various decades of advertising history. Briefly describe the ads and explain how they fit the general characteristics of advertisements for their era as defined in the chapter.

2. Select an ad from the site that does not seem to reflect the general characteristics of its era. How does it differ from ads typical to this period? Would it fit better in a different general era of advertising history? Explain.