Part 4: Advertising Trends in the 19th Century

Advertising Prior to the Civil War

Judged by the appearance of its advertising, the early 19th century was a time in which consumer demand ran well ahead of supply. The hard sell was unusual: advertisers generally found it sufficient to announce the availability of products and unnecessary to cajole. Attempts to predispose or convince readers to buy were rare, and when employed were often rather muted. Advertising historian Frank Presbrey wrote:

> It is difficult for the modern business man to picture results from a five-line merchandise advertisement. But in 1810 there was less to read. In a four-page paper, the invariable size of that day, the attention an advertisement received from an individual reader gave the advertiser more than he got a half century later from larger copy in an eight- or twelve-page paper. It was not then so necessary to "hit the reader in the eye." Money was scarce, people were slow in buying, shopped around, and were more likely to look through columns of small advertisements and compare offers of the article they wanted.[1] (181)

In *Advertising Progress: American Business and the Rise of Consumer Marketing,* Pamela Walker Laird said that prior to 1820 most items offered for sale were generic staples, such as cloth or ribbons.

> The public did not have to be taught to distinguish between goods within most categories: consumers judged products by inspection and by merchants' reputations, not by brand names. Common understanding in America—more than in Britain or Europe—assumed that demand typically exceeded supply, obviating expenditures to generate interest in goods. Merchants in the United States deemed it necessary only to announce the availability, quality, and affordability of their offerings to market them. (17)

In the early 19th century, Americans made a high proportion of their own food, clothing, furniture, and other provisions. People were more likely to create from commodity raw materials than they were to purchase finished products. For example, outside cities most families baked their own bread from flour, while only a handful bought bread from bakers.

Outside large cities, this independence from merchants continued well into mid-century, and has become part of America's pioneer mythology. The theme of self-sufficiency is familiar to any reader of Laura Ingalls Wilder's *Little House* books, to mention one well-known example. Many other writers have described the self-reliant spirit of rural 19th-century Americans. In a memoir of his boyhood in Franklin County, PA, John Newton Culbertson described life in the Amberson Valley in the 1840s.

> The inhabitants of the valley were largely self-supporting. There was a sawmill that supplied all the lumber needed; a tannery that furnished an abundance of the best quality of leather for shoes, harnesses, and saddles; and there was a fuller in the valley who washed and whitened wool for weaving and spinning. The family looms wove quantities of cloth, called "linsey-woolsey." Maple sugar was in plenty; barley and rye were parched and used as a substitute for coffee. Almost every farmer cultivated a

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[1] Advertisements of the early 19th century weren't terse and dense because advertisers were unaware of the value of graphic elements and white space. Both were used often in 18th-century American advertising. Ongoing paper shortages following the Revolution played a major role in shaping advertising and editorial design. (cf. Presbrey, 176)

> small patch of flax, in addition to corn, wheat, rye, and oats, and kept a few sheep; every housewife had her hackle for preparing flax for weaving, and a spinning wheel for transforming the beautiful fleecy wool into hanks of yarn. Many of the larger homes had looms on which the coarser fabrics called homespun were woven. . . .
>
> In those days newspapers had limited circulation in rural districts, and as our valley was not on the line of general travel, news was at a premium. So, when in the early spring, the peddler with his pack would appear bringing news from the outside world and racy neighborhood gossip, which he would enlarge and decorate to suit his hearers' taste, his arrival was warmly greeted… [My mother] made frocks for the girls, pants and coats for the boys, spun the yarn, and knit the socks and mittens for her family. . . . Prepared, precooked, predigested breakfast foods were not yet invented. (81)

It's hard to imagine what nationally-distributed branded product could have been sold into this community, or how such a product could have been effectively marketed.[2] Outside large towns and cities, consumers shopped sparingly and carefully, and in many cases the availability of a product was its strongest selling point. It took until about 1840 before more goods were produced in American factories than in American homes. (Groner, 83)

Because more advertising was available to urban newspapers, the emergence of New York's Penny Press in the 1830s (described in further detail below) was one of the earliest occasions when periodicals were supported primarily by advertising. Elsewhere prior to the Civil War, advertising made up a relatively small proportion of periodical revenue, though it was a portion that grew throughout the first half of the 19th century.

The advantages of developing a second stream of revenue through advertising were obvious to most publishers, even those who resisted advertising for some time. The conservative *Southern Literary Messenger* accepted its first ad in 1844. The wholesome *Youth's Companion*[3] began to take advertising in 1857. (Norris)

Presbrey wrote:

> Eleven million advertisements appeared in some 2,000 American newspapers in 1847, according to an estimate made the following year. . . . By 1854, with the population only 25 per cent. larger, the estimated number of publications in the United States had grown 100 per cent., or to 4,000. These figures present a quick index to the increasing interest in newspaper advertising which made it possible to maintain so many papers. (210)

Magazine historian Frank Luther Mott said that magazine ad rates in the decade before the Civil War were flexible. "$20 an octavo page, or fifteen cents a line for smaller advertisements was a not uncommon charge. The smaller literary and religious weeklies usually asked ten cents a line, and considerable reductions were generally made for yearly contracts." (II, 14) According to Presbrey (176f), a one-year newspaper advertising contract cost $30. Ads were one column wide, but there some flexibility was permitted in length.

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[2] Patent medicine was one of the few products where brand advertising worked, and many marketers got their start in the field. (cf. Hopkins)

[3] Ohmann said (104) that the first four-color ad appeared in Youth's companion in 1893.

Advertising After the Civil War

During the Civil War, ad revenue in periodicals averaged about $6.5 million per year, a figure boosted by heavy placement of war bond advertising by the U.S. government. By 1867, two years after the war ended and the government stopped advertising, ad revenue totaled $9.6 million. (Presbrey, 259)

Magazines of all types began to carry more advertising after the Civil War—even the most respectable magazines. The *Atlantic Monthly* ran 14 ad pages in December, 1865 (Mott II). According to English professor Richard Ohmann, *Harper's Weekly,* which had averaged about a half page of advertising per issue in 1857, and one page per issue in 1862, averaged two pages of ads per issue in 1867, and three pages per issue in 1872. The June 1, 1872 issue of *Harper's Weekly* included illustrated ads for lawn mowers, corsets, furniture, jewelry, a toy engine, statuary, a freezer, a carriage, roofing, shotguns, engines, and sewing machines (26).

Display advertising was a rarity prior to the Civil War, but after the war financial advertisers and department stores were among the first to use it. Macy's and Lord & Taylor were pioneers in the use of display type. Sapolio soap was one of the first branded products to combine display type and human-interest illustration in its advertising (Presbrey, 248).

Among the first magazines to depend heavily on advertising revenue were the religious magazines. During the 1870s they formed the largest single category of magazines ; the Rowell directory for 1875 lists 386 individual titles (251ff) with combined circulations approaching 5 million. The Carlton and Smith advertising agency, based in New York, specialized in religious publications, and did a brisk trade placing advertisements for a wide range of products, including patent medicine, tooth powder, bankers and brokers, and insurance agencies. (Norris, 29)

Farm magazines were also pioneers in attracting advertising. Historian James D. Norris (30) estimated that in 1870 there were 93 agricultural magazines, with combined circulations of more than 750,000. Farm periodicals carried advertisements for products that would be hard to find or expensive in a country store, such as sewing machines, watches, books, and patent medicine, as well as ads for agricultural products, such as tools, seeds, plants, land, and livestock. (Rowell 1869: 62)

Advertising played an increasingly important role in the financial performance of American newspapers and magazines. In 1880, advertising represented 44 percent of publishers' revenue; that is, $39 million of the $89 million in total revenue that publishers of all types of periodicals received. In the aggregate, daily newspapers received 49 percent of their revenue from advertising and 51 percent from readers. Less frequent periodicals were much less reliant on advertisers: 39 percent of their revenue came from advertising (North, 85f)

The overall trend, however, was toward reliance on advertising. A count of ads in October issues of *Harper's* from 1882 to 1900 shows a steeply rising curve:

Average, 1882-1885: seven pages per issue
Average, 1886-1890: 47 pages per issue
Average, 1891-1895: 85 pages per issue
Average, 1896-1900: 92 pages per issue (Ohmann, 84)

According to Ohmann (26), *Harper's* averaged 75 pages of ads per issue in the full year of 1890, and according to another source, *Harper's* carried more advertising than any other magazine in the decade of the 1890s—not bad for a publication that waited more than 30 years to accept its first ad. (Groner, 253)

Noting that estimates of advertising revenue in the late 19th century vary widely, advertising historian Daniel Pope calculated that total advertising expenditures in the United States were $104 million in 1880, $190 million in 1890, and $256 million in 1900. The following table shows that magazines and newspapers received slightly more than one third of the country's total spending on advertising.

Advertising Revenue in the Late 19th Century

Year	National advertising expenditures (millions)	Publications' advertising revenue (millions)	Publications' share of total
1880	$104	$39	38%
1890	190	71	37%
1900	256	96	37%

Note: From Pope (1983)

In 1890 publishers' $71 million of advertising revenue represented about half of publishers' total revenue: $143 million. By 1900 advertising represented almost 55 percent of publishers' $176 million total revenue. (Norris)

More impressive than its volume were the social changes that advertising caused. Norris wrote:

> Perhaps the most significant trend discernible during the last two decades of the nineteenth century was not the raw growth of advertising, as impressive as it was; rather, it was the utilization of advertising to introduce new products, to homogenize tastes, and to create demand. The last decade also witnessed the growth of national, as opposed to regional, advertising campaigns. (50)

The Penny Press and the Emergence of Advertising Agencies

When Horace Greeley commented, "Nearly every mechanic in America takes a newspaper," he underscored how unique it was that anyone with a penny and an interest could learn, consider, and debate the issues of the day. The penny newspapers gave journalism a new role in American democracy. They may not have been objective—in fact they were often sensational and lurid—but they were nonpartisan at a time when the hallmark of the press was acerbic partisanship. (in Presbrey, 228 ; cf Groner, 106)

From the publisher's perspective, the Penny Press brought a new business model and a new science to the newspaper industry.

Beginning in the 1830s, the Penny Press demonstrated that the size of an audience could be expanded dramatically by reducing price to the reader. The corollary to this, of course, was that advertising sales became central to the business, and consequently, the process of selling advertising received closer attention in the Penny Press than at any time previous. Day, Bennett, Greeley, and other pioneers of the Penny Press were the first publishers willing to build the largest possible audience at any cost in order to sell the greatest amount of advertising possible.

And as advertising expanded, the emergence of advertising agencies enabled marketers' reach to extend throughout a large region and, eventually, across the country.

The Penny Press

Penny newspapers have a long history: the first penny newspaper in English, the *Orange Postman,* was established in England in 1706. The *Illustrated Penny Magazine* was launched in London in 1830, and was apparently quite a success. It was imported to New York and sold briskly. At the same time, other penny newspapers were competing strongly against the established, more expensive London dailies. (North, 89)

Several American publishers, including Horace Greeley, attempted to launch one-cent newspapers in 1833 (Presbrey, 188), but only Benjamin H. Day was successful. Greeley's *Morning Post* debuted on New Year's Day, 1833, and lasted about a month (North, 89). Nine months later Day launched the New York *Sun*, and found a formula that worked, apparently to his own surprise. The Census Department's S.N.D. North quoted a speech Day made in 1851, describing the launch of the *Sun:*

> I must say I had very little faith in its success at that time, and from various causes it was put off. In August, 1833, I finally made up my mind to venture the experiment, and I issued the first number of the *Sun* September 3. It is not necessary to speak of the wonderful success of the paper. (89)

By 1838 the *Sun's* circulation of 38,000 made it the largest newspaper in the world. (Groner, 106)

Day was flattered by a number of imitators. Within two years New York had five penny papers competing with seven six-cent morning newspapers and four six-cent evening papers—16 in all (North, 90). Between 1834 and 1839, 35 penny papers were launched in New York, although most failed quickly.

One of Day's closest competitors was James Gordon Bennett, publisher of the New York *Herald,* launched in 1835. Bennett was known for his sensationalism, and he rarely let scruples or taste prevent him from running a good story. His epitaph in *Vanity Fair* said:

> As a scurrilist, perhaps James Gordon Bennett was unequaled. His career enriched him at the expense of his character and that of the profession he followed only to degrade. (in Reynolds, 6)

Bennett may also have been unequaled as a businessman. He recognized that sensationalism fueled circulation growth and that circulation growth enabled him to increase advertising sales. The *Herald, Sun,* and other penny papers were based from the start on the principle that advertising sales could make up for reduced reader revenues—in other words, that the paper could afford to price itself cheaply to the reader if it sold enough advertising. This meant that advertising would be the primary source of profit. The *Sun's* prospectus said:

> The object of this paper is to lay before the public, at a price within the means of everyone, ALL THE NEWS OF THE DAY, and at the same time afford an advantageous medium for advertising. (in Presbrey, 188)

Two important developments enabled Day's idea to succeed.

The first was a supply of reasonably-priced paper, made possible by the manufacturing improvements mentioned above which increased supply in the early 1830s and lowered paper cost.

The second and more important factor behind Day's success was the emergence of a large audience for popular reading material. Until the *Sun* lit the way, as it were, no one knew just how large the largest possible audience might be. Consequently, the success of the Penny Press was one of the first indications that the American mass audience was larger than previously thought.

Reliance on ad sales affected the nature of the business. Day sold advertising in a wide range of categories, including help wanted ads, notices from theaters and museums, ads for excursions, and marriage and death notices. By 1839, advertising filled about two thirds of the *Sun* (Presbrey, 195).

Day the *Sun* sold advertising by the "square," one column wide and 10 agate lines long. Like most newspapers of the time, the *Sun* offered advertisers a year's worth of squares for $30. (Presbrey, 192)

In 1839, Day reduced the size of his square to six lines, and priced ads as follows:

One day	$ .50
Two days	.75
Three days	1.00
One week	1.75
Two weeks	2.50
One month	3.00
Three months	8.00
Six months	15.00
One year	30.00

In its first year, James Gordon Bennett's *Herald* offered a 16-line square for $30 a year. In its second year, the *Herald* raised its prices, and reduced the size of its square to 12 lines for shorter terms and eight lines for longer terms. (Presbrey, 197f)

New York *Herald* Advertising Rates: 1835 - 1836

Frequency	16-line square (1835)	12 lines or less (1836)	8 lines or less (1836)	Change in cost	Change in size
1 day	$0.50	$0.52		4%	-25%
2 days	1.00	0.75		-25%	-25%
1 week	1.25	1.87		50%	-25%
2 weeks	2.25		$2.50	11%	-50%
1 month	3.00		3.00	0%	-50%
6 months	8.00		5.00	-38%	-50%

Note: From Presbrey (1929)

What makes a comparison of the 1835 and 1836 rates interesting is the careful thought that Bennett gave his rate structure. Measured by the line, almost all of the ads at the new rates are more expensive, since advertisers received fewer lines for their money. But the rates themselves—the out-of-pocket cost to advertisers—changed in ways that encouraged choice of certain frequencies and discouraged others.

To take one example: the one-day rate, which a prospective advertiser would use to compare the old and new rates, moved very little—just two cents. Thus a cursory glance at the one-day rate suggested that the *Herald's* rates had increased only four percent between 1835 and 1836.

The two-day rate, which in 1835 was double the one-day rate, actually declined by 25 percent in 1836. This gave advertisers real incentive to place two ads rather than one, since they would get the second at half price. Note that there was no discount at all between the one- and two-day rates in 1835.

The same principle applies when comparing the six-month rates, where the price dropped by 38 percent. Apparently Bennett decided that long-term, steady business was worth attracting through significant cost reduction—although his long-term advertisers had to make do with fewer lines, freeing space for more-profitable short term advertisers.

The *Herald's* rate structure was a selling tool: it provided incentives in frequencies that were most beneficial to Bennett, and discouraged the purchase of frequencies that were less important to him. Presbrey noted, "The study and change in space-selling methods was another important feature of the birth of the new era in journalism and advertising." (198)

Advertising Agencies

In the first decades of the 19th century, freelance solicitors sold and accepted advertisements for newspapers, and some newsdealers would accept advertisements on behalf of papers. Both the freelancers and the newsdealers worked on commission. Full-time agencies were their successors. (Presbrey)

At the beginning of the Civil War there were about 20 advertising agents in New York, and perhaps ten more in other locations. By the end of the war, agencies had begun to exert a significant influence on American marketing. (Presbrey)

In late 1841, Volney B. Palmer of Philadelphia became the first full-time advertising agent in the United States. He came from a family of newspaper publishers, and although he also sold coal and brokered real estate, Palmer was eventually successful enough as an advertising agent to establish offices in Boston and New York as well as Philadelphia. (Pope ; Groner, 249)

Palmer announced the official opening of his Philadelphia business in 1842:

> ADVERTISEMENTS and subscriptions received for some of the best and most widely circulated Newspapers in Pennsylvania and New Jersey and in many of the principal cities throughout the United States, for which he has the agency, affording an excellent opportunity for Merchants, Mechanics, Professional Men, Hotel and Boardinghouse keepers, Railroad, Insurance, and Transportation Companies, and the enterprising business portion of the community generally, to publish abroad their respective pursuits—to learn the terms of subscription and advertising, and accomplish their object here without the trouble of perplexing and fruitless inquiries, the expense and labour of letter writing, the risk of making enclosures of money &c, &c. (in Pope, 114f)

John L. Hooper was New York's first advertising agent. Hooper, who had worked in the advertising department of Greeley's New York *Tribune,* improved on Palmer's services by assuming the full risk of bad debt, paying publishers even when he failed to collect from advertisers. (Presbrey ; Pope)

Like Hooper, S.M. Pettengill, a former employee in Palmer's Boston office, realized he could negotiate substantially reduced rates from publishers by assuming credit risk—and thus secure an advantage for advertisers. From 1851 to 1859, Pettengill promoted his agency through a house organ, *Pettengill's Reporter,* which was probably the first periodical devoted to the subject of advertising. (Pope ; Mott II)

In 1864 William James Carlton opened the Carlton & Smith brokerage in New York. When he decided to sell out 13 years later, the company's bookkeeper purchased the business for $1,300 (of which $800 was for the furniture). The bookkeeper painted his own name, James Walter Thompson, on the door and went on to further success. Making allowance for the name change, J. Walter Thompson is America's oldest surviving ad agency, and was one of the first to include "creative"—writing and design of the ads—as part of its service to clients. When Thompson sold his business for $500,000 in 1916 to a former employee, Stanley B. Resor, he netted a 999 percent margin on his original investment (not counting the furniture). (Pope)

With $250 in capital, Francis Wayland Ayer opened an agency in Philadelphia in 1868 and named it after his father, N.W. Ayer, to give it the appearance of longevity and stability. Ayer, a former salesperson for the *National Baptist* magazine, later became a publisher like Pettengill, producing a directory of periodicals listing their circulations and rates, and a quarterly magazine, the *Advertiser's*

Guide, which promoted the benefits of continual advertising. N.W. Ayer & Son eventually acquired the agency that took over Palmer's Philadelphia and New York operations, and thus can lay claim to a bloodline stretching back to the first American ad agency. (Rowell) The company's motto was "Keeping everlastingly at it brings success." N.W. Ayer & Son is still keeping everlastingly at it. (Laird ; Pope ; Rowell ; Groner, 249)

For several decades, Ayer was the largest U.S. agency, and by 1871 was placing advertising in more than 325 publications. Ayer was the first agency to receive commissions from advertisers and not publishers. As this practice spread to other agencies, it had the effect of stabilizing advertising rates. (Groner, 249ff)

Of all the pioneering agents, George Rowell may have been the most influential. He opened his first agency in Boston in 1865. Rowell and his partner, Horace Dodd, recognized the emerging demand for broader reach in advertising, and saw that there was significant potential in finding a way to deliver an extended audience at a time when media were predominantly local. Rowell and Dodd offered a "list," or network of recommended newspapers in New England. Advertisers could place an ad in each publication on the list for a single, combined rate, which was lower than published rates. Later Rowell expanded his list system to include other regions and categories.

In any list of recommended publications, a few publishers were more or less strict about adhering to their rate cards, most were willing to allow agents a 25 percent commission on paid business—the majority of publishers had a 25 percent bad debt allowance—and many were willing to discount significantly. Presbrey wrote: "Newspapers were so unaccustomed to getting cash that Mr. Rowell was able to induce them to accept almost any rate. Results of the bargaining as shown in the agency's business for the first month was a billing of $2,000 to advertisers and payment of $600 to newspapers." (266f)

Rowell began to buy space in bulk and sell it to advertisers at retail, initiating a practice that endured among agencies throughout the 19th century. Rowell found that rural publishers were generally willing to sell him a column of space for a year for $100, and rebate a $25 commission. In turn, Rowell sold the space to advertisers for $100 a month for a one-inch ad in 100 papers. At these rates he could afford to sell only half the space he had purchased and still net $5,500 profit on an investment of $7,500, a 73 percent margin (Presbrey ; Pope)

This success led Rowell to sell the Boston business to his partner, Dodd, move to New York, and open the George P. Rowell & Co. agency in 1867.

Rowell developed a list of all the newspapers and magazines in the United States and Canada, listing rates, frequencies, and circulations, and began publishing this information in an annual volume, the *Directory of American Newspapers,* first issued in 1869. Rowell also started one of the earliest independent magazines devoted to advertising as a subject, *Printer's Ink*.

Rowell's *Directory* was the first independent source of circulation data, and provided such a competitive advantage that other agencies began to compile their own rate and circulation data. N.W. Ayer's directory was developed to compete with Rowell's. Many publishers objected to Rowell's appraisal of their circulations, and complained that publishers advertising in the directories received more generous circulation estimates than non-advertisers. Rowell doesn't seem to have denied it. (Pope)

Rowell's agency was also the first to operate on the "open contract" plan, in which the advertiser contracted to a single agency exclusively for a fixed period, using the agency for creative, strategic planning, and media recommendation, but reserving the final decision on ad space purchases. This has been the basic structure of advertiser-agency relations ever since.

Many of the most successful agencies specialized in certain media. Beginning in 1867, the Carlton & Smith agency was able to obtain exclusive rights to the advertising space in a number of religious periodicals. As noted above, this was not an insignificant market. The Carleton & Kissam agency specialized in streetcar advertising. J. Walter Thompson's great success at the end of the 19th century came from the agency's focus on magazines. Rowell specialized in newspapers, and apparently never grew comfortable with other media. (Presbrey ; Pope)

Even in its infancy, the agency business was potentially lucrative. Rowell estimated that Pettengill's agency handled about $400,000 of business in 1867 and claimed that by 1870 his own agency was billing between $50,000 and $100,000 per month. The Ayer agency achieved about 15 percent net profit on its 1879 billings (Pope), and was billing $1.38 million per year by 1900 (Ohmann, 94). By 1884 North could write:

> There are more than fifty firms in the United States engaged in the advertising agency business, and these agencies secure a basis of discount from the regular rates of many newspapers all over the country. With this advantage they are able to negotiate the business of large and systematic advertisers to the profit of the latter as well as themselves, and frequently carry out contracts involving an expenditure of a million dollars in printers' ink. (88)

The functions of advertising agencies evolved in stages throughout the 19th century, "a hodgepodge of contradictory and sharp practices," as Ohmann described it (94). Roughly speaking, advertising agencies were allied more closely with publishers until about 1880. At that point, an increasing number of agencies began to earn commission based on client advertising purchases and agency allegiances shifted to the advertiser.

Between the 1840s, when the earliest agencies opened, and the 1890s, when they began to take on their current form, agencies performed five different functions, sometimes performing several at once depending on circumstances, sometimes moving from one to the other.

1. The first advertising agencies—such as Palmer's and Hooper's—were essentially publishers' sales representatives, soliciting space from advertisers outside a publisher's hometown, and earning a commission from publishers.

2. Next, agencies began to accept business from advertisers, trusting (or gambling on) their ability to negotiate ad space from publishers at a lower cost than the cost they had quoted to the advertiser. In this phase the agent moved from being the publisher's representative to being the publisher's customer—and, potentially, a high-volume purchaser.

3. This led some agents, such as Rowell, to buy space in bulk from publishers at the lowest rates that could be negotiated, then "subdivide" it to advertisers in smaller units at a higher price. In this phase the agent functioned as a wholesaler.

4. As the climate grew more competitive, innovative agencies like Thompson's began to supply additional services to advertisers, such as design, copywriting, and market research, or, like N.W. Ayer, offered "full service," meaning that they placed space in all

types of media, handled publicity, and created trade names.[4] Increasingly, these services came to be expected. In this phase, value added by the agency was a competitive differentiator. (Groner, 251)

5. Finally, agencies negotiated exclusive arrangements with advertisers, working on the "open contract" plan for a fixed commission. In this final phase, agencies' services became their raison d'etre, especially after 1917, when agency commissions were standardized at 15 percent (Pope).

The earliest advertising agencies filled two fundamental needs. First, by gathering rate and circulation data and establishing business relationships with publishers, they made it convenient for advertisers to place ads outside their hometowns. Second, agencies significantly reduced the publisher's risk of bad debt from out-of-town advertisers. As the agency business expanded, filling these two simple needs grew into something larger and more important: the ability for advertisers to reach distant and larger regions… the consequences of which are still being felt.

[4] "Nabisco" and "Uneeda" were their first two.

Development of Mail Order Advertising

As the 19th century progressed, an increasing portion of the U.S. population lived in cities and a decreasing portion engaged in agriculture. Nevertheless, the number of farm workers continued to rise well into the 20th century, because the country's rate of expansion was greater than the rate of migration from farm to city. This accounted for growth in the rural population from approximately 33 million in 1880 to 42 million in 1910 and growth in the number of farms from two million in 1860 to six million in 1910. (Faulkner, 365, 383)

Movement from Farm to City: 1870 - 1900

Year	Percentage of population urban	Percentage of workforce engaged in agriculture
1870	26%	53%
1880	28%	51%
1890	35%	43%
1900	40%	40%

Note : From Norris (1990)

At the same time, the lines of supply reaching rural residents lengthened as America grew. The country's center of population moved farther and farther away from large eastern cities, and the percentage of Americans living west of the Mississippi, 14 percent in 1861, reached 27 percent in 1890. (Emmet & Jeuck)

As the rural population expanded away from the largest cities and manufacturing centers, farmers found themselves increasingly disadvantaged at both ends of the supply chain. They were hostage to railroads' shipping rates ; hostage to banks, exchanges, and government financial policy ; hostage to commodity pricing in the monopolistic processing industries ; and hostage even to country store owners, who offered limited selection, high prices, and capricious credit. (Faulkner, 365ff)

The National Grange, launched as the Patrons of Husbandry by Oliver Hudson Kelley in 1867, gave farmers the means to negotiate collectively for better prices and bulk shipping. By 1873 the Grange had 858,000 members and 8,600 locations. (Hoge ; Gilliam)

The Grange's 1874 *Declaration of Purposes* proclaimed: "We propose meeting together, talking together, working together, buying together, selling together, and, in general, acting together for our mutual protection and advancement, as occasion may require" (in Gilliam).[5]

[5] Among the Grange's first targets were the railroads. Laws regulating the railroads—many passed between 1869 and 1875—were popularly known as "Granger laws." (Faulkner, 486)

Montgomery Ward

In 1872, an entrepreneur named Aaron Montgomery Ward obtained a mailing list of 40 Grange members. With the help of his wife he mailed a two-page circular, the announcement of his new business—Montgomery Ward and Company.

> At the Earnest Solicitation of Many Granges we have consented to open a House devoted to furnishing Farmers and Mechanics throughout the Northwest with all kinds of Merchandise at Wholesale prices (in Hoge, 12).

Later in 1872 Ward was appointed purchasing agent for the Illinois Grange, a position that allowed him a little more leverage with suppliers. With the help of a partner, George Thorne, and a great deal of patience, Ward began to build his business by improving on practices that worked and discarding what didn't—the central principle of direct marketing.

It quickly became evident that what could be sold to Grange members could be sold to other farmers as well, and the company began to advertise in farm periodicals, beginning with the *Prairie Farmer* in 1873. The first ad was followed by thousands more. By 1884 the readers of *Farmer's Voice* had proved so responsive that Ward and Thorne purchased a majority share of the magazine's ownership.

Within five years the Montgomery Ward catalog had developed real heft. Pages grew from two in 1872 and four in 1873, to 100 in 1874, and 152 in 1875. The 1884 catalog listed almost 10,000 items in 240 pages. Before another decade passed, the catalog had more than doubled: by the early 1890s it contained 540 pages and listed 24,000 items (Emmet & Jeuck ; Hoge).

This growth reflects not only Ward's skills as a business manager and copywriter, but also the rapid expansion of direct marketing as an industry.

Direct Marketing in the 19th Century

Americans have bought and sold goods through the mail since colonial times. Benjamin Franklin produced a book catalog in 1744. Prior to the Revolution, Jefferson, Washington, Adams, and many other colonists ordered British products by mail (Emmet & Jeuck ; Hoge ; McCullough).

American retailers began issuing catalogs in the early 19th century, including Harper & Brothers in 1844, Tiffany & Co. in 1845, Ferry Seeds in 1856, E. Remington & Sons in 1858, and Orvis by 1861. By the start of the Civil War, Americans could purchase thousands of products through the mail, including carriages, shoes, flour mills, sewing machines, hats, candles, safes, clocks, plows, jewelry, musical instruments, toys, pigs, and even coffins, which were promoted by an undertaker who sent circulars to sick people. (Emmet & Jeuck ; EMOTA ; Hoge ; Norris ; Groner, 249)

In addition to selling their products directly to consumers through advertising, many 19th-century manufacturers used advertising to solicit agents for their products. Respondents to these ads ordered products in bulk and sold to their friends and neighbors. Some magazine publishers used this method to sell subscriptions: readers who submitted a certain number of paid subscriptions were allowed to keep a percentage of the subscription price. Rowell describes a similar program conducted by book publishers, who sold deluxe editions of popular books through agents. The books sold for $3.00 or $3.50, and agents were allowed to keep 40 percent of the sales.[6]

[6] David H. McConnell was a door-to-door book agent who used vials of cologne as a sales premium. Customers seemed more interested in the cologne than the books. This led him to found the California Perfume Company in 1886.

General-interest magazines such as *Peterson's Magazine, Godey's Lady's Book,* and *Harper's Weekly* received mail order advertising, but in relatively small doses prior to the 1870s: four to five pages per issue was typical. In the 1870s farm publications such as *Prairie Farmer, Farmer's Review, American Agriculturist, Cultivator and Country Gentleman,* and *Farmer's Voice* began to receive significant amounts of direct mail advertising, and in the early 1880s were getting the lion's share. (Norris ; Emmet & Jeuck)

Profits on mail order were roughly equivalent to store profits. In 1889, the average mail order business produced a 24.4 percent margin, compared to 22.2 percent for department stores and 19.2 percent for dry goods stores. In 1899, margins on mail order had grown to 25 percent, compared to 25.6 percent for department stores, and 21.4 percent for dry goods stores. (Norris)

This led some large retailers to experiment with catalogs. Macy's began a mail order business in 1874, and by 1881 was producing a 127-page catalog. In the 1880s other department stores, such as Wanamaker ; Marshall Field ; Carson, Pirie, Scott ; Strawbridge & Clothier ; and Jordan Marsh solicited business through the mail. (Emmet & Jeuck ; Hoge)

None of the major retailers achieved lasting success through mail order—although when store owner John Wanamaker was postmaster general he contributed immensely to the continued expansion of the mail order industry by proposing the creation of rural free delivery service (Norris).

Despite the similar margins in mail order and retail, the price of a product sold through the mail was often lower than the same product cost in stores—especially country stores, where prices included wholesalers' markup and most shoppers were given long-term credit. Mail order sales bypassed wholesalers, and large mail order companies could order in large enough quantities to command the lowest cost.

In addition to catalogs and print advertising, 19th-century direct marketers used other marketing methods, including circulars and form letters. Specialists handled different aspects of the process. Letter brokers compiled and sold address lists by location, occupation, or social class. Addressing companies, the forerunners of today's lettershops, obtained lists, stuffed and addressed envelopes—all by hand—and delivered material to the post office (Norris).

Richard Sears

Direct marketing grew dramatically after 1880, and Montgomery Ward—as large as it became—represented only a portion of the revenue generated by mail order sales in the United States. To meet the competition from smaller mail order retailers (and to counter the intense opposition of rural merchants), Ward expanded his advertising into magazines in markets other than farming. He also mailed almanacs containing advertisements for Montgomery Ward's products, and sponsored a minstrel-style traveling variety show. But he didn't face head-on competition until a mail order marketer of watches named Richard Sears and his partner, Alvah Roebuck, began selling general merchandise by catalog in late 1893. (Emmet & Jeuck)

In the course of building his watch business, Sears had earned a reputation for offering decent merchandise with an ironclad guarantee, a reputation which proved valuable as the company expanded into general merchandise. Roebuck contributed stability and good business judgment to

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The company changed its name to Avon Products, Inc. in 1939, but has stuck with the door-to-door method since the beginning.

the enterprise. But the principal factors behind the company's growth were Sears's boundless enthusiasm and his gift for writing clear copy that spoke to customers in familiar terms. Weil wrote, "He talked to farmers in their own language, which was simple, earthy, and direct. Even the hyperbole was designed to cater to their dreams of the greater world that most of them would never see."

It's said that Sears's copywriting violated every rule in the book. He abhorred white space, and "believed devoutly in belaboring even the obvious, in emphasis through repetition and paraphrase" (Emmet & Jeuck, 62, 64).

A typical Sears, Roebuck ad from 1894, from the back cover of *Vickery's Fireside Visitor* magazine, featured illustrations of the company's Chicago and Minneapolis offices and a large globe, encircled by the headline, "Cheapest Supply House on Earth—Our Trade Reaches around the World." The company's catalog is described as "The Grandest Book of Information to BUYERS Ever Printed. It Costs Nothing!" Below were testimonials from Vickery (the publisher), a "city official" (P.W. McAllister, alderman of the 10th Ward in Augusta, ME), and a "railroad man." At the bottom of the ad, a pointing hand draws the eye to a "Grand Offer to Readers:" premiums "to all who send in an order, no matter how small." The ad promoted 25 separate items, each reminding customers of the premium and the value of haste in ordering.

When buying ad space, Sears negotiated aggressively. Although he usually asked for (and received) a rate of one quarter of a cent per agate line per 1,000 of circulation, Sears sometimes paid as little as one tenth of a cent per line per thousand readers by buying large volumes of space.[7] (Emmet & Jeuck, 61)

This buying-in-bulk approach to advertising allowed Sears to run multiple insertions in single issues of magazines, often combinations of full page ads, spreads, and fractionals.

Sears measured the performance of all marketing vehicles carefully, and used his catalog as a benchmark of advertising performance. Taking an 1897-1900 Sears campaign to sell sewing machines as an example, Emmet and Jeuck reported that orders cost approximately 38 cents to secure through the Sears, Roebuck catalog in 1897. Through Vickery's publications, orders could be obtained for a cost of 25 cents each—at least until the market became saturated. But even in 1900, three years into the campaign, the average cost of orders from magazines was less than $1.00, an 8 percent advertising expense on a $12.50 sewing machine.

By the mid-1890s, Sears's aggressive advertising had built significant name recognition, and by 1900 Sears, Roebuck and Montgomery Ward were neck-and-neck in sales (Weil). Both companies continued to grow and prosper through the first half of the 20th century. To what extent their boats were lifted by the rising tide of a growing economy can't be quantified. But it's safe to say that the hundreds of other mail order companies that advertised in the late 1800s were buoyed by the same forces that helped Sears and Ward. Weil wrote:

> The lure of mail order to young entrepreneurs was obvious. . . . It was hard to miss finding a market when there were millions of Americans too far from the big cities to have any real

[7] For those interested: At a quarter cent per line per thousand readers, a 16-line "square" ad in a 25,000 circulation magazine would have cost Sears $1.00. At one tenth of a cent per line per thousand readers, the square would have cost $.40. Assuming 175 lines per column, or 700 lines per four-column page, a full page ad in the same 25,000 circulation magazine would have cost roughly $50.00 (a $2.00 cost per thousand in modern terms) at a quarter-cent per line per thousand readers. At one tenth of a cent per line per thousand readers, it would have cost $20.00 (an $.80 CPM).

> choice about what they purchased and openly unhappy about their domination by the local general store operator." (62)

In the last quarter of the 19th century, direct marketing had grown so popular that a class of magazines supported by mail order advertising had emerged. Reaching millions of rural residents, these "mail order journals" foreshadowed the large circulation middle class magazines that emerged at the end of the century.