

A Summary of Marketing Research to 1960.

> Early History

Numerous examples illustrate the development of marketing research from early civilizations to the present. Regrettably, marketing research is often thought to be a post- World War II phenomenon in the US. We fail to recall that field survey techniques in the 1930s were pioneered by applied marketing researchers. In this Appendix, it should be apparent that marketing research not only has its ancestry before the 20th Century but also has roots in classical antiquity. More importantly, while the science of marketing research is relatively new, it has been built on a foundation of centuries of informal listening by marketers.

Among the ancient Greek civilizations, the Phoenicians were excellent traders throughout the southern Mediterranean. Superb merchant shipping aided the progress of their trade routes, later extending to the entire Mediterranean, Black Sea, and Red Sea. They conducted demand studies for exports such as their purple dye, glass, metalwork, embroidery, glazed pottery, and foodstuffs.

Born to a family of traders and travelers in 11th century Venice, Italy, Marco Polo became one of the most famous travelers of the “Silk Road” in China. His diary reveals informal marketing trade studies conducted during twenty-five years in the East, seventeen years of which were in the service of Kublai Khan.

Historical documents also offer anecdotal accounts of market-related studies conducted by European explorers of the New World. After the colonization of America and in eighteenth- and early nineteenth-century America, marketing took place in a chiefly pre-industrial production economy. Goods were produced in the household and by craftsmen and artisans. Most commercial advertising before 1850 was by trade people using local media such as posters, signs, and newspapers. American society of that time “sanctioned nominally patriarchal household structures, a variety of social, legal, and religious factors limited the exercise of male authority and, therefore, ceded to females areas of responsibility and possibilities for greater decision-making influence.”¹ This is noteworthy because this influence was exerted through a wide network of local trading relationships involving consumer decision making, negotiation, and purchasing— principally by women. There was, however, little formal research. Personal relationships between small business owners and their customers provided sufficient information to understand needs and demand.

> Emergence of the Field: Industrial Revolution to 1925

The next era of importance occurred between the Industrial Revolution and about 1925. The Industrial Revolution began during the last half of the 18th century in Great Britain and extended through parts of Europe and to the United States during the following century. In the previous era, we noted that goods were produced in the home or in small workshops. Now they began to be manufactured in a factory, as machines replaced manual labor.

Economic changes of the period caused extensive social transformations: the movement of people to cities, a migration to the West, the availability of a greater variety of goods, and new ways of conducting business. Transportation, particularly the steamboat and railroad, produced a rapid development of commerce—they were the *enabling* technologies of the period. Although having little impact at their introduction, the railroad became the true revolutionary instrument of the industrial revolution, spawning a steel industry, creating a commerce infrastructure, and bringing population centers into existence. Such a dramatic

change was not experienced since Roman road construction in England fourteen hundred years before. The advent of mass communication and significant population growth stimulated a demand for goods that further motivated industrialization. The domestic work structure evolved quickly with families no longer working together at home or making purchasing decisions through acquaintance networks. As work became more impersonal, different roles emerged in the factory setting, now occupied by strangers. Factory owners and managers did not have direct connections to the customer base as the small business owner did in the past.

Between the late nineteenth century and 1925, marketing research was in a very formative state. Factory owners wanted counts of production versus consumption. Because products sold frequently through middlemen, the producer was even farther removed from the individual consumer. The lack of systematized distribution and inventory management also reduced the likelihood that production tallies would equal consumer demand statistics. One historical analysis of the time states:

Marketing was production-focused, and marketing research was primarily market analysis and distribution research that focused on the systematic acquisition and use of the knowledge of product flows, rather than on the vast field of consumer desires and choices that we think of when we use the term today. Marketing research writings dealt with the methodology applicable to marketing practice.²

> Notable Academics

There were no departments of marketing in universities at this time. Nevertheless, the field of psychology influenced the development of what would later become marketing research. In 1900, Harlow Gale wrote *On the Psychology of Advertising*. Northwestern University's Walter Dill Scott was a pioneer theorist in advertising and marketing. While director of the psychological laboratory, he wrote *The Theory of Advertising*, in 1903, and *The Psychology of Advertising* in 1910.

In 1911, the Harvard Graduate School of Business created the Bureau of Business Research, which applied principles of psychology to marketing research. In 1915, the National Association of Teachers of Advertising (NATA) was created. Walter Dill Scott was its first president. Paul Cherington, one of the first marketing teachers at Harvard, was its second. This organization ultimately became part of the American Marketing Association (AMA).

Founded in 1917, the *Journal of Applied Psychology*, brought research methodology to the attention of academics and practitioners alike. Research definitions today attempt to distinguish applied from basic research; then, industry coined the term "commercial research" to differentiate it from more esoteric academic research. About this time, C.S. Duncan, University of Chicago, published *Commercial Research: An Outline of Working Principles* in 1919. In 1922, Fred E. Clark, another Northwestern University faculty member and first president of the AMA, wrote *Principles of Marketing*. A few years later, Percival White's *Market Analysis: Its Principles and Methods*, appeared.

> Commercial Impetus

The development of marketing research in this era was not so much characterized by the emergence of marketing interest at universities as it was by the financial commitment of business. Corporate efficiency was a widespread concern. Factory management in the days of the late nineteenth century used "rule of thumb" procedures and other craft-conscious practices derived from the pre-industrial era. Modernization demanded efficiency if corporations wanted to expand to national markets. They needed expertise in production, distribution, and labor. When F. W. Taylor devised his system of applying scientific methods to the study of work and published "Scientific Management" in 1911, efficiency became the

preoccupation of business. Drawing from industrial engineering, psychology, anthropology, and sociology, businesses experienced substantial cross-fertilization from the practitioners of these fields and research with a decidedly marketing focus emerged. For example, before the turn of the century, the term “merchandising” was used to refer to the buying and selling functions of middlemen. After 1900, it came to represent a wider set of functions such as the use of calendars, displays, signs, and contests or prizes designed to enlist the cooperation of retailers. Improvements in merchandising were attributed to the growing use of marketing research, branding, radio advertising, and improving the professional skills of individuals involved in personal and telephone selling.³ This was similarly true for newspaper advertising.

Marketing historian Robert Bartels says that Charles Coolidge Parlin was the first notable marketing research practitioner.⁴ He headed the Commercial Research Division of the Curtis Publishing Company—publisher of the *Saturday Evening Post*, *Ladies Home Journal*, and *Gentleman Farmer*. In 1911, Parlin published a report on agricultural implements. In an early customer satisfaction study, Parlin also evaluated Curtis Publishing readership’s satisfaction with its publications. By 1915, Parlin “advised car makers on the changing nature of their industry, fueled by the fact that people who had the money and inclination to buy cars had largely already done so.”⁵ Parlin’s contribution not only benefited advertising but “introduced science into fact finding as well as into management, and . . . made commercial fact finding a profession.”⁶

Between 1916-17, both U.S. Rubber and Swift & Co. established commercial research departments. In 1921, the J. Walter Thompson agency hired John Watson, a Harvard psychologist and pivotal figure in behavioral research, to help the agency understand consumers’ minds. Just as “Taylorism” was the first management trend before World War I, Parlin’s success encouraged more companies to create marketing research departments after the war. This emphasis continued as the field matured.

> Improvement in Poll and Survey Methodology (1925-1960)

We call the third period of development the era of Improvement in Poll and Survey Methodology (1925-1960). A survey’s purpose is to generate statistics – to produce a description of some aspect of a study’s population in quantitative or numerical terms.⁷ Surveying has a much longer history than just the second decade of the 20th century, however. The use of a census (that examines an entire population), and surveys, (that select a sample or subset of the population) date to ancient Egypt-- and before —when rulers required information on their populace for taxation purposes. Early political records from the 1700 America provide polling records and voting profiles of politicians. The U.S. Constitution requires the collection of statistics on the population by asking people questions: the Decennial Census. Today, the federal government remains the largest collector of survey data –particularly the Bureau of the Census and the Department of Agriculture. But in 19th century America, newspapers and publishers used primitive surveys that made no claim of being scientific. “Straw ballots” in newspapers asked readers to answer questions and mail them in. Person-on-the-corner interviews were the norm, producing biased results. Agricultural production of that time was also assessed with surveys but more accurately so. During World War I, Army psychologists used intelligence and aptitude questionnaires to place recruits in appropriate jobs.

Early social surveys, conducted by sociologists, generally occurred in large US cities. The Chicago studies of the 20’s focused on discovering and finding ways of reducing poverty and crime. Rural surveys attempted to measure the resilience of small communities and rural areas. Having arrived on the scene with his landmark book *Advertising: Its Principles, Practices & Techniques*” in 1906, Daniel Starch founded Daniel Starch & Staff in 1923. Through the years he developed the measurement tools for ad readership using current ads in interviews; he also studied copy appeals as they related to purchasing

decisions, media usage, and budgets. Starch led the way in the use economic, sociological and demographic data to describe the market environment.

During the mid-1920s, the Rockefeller Foundation supported a World Survey (1924) in which three-fourths of the world's countries were included. Its size and complexity for the methodology of the time made it largely unsuccessful. During this period, communications technology grew and ignited the popularity of the media. During the mid- 20s NBC and CBS went on the air. Billboard Magazine published its first charts in 1928. Radio listenership surveys came into vogue. Consumer research marks its beginnings from 1928, when William Benton, originator of the Voice of America and a strong advocate of radio, conducted a survey to measure consumer preference for radio as an advertising medium.

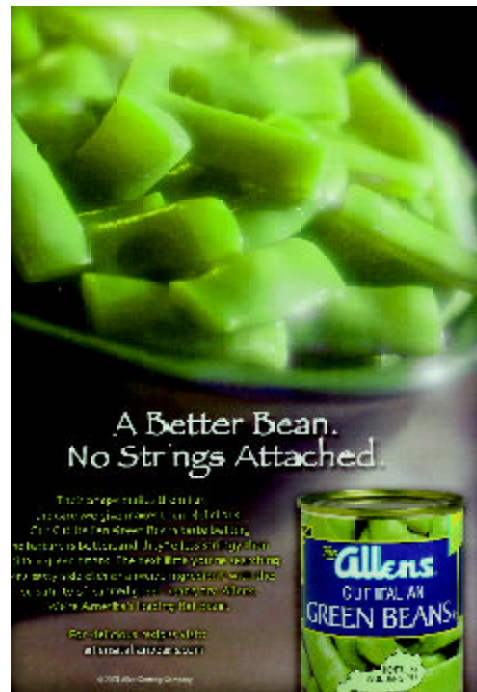
In 1929, the New York Stock Exchange recorded unprecedented activity and then on October 24, the market crashed and panic ensued. Banks closed and the nation endured a difficult Depression through the end of the twenties and most of the thirties. Between 1929 and 1932, the income of the average American family declined by 40%. Advertising spending also plummeted from a high of \$3.5 billion to \$1.5 billion by 1933.⁸ The Depression created greater regulation of marketing under the planned economy of the New Deal.

> Survey research in marketing expands

Scientific research suffered from the lack of funding during this period. Nevertheless, attempts to improve marketing research continued through collaboration with industry. In survey research, William J. Riley, author of "Marketing Investigations" in 1929, highlighted the problems of interviewing and questionnaire use. Riley's agenda included several priorities for action: applying the scientific method, marketing research training, creating a clearinghouse, and increased involvement by impartial organizations.⁹ Throughout the late 20s and 30s, market researchers, psychologists, and sociologists were improving measurement methods and data analysis by making them more scientific. Applying "scientism" to measurement meant that survey results could be marketed with greater confidence.

> Sampling improves

The methods for approximating samples were just emerging from statistical theory, thus little attention was paid to representative sampling. Quota sampling was considered respectable since any form of systematic respondent selection was an improvement over straw polls or conversations with social acquaintances. According to one author, researchers combined sample size determination with quota sampling methods to collect data. In the mid-30s, even statisticians did not object because of the enormous practical problems of collecting accurate marketing information.¹⁰ Ironically, the precedent of random sampling existed. J.D.B. DeBow, who directed the 1850 Census, used "the concept of the random sample, sampling 23 counties and cross-tabulating data regarding marriage, schooling and inequality of wealth."¹¹ It was an article by Jerzy Neyman, however, in the *Journal of the American Statistical Association* that impelled advances in modern probability sampling, particularly stratified sampling. In the late 30s and early 40s statisticians concentrated their efforts on area probability sampling techniques and modern probability sampling methods gained acceptance.



According to Starch research, this ad from the April 2004 issue of *Better Homes and Gardens* was a winner for Gillens beans. It scored AdNorm indexes for participant recall and association of the ad with its advertiser of 109 and 108 respectively. This means the ad scored roughly 8 to 9 percent better than other full-page, full-color food ads.

> Fieldwork receives attention

Methods of fieldwork improved after 1931, when Percival White, of the Marketing Research Corporation of America, wrote a manual for field research. “Marketing Research Technique” included specifications on the techniques of questionnaires, personal interviews, group interviews, and field tests. This comprehensive effort sought to teach field workers instruction writing, respondent classification, oral delivery of the questions, respondent quotas and classifications, and professional conduct. Yet the focus remained on question content and wording. The first research textbook to command a large readership was Lyndon Brown’s *Market Research and Analysis*, published in 1937. In the 40’s more texts of this nature were published as business schools expanded their course offerings.

> Notable pollsters

The 1930s established the era of the professional pollster. With one foot in business and the other in academic circles, these pioneers contributed to rapid expansion of the field. Archibald Crossley won Harvard’s award for the best commercial research in 1930 by measuring telephone and media subscribership. Henry C. Link created the Psychological Brand Barometer in 1932 for the Psychological Corporation. His survey evaluated public attitudes on products in the home, not by mail, thereby attempting to eliminate nonresponse error. Elmo Roper joined Paul Cherington and Richardson Wood to form The Roper Organization in 1934. While testing a sampling technique for his mother-in-law’s election for public office in 1932, George H. Gallup was launched into business. Gallup, Crossley and Roper created the forerunner of attitudinal surveys and correctly predicted Franklin Delano Roosevelt as President in 1936. Gallup’s firm, the American Institute of Public Opinion, later called the The Gallup Organization, has asked Americans for opinions about virtually every conceivable issue, aspect of life, and news event since then.

There were roughly twenty marketing research organizations, research departments in corporations, and ad agencies by the early 40s. The leading firms included Crossley Inc.(the Crossley Poll, 1936), the Roper Organization (*Fortune* survey of 1936 conducted by Elmo Roper), A.C. Nielsen, Ross-Federal Service, the Psychological Corporation, Marketing Research Corporation of America, Houser Associates, American Institute of Public Opinion (Gallup Poll, 1935), and other research departments in corporations. Nonprofit polling organizations included the Princeton Office of Public Opinion Research (1940) and the National Opinion Research Center (1941).

> The war years

The 1940’s were dominated by World War II. During the war, surveys were used by the government for military and public information campaigns. Samuel A. Stoffer, who studied under statisticians Karl Pearson and R. A. Fisher, applied empirical methods and statistics to social problems. During WW II, he directed Information and Education branch of U.S. Army. In the early 1950s, he conducted a national survey to determine the effects of McCarthy’s anti communist crusade. His influence extends to survey design, sampling methods, and systematic data analysis. Public information campaigns during the war were guided by Paul F. Lazarsfeld, who founded the Bureau of Applied Social Research at Columbia University. Lazarsfeld saw political behavior as a process, rather than a one-shot event like voting. Some critics noted that he borrowed the term ‘panel analysis’ from market research and transplanted it into survey research, revising its meaning to re-interviewing voters at different times during a campaign. Panels were originally juries of consumers specifically selected to judge a single stimulus. GM, for example, “had a panel of ‘motor enthusiasts’ to help indicate future tastes and trends. One clear advantage panelists offered was their willingness to serve over time, providing market feedback on a variety of issues or the same issue over time.”¹² However, Lazarsfeld’s most prescient contribution was his understanding

of the potential for data processing equipment in survey analysis.

Media technology continued to advance, especially television from its 1939 World's Fair debut. In 1941, NBC's WNBT begins telecasting in New York City. When the first TV spots aired, they featured a Bulova watch, as open- and close-time signals for the day's broadcasting schedule. Broadcasting continued until interrupted by the war and then resumed in 1946. In the mid-40s, business and residential telephones were interconnected through the Bell network. This created a telephone survey phenomenon. Previously, independent phone companies reduced the possibility of a telephone survey reaching any U.S. household. Although cost-effective for marketing researchers, the saturation of phones was too low for probability sampling until 1960 when about 80% of households had a telephone.¹³

At the war's end, thousands of young servicemen returned to the U.S. to resume their lives, start new families, find new jobs, buy new homes. The advance of suburbanization, a consequence of the automobile, created a consumer goods demand unlike any previously seen. Americans began purchasing goods not available during the war. The baby boom was in progress. Universities attracted new student and faculty talent through the GI Bill. In 1947, marketing research expenditures were estimated at \$ 50 million dollars. This would be multiplied 20 times in the next four decades. Over 200 marketing research organizations were formed by 1948.¹⁴ Both advertising and consumer research gained interest in marketing research circles. In a major investigation of 12 million cases (a 1946-1955 database), Daniel Starch concluded that larger space, color, and thinner issues all enhance response to advertisements. Later, in 1961, his study of 400,000 interviews covering a 16-year period and 45,000 ads in the *Saturday Evening Post* and *Life* developed a method for measuring the relative selling effect of different ads.

> Motivational Research

Consumer research, particularly the study of purchase motivation, used psychological models to understand the reasons why people buy. In the 1950s there were three dominant views of motivational research but it was primarily Ernest Dichter whose ideas achieved prominence. After positions in ad agencies, Chrysler, and Procter & Gamble, Dichter created the Institute of Motivational Research in New York in 1946, with branches in several countries. He defined 'motivational research' (MR) as "qualitative research designed to uncover the consumer's subconscious or hidden motivations that determine purchase behavior."¹⁵ Dichter borrowed Freudian psychoanalytic (clinical therapy) techniques for consumer research and the analysis of market behavior. His approach included depth interviews and projective tests to study thoughts and emotions of consumers.

According to this school of thought, humans were immature, ruled by insecurity, and motivated by erotic needs. "Motivation research fascinated marketing researchers in the 50s, offering glib, entertaining and usually surprising explanations for consumer behavior — often rooted in sex."¹⁶ However, not all products were amenable to MR methods and expansion of MR theories seemed to stall with so-called "low-involvement" products such as soap, gasoline, foods and cigarettes. After the debate of MR's merits in the *Journal of Marketing*, marketing researchers began questioning MR's techniques and turned toward more rigorous quantitative research for the study of "buyer behavior." Although MR's acceptance evaporated rather quickly, it is widely acknowledged as the predecessor of today's consumer lifestyle research.

In the late 1950s, a comprehensive study of American business schools prompted market researchers to accept a standardized approach to methodology. Researchers responded positively, embracing the same methods as researchers in natural sciences. Marketing research entered a new era of systematic quantification, relying on statistical analysis to reveal market trends and consumer preferences.

> The Advent of Computing

Finally, after the development of the transistor in the mid 40s and before the integrated circuit in 1959, the ENIAC and UNIVAC computers (the first successful high-speed electronic digital computers) come into use and changed computing forever. ENIAC (Electronic Numerical Integrator and Computer) was the first large, general-purpose electronic computer. It was created from a World War II classified military project known as Project PX. Its historic importance is derived from the fact that it laid the foundations for the modern computer industry. As the 60s began, corporations and universities began to invest in computing technology, making large-scale marketing research studies possible.

We refer to the fourth period of development as the Information Revolution (1960-present), beginning with the invention of computer in the late 40s. The historical trends of this period are described in Chapter 2 of the textbook.

> Notes

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> Source

Starch readership research and the Gillens ad were provided by NOP World. The April 2004 issue of *Better Homes and Gardens* had 71 half-page or full-page ads. The research was done among adult women readers of the issue.