STRATEGY IN ADVERTISING

Matching Media and Messages to Markets and Motivations

Second Edition

Leo Bogart

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Preface

Strategy is the art of deploying available resources to attain objectives in the face of active opposition. In a competitive economy, the success of a company often hinges on its ability to master the strategy of advertising. This mastery in turn depends on the company's ability to assemble and to apply information. Advertising professionals today deal with a greater volume of information than ever before. In every substantial advertising agency and department, specialists are now at work systematically setting forth their knowledge, inferences, and guesses on consumer interests and purchasing habits, the effects of repeating advertisements, the relation between information, attitudes, and buying action. The computer has given the advertiser a remarkable capacity to apply this kind of knowledge to the ever more complicated problems of the marketplace.

Advertising is inevitably a powerful economic force in any complex industrial society where production capacity exceeds effective consumer demand. But advertising is more than an economic force; it is also a profound influence on culture, values, and the quality of life. Directly, it provides us with constant stimulation, reminders, judgments, and guidance, not only about what products we ought to own but about the kinds of people we ought to consider attractive, the kinds of places we should want to live in, and the standards we should observe in our dress or way of speaking. Indirectly, advertising strongly influences our great mass media; their shape, substance, and style—in fact, their very survival—are all profoundly affected by the fact that they are themselves products in a market where the advertiser is the customer.

The assumptions that enter into advertising decisions thus have consequences that go far beyond advertising itself. Not all advertisers operate by the same rules, of course; but bit by bit, as knowledge replaces conjecture about the process of communication, more and more advertisers come to work from the same basic assumptions. Most of these assumptions, let us hope, are sound and solidly rooted in evidence, and in this book I have tried to set them forth systematically. But the greatest obstacles to effective advertising strategy are assumptions that are faulty and that because of their widespread acceptance create complacency on the part of business managements and advertising practitioners alike. These questionable assumptions waste the advertiser's money; they also lead to judgments that cause our mass media to be different from what they otherwise might be and perhaps to fall short of their true potential.

Systematic inquiry is the only way by which evidence can replace conjecture, true or false. Research can transform into science judgments made on the basis of art or intuition. As our information accumulates and our sophistication grows, will we ever get to the point where the scientific aspect of advertising becomes all-inclusive and the aspect that is art unimportant? I don't believe this can ever happen, because no advertising problem is ever exactly like any other. The scientific method may and should be used to approach subjects that are in at least some respects outside the domain of science (and I believe communication is such a subject), but it will not always lead to solutions. Advertisements may be *evaluated* scientifically; they cannot be *created* scientifically.

I shall have little to say in this book about how to write good copy, design good layouts or produce good commercials. These are highly specialized subjects in themselves; I do not believe they readily lend themselves to generalization, because they involve elements *unique* to the particular product and its manufacturer: its name, packaging, and physical attributes, its established competitive position, its existing reputation and advertising history.

This book deals rather with the *generic* characteristics of mass communication that lend themselves to marketing purposes. It focuses sharply on media strategy: how much money to spend, where, in what kind of message units, with what frequency, directed at what targets. Over these matters the advertising strategist can exercise rational controls. But the symbolic content and style of the advertiser's message may be even more important than the means of communication he uses.* The idea behind his ad, original or banal, is at the very heart of strategy, and this idea cannot come from a book on "how to do it."

Since the first edition of this book appeared in 1967, a considerable amount of research has accumulated on advertising and how it works. Although this is reflected in a substantial expansion of this text, I cannot say that it has caused me to alter my underlying thesis, which is that the process of advertising communication is vastly more important than the numbers that track its reach, frequency, and cost.

Although advertising is a much bigger business now than it was then, it has not undergone any radical transformations of the kind that can be discerned on the horizon in 1990. The spread of cable into two out of every five American households is merely a harbinger of greater changes yet to come as we move into the twenty-first century. The world of communication will be changed by teletext and videotex, by direct broadcasting by satellite to the home, by high-definition and low-power localized television, and by computer-controlled ink-jet printing that will eventually permit the publication of periodicals customized to the needs of the individual reader. Such developments are bound to alter the forms and techniques of advertising, as well as the present balance of advertiser and consumer support of the mass media.

*"He" and "his" are used in a neuter or generic sense throughout this book. Obviously both women and men are objects of advertising and participants in making advertising decisions.

Individual broadcasters and publications deliver different quantities of viewers, listeners, and readers, and charge different prices accordingly for ads of different sizes and lengths. Still, every message is important to the advertiser who runs it, and to the medium that carries it, and it becomes part of the total communications environment in which individual media choices are exercised. Naturally, if audiences increased at the same rate as advertising, there would be an equilibrium. But they haven't, and there isn't.

From the standpoint of communication, the number of advertisements to which people are exposed is more important than the number disseminated. Exposure requires that viewers and listeners be present and tuned in when commercials come on the air or that magazine and newspaper readers open to the pages on which ads appear. Between 1967 and 1982, the number of messages exposed to an average person increased overall at about one-fifth the rate of the number of messages disseminated by advertisers. But there is quite a difference in what has happened to print and broadcast media. In those years, there was a jump of 78 percent in the number of television commercials the typical individual sees each day and of 53 percent in the number of radio commercials he hears. Magazine ads were up 27 percent, newspaper display ads only 5 percent. The increase is greatest in broadcasting, because, as we shall see, more commercials have been crowded into the same amount of air time.

If we go back even further, the changes in both dissemination and exposure are even more dramatic, reflecting the expansion of the television broadcast day in the early 1960s, the growth in the number of stations on the air, and the spread of television into a larger proportion of households.

The process I have been describing has serious implications both for the economics of advertising and for advertising strategy and research. The increase in the opportunities for exposure to advertising would not in itself be noteworthy if those opportunities continued to be translated into persuasive communication at a constant rate of effectiveness. There are two reasons why this cannot be.

One is that the sheer volume of inconsistent and contradictory information represented by competing advertising messages is bound to create its own confusion. It is easier to learn one new fact a day than to learn ten and easier to learn ten than a hundred. It is easier to reach for a Coke than to decide whether to reach for a Coke or a Pepsi.

The second reason why advertising effectiveness cannot stay constant is that the time people spend with media, and thus with advertising, has changed very little in the past 15 years, so more and more units of information must be squeezed into the same sack.

All advertisers are more or less consciously aware of this process. It is summed up in the cliché that advertising must work harder than ever today to make a sale—a profound thought that I first heard expressed when I entered the business in 1948.

To compensate for declining efficiency, many advertisers have turned from media schedules that reach undifferentiated mass audiences to those that reach specific segments of the public. Thanks to the computer, the notion of selective targeting has become established advertising doctrine.

The switch from universal to selective, and therefore smaller, media normally requires the use of more individual vehicles, thus increasing the total advertising message flow. But it does not commensurately increase the number of advertising impressions received by an individual consumer. Thus media specialization tends to enlarge further the disparity between diffusion and exposure.

The use of specialized media is intended to make advertising more efficient and more powerful. That objective would be served if ads printed or broadcast were always being converted into meaningful communication at the same rate. But more choice means that a reduced proportion of the total advertising output is actually delivered. Thus the aggregate effect is to lower the impact.

With the inexorable growth of cable and new forms of telecommunication, and with the steady proliferation of specialized periodicals, the gap will widen further between the number of messages disseminated and the number of messages actually placed before the public. If this threatens to weaken the economic productivity of advertising, it only heightens the importance of making the most out of each ephemeral moment of contact with potential customers. That can only be done by wisely crafting the advertising plan, since it does no good to exhort the creators of advertisements to become more creative. While methods, institutions, and statistics will change, the basic principles of good advertising strategy will, I believe, remain valid, and they are the main preoccupation of this book.

In judging what I have to say, the reader must be alert to the fact that I held a job with one advertising medium, which naturally has competitive problems with the rest. However, while I have indeed drawn heavily on studies I directed at the Newspaper Advertising Bureau,* this book reflects my own time and my own personal opinions.

Leo Bogart

*Formerly called the Bureau of Advertising of the American Newspaper Publishers Association.

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L.B.

It is far easier to write ten passably effective Sonnets, good enough to take in the not too inquiring critic, than one effective advertisement that will take in a few thousand of the uncritical buying public.

Aldous L. Huxley, *On the Margin*

We would spare no effort in the organization of good advertising. Neither should we economize on advertising, because expenditures for it are repaid a hundredfold.

M. Argunov, in *Sovietskaya Torgovlya*
[Soviet Trade], February, 1966

Introduction

Advertising is a growing business, already transformed in the few years since this edition of *Strategy in Advertising* last went to press. Over the years, it has outpaced the American economy and made rapid advances around the world. In the United States of 1990, it involves the spending of some $133 billion, more than the gross national product of all but a handful of nations. It provides employment to hundreds of thousands of people.

Advertising is an unusual business because it deals in communication, which unarguably is an art form. Those who prepare advertisements must work to meet deadlines and timetables to which the creative muse is not always responsive. A continuing preoccupation of the managements who run advertising enterprises has been the problem of how to foster the artistic temperament and at the same time harness it within the budgetary and scheduling constraints that business requires.

In this book I have tried to apply scientific method to the art of advertising, but without any illusion that advertising is a science itself. My interest is in the ideas that underlie professional practice. I have tried throughout to use statistics as indicators and for comparative purposes, rather than as facts worth noting in themselves. Changes come so fast that statistical data become obsolete as quickly as they are set down. The significant trends to watch are in the social environment, in the structure of marketing institutions, and in the mass media experience.

The Changing Society

The changes in advertising's social environment have already had enormous repercussions on the markets that advertising serves and on the living patterns to which advertising must be responsive. They have produced and will continue to produce a society with greater capacity to consume and with a penchant for consuming differently than it did.

Social change creates new patterns in housing, transportation, savings and investment, entertainment, dress, diet, and drink. Product innovation is spurred by the growth of the consumer economy and by its growing complexity. Changing aspirations are reflected in new tastes and styles. New niches open up in the market. The demand for new products accelerates. Second homes; eating out; the rise of wine, soft drinks, and tofu; the decline of liquor, coffee, and meat; the introduction of single-service packaging and home security systems; the burgeoning of the health club, health maintenance and nursing-home industries—all these are manifestations of the developments in society. Speculation about changes still in the offing is itself a growing business.

The trends now under way do not represent any sharp discontinuity from what went on before. The character of the American people has been changing continually since the country's beginnings. The evolving age distribution of the population reflects changing rates of family formation occasioned by wars and depressions, subsequent baby booms, and grandbaby boomlets. It also reflects medical technology in the form of birth control techniques and life-extending drugs and surgical methods. As people live longer, the work force becomes a declining part of the population and faces greater economic burdens. At the same time, the growing numbers of active elderly look for new styles and meanings for their lives.

Age distribution affects the structure of families, which are formed later now that outside work has replaced housework as the norm for women. When women work, income and consumption power go up, self-image changes for both sexes, and the patterns of household maintenance and leisure activity also change. There are fewer children and new complexities to the care of children in dual-career families. Families have been getting smaller. More people live alone (partly because they are living longer, partly because the divorce rate has gone up as a result of the heightened instability of family life). With growing social acceptance of premarital sex and of homosexuality comes an increase in the number of nonfamily households.

The rising productivity of the American economy has led to increases in real income, and the changing nature of the job market has fortified the traditional impetus toward ever higher educational aspirations and achievements. Rising education and income levels have accelerated personal mobility and reduced insularity and regionalism. The Advertising Council warns that by the year 2000 two out of three Americans could be illiterate, suggesting that a majority of those now alive will be dead or amnesic by that time. Actually, there has been and will continue to be a steady growth in the proportion of young people who finish high school, go on to college and add to the productive skills that fuel the nation's economy.

But personal consumption levels continue to be lowered by the social burden of poverty. Racial and ethnic minorities make up a growing proportion of the entire population and constitute majorities in many large cities. Caught up in a clash of cultures and the aftermath of rapid social change, the urban underclass has experienced an intensified alienation that manifests itself in disorganized families and in repeat patterns of dependency and delinquency. This has had profound effects on everyone else's living habits and has weakened the traditional function of cities as catalysts of civilized human contact and as market centers.

Media audiences change as the population does. Changing family structure has put increased time pressures on everyone, so that media exposure more commonly concurs with other activity, including other media activity (reading with the radio or TV set on). A better educated, more mobile public is by definition more resistant to persuasion, more concerned with acquiring information, more interested in product comparisons. It responds to new themes and images.

Advertising, like other marketing institutions, is inextricable from the changes in its social setting. But advertising is also an important force for change. It has fed the voraciously expanding appetite to consume goods and services, an appetite that has not been matched by commensurate increases in productivity, and that must share some blame for the national deficits in trade and in the federal budget.

The Changing Economy and the Economics of Advertising

The American consumer economy has been changing too. Manufacturing represents only half of it, and services will continue to become an even bigger part of the total. The service sector represents not merely the expansion of existing industries (like insurance or food service) but also the creation of vast new industries (like computer software). While cobblers and barmaids are in service trades, so are security analysts and genetic engineers. The general trend, matching the demographic developments already reviewed, seems destined to move the mainstream of the American public into more of a white-collar lifestyle.

This trend carries important implications for advertising. The advertising-to-sales ratio for service businesses has always been considerably less (2.7% among the 100 leading advertisers in 1984) than for manufacturing businesses (4.4%). The implication would seem to be that advertising will get a decreasing percentage of a growing gross national product.

In the minds of consumers, and in the preoccupations of the advertising business itself, advertising is dominated by the major packaged goods brands. Their big budgets and high visibility reflect the large advertising-to-sales ratios common in product fields where real brand differences are negligible. It seems inherently easier to build a brand image around a tangible piece of merchandise than around an intangible service.

Services may be more likely than goods to find their markets among limited target groups of consumers rather than among the mass public. They commonly deliver benefits that require extensive explanation and are not easily summarized in a single catchy phrase or visual symbol. These attributes may carry implications for service advertising's comparative use of print and broadcast. They also bear on the selection of appropriate units of advertising space or time. Advertisers who try to maximize targeted reach and frequency within a defined budget now tend to take the advertising unit for granted. If they turn more and more to long and demanding messages, frequency may have to give way.

Although in the late 1980s advertising's growth did not keep pace with the consumer economy, this appears to be part of a recurring cycle rather than an indication of continuing decline. One explanation advanced for the diminishing ratio of advertising to sales is the growing emphasis on sales promotion. The last few years have seen substantial growth in sales promotion budgets, either aimed directly at consumers, like coupons and premiums, or intended to heighten a brand's visibility in the retail store through incentives and allowances paid to the trade.

As companies expand into each other's traditional territories, the number of new brands and line extensions continues to grow, and competition intensifies for the limited amount of shelf and display space at the point of sale. Marketers' attention shifts from the struggle to influence the consumer to the primary battle to get products into the stores in the first place. Sheer presence and the visibility that can attract consumers sometimes appear to count for a lot more than any amount of preconditioning through advertising. Trade promotions offer direct or indirect incentives to retailers to put the product where it can be bought.

Much consumer promotion takes the form of spending for coupon advertising in newspapers, magazines and the mail. Coupons delivered through these media produce immediate sales effects when they are redeemed, but the advertisements in which they are embedded refresh the favorable awareness of the brand among many more readers who never tear out or cash the coupon. In any case, statistics on nonmedia sales promotion expenditures have been considerably overstated, as McCann-Erickson's authoritative analyst, Robert J. Coen, points out. Consumer and trade promotions together will amount to no more than $15 billion in 1990.

The objective of sales promotion is to move merchandise quickly, rather than to change purchasing habits or brand attachments as advertising does. When promotions are used by one brand in a product category, they also tend to be used by the competition, so they rarely have more than short-run effects on market share.

The short-run results may be precisely what more and more marketers are after. The compensation of brand managers is linked to short-term indicators of sales gains rather than to the long-term profitability of their brands. In the 1980s, corporate America became increasingly preoccupied with the quarterly balance sheet as an indicator of success, and building for the future took second place to appreciation of stock value as management's primary goal.

The ratio of long-term to short-term effects is different for advertisements with different objectives. In fact, it varies with every advertisement. It is always difficult to determine how much of the value of advertising represents the accumulation of impressions and reminders that occur over an extensive period of time, and how much represents the immediate stimulus to buy.

As this book points out, advertising has generally been regarded as an investment rather than as an expense. This became more than a merely philosophical issue by the late 1980s, as the advertising business faced proposed tax legislation, at the federal, state, and local levels. (It successfully forced the repeal of a tax on advertising in Florida.) Central to some of the proposals was the idea that some proportion of a firm's advertising budget should be considered a long-term investment rather than a current operating expense. The proportion thus designated would be wholly arbitrary, of course. Ironically, the advertising establishment, in insisting that advertising was a *routine* cost of doing daily business, was contradicting its historical position that advertising must be considered an investment whose returns are paid back over the long haul.

The Concentration of Market Power

Power in decisionmaking is increasingly concentrated, both among advertisers and in agencies. The late 1980s saw a spate of mergers and acquisitions, inspired by the new forms of high-interest, high-risk financing that were generating excitement in the financial world and transforming much of American industry.

Leading executives in manufacturing, retailing, and the agency business expect the big to get bigger, for fewer companies to account for a growing share of the total. The process of concentration seems irreversible, without a major shift or upheaval in national economic policy.

In the new climate of Wall Street, a company's principal assets often lay in the consumer consciousness of its established brands—a consciousness created by its sustained advertising over the years. Giant cash-rich tobacco companies like Philip Morris and R.J. Reynolds sought diversification to balance their vulnerability to restrictions and attrition of their cigarette sales, and bought out major food companies who were already leading advertisers. The top five national advertisers (Philip Morris, Procter & Gamble, General Motors, RJR/Nabisco, and Grand Met) now account for about a fifth of all national spending in consumer media. These giants are formidable forces in the media marketplace, with agencies more than ever attentive to their interests and impulses.

All this brings changes in power relationships. Big advertisers can exert their market power to extract advantages in rates and positions. As corporations got bigger, they spent more money to advertise, and inevitably used the power of their big budgets to bargain from strength. At the same time they demanded what they considered to be greater rationality and accountability in the way their ad money was spent.

Growing concentration of power over advertising budgets brought with it an increased pressure on advertising rates, as the massed weight of billings, both in supercorporations and in superagencies, was brought to bear in a tightening cost squeeze. Media that had traditionally kept firmly to their published rates were being required to negotiate. Media were encouraged to "add value" in the form of merchandising support or special ad positioning that might formerly have commanded a price.

The trend in media buying followed that of corporate mergers—the art of the "deal" triumphed over more considered strategies. By 1990, advertisers were spending as much money on program syndication as they spent on cable ($1.25 billion). Program syndication involved bartering programs, including their commercials, for air time. Stations could turn around and sell open commercial time to local advertisers. Such syndication sales are usually based on flexible "ceiling and floor" arrangements that provide compensatory "make-goods" or even cash rebates, if a program does not generate the expected audiences. The growing impulse toward cost-savings often worked at cross-purposes with the goals of scientific media planning to which lip-service continued to be paid.

The life and death of periodicals and programs, the waxing and waning of advertising creative fashions, and the accepted methodologies of advertising research seem likely to be determined increasingly by what the Big Boys want. Moreover, these Big Boys, ruling over expanded empires, are besieged by more requests for appointments; more literature floods their in-boxes. They have less time to listen to new presentations and read new research reports. The brilliance of the deal-makers at the top of the corporate pyramid isn't always matched at the working levels where advertising decisions are made.

Advertisers and their agencies would indignantly reject the charge that they are given to the use of formulas in their media judgments or advertising research techniques, but it is difficult for them to avoid this. The management of every major corporation is today wrestling with the question of how it can reconcile its inherently bureaucratic operating style with the entrepreneurial spirit required to be innovative and competitive.

Consolidation in Retailing and in Media

The merger trend affects retailing as well. Here too, the rationale for mergers and bigness lies in the economies of scale that come with centralized purchasing and planning. Central planning is dependent on formulas: what works in El Paso must work in Mankato. With the application of the Universal Product Code (described on page 356) and other scanner-produced data, fixed criteria can be applied to determine whether or not an item should be kept on the shelf. As the major retailers' market share expands, so does their power to dictate terms, both to manufacturers and to media.

Turmoil has resulted from the high-interest borrowing required to float buy-outs. A notable example was the Canadian Campeau Corporation, which acquired major retail groups, notably Federated and Allied, that included some of the country's best-known department store chains, and then proceeded to bankrupt them in the process of paying off its debt. The managements of companies caught up in this game were under mounting pressure to produce short-run profits by cutting costs, and advertising budgets were in many cases among the first to feel the knife. Major groups of stores with names long familiar to consumers have been merged with other groups and in some cases, eliminated overnight.

Mergers and acquisitions were also highly visible in media organizations, the most noteworthy case being the creation in 1989 of Time Warner, a $10.6 billion combination that included almost the entire gamut of media except for daily newspapers.

More and more newspapers were owned by multi-media companies.

Giants like Capital Cities/ABC, Gannett, Times-Mirror, CBS, and News America have steadily expanded their holdings in both broadcasting and print. This has affected the way media are sold. Companies like Gannett, Times-Mirror and News America have studied ways of selling an assortment of media through a single sales force, thereby switching the underlying rationale for an advertising buy from the medium to the market.

Changing communications technology has created ambiguities between broadcast and print and between video and film, spurring media conglomerates to multiply and diversify their holdings. U.S. media were to a growing degree elements of international empires like Rupert Murdoch's News Corporation, Germany's Bertelsmann, and France's Hachette, which move capital, people, and editorial and programming ideas back and forth across frontiers, as a by-product of the enormous development of international trade and marketing. The increasing internationalization of the media and advertising businesses were fostered by high expectations for the start of the European Community in 1992. It brought along some easy talk about global advertising, the idea being that there were cost savings in the universal application of the same visual materials, and the same marketing plans. But this ran into the inescapable fact that competitive conditions as well as the social climate of consumption differ greatly from country to country. International advertisers like the soap, oil, and electronics companies have by now well explored the opportunities and discovered the limitations of using the same creative symbols and slogans in more than one place.

The Changing Agency

Agencies have also been caught up in the drive toward consolidation. The top four groups of agencies (Saatchi and Saatchi, Interpublic, WPP, and Omnicom) represent a third of all U.S. agency billings. By 1989, the J. Walter Thompson Company, with billings of $1.79 billion, no longer had the country's biggest domestic billings. In fact it ranked number nine. The number one position was held by Leo Burnett, with $1.95 billion in U.S. volume. Thompson itself was merely a subsidiary of WPP, a British-based advertising conglomerate constructed through financial skills, rather than advertising genius. WPP, which took over the Ogilvy and Mather group of agencies in 1989, was the world's biggest group of advertising agencies, with billings of $16 billion ($8.3 billion in the United States), followed by Saatchi and Saatchi, also British-owned, a $15.75 billion company whose financial stability increasingly came under question.

"A lot of the fun has gone out of the business," said Bob Jacoby, former chairman of Ted Bates, after he deposited $110 million as his share of the agency's sale to Saatchi and Saatchi. Fun is what the agency business has been, and what makes advertising successful. Can large agencies create great advertising? Of course they do, every day, but the job is tougher for them than it used to be.

Even if there were no agency takeovers and mergers, the process of corporate conglomeration would have affected the agency business. Giant agencies dealing with giant conglomerates inevitably are faced with client conflicts. This may open the way for newcomers and change both the organizational structure of the agency business and the client-agency relationship. The superadvertiser has so much at stake that it becomes more inclined to think it knows best, less inclined to listen to the agency's advice. Advertising research represents sensitive marketing intelligence that becomes a pawn in the game. Competitive considerations make clients more inclined to concentrate it in-house, more reluctant to leave it within the agency's control. Where agency research, at least in its heyday a quarter-century ago, tended to be catalytic, eclectic, and cosmopolitan, corporate research styles tend to be insular, linked to the company's internal politics and dependent on favored research suppliers for intellectual stimulation.

The growth of the superagencies arose in part as a way of redressing the imbalance of power, by confronting the gigantic client with a force that could withstand intimidation. The first person to understand this was Marion Harper, Jr., who became president of the McCann-Erickson agency in 1948 at the age of 31, and created the Interpublic Group of companies at the close of the decade. Harper died poor in 1989, in self-imposed exile to avoid his many creditors. When I worked for him, over thirty years ago, the agency had Chrysler in its stable of big accounts. Chrysler was known as a difficult and demanding client, resistant to research and sluggish in its marketing posture. That year (1958), the automobile business was in a deep recession and Chrysler was hurting very badly.

Along with many of the other executives of the agency, I was sent out on a special project to interview automobile dealers around the country and to find out how they felt about the state of the market and about automotive advertising in general. We thought we were working on a project for Chrysler. But that's not what our boss had in mind. He used the results of that crash study to build a presentation to General Motors in a pitch for the Buick account. When he announced the resignation of the Chrysler business, it sent a shock through many of us. We felt it was unseemly and improper. The agency was supposed to work at the client's behest, not the other way around.

It was customary in this volatile business for clients to fire agencies, but never the reverse. Harper showed that this could be done. He positioned the agency as an independent force. And by acquiring Marschalk & Pratt and later a stable of other agencies under the umbrella of Interpublic, Harper made it clear that he envisioned a marketing world in which it was possible for an agency, through separately managed subsidiaries, to handle competing accounts. This is the principle on which most of the superagencies are based today, and it is in part a response to the declining number of major corporate clients, along with the increase in the number of their separate subdivisions.

Agency mergers appeared to promise a means of reducing administrative expenses and thus of meeting the client's demand for cost reductions. Some advertisers tried to break down the established fifteen-percent commission structure, preferring to buy extra marketing services as needed or to supply them through their own staffs, thus limiting the agency's functions to the basics of creating and placing ads. The commission system had developed in the days when the advertising agent represented newspapers in remote loca-