

# Reconsidering Postwar Consensus in the United States

## Marketing in the 1940s and its Effect of Social Differentiation



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*All of us who professionally use the mass media are the shapers of society. We can vulgarize that society. We can brutalize it. Or we can help lift it onto a higher level.*

**William Bernbach.**

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## INTRODUCTION

A simple look at today's TV commercials demonstrates that the diversity of consumers is an important consideration in advertising. For example, the summer 2011 Coca-Cola TV commercial aims to target the youth. In the commercial, young swimmers head out to a buoy in the sea that holds up a giant inflatable Coca-Cola bottle with a fan at the bottom. Subsequently, the air stream from the fan launches the young swimmers out of the bottle into the tropical blue sea. Also launched in 2011, the commercial for Diet Coke with new bottles designed by the famous Karl Lagerfeld aimed to appeal directly to the female consumers. Because Diet Coke has been demographically trended by western society as a beverage for women, in 2005, the Coca-Cola Company launched Coca-Cola Zero as an equal beverage for men. A competitor of Coca-Cola, Pepsi, directs its marketing strategy at the African American market.<sup>1</sup> The aforementioned examples demonstrate how crucial it is to account for the diversity of the consumers when building a successful marketing campaign. However, this is not a recent development.

In 1956 Wendell Smith was the first to coin the term *market segmentation*, and this marketing technique became of great importance for advertisers in the 1960s and the 1970s.<sup>2</sup> Marketing began to approach the mass market as a composition of various distinctive homogeneous consumer groups, or market segments, which would result in more profit in the aggregate. A market segment is a group of consumers who share characteristics that respond similarly to advertisements for certain products, an example being the youth who link a giant inflatable Coca-Cola bottle with happiness. However,

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<sup>1</sup> Coca-Cola, *Coca-Cola Summer Commercial 2011: Open Happiness*, accessed on 4 July 2011, [http://www.youtube.com/watch?v=bg\\_zxsxyKyM](http://www.youtube.com/watch?v=bg_zxsxyKyM); Diet Coke, *TV Ad: Handbag*, accessed on 4 July 2011, <http://www.youtube.com/watch?v=4H3MvBmY5Zg>; Pepsi, *Commercial Love Hurts*, accessed on 4 July 2011, <http://www.youtube.com/watch?v=Y09z8lwOEYA>.

<sup>2</sup> Wendell R. Smith, "Product Differentiation and Market Segmentation as Alternative Marketing Strategies," *JM* 21, no. 1 (1956): 3.

before Smith published his article on market segmentation, there were already various examples of earlier applications of this technique. The Youth market was discovered in the 1940s, and the “Negro Market” was recognized as being high potential by Pepsi in 1948.<sup>3</sup>

But how were these market segments constructed?

The exact time period that corresponds to the emergence of marketing is still debated, and this thesis can be interpreted as an effort to contribute to the understanding of the development of strategic marketing in the 1930s and 1940s. In these years, marketing was an upcoming profession, and businesses valued information about consumers. In addition to their sales departments, business firms installed marketing departments in their corporation. Private research institutions increased in number, and began to sell market research to sales and marketing. In return, marketing departments hired advertising agencies.

Market research improved as a result of the influx of social scientists who were stimulated to work in private industry by the new methodological climate in the social sciences. The social sciences had been characterized by methodological pluralism until Talcott Parsons introduced his theory of Structural Functionalism. Structural Functionalism emphasized on the consensus of American society, and would remain as the dominant theoretical tradition after the Second World War. Functionalist theory was based on the homogeneity of society, as it modelled society as being in a state of equilibrium wherein each institution had its own function.<sup>4</sup>

Until the end of the 1960s Structural Functionalism was considered to be mainstream sociology, and its establishment can be understood in the greater context of the professionalization of the discipline. Research projects were funded by the government, by

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<sup>3</sup> Lizabeth Cohen, *A Consumers' Republic: The Politics of Mass Consumption in Postwar America* (New York: Vintage Books, 2003), 318-19, 323.

<sup>4</sup> Anthony Giddens, *Sociology* (Cambridge: Polity, 5<sup>th</sup> ed. 2009), 23, 80.

corporations, and by foundations such as Rockefeller and Ford.<sup>5</sup> However, recently, Calhoun and VanAntwerpen argued that “critical discourses regarding ‘mainstream sociology’ have tended to overestimate the degree of unification among the postwar ‘establishment’ and thus have risked exaggerating the degree of disciplinary rupture wrought by the 1960s and 1970s.”<sup>6</sup> According to them, “failure to establish deeper roots in earlier dissident sociological traditions may have undermined the rebels of the 1960s and 1970s, obscuring the more complicated realities of their disciplinary situation.”<sup>7</sup>

This thesis will argue that various social scientists lamented the consequences of homogeneity and conformity in American society in the early 1950s. Moreover, the social scientists felt threatened by the loss of individual control and were worried about the power of the functionalist system of institutions.<sup>8</sup> They considered advertising to be one of these institutions. However, as advertising was increasingly connected to marketing, it did not benefit from a homogeneous society. Market segmentation thrived by the diversity and heterogeneity of the American people. But how could market segments be constructed in this age of consensus and homogeneity?

The division of consumers into various market segments raises a number of important questions about American diversity. More than other nations, the United States is characterized by a diverse population, a derivative from history long rooted in immigration. Oscar Handlin famously stated that “[o]nce I thought to write a history of

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<sup>5</sup> Craig Calhoun, “Sociology in America: An Introduction,” in *Sociology in America: A History*, ed. Craig Calhoun (Chicago: University of Chicago Press, 2007), 34.

<sup>6</sup> Craig Calhoun and Jonathan VanAntwerpen, “Orthodoxy, Heterodoxy, and Hierarchy: ‘Mainstream’ Sociology and its Challengers,” in *Sociology in America: A History*, ed. Craig Calhoun (Chicago: University of Chicago Press, 2007), 404.

<sup>7</sup> Ibid.

<sup>8</sup> David Riesman, Nathan Glazer, and Reuel Denney, *The Lonely Crowd: A study of the Changing American Character* (New Haven: Yale University Press, 1950); C. Wright Mills, *White Collar: The American Middle Class* (New York: Oxford University Press, 1951); C. Wright Mills, *The Power Elite* (New York: Oxford University Press, New edition 2000); William H. Whyte, *The Organization Man* (New York: Doubleday Anchor Books, 1956); Vance Packard, *The Hidden Persuaders* (London: Longmans, 1957). Two similar minded contemporary social critics who will not be discussed in this paper are Michael Harrington and Ralph Nader.

immigrants in America. Then I discovered that the immigrants *were* American history.”<sup>9</sup> From the twentieth century onwards more and more immigrants arrived from Asia and from Southern and Eastern Europe. Business and labor leaders considered this increasing diversity in American society to be a threat to American racial homogeneity and to economic stability.<sup>10</sup>

In the first half of the twentieth century the immigrants were expected to assimilate into American society. In a process of Americanization, ethnic differences were denied, and immigrants were forced to adopt the American national identity. The prevailing consensus was that democracy and equality could best be assured by striving towards conformity and homogeneity. The metaphor that corresponds to the theory of assimilation is the ‘melting pot’.<sup>11</sup>

However, from the 1960s onward the diversity of American society became wider acknowledged, and assimilation theory was replaced by the theory of cultural pluralism, which allowed for ethnic groups and other minorities to maintain their traditional identities. What Jameson dubbed the “inner colonized of the First World” began to assert themselves in the political and cultural arena and the “hierarchical positions of Self and Other, Center and Margin [were] forcibly reversed.”<sup>12</sup> This acknowledgement of diversity in American society corresponds to the widely used technique of market segmentation in the 1960s and ‘70s. To certain extent, market segmentation was a development that helped preserve traditional identities. Werner Sollors argued that ethnicity was to a certain extent invented by the means of “symbolic ethnic identification.”<sup>13</sup> An example is the consumption of Pepsi by African Americans. In this context, ethnicity is “socially defined

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<sup>9</sup> Oscar Handlin. Cited in Neil Campbell and Alasdair Kean, *American Cultural Studies: An Introduction to American Culture* (New York: Routledge, 2<sup>nd</sup> ed. 2006), 48. Italics in original.

<sup>10</sup> Campbell and Kean, *American Cultural Studies*, 57.

<sup>11</sup> *Ibid.*, 47, 55.

<sup>12</sup> Jameson. Cited in Campbell and Kean, *American Cultural Studies*, 52.

<sup>13</sup> Werner Sollors, “Introduction: The Invention of Ethnicity,” in *The Invention of Ethnicity*, ed. Werner Sollors (New York: Oxford University Press, 1989), xvi.

on the basis of cultural criteria.”<sup>14</sup> Yet, this thesis will argue that market segmentation was not an invention of the 1960s or ‘70s, and that it was already put into practice in the 1940s. This raises the question of how the emergence of market segmentation relates to the consensus and homogeneity of the 1940s and ‘50s.

In 2003 Professor of American Studies Lizabeth Cohen published *A Consumers’ Republic*, a history of the United States in the twentieth century written through the eyes of the consumer. Cohen stresses the centrality of the consumer in her study and argues that “much of importance in America’s postwar history happened outside the Cold War frame.”<sup>15</sup> From the 1930s and on, Cohen argues, a Consumers’ Republic was developed in which “economy, culture, and politics [were] built around the promises of mass consumption, both in terms of material life and the more idealistic goals of greater freedom, democracy, and equality.”<sup>16</sup> She argues that mass consumption resulted in a new political culture in which “political practice and American values, attitudes, and behaviors tied to mass consumption became intertwined.”<sup>17</sup>

According to Cohen, citizens are assumed to bear in mind the ‘general good’ in a “political relationship with the government,” whereas consumers concentrate on “satisfying private material desires.”<sup>18</sup> In the eyes of Cohen, the relationship between identities of the citizen and the consumer are stronger than previously recognized in the academic literature. For example, in the 1930s and during the Second World War consumers used their market power to strive for political ends, and Cohen labels them “citizen consumers.” However, after the Second World War the citizen consumer was replaced by another ideal type: the purchaser as citizen. Now the interest of the consumer

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<sup>14</sup> Pierre van den Berghe. Cited in Werner Sollors, “Foreword: Theories of American Ethnicity,” in *Theories of Ethnicity: A Classical Reader*, ed. Werner Sollors (New York: New York University Press, 1996), xxxiii.

<sup>15</sup> Cohen, *Consumers’ Republic*, 8.

<sup>16</sup> *Ibid.*, 7.

<sup>17</sup> *Ibid.*, 7-8.

<sup>18</sup> *Ibid.*, 8.



corresponded to national interest, since the growth of the economy after the war and the Great Depression depended on mass consumption.<sup>19</sup> Cohen explains the emergence of market segmentation as a technique belonging to this ideal of the purchaser as citizen in the postwar era. But how can one explain that market segmentation was already applied by the end of the 1930s?

This thesis will argue that by the end of the 1930s market research had already shown awareness of the diversity of the American consumer and acknowledged the theoretical possibility of market segmentation. This means that market segmentation is not solely to be connected to Cohen's purchaser as citizen, as it also existed in the age of the citizen consumer. In addition, it implies that the dominance of the theory of Americanization and assimilation was challenged even before the Second World War ended. Finally, market segmentation questions the rule of consensus and homogeneity in postwar American society. Many social scientists found jobs in market research, and although they adhered to the consensus theory of Structural Functionalism, they emphasized on the diversity of society.

With the aim of studying the early discovery of market segments, the first fifteen years of the *Journal of Marketing (JM)* will be examined, including its two predecessors. *JM* became the official journal of the American Marketing Association (AMA) since the establishment of the association in 1937, and marketing historians argue that it has been "the most important scholarly journal in marketing for over 70 years."<sup>20</sup>

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<sup>19</sup> Ibid., 8-9.

<sup>20</sup> Terrence H. Witkowski, "The *American Marketing Journal*, the *National Marketing Review*, and the Intellectual Origins of the *Journal of Marketing*," *CHARM* (2007): 298. The roots of the AMA can be traced back to 1915, when the National Association of Teachers of Advertising (NATA) was founded, a predecessor of the organization. The NATA would be renamed in 1933 to the National Association of Marketing Teachers (NAMT). Another predecessor, the American Marketing Society (AMS), was founded in 1931. Both parties merged in 1937 and created the AMA. Before the merger, the NAMT and the AMS had their own journal for two years, respectively the *The National Marketing Review (NMR)* and *The American Marketing Journal (TAMJ)*. 1936 saw the publication of the first issue of the *Journal of Marketing (JM)*, a collaboration of the NAMT and the AMS.

The first chapter will examine the dominance of Structural Functionalism in the social sciences and the critique on consensus and conformity. Next, the progress of the social sciences in marketing before 1950 will be discussed by researching *JM*. Ultimately, the findings of chapter 2 will be discussed in the context of Cohen's Consumers' Republic.

## CHAPTER 1

### The Ambiguity of Social Change in the Postwar United States

The first sociology department in the United States was about fifty years old when the social sciences reached some consensus on methodological ground. The Second World War had brought the United States great economic success, and social scientists benefited greatly from economic developments. In order for businesses to cater to the needs of mass society, they needed information on citizens, and especially on their consumer preferences. Market research became of increasing importance, and a growing number of social scientists found work at research institutions instead of in the academic world.<sup>21</sup> American businesses were flourishing, and with their market research social scientists contributed to a great advancement in marketing. In addition, they helped developing human relations and the management of organizations.<sup>22</sup> Yet, not every social scientist seemed to welcome this new prosperity, as in the 1940s and '50s American society was changing rapidly.

There was a group of social scientists that condemned the connection with private industry. The Second World War showed that civilized voters could be moved quickly to support a destructive ideology as fascism. These social scientists had observed the dangers of mass society, and they sounded critical notes on the rise of capitalism and its tendency to influence, or control the public. Freedom, they felt, was one of the guiding principles in American society, and every challenge to this value would mean an attack on the integrity of the country. But what were the concerns about the postwar economic boom in the

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<sup>21</sup> Cohen, *Consumers' Republic*, 299-301.

<sup>22</sup> The field of human relations and organizational studies was pioneered by Frederick Taylor and Elton Mayo. In the early twentieth century, Taylor introduced the concept of scientific management, which aimed to improve the productivity of business activities. In the 1930s, Mayo's research concentrated on how individuals functioned in a group, and how individual workers had to be approached by managers.

United States? And what was the position in the academic debate of these critical social scientists?

### I. The Methodological Development of the Social Sciences

Just when the social sciences were of growing importance to the postwar economic boom, a group of social scientists began focussing on the negative aspects of the economic development. David Riesman saw changes in character formation, C. Wright Mills noticed the emergence of a new middle class, and William H. Whyte studied a new type of person: the Organization Man. At the beginning of the 1950s it appeared to these thinkers that society was changing rapidly. They all noticed a tendency toward conformist behavior and inferred that old values were replaced by new ones. But Riesman and Mills are considered to be dissidents. Their argument of social change was unconventional, and would remain an unusual message until the 1960s and '70s. In order to get a clear understanding of the works of these dissidents, it is important to examine the academic climate of the social sciences in their time. How were the social sciences structured as a discipline in the age of these dissidents?

From the moment the social sciences established itself as an academic field in the United States it has been in need of disciplinary unity. Albion Small founded the first American sociology department at the University of Chicago at the end of the nineteenth century. While Albion Small's work pioneered the social sciences until the 1930s, it was not until the end of the 1960s that the social research done at Chicago was considered to be distinctive enough to be noted as its own school of thought.<sup>23</sup> Although various scholars have stressed the methodological diversity at the Chicago department of sociology, it could be said to have shared in a certain style. The Chicago School often used qualitative

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<sup>23</sup> Robert E. Lee Faris, *Chicago Sociology: 1920-1932* (San Francisco: Chandler, 1967).

methods, which implies that they did fieldwork and then described their observations. Most studies were of an empirical kind. The main focus of the social scientists at Chicago was the urban area of the city itself and they made extensive use of case studies when doing research.<sup>24</sup>

In opposition to the Chicago School, the methodological concept of positivism influenced social research in the 1930s. This method consisted of a preference for empirical research and implicated the idea of scientism. Scientism is the belief that the natural sciences had already set the example for how to study society, which boasted favoritism towards quantitative and experimental research. There were new possibilities with regard to the quantitative method due to greater availability of data in the 1930s from previously performed psychological research.<sup>25</sup>

In the 1930s the academic field of the social sciences grew bigger and had developed into a stage in which no single methodological position was dominant.<sup>26</sup> Even though the Chicago School case studies were empirical, their research was not accepted by everyone as being scientific. The methodological dissension is illustrated by the decision of the American Sociological Society in 1935 to disestablish Chicago's *American Journal of Sociology* as their official journal. It was replaced by the *American Sociological Review*, independent of Chicago. The Chicago School went on to have great influence until 1950, but from 1930 until 1945 the academic field was marked by pluralism.<sup>27</sup>

The arrival of intellectuals from Europe during the Second World War contributed to this pluralism. Well respected sociologists of the Frankfurt School such as Theodor W.

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<sup>24</sup> Andrew Abbott, *Department and Discipline: Chicago Sociology at One Hundred* (Chicago: University of Chicago Press, 1999), 6; for background on the qualitative method, see Marjorie L. DeVault, "Knowledge from the field," in *Sociology in America: A History*, ed. Craig Calhoun (Chicago: University of Chicago Press, 2007), 155-7.

<sup>25</sup> George Steinmetz, "American Sociology before and after World War II: The (temporary) Settling of a Disciplinary Field," in *Sociology in America: A History*, ed. Craig Calhoun (Chicago: University of Chicago Press, 2007), 284, 316-7.

<sup>26</sup> *Ibid.*, 319.

<sup>27</sup> *Ibid.*

Adorno, Herbert Marcuse, and Max Horkheimer all left fascist Europe and came to the United States. They strongly rejected the positivism in the American social sciences and even linked it with Nazism.<sup>28</sup> The fascist government in Germany used theories of ‘scientific racism’ to validate the mass murder it was committing, and this explains the opposition towards positivism that the German intellectuals brought to the United States.<sup>29</sup>

Besides the influential contributions from the Chicago School, positivism, and the intellectual immigrants from Germany, Harvard academic Talcott Parsons made a methodological contribution to the social sciences when publishing *The Structure of Social Action* in 1937. Parsons was in favor of a more theoretical approach to the social sciences, and by the second half of the 1940s Parsons’s Functionalism turned out to be the leading theoretical tradition, for it would hold its position for the next two decades. As Giddens defines it, “Functionalism holds that society is a complex system whose various parts work together to produce stability and solidarity.”<sup>30</sup> This means that the institutions in American society, such as education and religion, maintain certain equilibrium of order, stability, and moral consensus. Religion is especially of great importance to this end, as people need to share the same values in order to maintain this consensus.

Parsons had his own version of functionalist theory in Structural Functionalism, which would prove to be a synonym for mainstream sociology from the end of the Second World War until the socio-political turmoil of the 1960s and ‘70s. Structural Functionalism elaborated on the interconnection of the dependent institutions, and it made use of extensive systematic models to estimate the value and the contributions of each aspect of social life.<sup>31</sup> Structural Functionalism acquired its dominance as an alternative for the

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<sup>28</sup> Ibid., 336: n34.

<sup>29</sup> Giddens, *Sociology*, 73.

<sup>30</sup> Ibid., 23.

<sup>31</sup> Ibid., 23, 80; see also Calhoun and VanAntwerpen, “Orthodoxy, Heterodoxy, and Hierarchy,” 386. For Parsons’s most famous model, see the AGIL four-function paradigm in A. Javier Treviño, “Introduction: The Theory and Legacy of Talcott Parsons,” in *Talcott Parsons Today: His Theory and Legacy in Contemporary*

methodology of positivism and the distinctive Chicago School of Sociology. Its most important feature was its emphasis on consensus, to which nationalism was also a vital aspect.

Although the exact time period corresponding to the shift of gravity from Chicago to Harvard is still open for debate, it is fair to say that the dominance of Structural Functionalism coincided with the end of the Second World War and the economic growth in the 1940s. The postwar situation in the United States was one of economic prosperity and political consensus. This climate proved to be beneficial to functionalist theory.<sup>32</sup> Nevertheless, the political consensus in the United States came to an end in the 1960s. Social tension increased as various action groups raised their voices. Examples are the Students for a Democratic Society (SDS), the movement against nuclear weapons, the student protests against the Vietnam War, and the Civil Rights Movement. Structural Functionalism appeared to be insufficient in explaining conflict and social change. It was incapable of giving adequate accounts of inequality in society, resulting in the emergence of conflict theory for an alternative.<sup>33</sup>

While functionalist theory was the most dominant theoretical concept from the second half of the 1940s until in the 1960s, it was replaced by a theory of conflict. After social scientists had admired the postwar economic development in the 1950s, it was approached more critically in the 1960s.<sup>34</sup> Where structural functionalist theory was based on a society in equilibrium, conflict theory was based on contradictions. Although C. Wright Mills is recognized as being one of the forces that brought this change in theoretical concept, his voice could already be heard by the early 1950s. In 1951 Mills

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*Sociology*, ed. A. Javier Treviño (Lanham: Rowman & Littlefield Publishers, 2001), xliii-xliv. Parsons argues that there are four functions necessary for the existence of a social system: The adaptation function, the goal attainment function, the integrative function, and the latency function.

<sup>32</sup> *Ibid.*, 82-3; see also George Ritzer and J. Michael Ryan, eds., *The Concise Encyclopedia of Sociology* (Oxford: Wiley-Blackwell, 2011), 438.

<sup>33</sup> Giddens, *Sociology*, 79, 83.

<sup>34</sup> Calhoun and VanAntwerpen, "Orthodoxy, Heterodoxy, and Hierarchy," 380.

published *White Collar: The American Middle Class*, which argued that capitalism and its changing power structures had given rise to a new middle class wherein freedom and independence were under attack. Alongside Mills there were other intellectuals in the 1950s publishing critical statements on the unfavourable aspects of capitalism. Examples that will be addressed below are David Riesman, David M. Potter, William H. Whyte, Vance Packard, and John K. Galbraith. To a greater extent than their functionalist colleagues, these intellectuals wrote for a large audience, and *The Lonely Crowd* by Riesman and *The Hidden Persuaders* by Packard became bestsellers.

When discussing the social scientists who used this early paradigm of conflict, it should be stressed that Riesman and especially Mills were considered to be sociological rebels of their time.<sup>35</sup> Riesman taught at the University of Chicago between 1949 and 1958, and returned to Harvard where he had previously received his education. Positivism had its influence on the Chicago School, and by the end of the 1940s there was an ongoing debate on preference over quantitative methods and qualitative methods. Riesman was not well-accepted by the social scientists of the Chicago School and stayed at Harvard until 1980.<sup>36</sup> A dissident of the sociological tradition of his time, Riesman is often mentioned in the same context with Mills. In a time period that saw the sprouting of Cold War anticommunism their critiques on capitalism did not do their image any good.<sup>37</sup>

Mills taught at Columbia University, and his former students remembered well of his peculiar appearance. As one of his students recalled; “[i]n that era of cautious professors in gray flannel suits he came roaring into Morningside Heights on his BMW motorcycle, wearing plaid shirts, old jeans and work boots, carrying his books in a duffel bag strapped

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<sup>35</sup> Ibid., 382.

<sup>36</sup> Fred R. Wacker, “The Sociology of Race and Ethnicity in the Second Chicago School,” in *A Second Chicago School? The Development of a Postwar American sociology*, ed. Gary Alan Fine (Chicago: University of Chicago Press, 1995), 152. See also Steinmetz, “American Sociology,” 344.

<sup>37</sup> Calhoun and VanAntwerpen, “Orthodoxy, Heterodoxy, and Hierarchy,” 389; Steinmetz, “American Sociology,” 363.



across his broad back.”<sup>38</sup> Columbia University was inevitably connected to the functionalist thought of Robert K. Merton. Merton had established his leadership at Columbia and was the most notable functionalist theorist after Parsons. However, it is easy to ascribe too much unity to the postwar functionalist tradition and thereby overstating the force of change in the social sciences in the 1960s. Mills and the functionalist theorists shared elements in their approach to the social sciences, as is recently argued by Mills’ biographer Daniel Geary.<sup>39</sup> To this extent, Geary supports the argument that Mills has to be examined in the tradition of the social sciences.

To summarize, until Functionalism emerged in the 1940s as the leading theoretical paradigm, there was little coherence in the discipline of the social sciences. The Chicago School had its own methodological preferences, and the influence of positivism along with that of the Frankfurt School contributed to a stage of pluralism in the social sciences. The postwar economic climate appeared to be beneficial to the functionalist paradigm of consensus. The premise was that everyone in the United States would benefit from the economic growth, including the social scientists who found jobs in market research. The homogeneity of the mass was essential to the harmony in American society.<sup>40</sup> However, already in the early 1950s there were voices of discomfort with the consensus, foregoing the social changes of the 1960s that would set the stage for the dominance of conflict theory.

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<sup>38</sup> Dan Wakefield, “C. Wright Mills: Before his Time,” *The Nation*, 18 March 2009, <http://www.thenation.com/article/c-wright-mills-his-time>. Dan Wakefield was a student of Mills in 1954.

<sup>39</sup> Calhoun and VanAntwerpen, “Orthodoxy, Heterodoxy, and Hierarchy,” 382-3, 404.

<sup>40</sup> Rob Kroes, *If You’ve Seen One, You’ve Seen the Mall: Europeans and American Mass Culture* (Chicago: University of Illinois Press, 1996), 116-7. Kroes elaborates on the democratizing effect of consumption in American society. Everybody could enjoy the ‘pleasures of consumption’, whereas first this was perceived to be a privilege of the ‘moneyed class’.

## II. Growing Concern over the Effects of Conformity

Although many of the early critiques on capitalism included a condemnation of the conformity that fostered in the background of the economic growth, the critique on conformity was not altogether new. At the end of the nineteenth century Thorstein Veblen criticized the consumer culture in America for what he called *conspicuous consumption*.<sup>41</sup> With this term he established the concept of consumption of goods for mere intention of showing off income and wealth. In contrast to the claims of conformity at the beginning of the 1950s, this emulation that Veblen witnessed was restricted to competition on the social ladder. In the 1950s a group of social critics became more and more alarmed with aspects of economic and social change that were restricting individual freedom. But which aspects were Riesman, Mills, and Whyte addressing in their work? And in what way was there a limitation of individual freedom?

Two decades before the radical social scientists uttered their critiques, the United States saw the rapid advancement of the *Consumers' Republic*, an expression first used by Cohen to underline the extent to which the economy, culture and politics of the United States was designed to stimulate mass consumption.<sup>42</sup> Production was no longer the limiting factor in American capitalism. Simultaneously, the expenses on advertising tripled between the Second World War and 1959, and grew to \$11 billion.<sup>43</sup> As Cohen argues, the consumption of goods acquired an increasing prominence in American society, to the point that it provided the consumer with a certain confirmation of his existence as a citizen. This idea of existence during earlier times could only be achieved through the act of voting. The result was the emergence of a tension between the value of individualism and the older

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<sup>41</sup> Thorstein Veblen, "Theory of the Leisure Class (1899)," in *American Political Thought: A Norton Anthology*, eds. Isaac Kramnick and Theodore J. Lowi (New York: W. W. Norton & Company, 2009), 1013-7.

<sup>42</sup> Cohen, *Consumers' Republic*, 7.

<sup>43</sup> *Ibid.*, 301.

republican values, such as community and morality.<sup>44</sup> Where capitalism seemed to be perfectly compatible with individualism, social critics argued that this very virtue was under attack.

In *The Lonely Crowd* (1950) Riesman recognizes the emergence of a new social system which is harvesting a new structure of character. Character structure is defined by Riesman as “the more or less permanent, socially and historically conditioned organization of an individual’s drives and satisfactions.”<sup>45</sup> A character type is defined by the way it is developing conformity, and Riesman argues that conformity was already present long before modern society. The oldest character type is the tradition-directed personality. In the Western World this character type was dominant in the Middle Ages, and it can still be seen today in Central Africa. This personality type conforms to traditional power relations in clans, castes, and professions, etc. Riesman connects character type with demographics, and he argues that the tradition-directed type coincides with high birth rates and high death rates, which in turn contributes to a high growth potential.<sup>46</sup>

The ‘age of production’ gave rise to the inner-directed personality. This character type coincides with high population growth, and the conformity in this character type is structured as such that the cues are given by the elders. As a source of direction the role of the elders is established early in life.<sup>47</sup> In an attempt to clarify the nature of this personality type, Riesman uses the metaphor of the gyroscope. For direction, this gyroscope is initially set by the parents and is able to receive signals from other authorities as well later in life.<sup>48</sup>

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<sup>44</sup> Charles McGovern, “Consumption and Citizenship in the United States, 1900-1940,” in *Getting and Spending: European and American Consumer Societies in the Twentieth Century*, eds. Susan Strasser, Charles McGovern, and Matthias Judt (Washington, DC: The German Historical Institute, 1998), 54-7.

<sup>45</sup> Riesman, Glazer and Denney, *Lonely Crowd*, 4. Mills shared his data with Riesman, and Riesman reanalyzed Mills’s interviews with white-collar employees in and near New York: shopgirls, insurance salesmen, receptionists, and so on.

<sup>46</sup> *Ibid.*, 10-11.

<sup>47</sup> *Ibid.*, 15.

<sup>48</sup> *Ibid.*, 25. See also Rupert Wilkinson, “‘The Lonely Crowd’ at 60, is still Timely,” *The Chronicle of Higher Education*, 12 September 2010, <http://chronicle.com/article/The-Lonely-Crowd-at-60-Is/124334/>. He states

Finally, the forward moving 'age of consumption' is linked to the other-directed personality.<sup>49</sup> The dominance of the other-directed character type established itself in a time period during which both birth and death rates were equal. The conformity in the other-directed type is arranged as such that instead of the elders, the contemporaries set out the direction for the individual. Riesman compares this character type with a radar, as it needs to receive more signals in a wider circle.<sup>50</sup> One's dependency of the other-directed type on its peers is introduced early in life as well, though one needs to keep giving attention to the cues of the peer group throughout life. The voices of these peers could come through by friends, but can also be communicated by the messages of the mass media. In contrast to the goals of the inner-directed type, those of the other-directed type are shifting.<sup>51</sup>

The advent of the other-directed character type is due to some unique elements in American society, Riesman argues, such as the absence of any feudal past. Riesman also discusses industrialism, urbanization, and capitalism with economic abundance and leisure orientation to be causing prevalence of the other-directed type. The new structure of character can be spotted mainly among the young in the new middle class, which is formed by bureaucrats and employees in the white-collar work and the service trades. In contrast, the inner-directed type is prevalent among the old middle class, constituted by bankers, tradesmen, small entrepreneurs, etc.<sup>52</sup> The most important distinction between the two character types is that the other-directed type is more eager for approval from his "peer group." Conformity is nothing new, but as goals being strived to develop, it requires greater attentiveness to adhere to its directions.

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that Riesman was a lawyer for Sperry Gyroscope in the Second World War, a company that made gyroscopic bombsights.

<sup>49</sup> Ibid., vii.

<sup>50</sup> Ibid., 26, 289.

<sup>51</sup> Ibid., 21-2.

<sup>52</sup> Ibid., 20-1, 30.

Although the division of an entire population into three different character types can be taken as a questionable enterprise, the value of Riesman's work lays in his argument of social change. Riesman finds that the other-directed character is often more helpless and submissive than the inner-directed personality.<sup>53</sup> In this respect he witnesses a certain vulnerability of the free and independent individual. This was an important observation, for fascism in Europe was able to take advantage of similar character traits just a decade earlier,<sup>54</sup>

A second social scientist who warned about the effects of economic and social change is Mills. In *White Collar: The American Middle Class* (1951), Mills studied the exact social class to which Riesman linked the inclination of other-directedness. Mills presented his study in a vocabulary of changing power structures. Mills and Riesman used the same data for their research, but where Riesman concentrated on the structure of personality, Mills intended to deduce the framework of modern society.<sup>55</sup> However, completely in line with Riesman's conclusions, Mills found a loss of independence in the white-collar man compared to the farmer or the free entrepreneur. Schoolteachers, salespeople, and assorted office workers are always "somebody's man," whether it concerns the corporation, the government, or the army. In addition, the white-collar man is regarded to be "the man who does not rise." He appears to be trapped by his profession, and for his job he does not only sell his time and energy – with his customer friendly smile he sells his personality as well.<sup>56</sup>

Mills states that the individual white-collar man lost his power to social institutions. Whereas in the eighteenth and nineteenth centuries rationality was rested on the individual, Mills argues that in today's society rationality primarily can be found in institutional

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<sup>53</sup> Ibid., 48.

<sup>54</sup> Wilkinson, "The Lonely Crowd," <http://chronicle.com/article/The-Lonely-Crowd-at-60-Is/124334/>.

<sup>55</sup> Mills, *White Collar*, xx.

<sup>56</sup> Ibid., xii, xvii, 64.

bureaucratic planning.<sup>57</sup> As a consequence, Mills looked suspiciously at the growing numbers of the new middle class, seeing “a considerable social and political potential.”<sup>58</sup> The rise of fascism and the Second World War was still a fresh memory, and Mills witnessed the emergence of a large social group that did not have a political voice. According to Mills, because the white-collar man lacked a common history or culture, he depended solely on the mass society by which he was created and this made him vulnerable for manipulation.<sup>59</sup> Even more so than Riesman, Mills is influenced by the heritage of the Second World War. Concerned with the threats of a large, politically silent social group, he most certainly attributed greater power to the system of institutions than is historically justifiable. This would also explain his pessimistic view towards the new established social character.

In 1956 Mills elaborated on his vision of the power structure in *The Power Elite*. In this work Mills states that real power in the United States rests with just a few top executives who form a uniform social type. The power elite is composed of those that “are in positions to make decisions having major consequences.”<sup>60</sup> To succeed in this arena one is compelled to conform to the ones who already succeeded. Though Mills observed great examples of conformity among the power elite, it is clear that this is a different social group from those who were studied by Riesman and in Mills’ earlier work.<sup>61</sup> In other words, conformity was not a phenomenon that confined itself to the middle class; it was a common feature of the elite as well.

Both Riesman and Mills describe a social change in which individualism is under attack by the peer group or by a system of institutions. As a third social critic, Whyte joined the debate in 1956 when he published *The Organization Man*. He was an urbanist

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<sup>57</sup> Ibid., xvii.

<sup>58</sup> Ibid., xix.

<sup>59</sup> Ibid., xvi.

<sup>60</sup> Mills, *The Power Elite*, 4.

<sup>61</sup> Ibid., 140-1.

and a journalist, and being an editor of *Fortune* gave him the advantage of having a golden ticket to the inside of the business community. Here he observed the organization as an institution.<sup>62</sup> With the use of the inexplicit concept of *the organization man*, Whyte does not point at the workers or at the white-collar people. Instead, he aims at those who do not only work for the organization, but are themselves of the organization. They are the dominant members of American society and their values are vital to the image of the United States, despite the fact that they belong to the middle class.

In contrast to Mills's power elite theory, Whyte claims that the organization men are not arranged as if there was a recognizable elite.<sup>63</sup> He uses a slightly dramatic tone when describing the socio-political context in which the organization seizes its power: "Society has broken down; the family, the church, the community, the schools, business – each has failed to give the individual the belongingness he needs. . ."<sup>64</sup> With a social power vacuum for a result, the individual is in need for a group to submerge himself into. This group not only can be found in the existence of the organization or the society, but also on a smaller scale, such as the people at the conference table, a seminar, or a discussion group.<sup>65</sup>

According to Whyte, there is a shift in American ideology taking place and the 'Protestant Ethic' of hard work and independence is being slowly replaced by the 'Social Ethic.' With the concept of the *Social Ethic*, Whyte emphasizes that he is not decrying the conformity in American society. Rather, he is pointing at the organization and its position as the new leading authority on morality in society. Whyte is aware of the fact that with this claim he paints a more radical picture than Riesman. While Riesman merely noticed the emerging of the other-directed character, Whyte is able to visualize a new ethic that

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<sup>62</sup> Jackson Toby, "The Organization Man," *The Public Opinion Quarterly* 21, no.3 (Autumn, 1957): 395.

<sup>63</sup> Whyte, *The Organization Man*, 3.

<sup>64</sup> *Ibid.*, 50.

<sup>65</sup> *Ibid.*, 52.

validates this new character type.<sup>66</sup> Whyte is less influenced by the heritage of the Second World War than Mills. He is primarily concerned with individuality and the loss of personal autonomy instead of considering the dangers of a new social mass group.

In short, all three of the discussed social critics were concerned over the effects of consensus and conformity in American society. They witnessed social changes in the middle class that placed the ideal of individualism in opposition to the ethics of the collective. Although it may not have been part of their objective, they did not document what exactly was causing this clash. Riesman did not come any further than a toss up between concepts in industrialism and capitalism, and Mills explained the social changes as a consequence of altering power structures in working life. But in the discussion on the other-directed type, the organization man, and the power elite, the exact causes of the social transition remain underexposed. What were the true indicators of the changes in society these radical thinkers witnessed?

### III. The Critique on Advertising as an Institution

The previous section showed that the work of Mills and Riesman is often discredited for being written by radicals or rebels. However, in their defence it can be claimed that the change of society in at least as early as the 1950s seemed profound enough for scholars from other disciplines to step outside of their comfort zone in order to take a better look at the social consequences of economic development. With the goal of determining the weight of the concerns that were expressed by the social scientists discussed above, it is helpful to examine the works of similar minded scholars from other fields of study. The historian David M. Potter published on the importance of abundance for the American character, and the economist John Kenneth Galbraith took up the challenge of explaining

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<sup>66</sup> Ibid, 437-9.



the influence of affluence on society.<sup>67</sup> What exact social change was so important that it was worth their attention and directed them to move in the direction of the social sciences?

1954 saw the publication of Potter's *People of Plenty: Economic Abundance and the American Character*. Potter, a well established Yale history professor and a southern conservative, specifically examines the role of advertising, as he considers it to be the "institution of abundance." By 'abundance,' Potter refers to the fact that in his time the potential supply of goods had come to surpass demand, and because of this development, advertising was assigned to be an economic function.<sup>68</sup> However, the fiercest consequences of abundance were on the social level:

If the economic effect is to make the purchaser like what he buys, the social effect is, in a parallel but broader sense, to make the individual like what he gets – to enforce already existing attitudes, to diminish the range and variety of choices, and, in terms of abundance, to exalt the materialistic virtues of consumption.<sup>69</sup>

While Potter often stresses on the consensus in American society, in this context he is noticing conflict. Although advertising was established for economic purposes, with respect to contemporary social values it was stimulating the vice instead of the virtuous. As it predominantly calls on desires and wants, advertising fosters "conformity to material values," Potter argues, and he observes from it a lack of "institutional responsibility."<sup>70</sup> This statement is in correspondence with the thinking of Riesman, Mills, and Whyte. However, to a greater extent Potter focuses on the effects of the advertising industry. Although this can result in the overlooking of other causes for the lamented social change, such as Mills's notion of changing power structures, it is a concrete element that was noted to be underexposed in the earlier critiques.

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<sup>67</sup> David Potter, *People of Plenty: Economic Abundance and the American Character* (Chicago: University of Chicago Press, 1954); John K. Galbraith, *The Affluent Society* (New York: Penguin Books, 4<sup>th</sup> ed. 1987).

<sup>68</sup> Potter, *People of Plenty*, 166, 172.

<sup>69</sup> *Ibid.*, 188.

<sup>70</sup> *Ibid.*, 166-7.

Galbraith, a publicly oriented Harvard professor of economics, is concerned with advertising for other reasons. A liberal, Galbraith published *The Affluent Society* in 1958. In it, he argues that the stimulation of private consumption will always result in the undercutting of public services, causing social imbalance. In the first place this phenomenon is caused by the fact that there is a poor image attached to the spending of public money, as it is connected to the problem of inequality. This is in contrast to the image of private goods, which is being approved by advertising.<sup>71</sup> More importantly, Galbraith argues that advertising is causing a loop, creating a condition in which the wants cannot be satisfied. This is the 'Dependence Effect.' Through the stimulating effect of emulation, advertising, and the efforts of sales managers, the creation of wants can be controlled to the will of the supplier. The effect is a state wherein a higher level of production simply requires a higher level of want creation, which results in a higher level of want satisfaction, which in turn encourages further production. Ultimately this systematic loop will always have an outcome in a lack of general will to contribute to the public services, which will result in a decline of public spending.<sup>72</sup>

Galbraith attributes much power to the advertising industry, although, in contrast to Potter, he also uses the effect of emulation as an explanatory power to the problem he sketches. Nevertheless, the advertising industry holds an important place in his theory on social imbalance. This central position of advertising appears to be a disputable component of his argument. Although the volume of advertising was growing fast, in the shops consumers continued to look at quality, price, and durability as the most important aspects of a product.<sup>73</sup>

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<sup>71</sup> Galbraith, *Affluent Society*, 113.

<sup>72</sup> *Ibid.*, 131, 199.

<sup>73</sup> Garth E. Harris, "Sidney Levy: Challenging the philosophical assumptions of marketing," *Journal of Macromarketing* 27 (2007): 9.

A third social critic who assigned great influence to the advertising world was Vance Packard. As a journalist, in his work *The Hidden Persuaders* (1957) Packard questions the morality of advertisers' application of persuasion methods. Packard states that by making use of images, hidden needs of the consumer, motivation research, and by catering to the subconscious, the advertising industry holds the instruments to control the spending habits of the people.<sup>74</sup> Warning that advertisers could influence and manipulate consumer behavior by stimulating the subconscious and by hitting on the weaknesses of people, Packard's work received great attention from the public. Similar to the work of Mills, Packard is extremely cautious on the risks of this power to frame public opinion. He claims that the same manipulative techniques could be used to influence the public for political ends, and contemporary European history showed the effectiveness of means such as propaganda for the purpose of controlling the masses.

The critique on advertising was not altogether new; it had in fact existed long before advertising developed into a multibillion industry. Best known are the works of Veblen, and of economist Stuart Chase with *The Tragedy of Waste* (1925) and *Your Money's Worth* (1927).<sup>75</sup> However, advertising was not evaluated as an institution that was causing the social system to fail. Although Galbraith and Packard did sound just that horn, it should be noted that their concern also thrived as a consequence of their cultural religious background, just as was the case with Veblen and Chase. They all were used to the values of "plain speech and plain living."<sup>76</sup>

The abundance in the United States along with the quick growth of advertising after the Second World War drew attention to social change by scholars other than social

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<sup>74</sup> Packard, *Hidden Persuaders*, 72-81. Packard argued that there were eight hidden needs that could be sold to the public: emotional security, reassurance of worth, ego-gratification, creative outlets, love objects, sense of power, a sense of roots, and immortality.

<sup>75</sup> Cohen, *Consumers' Republic*, 24-5.

<sup>76</sup> T. J. Jackson Lears, *Fables of Abundance: A Cultural History of Advertising in America* (New York: Basic Books, 1994), 3.

scientists. The development of advertising was in part responsible for the lamented social changes that reshaped American society. Just as the radical social scientists discussed above, Potter, Galbraith, and Packard adopted a tone of uneasiness with society. One more than the other, they all contradicted the dominant theory of consensus in their work.

### Conclusion

When taking a glance at all the critiques discussed above, it is striking that all of them are dealing with a loss of independence of the individual. Whether it is the individual living in tension with the value of the collective as a consequence of consumption and emulation, or the individual colliding with the organization or the advertising industry, the general concept is that in a silent process the autonomy slipped away from the personal to abstract entities that cannot be held accountable. There is a loss of individual control and this is especially worrying for these social critics considering they had observed the effects of the irrational mass movements in Europe just a decade ago. By means of propaganda and other manipulative techniques a civilized society was able to be persuaded to support an ideology such as fascism and this emphasized the need and the importance of independent individuals that had the freedom to criticize the control of the government.

The anxiety with capitalism came from academic scholars who were notable for their unconventional theories and methods, who also did not adopt the dominant discourse of consensus. In a time period during which it was common to stress the unifying capacities of the economic development and the coherence of the American society, Mills stressed the tendency of capitalism to transform existing power structures and its incitement to develop conformist behavior. Where mainstream social scientist acquired jobs in market research or in other branches of private industry, the critical thinkers refused to embrace the opportunities that were offered as a result of the economic growth. As the statement of

social change was put forth by academics who had different disciplinary backgrounds and who held positions at prestigious institutions, it deserves to be taken seriously. Moreover, recent biographical work argues against the placement of Mills outside the tradition of the social sciences.

The works of the social critics were efforts to make the process of shifting balances visible for the public, and most of the above discussed books – if not all – turned out to be widely read. The fundamentals of the consensus theory began to show cracks in the early 1950s. Nearly all of the critics emphasized the responsibility of the advertising industry, and Potter, Galbraith, and Packard paid specific attention to its functioning in society. What specific role the advertising business played will be a matter for the next chapter.

## CHAPTER 2

### The Emergence of Market Segments

When corporations are in need of information on potential consumers, they have an enormous amount of available data. Present day companies as Nielsen and GfK base their business model to market research and sell their services to marketing departments. Recently, this market research is complemented by data provided by websites that require sharing personal information, such as Facebook and Google. All this information is used by marketing departments to customize their marketing strategies.<sup>77</sup> However, the collection of data on consumers did not begin with the digital age.

In marketing literature, the history of marketing is often presented in three or more phases. Most common is the distinction of a production era before 1930, a sales era between 1930 and 1950, and a marketing era from 1950 onward.<sup>78</sup> However, this historical framework is arbitrary and is recently put into question by marketing historians such as Jones and Richardson. Studying source material from the end of the nineteenth century, they found evidence of the use of ideas that are unjustifiably ascribed to the sales era or marketing era. Therefore they propose the adoption of a historical framework that does not recognize distinctive eras.<sup>79</sup>

This chapter considers the Pre-Second World War assistance from social scientists to market research and marketing. There was a tremendous growth in marketing activities in the years before and after the Second World War, and social scientists had first become

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<sup>77</sup> Joseph Turow, *Niche Envy: Marketing Discrimination in the Digital Age* (Cambridge: MIT Press, 2006), 97-8. Besides websites that require sharing personal information, marketing researchers use new tools such as Internet “cookies,” to monitor the behavior of people on the internet.

<sup>78</sup> D. G. Brian Jones and Alan J. Richardson, “The Myth of the Marketing Revolution,” *Journal of Macromarketing* 27, no. 1 (2007): 16.

<sup>79</sup> *Ibid.*, 15, 22. For problems with the periodization of marketing history, see Stanley C. Hollander et al., “Periodization in Marketing History,” *Journal of Macromarketing* 25, no. 1 (2005): 32-41.

involved in private industry in the 1920s. Where radical social scientists lamented the influence of advertising on the individual and were uncertain about its function in society, private industry benefited greatly from the market research of their colleagues. But how did social scientists in the 1930s and '40s contribute to the development of marketing?

### I. The Advancement of Market Research

In 1935, a predecessor organization of the American Marketing Association (AMA) defined marketing as “the performance of business activities that direct the flow of goods and services from producers to consumers,” and this definition would not change for the next fifty years.<sup>80</sup> Before the Second World War these business activities were mostly performed by sales departments and advertising agencies. Sales departments had as their sole objective to sell as many products as possible. The previous chapter argued that radical social scientists heavily criticized advertising for its influence on individuality, while their own colleagues contributed to the development of these enterprises. Onwards from the 1930s social scientists were responsible for the advancement of marketing. But how did the social sciences become involved in private industry?

Although there are reasons to reject the existence of different marketing eras, there are groundbreaking changes occurring in marketing during its development in the twentieth century. One of the most profound changes was the broadening of the marketing field. Until the 1940s salesmen relied heavily on economics as their discipline, and it functioned as a guide with respect to marketing decisions. They believed consumers had a ‘functional orientation,’ which means that consumers were expected to buy only what they needed. The consumer was regarded to be a “rational, utility-optimizing individual.”<sup>81</sup> This principle is perfectly compatible with the consensus paradigm of Parsons, as the behavior

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<sup>80</sup> Lisa M. Keefe. Cited in Harris, “Sidney Levy,” 9.

<sup>81</sup> Harris, “Sidney Levy,” 8-9.

of a consumer with a functional orientation can be relatively easily predicted and fit into a schematic model for a society in equilibrium.

However, the 1930s had seen the advancement of the social sciences in market research. Social research showed that there were more variables involved in the determination of buying behavior than simply necessity, and consumer surveys showed that there were different motives that made people buy. There seemed to be powerful emotional factors in play with respect to the consumer in the act of purchasing, and buying behavior appeared to be more and more irrational. This finding resulted in a new challenge for advertising and sales programs, and it led to the investigation of how emotional factors were interfering with rational choice.

As a consequence, there was a gradual shift of orientation from product to consumer. Where businesses until the mid-1940s were focussing on questions related to the improvement of products, and specifically on how a certain product could be sold, in the 1950s marketers began asking the question how consumers could be served according to their desires.<sup>82</sup> With respect to the critical approach that befell marketing in the 1950s, it is this shift that raised the concerns of public intellectuals such as Packard in 1957. Yet, by then the influence of the social sciences in marketing had been growing for almost three decades.

The first social scientists involved in marketing in the 1920s focussed on behavioral psychology. A notable example is John B. Watson, who was forced to switch jobs after a divorce in 1920, and moved from an academic position at Johns Hopkins University to the advertising agency J. Walter Thompson. Behavioral psychologists were convinced that consumers were guided by certain 'motives' in their behavior when buying products, and it could be advantageous to businesses to learn who they were selling to by studying this

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<sup>82</sup> Ibid.



behavior.<sup>83</sup> A particular type of market research was ‘customer research.’ There were a number of companies that made use of customer research, but the most memorable was General Motors. According to a case study by Marchand, General Motors was the most important player in customer research.<sup>84</sup> The company began to send letters to customers in 1926, and in 1933 the corporation established the GM Customer Research Staff, which operated as an independent unit in the organization. There was not a guiding central theory on customer research until in the 1930s, but by 1939 GM Customer Research would already have a staff of thirty-seven people.<sup>85</sup> Despite its potential to offer valuable information to salesmen that could help them in their efforts to sell, the biggest achievement of customer research was its contribution to the contact between the producer and the consumer. In a time period that witnessed fast growing corporations, personal contact with customers was increasingly valuable.<sup>86</sup>

However, there were doubts over the validity of the statistical results from the customer surveys. In the 1930s Paul F. Lazarsfeld criticized the condition of market research, and he introduced ‘Motivation Research’ as a necessary supplement. Lazarsfeld was a social scientist born in Austria, and came to the United States in 1933. For two years he travelled the United States and visited universities, but in 1935 the political situation in Austria prevented him from returning to his home country. He acquired a position at Columbia and was notorious for his institutional activism. He was the founder of the Bureau of Applied Social Research (BASR) and the Center for Advanced Study in the Behavioral Sciences. Later in the 1930s, BASR would welcome theorists of the Frankfurt

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<sup>83</sup> Cohen, *Consumers’ Republic*, 498 n.17; Ronald A. Fullerton, “The Devils Lure (?): Motivation Research, 1934-1954,” *The Future of Marketing’s Past: Proceedings of the 12<sup>th</sup> Conference on Historical Analysis and Research in Marketing (CHARM)*, 28 April to 1 May 2005, 135; Victoria De Grazia, *Irresistible Empire: America’s Advance through Twentieth-Century Europe* (Cambridge: The Belknap Press of Harvard University Press, 2005), 237.

<sup>84</sup> Roland Marchand, “Customer research as public relations,” in *Getting and Spending: European and American Consumer Societies in the Twentieth Century*, eds. Susan Strasser, Charles McGovern, and Matthias Judd (Washington, DC: The German Historical Institute, 1998), 85-109.

<sup>85</sup> *Ibid.*, 87, 90, 106-7.

<sup>86</sup> *Ibid.*, 100-2.

School such as Adorno. However, Lazarsfeld was considered to be too much integrated into American culture by the fellow immigrants from Nazi Germany, and this was a source of conflict between him and Adorno. Where Lazarsfeld thought of himself as “an expert informing policy,” Adorno thought of himself as a “philosopher-intellectual.”<sup>87</sup> At BASR Lazarsfeld functioned as the superior of Mills, and in the postwar period Lazarsfeld would disagree heavily with him as well. They argued over the function of the social sciences, as Mills lamented the work of Lazarsfeld for its purpose to serve the government and private industry. According to Mills, this would be to the loss of attention for the bigger problems of society.<sup>88</sup>

Before Lazarsfeld immigrated to the United States, conventional market research had concentrated on the forecasting of demand by using quantitative methods. Lazarsfeld set this aside as an activity of “merely counting noses.”<sup>89</sup> In the 1920s, behavioral psychologists were registering ‘motive lists,’ and Lazarsfeld argued that it was too simplistic. Lazarsfeld had a strong preference for qualitative research, and in 1934 he published an article in the *Harvard Business Review* stating that market researchers had overlooked “formal analysis of the act of purchase.”<sup>90</sup> In this piece he calls for the use of ‘depth’ psychology as it was developed by Freud, among others. Besides psychoanalysis, Motivation Research drew from other disciplines such as psychology, sociology, and anthropology. Lazarsfeld thought that buyer motivation was more complicated than was acknowledged before. He was convinced that buyer motivations are for a part rooted in the unconsciousness and he suggested a new methodology for studying motivation. According

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<sup>87</sup> Calhoun and VanAntwerpen, “Orthodoxy, Heterodoxy, and Hierarchy,” 392, 395.

<sup>88</sup> Jonathan Sterne, “C. Wright Mills, the Bureau for Applied Social Research, and the Meaning of Critical Scholarship,” *Cultural Studies/Critical Methodologies* 5, no. 1 (2005): 66, 73.

<sup>89</sup> Paul F. Lazarsfeld. Cited in: Fullerton, “The Devils Lure (?),” 136.

<sup>90</sup> *Ibid.*, 135.

to Lazarsfeld, it is not sufficient to learn what the public opinion is on a certain topic; the objective is to understand why an opinion is held.<sup>91</sup>

After the 1930s, more social scientists became dissatisfied with conventional market research as it lacked depth and was analytically deficient.<sup>92</sup> However, Motivation Research took on a controversial manner of doing market research, as its use of depth psychology was distrusted. Nevertheless, the new method grew in popularity. Motivation Research was practiced at newly set up research institutions, such as the Survey Research Center at the University of Michigan with George Kantona, the Institute of Motivational Research founded by Ernest Dichter, and Social Research, Inc. with Sidney Levy and established in 1946 at the University of Chicago. Even economists began to show an interest in psychology, as they were interested with the direction of the economy after the Second World War and differed on whether the economy would return to the prewar depression.<sup>93</sup>

The practitioners of market research saw their activities as efforts to implement a certain democracy in the market. Consumers were studied in order to reveal their needs, and if they responded to the customer surveys or cooperated with in-depth interviews producers could cater to their needs in a way that corresponded to the results. While there were various critiques on the advancement of the social sciences in advertising, such as from Potter, Packard, and Galbraith, market researchers claimed to be contributing to social equality in the United States. Ernest Dichter, founder of the Institute of Motivational Research in 1946, came to the United States from Austria in 1938, and just like Riesman and Mills he was influenced by the rise of fascism in Europe.

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<sup>91</sup> Fullerton, "The Devils Lure (?)," 136.

<sup>92</sup> *Ibid.*, 135-6.

<sup>93</sup> *Ibid.*, 137, 141; Daniel Horowitz, "The Emigré as Celebrant of American Consumer Culture: George Kantona and Ernest Dichter," in *Getting and Spending: European and American Consumer Societies in the Twentieth Century*, eds. Susan Strasser, Charles McGovern, and Matthias Judd (Washington, DC: The German Historical Institute, 1998), 151.

Dichter had worked at the Psychoeconomic Institute in Vienna in 1936, where he was arrested and interrogated from suspicion of his institute being involved in illegal activities. Dichter was of Jewish descent, and went to Paris in early 1937 before crossing the Atlantic. In the United States he received help from Lazarsfeld. According to Horowitz, “the tragedies of World War I and the sweep of fascism across Europe prompted him [Dichter] to mold a vision of an America where democracy and consumer culture were inseparable.”<sup>94</sup> Dichter argued that sound market research was a way of accounting for all the needs and desires of the consumers, and he was convinced that this would not lead to a loss of individualism. In contrast to the radical social scientists, Dichter believed that consumption was the way to prevent radical mass movements.<sup>95</sup>

Onward from the 1930s, businesses’ approach of the market developed from a concept based on economic logistics to a multidisciplinary profession to stimulate demand. When buying behavior could no longer be explained by solely registering consumers’ necessities, and when consumer decisions appeared to be irrational, the social sciences proved its significance. With newly set up research institutions and with newly developed research activities such as customer research and Motivation Research, social scientists offered valuable information about consumers to marketing departments. However, the influence of these research activities on marketing of the 1930s and 1940s was limited. Salesmen hesitated to count on the statistical results of customer research, and Motivation Research was questioned by many for its controversial use of depth psychology. With respect to marketing, the greatest achievement of the social sciences was the establishment of the idea that consumer behavior was far more complex than was previously acknowledged. Although conventional market research was under attack by these

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<sup>94</sup> Daniel Horowitz, “The Emigré,” 158.

<sup>95</sup> *Ibid.*, 159-61.

alternative research methods, the next section will argue that the older quantitative method was responsible for major contributions to marketing.

## II. Marketing Research: The Social Sciences in the *Journal of Marketing*

The advancement of marketing corresponded to the growth of the AMA membership after its establishment in 1937. With already 817 members in 1940, it would continue to grow to 1,557 in 1945, 3,800 in 1950, and in 1959 there were more than 7,000 members affiliated with AMA.<sup>96</sup> Apart from the research institutions, social scientists founded new private research companies that began to sell market research. The previous section showed that the first social scientists became involved in marketing in the 1920s, and their number increased in the 1930s and '40s. Alternative research methods concentrated on consumers, who they were, and how they behaved themselves in society and in the market. But how was conventional market research useful to marketing in the 1930s and '40s?

For a complete answer to this question, it is necessary to explore the contemporary marketing literature. The official journal of AMA is the *Journal of Marketing (JM)*, a quarterly journal which saw its first issue in 1936. *JM* still exists to this day as the leading journal in marketing, and marketing historians state that it has been “the most important scholarly journal in marketing for over 70 years.”<sup>97</sup> *JM* is structured in different departments, such as “articles,” “notes and communications,” “book reviews,” and “Marketing Research Completed and in Progress.” The bulk of the pages is devoted to the articles, and a study by Applebaum on the first ten years of the journal shows that they were mostly written by business practitioners (45.7%), university teachers (39.3%), and people employed in government services (15.1%). According to Applebaum, most articles in *JM* focussed on marketing research (34.1%). Other important subjects included

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<sup>96</sup> American Marketing Association, *History: 1940-1969 Milestones*, <http://www.marketingpower.com/AboutAMA/Pages/1940-1969%20History.aspx>.

<sup>97</sup> Witkowski, “The American Marketing Journal,” 298.

government regulation of marketing, retailing, economic and marketing theory, and the teaching of marketing.<sup>98</sup>

This section concentrates on the first fifteen years of *JM*. The intention is to review the position of the social sciences in the journal, and thereby to make an assessment of the importance of the social sciences in the developing marketing profession of the 1930s and '40s. Special attention will be given to the department of articles and the accompanying notes and communications. Information on the state of market research is gathered from the quarterly reports called "Marketing Research Completed and in Progress," which were renamed into "Research in Marketing" in 1947. The two predecessor journals to *JM* are also taken into account. The discussion is guided by publications presenting innovative thoughts and methods in market research, but also attends to articles reflecting on its application by marketers. Ultimately this should elucidate how the social sciences contributed to the development of marketing theory in the 1930s and '40s.

The fact that marketers began using research on consumers does not imply that this replaced the research that was done on products. Blankenship, who was educated in psychology and had set up his own marketing research company, argued in 1949 that:

Marketing research is research on any phase of marketing. Its techniques are broad, including sampling studies, other statistical studies, methods studies, technical studies, personnel studies, and accounting studies. If we can all accept this new definition, and realize that marketing research studies people (sampling studies, personnel research), the product (technical research), procedures of marketing (methods studies), and figures (economic studies, statistical studies, and accounting studies), then our horizons for an improved marketing should be broadened.<sup>99</sup>

Although Blankenship foremost mentions the study of people, he emphasizes the broadness of marketing research and its multidisciplinary character. Fifteen years before Blankenship gave his understanding of marketing research, a student of finance and

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<sup>98</sup> William Applebaum, "The Journal of Marketing: The first Ten Years," 356-7.

<sup>99</sup> A. B. Blankenship, "Needed: A broader Concept of Marketing Research," *JM* 13, no. 3 (1949): 309-10.

commerce had given a depiction of market research in a *TAMJ* publication, one of the two predecessor journals of *JM*. Hovde noticed five different fields within this discipline:

the five fields of market research which have received attention of commercial organizations are: (1) Potential markets; (2) Selling methods needed to reach certain markets; (3) Improvement in sales organizations and sales methods; (4) Improvement in product, package, etc., and (5) Trends of consumer demand affecting the sale of individual products.<sup>100</sup>

Note that according to Hovde, market research not only tried to identify who to approach to, it also entailed research on how to approach certain markets. Hovde stated that the attention for consumer demand had increased over the last five years, and predicted a continuing growth in the next five years after an inquiry among a hundred leaders in market research.<sup>101</sup> Although the attention for the consumer increased with customer research and Motivation Research, the definition of market research by Hovde shows that market research had been concentrating on consumer all along, but on a different level. In the end, the consumers *are* the market.

There are two important distinctions between the descriptions of Blankenship and Hovde. First, where Hovde mentions the study of potential markets, Blankenship mentions the study of people, indicating that between 1935 and 1949 there had been a narrowing of focus in consumer research. Second, the preoccupation Hovde has with demand seems more absent in the definition given by Blankenship. Corporations were foremost interested in consumer demand because they wanted to plan their volume of production.<sup>102</sup>

In the 1930s, producers were confronted with a surplus economy, meaning that the supply of goods was greater than total demand. As a consequence, producers were in competition, and they had to plan their production and distribution carefully in order to be efficient. Corporations became aware of the fact that consumer demand was the limiting

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<sup>100</sup> Howard T. Hovde, "Recent Trends in the Development of Market Research," *TAMJ* 3, no. 1 (1936): 7.

<sup>101</sup> *Ibid.*, 8.

<sup>102</sup> *Ibid.*

factor in economic growth. This problem grew even bigger in the 1940s, leading to highlighting the importance of sales department to businesses. Jones Jr., a salesman publishing in *JM* in 1943, emphasized the importance of the salesman, as “the prosperity of the American of the future” will depend on his success. In his piece, Jones Jr. awarded the salesman a big set of responsibilities that stretched from the improvement of products to the planning of advertising.<sup>103</sup> Salesmen depended very much on market research, as it became ever more vital to learn how the uncertain factor of demand could be controlled.

The social sciences had the potential to help salesmen in the design of a solution for the demand problem, a suggestion that was made in 1935 by Hess, who was teaching at the Wharton School of the University of Pennsylvania. Hess argued that the near future would see the advent of a consumption era, and this required a change of mentality. According to Hess, the activities in advertising and salesmanship could be described as “spasmodic” and the advertising business was in need for more “scientifically planned campaigns.” In order to improve these operations, Hess argued, the new era had to be studied by the “objective and humanistic sciences.”<sup>104</sup> The objective of market research was to help businesses with problems in production planning, and in the eyes of Hess the ultimate goal was “to get production and consumption to match.”<sup>105</sup>

According to Alspaugh, the author of an article published in the following issue, the involvement of the social sciences with private industry was still in the “pioneering stage.”<sup>106</sup> Alspaugh argued that there was not enough progress in the quantity and quality of market research, and mentioned several reasons for its malfunction, such as “the

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<sup>103</sup> George S. Jones Jr., “Salesmanship’s Responsibility for the Future,” *JM* 8, no. 1 (1943): 78. See also Arno H. Johnson, “Advertising and Marketing Opportunities in the Postwar Period,” *JM* 10, no. 2 (1945): 113. Johnson, an advertiser working for J. Walter Thompson Company, which was one of the largest advertising agencies, acknowledged Jones’s argument two years later, and stated that the postwar level of economy will depend on advertising and marketing.

<sup>104</sup> Herbert W. Hess, “The New Consumption Era,” *TAMJ* 2 no. 1 (1935): 16.

<sup>105</sup> *Ibid.*, 16-17.

<sup>106</sup> R. B. Alspaugh, “Present Status and Future Outlook of Consumer Research in Commercial Firms,” *TAMJ* 2, no. 2 (1935): 80.



inadequacy of standards and technique,” “the number of inexperienced and untrained men who, as self-styled research authorities, have set up research agencies as a last means of employment,” and “failure to distinguish real contributions from the great mass of published material.”<sup>107</sup> In other words, by 1935 salesmen and academics acknowledged the opportunities for the social sciences to offer solutions to problems found in demand and production volume. However, the successful application of the social sciences in connection to private industry had still to be realized.

The number of articles in *JM* devoted to the consumer increased as the 1940s progressed. By the end of the 1940s, the acknowledgement of the irrationality of consumer buying behavior led to an increase of pages awarded to Motivation Research. Dichter, in an article in 1949, stressed that there was always a psychological need to be satisfied when purchasing, and argued that “advertising’s goal ha[d] to be the mobilization and manipulation of human needs as they exist[ed] in the customer.”<sup>108</sup> Several articles stated that the question “why” had become of great significance for market research.<sup>109</sup> Yet, besides the increased attention for emotions and motives that affected consumer behavior, there was another question that proved most valuable for estimating demand: who were the consumers?

Another way of coping with limited demand was finding those markets that were most rewarding. Cowan, who had a job as a management counsellor, emphasized the necessity for salesmen to find those customers “that are profitable to sell,” as it had become inefficient to address every possible buyer.<sup>110</sup> Rapidly changing markets complicated this effort to address the right customers. Social research departments

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<sup>107</sup> Ibid., 80-81.

<sup>108</sup> Ernest Dichter, “A psychological View of Advertising Effectiveness,” *JM* 14, no 1 (1949): 66.

<sup>109</sup> Margaret L. Brew, “A Home Economist Looks at Marketing,” *JM* 14, no. 1 (1949): 76; Fred T. Schreier and Albert J. Wood, “Motivation Analysis in Market Research,” *JM* 13, no. 2 (1948): 172; Dichter, “A Psychological View,” 61-6. William J. Moll, “Survey of Consumer Buying Intent,” *JM* 8, no. 1 (1943): 54-8; Robert N. McMurry, “Psychology in Selling,” *JM* 9, no. 2 (1944): 114-8.

<sup>110</sup> Donald R. G. Cowan, “Requisites of a Successful Sales Program,” *JM* 10, no. 3 (1946): 249-50.

recognized “income changes, population shifts, occupational shifts, changes in savings and deferred demand, and changed living standards and buying habits.”<sup>111</sup> There was a task to study these changes carefully, as the salesman needed to know how much money people had to spend, who these people were, and where they were to be found. In an economy of increased competition caused by the great variety of goods and services offered to consumers, the customer had to be studied thoroughly to be able to serve his needs adequately.<sup>112</sup>

By 1937 researchers realized that not every consumer had the same preferences. Seubert, Director of Research for Media Records, argued that “certain markets, due to geographic, climatic or social differences, must have special advertising and sales treatment in order to return a profit.”<sup>113</sup> This means that researchers developed awareness for the diversity of the consumer. At the end of the 1930s the market was predominantly differentiated geographically into “homogenous marketing areas.” Seubert explained that corporations tried to define these marketing units by grouping townships, cities and counties, while market researchers studied the relations between these geographic areas. According to Seubert, sometimes it was practical to consider a single county to be a marketing unit, but it could also be that a county contained multiple markets where a small group of townships as a unit would be considered useful.<sup>114</sup>

Seubert stated that a committee of the AMA was studying these marketing areas in cooperation with the U.S. Bureau of the Census. In the eyes of Seubert, not only did businesses hope to benefit from this project, as the Bureau of the Census hoped that its collaboration would lead to a more practical plan for “the collection and tabulation of

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<sup>111</sup> Everett R. Smith and Claire Himmel, “Some Major Recent Market Changes,” *JM* 9, no. 3 (1945): 225.

<sup>112</sup> *Ibid.*, 225, 233.

<sup>113</sup> Nelson H. Seubert, “How Big is a Market Area?” *JM* 3, no. 1 (1938): 34.

<sup>114</sup> *Ibid.*

data.”<sup>115</sup> The cooperation of the U.S. Bureau of the Census is illustrated by the address delivered by Vergil Reed at the annual meeting of the AMA in 1937. Reed was the Assisted Director of the Bureau of the Census and he pointed out that the 1930 Census of Population already offered facts such as “sex, color, native white population, foreign born white population, age, and rural farm population.”<sup>116</sup> In addition, Reed informed his audience on the possibilities of the Sixteenth United States Census, which was to be taken in 1940. He encouraged his listeners to decide what data would help them in their marketing activities, suggesting that they had influence in determining what information would be made available.<sup>117</sup>

As time moved forward and market researchers became better acquainted with the social sciences, there appeared to be more and more differences that were suitable to serve as means to differentiate the market. In order to discover these differences, researchers used consumer panels from the beginning of the 1940s. Working for Knox Reeves Advertising, Inc. Root and Welch experimented with a consumer panel for three years. They argued that advertisers too often only considered different geographical segments, and found that consumption patterns were related to aspects such as economic status, family size, and family composition. For example, they proved that the consumer behavior of families with boys was different from families with girls. Yet, Root and Welch stated that there was a lack of necessary information on these aspects for advertisers to take them in consideration.<sup>118</sup> Other differences between consumers were easier to examine. By the end of 1939 the AMA had appointed a committee on income classifications, and the 1940s would see the rise of awareness of the differences between social and ethnic groups and the

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<sup>115</sup> *Ibid.*, 34, 38.

<sup>116</sup> Virgil D. Reed, “Some Statistical Possibilities of Defining Market Limits,” *JM* 3, no. 1 (1938): 41.

<sup>117</sup> *Ibid.*, 43.

<sup>118</sup> Alfred R. Root and Alfred C. Welch, “The Continuing Consumer Study: A Basic Method for the Engineering of Advertising,” *JM* 7, no. 1 (1942): 15-17; see also Samuel G. Barton, “The Consumption Pattern of Different Economic Groups under War Changes,” *JM* 8, no. 1 (1943): 50-3. Working for the Industrial Surveys Company, Barton made use of consumer panels to examine consumers under war changes.

marketing possibilities they offered. Market researchers had growing attention for minority groups such as African Americans, youth, and Jewish Americans.<sup>119</sup>

By the mid-1940s, researchers discovered the opportunities of the “Negro Market.” The Second World War encouraged African Americans to demand the same equality at home as a consumer as they had experienced when serving in the military. It is also during this time that the financial position of African Americans had improved significantly. There was no accurate quantitative measurement on the volume of the “Negro Market” other than a twenty-five year old estimate by the U.S. Department of Commerce stating that “Negro” purchasing power was “2.5 billion or more.”<sup>120</sup> However, in 1945 the volume of the “Negro Market” was suspected to be greater than \$10 billion, and researchers called the market to attention as there were great profits to be made. In addition, market researchers such as Steele, who worked for the Research Company of America, noted that the African American consumer was advanced more rapidly than “the average American citizen.”<sup>121</sup>

Articles in *JM* discussing the progress in market research show an increase of attention for the African American market from 1945 onwards. Surveys as “Negro Incomes and How they are Spent” (1945), “The Influence of the Negro on our National Economy,” “Study of the Negro Market,” “Buying Habits of Negro Families in Pittsburgh’s Courierville” (1946), “The National Negro Market” (1947), and “The Negro Market Today” (1949) illustrate that African American consumers were considered interesting enough to be examined as a distinctive consumer group.<sup>122</sup> Most of the cited

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<sup>119</sup> L. D. H. Weld et al. “Report of the Committee on Income Classifications,” *JM* 6 no. 4 part 1 (1942): 375; David J. Sullivan, “The Negro Market Today and Postwar,” *JM* 10, no. 1 (1945): 68-9; Eugene Gilbert, “The Youth Market,” *JM* 13, no. 1 (1948): 79-80. Ralph F. Breyer, “Research in Marketing Completed and in Progress,” *JM* 11, no. 4 (1947): 408-27.

<sup>120</sup> Sullivan, “The Negro Market,” 68. Cohen, *Consumers’ Republic*, 83.

<sup>121</sup> Edgar A. Steele, “Some aspects of the Negro Market,” *JM* 11, no. 4 (1947): 399.

<sup>122</sup> Ralph F. Breyer, “Research in Marketing Completed and in Progress,” *JM* 10, no. 2 (1945): 188; Ralph F. Breyer, “Research in Marketing Completed and in Progress,” *JM* 11, no. 1 (1946): 84; Ralph F. Breyer, “Research in Marketing Completed and in Progress,” *JM* 11, no. 3 (1947): 299-301; Ralph F. Breyer,

surveys were executed by the Research Company of America. However, despite the fact that African Americans constituted a tenth of the total population in the United States, in 1947 Steele argued that they were still “relatively neglected” in sales and in market research.<sup>123</sup>

In addition to the growth of attention to African American consumers, market researchers began to study the “Youth market” for its potential profitability. One of the first examples of youth research is a survey conducted in 1944, which examined the buying habits of teenage girls. It showed marketers “that most girls start to use lipstick, powder, face cream and deodorants at the age of 13, but that in the use of nail polish and perfume they get started one year sooner.”<sup>124</sup> For another survey, executed by the Jay and Graham Research Organization, researchers investigated buying behaviour from a panel of college students.<sup>125</sup>

Gilbert, a researcher with his own youth research company, discerned two reasons for the increasing importance of young people to producers and manufacturers in 1948. First, he stressed the influence the young had on their parents’ buying behavior. Second, he stated that young people themselves saw their buying power increase in the 1940s. Gilbert divided the young into different age groups, and argued that each group had characteristics to which salesmen or advertisers could appeal to.<sup>126</sup> Somewhat amusing is the comment that a mother from New York City sent in an earnest response to Gilbert, stating that her fourteen months old youngster made her buy the baby food “that had a picture of a small

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“Research in Marketing,” *JM* 12, no. 2 (1947): 267; Orin E. Burley, “Research in Marketing,” *JM* 14, no. 1 (1949): 102.

<sup>123</sup> Steele, “Some Aspects of the Negro Market,” 399.

<sup>124</sup> Ralph F. Breyer, “Research in Marketing Completed and in Progress,” *JM* 9, no. 2 (1944): 168.

<sup>125</sup> Ralph F. Breyer, “Research in Marketing,” *JM* 13, no. 2 (1948): 239.

<sup>126</sup> Gilbert, “The Youth Market,” 79-80. Gilbert distinguished five age-cohorts in Youth: children under five, children between five and twelve, a third group of teenagers from twelve to eighteen, people between the age of eighteen and twenty five, and a group older than twenty five. Each age-cohort is influenced by different pressures, affecting their behavior as consumers.

child on the label.”<sup>127</sup> This example shows that just as the African American segment, youth proved to be a consumer group with great opportunities for marketers.

In their effort to find new areas of distribution, marketers and researchers continued to search profitable segments. A study called “The Lowest Cost Admission to the World’s Richest Market” in 1946 pointed out the great marketing opportunity provided by the 2.5 million Jewish population in New York City.<sup>128</sup> In order to cultivate this market, this study stated that researchers needed to

understand the Jewish way of life, which means essentially that one must possess some understanding of the Jewish religion because ‘the Jew’s religion is temporal as well as spiritual. It teaches him how to live – *what* and *when* and *how* to eat and drink and play.’ One should know about the Dietary Laws, the Rabbi’s influence on consumption, the significant ceremonies, the Sabbath and the various holidays, and Jewish health practices.<sup>129</sup>

This piece on Jewish consumers shows the awareness among market researchers in understanding that the diversity of the American population could be an advantage if it was studied properly and if it was met with corresponding marketing activities. Yet, the level of awareness should not be overstated. In the first fifteen years of *JM* there was only one small section that discussed the Jewish consumers.

Besides geographic area, race, age, and religion, researchers began questioning how gender could explain consumption patterns. There was a special interest in knowing who had the most influence on purchase decisions within the family: the wife or the husband. Naturally, this depended on the kind of product that was bought. Most surveys overall concluded that the influence of men in purchase decisions was underestimated. For a long time, marketers had reckoned that women “spen[t] 85 per cent of every family dollar.”<sup>130</sup>

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<sup>127</sup> Dorothy E. Miller, “Comment on the Youth Market,” *JM* 14, no. 1 (1949): 88.

<sup>128</sup> Ralph F. Breyer, “Research in Marketing Completed and in Progress,” *JM* 11, no. 4 (1947): 413-4.

<sup>129</sup> *Ibid.* Italics in the original.

<sup>130</sup> Ralph F. Breyer, “Research in Marketing,” *JM* 13, no. 4 (1949): 538.

However, a study by the late 1940s showed that the influence of men was predominant in approximately half of sixty five surveyed products.<sup>131</sup>

Finally, researchers studied social class for its effect on consumer behavior. Income classes were already studied during the late 1930s as mentioned above, but in the 1940s they were examined for their relation with product preferences. A survey in 1943 reported that the middle class had relatively more spendable income than other income classes as a result of tax deductions. Additionally, various surveys showed that the middle class had greater brand preferences.<sup>132</sup> Some products were more correlated with differences in social class than others. For example, a study by Social Research, Inc. in 1948 argued that

merchandise as rugs and drapes tend to follow social class distinctions. For example, upper income families prefer solid color drapes for living room windows, middle class homes generally have drapes with curtains, lower income buyers select curtains with intricate designs.<sup>133</sup>

Social Research, Inc proved that social class was one of the many features that was effective to differentiate consumers. Characterizing for the increasing awareness of the diversity of American consumers among market researchers is the discussion on the methods of sampling at the beginning of the 1940s. Marketing researchers stressed on the importance of stratification in a sample of the population, as the sample needed to account for the diverse population in society.<sup>134</sup>

Although the social sciences became more connected with market research and it increased the availability of research on consumers executed by either the U.S. Bureau of the Census, big research institutions, or smaller private research agencies, it did not immediately change the activities of marketing. By the end of the 1940s there were still

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<sup>131</sup> Ibid.; see also Ralph F. Breyer, "Research in Marketing Completed and in Progress," *JM* 11, no. 3 (1947): 294-5; Orin E. Burley, "Research in Marketing," *JM* 13, no. 3 (1949): 396-7. Studies discussed in *JM* on the influence of gender on consumption include "The influence of women on buying" (1946), "Male vs. female influence in buying and in brand selection" and "Is the buying influence of men underestimated?" (1948).

<sup>132</sup> Ralph F. Breyer, "Research in Marketing Completed and in Progress," *JM* 8, no. 3 (1944): 335.

<sup>133</sup> Orin E. Burley, "Research in marketing," *JM* 14, no. 1 (1949): 98.

<sup>134</sup> Frederick F. Stephan, "Stratification in Representative Sampling," *JM* 6, no. 1 (1941): 38-40.

authors who claimed that marketing was not enough to be a profession. According to Brown, who was a marketing expert and President of Knox College, marketing research was still too descriptive instead of analytical, and he asserted that

[t]he idea that sales-management, advertising-management or any other form of management in the marketing field can be based solely on a record of personal performance, personality characteristics, hunch, guesswork or enthusiasm must disappear before marketing can have real professional status.<sup>135</sup>

Despite the fact that marketing did not have a professional status at the end of the 1940s, the influx of social scientists in private industry had improved the marketing activities considerably. The marketing profession was slowly emerging, as the production of market research increased. The social sciences took up various questions related to business activities, with the intention to help with problems in production planning caused by the uncertainty of demand. The solution was to study this demand, or the consumer. In the 1940s, social scientists who worked with private industry were examining why people bought, and how products had to be sold to them. However, more importantly was the social scientists' assistance towards salesmen in finding out who to sell to, as businesses benefited greatly by understanding and acting proactively on the differences among consumers.

In this respect, the increased importance of consumers was not only expressed by the emergence of customer research and Motivation Research: conventional market research began to shift its attention to the consumers as well. Researchers contributed by dividing geographic regions, by studying income classifications, by examining the influence of gender, and by pointing out the opportunities of the African American market, the Youth market, and the Jewish American market. The market was changing, and it had to be studied by social scientists in order for businesses to seamlessly adapt to. However, in the 1940s the volume of available research was still limited.

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<sup>135</sup> Lyndon O. Brown, "Toward a Profession of Marketing," *JM* 13, no. 1 (1948): 28.



### III. The Diversification of American Society

Market research led to an increasing awareness among businesses on the variety of consumer preferences, and marketing departments began to target their activities toward specific groups, distinguished by geographic area, income, race, age, and religion. Those were characteristics that could help determine consumers' interests. However, before market research became widely practiced in the 1950s, various groups of consumers had already raised their voice in an effort to achieve social advancements. The earliest examples of these consumer movements can be found in the first decades of the twentieth century. Market researchers informed marketing on the diversity of consumers, but to what extent did marketing contribute to the diversification of American society?

One of the establishing consumer groups was the gay segment. Although there are no articles in *JM* indicating that there was market research on sexual orientation before 1950, the building of a gay community began as early as the 1940s, and before that there was the underground scene in the early twentieth century. While gay brothels and bathhouses had existed already in the late 1800s, the first official gay bar opened in San Francisco in 1908, and in the 1920s and 1930s there were various restaurants in New York appealing to the gay segment. Besides bars and restaurants, guesthouses and shops in resort towns were directing their businesses at gay consumers from the beginning of the twentieth century.<sup>136</sup> In addition, a gay-oriented press emerged in the late 1940s, which was “a milestone in the history of the gay market segment.”<sup>137</sup> Publishers such as Bruce of Los Angeles and The Athletic Model Guild were founded in the years after the Second World War and began publishing gay magazines containing photos of posing men. Although these publishing were the first signs of the formation of a distinctive consumer group, not until the 1950s

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<sup>136</sup> Blaine J. Branchik, “Out in the Market: A History of the Gay Market Segment in the United States,” *Journal of Macromarketing* 22, no. 1 (2002): 88, 90.

<sup>137</sup> *Ibid.*, 90.

did society witness a fast growth in the number of gay magazines, and marketing would wait until the 1970s before catering to the gay segment. It can be concluded that the emergence and continued existence of a gay segment is a phenomenon mostly contributed by the accomplishment of the proactive consumer.<sup>138</sup>

A second consumer group that united is the African American segment. Just as was the case with the gay market segment, the African American market segment was developing as a result of consumer activism. This does not mean there was no attention for African Americans as consumers. Already in 1932 Paul K. Edwards published *The Southern Urban Negro as a Consumer*, in which he examined the consumer behavior of the African Americans in the South.<sup>139</sup> Yet, market research on race was rare in the 1930s. An important figure in the establishment of the African American segment was W. E. B. Du Bois, a black socialist intellectual, sociologist, consumer activist, and a founder of the National Association for the Advancement of Colored People (NAACP) in 1909. Du Bois resigned from the NAACP in the early 1930s because he favoured a strategy based on separatism over a strategy based on integration. In the beginning of the 1930s he proposed a new consumer strategy for African Americans, which entailed the support of black enterprises and a policy of ‘voluntary segregation.’<sup>140</sup> Du Bois called upon the consumer power of African Americans to “develop in the United States an economic nation within a nation.”<sup>141</sup> However, economic separatism was not the only strategy which African Americans attempted in order to improve their position in society. African American

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<sup>138</sup> Ibid., 87, 91-2. Examples of gay magazines in the 1950s are *Physique Pictorial*, *Guild Pictorial*, *Adonis*, and *American Apollo*.

<sup>139</sup> Elspeth H. Brown, “Black Models and the Invention of the U.S. ‘Negro Market,’ 1945-1960,” in *Inside Marketing: Practices, Ideologies, Devices*, eds. Detlev Zwick and Julien Cayla (Oxford: Oxford University Press, 2011): 186.

<sup>140</sup> Cohen, *Consumers’ Republic*, 47.

<sup>141</sup> W. E. B. Du Bois. Cited in: Cohen, *Consumers’ Republic*, 47.

consumers hoped for “respect and equal treatment” if they would adopt a distinctive consumer behavior.<sup>142</sup>

Like consumers with a different sexual orientation, African American consumers valued a distinctive consumer culture as an important mean to achieve social equality. As a result of the segregation policy, the treatment of African Americans as a distinctive homogeneous consumer group was not a new phenomenon. Black newspapers had already existed in the first half of the nineteenth century and “Negro-Appeal” radio stations had existed from the 1920s onwards.<sup>143</sup> However, there most certainly were changes in the approach of the African American segment in the 1940s.

After the Second World War African American entrepreneurs began to publish black magazines. One of these entrepreneurs was John Johnson, who established Johnson Publications in Chicago in 1945. He published the monthly magazine *Ebony*, and it became a huge success. Its significance rests in the fact that the magazine was targeted at the black middle class, and by doing so it created a middle class minority segment. *Ebony* covered news articles and stories about the entertainment industry.<sup>144</sup> The growing expansion of black media in the United States was crucial in the development of an African American consumer group, and Johnson is acknowledged for his contribution to the promotion of the black middle class as a new consumer segment for advertisers. Mainstream advertising targeted at African American consumers increased in the 1940s and ‘50s, and big companies like Esso Standard Oil, Pepsi, and the BBDO advertising agency employed African Americans to assist them in catering to the needs of this new

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<sup>142</sup> Blaine J. Branchik and Judy F. Davis, “Marketplace Activism: A History of the African American Elite Market Segment,” *Journal of Macromarketing* 29, no. 1 (2009): 39.

<sup>143</sup> Robert E. Weems Jr. Cited in Branchik and Davis, “Marketplace Activism,” 45.

<sup>144</sup> Fath Davis Ruffins, “Reflecting on Ethnic Imagery in the Landscape of Commerce, 1945-1975,” 393-4; Branchik and Davis, “Marketplace Activism,” 41.

discovered market.<sup>145</sup> Nonetheless, motivation researchers such as Dichter paid little attention to the African Americans and concentrated on the white middle class living in the suburbs.<sup>146</sup>

The establishment of other consumer segments depended less on consumer activism and far more on marketing efforts and social market research. Marketers began to approach age groups as independent consumer segments, and an early example is the Youth market, as sources from *JM* indicate above. Already in the 1940s children and teenagers were targeted as homogeneous consumer groups. This was in part a consequence of changing balances within the family unit. Wages and salaries were growing, and combined with a steady decline in the birth rate this offered parents the possibility of devoting more time and money to children.<sup>147</sup> Extremely important was the advancement of television. In the mid-1950s television marketing studies examined the viewing patterns of TV audiences and accounted for men, women, and specific age groups.<sup>148</sup>

Another homogeneous consumer group was the middle class. As discussed above, in the 1930s marketing began to account for consumer groups identified by distinguishing geographic areas and by considering income classifications. These two aspects were exactly the characteristics that identified the white middle class men in the suburbs, the social group that was studied by Riesman, Mills, and Whyte. Because the automobile had become an affordable good for a greater number of consumers, people were more liberated

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<sup>145</sup> Ruffins, "Reflecting on Ethnic Imagery," 395-6. Branchik and Davis, "Marketplace Activism," 46; Cohen, *Consumers' Republic*, 323. Cohen states that "in 1948, Pepsi-Cola became one of the first mainstream advertisers to 'discover' the Negro market and mount an advertising campaign in over fifty black newspapers." For an example, see the cover of this thesis. In addition, African American models began to appear in advertisements. A notable example is Maurice Hunter, who posed in various advertisements from as early as 1925. He was often pictured as a waiter in advertisements for beer, whisky, soft drinks, and cigarettes. He also appeared in advertisements for clothing, oil, gasoline, and radio, all in the 1940s. See Brown, "Black models," 189-91.

<sup>146</sup> Horowitz, "The Emigré," 163.

<sup>147</sup> William Leach, *Land of Desire: Merchants, Power, and the Rise of a New American Culture* (New York: Pantheon, 1993), 86-7. See also section II of this chapter; the young are influencing the buying behavior of their parents.

<sup>148</sup> Cohen, *Consumers' Republic*, 302.

to live at greater distance from work. Along with witnessing inner cities' increased population of African Americans, this moved the middle class to the suburbs. The suburban population increased by 43% between 1947 and 1953.<sup>149</sup> The resemblance in income and the region in which they lived made the people in suburbia an ideal homogeneous consumer group for salesmen and advertisers.

The extent to which marketing contributed to the establishment of market segments differed for each segment. Even with regard to age segments and the middle class segment, the influence of marketing in the development of a homogeneous market segment should not be overemphasized. There remained contradictions among members of a segment, and in each segment there were enough "potential sources of contradiction and conflict."<sup>150</sup> This is not to say that the existence of market segments depended solely on consumer activism, which would raise the question if marketing mattered at all in the formation of a segment. Most scholars agree that the establishment of a market segment requires a bilateral effort. Marketers have to appeal to the specific needs of groups of consumers, and consumers have to select the product that is best capable to meet their needs.<sup>151</sup>

In conclusion, it can be stated that products and services were not consumed out of mere necessity. Rather, they were consumed in consideration with matters of race, or people's recognition in themselves with the appeal to a certain segment of the market. The emergence of these segments was not necessarily a top-down process. However, marketing most certainly had its influence in shaping the middle class and the youth segment, and it is possible that this contributed to Mills's notion of changing power structures. It became in

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<sup>149</sup> Ibid., 195. Matthias Judt, "Reshaping Shopping Environments: The Competition between the City of Boston and its Suburbs," in *Getting and Spending: European and American Consumer Societies in the Twentieth Century*, eds. Susan Strasser, Charles McGovern, and Matthias Judt (Washington, DC: The German Historical Institute, 1998), 318.

<sup>150</sup> George Lipsitz, "Consumer Spending as State Project: Yesterday's Solutions and Today's Problems," in *Getting and Spending: European and American Consumer Societies in the Twentieth Century*, eds. Susan Strasser, Charles McGovern, and Matthias Judt (Washington, DC: The German Historical Institute, 1998), 147.

<sup>151</sup> Branchik, "Out in the Market," 87.

the interest of corporations to stress the boundaries between social groups and to emphasize the homogeneity within them. Consumers cooperated through the act of consumption, and by doing so they handed – knowingly or unknowingly – the marketing departments the power to be the identity-builder of segments. It is this mechanism that contributed to a loss of control and independence of the individual, as was recognized by Riesman, Mills, and Whyte.

### Conclusion

The discussed development in marketing is dated between the 1930s and '40s. In contrast to marketing literature that is in favor of dating the beginning of the marketing era to the 1950s, evidence supports the argument that there are no distinctive eras in marketing history. Advertising, absorbed in the upcoming marketing profession of the 1930s and '40s, contributed tremendously to social structure and change in the American society. Social scientists who began to cooperate with private industry believed that they contributed to a certain democracy in the marketplace. After all, the only thing the market researchers were doing was collecting information on consumers, and as a result corporations could improve the attempts to serve their needs. The voice of the consumer was accounted for by the research of these social scientists, and it was reflected in advertising, and in the products that were supplied. However, social research also functioned as a tool to demarcate different groups of consumers.

The economic growth or 'abundance,' as Potter would refer to, entailed an increase in competition among manufacturers. As a result, corporations had to choose who to address to, and therefore needed market research executed by social scientists. The contributions of the social sciences to marketing in the 1930s and '40s should not be overstated. Although the social sciences became increasingly involved in market research,

the statistics of the surveys was not always trustworthy, and corporations hesitated to appeal to Motivation Research due to its questionable mode of approaching consumers. Nevertheless, marketing departments were able to support the development of various homogeneous groups of consumers, or segments, and each segment differed from each other. After market research had identified a market segment, the objective was to find out why the consumers bought and how the segment had to be approached. This supported the further establishment of the segment, and it led to sharper boundaries between social groups. Ultimately, this had a fragmentizing effect.

## CHAPTER 3

### The Social Differentiating Effect of Marketing Strategies

Academic literature disagrees about the exact time period in the emergence of market segments. According to Peter Dickson and James Ginter, who specialized in marketing segmentation and have numerous publications to their names, “markets have been segmented and products and services differentiated for as long as suppliers have differed in their methods of competing for trade.”<sup>152</sup> In contrast to Dickson and Ginter, Lizabeth Cohen offers a political perspective in which the emergence of market segments is used to discuss the typical political climate of the 1960s and ‘70s.<sup>153</sup> Cohen’s area of expertise is American Studies, and she made fame in 1991 when publishing *Making a New Deal*, a social history of the urban working-class in Chicago.<sup>154</sup>

From the 1930s onwards social scientists began to assist marketing departments. When the volume of market research increased in the 1940s and ‘50s, market researchers became capable of drawing the outlines of various homogeneous consumer groups. This advancement of market research was a groundbreaking development, as the use of the diversity of the consumer by marketing coincided with the consensus of the 1950s. The theory on how to approach a market segment was refined as marketing became more a profession, and by dividing and targeting different groups of consumers, the further development of segments was supported by private industry. But did the awareness of the diversity of consumers by market research and marketing conflict with postwar consensus?

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<sup>152</sup> Peter R. Dickson and James L. Ginter, “Market Segmentation, Product Differentiation, and Marketing Strategy,” *JM* 51, no.2 (1987): 1.

<sup>153</sup> Cohen, *Consumers’ Republic*.

<sup>154</sup> Lizabeth Cohen, *Making a New Deal: Industrial Workers in Chicago, 1919-1939* (New York: Cambridge University Press, 1991).



### I. A Political Perspective on Market Segments: *A Consumers' Republic*

In 2003 Lizabeth Cohen published *A Consumers' Republic: The Politics of Mass Consumption in Postwar America*, in which she argues that the citizen consumer of the production era had given way to the “consumer citizen,” a citizen for whom the mean of consumption was the primary tool to achieve political advancements. In the eyes of Cohen, the shift to the Consumers' Republic had occurred by regarding the citizen to be a “purchaser consumer”; the citizen was a buyer, who could help boost the economy if aggregate demand was stimulated. John Maynard Keynes helped to establish this idea when publishing *The General Theory of Employment, Interest and Money* in 1936. Keynes argued that an increase in consumption could recover the American economy after the Great Depression.<sup>155</sup> According to Cohen, one aspect of the Consumers' Republic was the segmentation of the market. But how did these market segments emerge?

In accordance with this thesis, Cohen challenges the homogeneity of postwar American society. She argues that as a result of the notion that consumption was the key to American prosperity, consumers had the responsibility for the realization of the future of the United States. The awareness from the consumers that they were for a great part the power of the future economy gave them the opportunity to exert political influence, according to Cohen. She elaborates on this by arguing that consumers began to organize themselves in consumer movements, as African Americans started campaigns such as “Don't Buy where you can't Work” or “Spend your Money where you can Work.”<sup>156</sup>

Although the changing consumer culture led to an increase of political power for minority groups such as the African Americans, Cohen argues that the changes also resulted in greater inequality. She explains that some social groups benefited more than others as a consequence of income taxes, access to mortgages, credit benefits, and other profits

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<sup>155</sup> Cohen, *Consumers' Republic*, 54-5.

<sup>156</sup> *Ibid.*, 44.

flowing out the GI Bill of Rights from 1944, and this unevenly distributed benefit resulted in a segregation of income classes in the suburbs.<sup>157</sup> While the African Americans advanced as consumers in the public sphere and were increasingly admitted to downtown stores, the white middle class was offered an alternative in the newly privatized and segregated suburban shopping centers.<sup>158</sup> This point Cohen raises conflicts with the ideas of Mills, Riesman, and Whyte, who claimed that there was a growing middle class. Cohen challenges the notion of the expanding middle class after the Second World War, and reviewers criticized this as “potentially the most myth-debunking.”<sup>159</sup> At least, it is an argument that does not correspond to the notion of postwar consensus.

According to Cohen, inequality increased further through market segmentation. For the definition of *market segmentation* Cohen cites the intellectual father of the term, Wendell Smith. In 1956, Smith published the article “Product Differentiation and Market Segmentation as Alternative Marketing Strategies” in *JM*, and Cohen explains that Smith described market segmentation as a situation wherein products would “find their markets of maximum potential as a result of recognition of differences in the requirements of market segments.”<sup>160</sup> In addition, Cohen cites Pierre Martineau, who argued in 1958 that a member of a segment dissimilated by social class or by other criteria is “profoundly different in his mode of thinking and his way of handling the world. . . . Where he buys and what he buys will differ not only by economics but in symbolic value.”<sup>161</sup> According to Cohen, these two articles mark the emergence of an awareness of the possibilities of market segments, and in the 1960s “marketers turned class differentiation from an income

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<sup>157</sup> Ibid., 200.

<sup>158</sup> Ibid., 266, 274.

<sup>159</sup> Kathy M. Newman, “From Sit-ins to ‘Shirt-ins’: Why Consumer Politics Matter More than Ever,” *American Quarterly* 56, no. 1 (2004): 216.

<sup>160</sup> Wendell Smith. Cited in Cohen, *Consumers’ Republic*, 295.

<sup>161</sup> Pierre Martineau. Cited in Cohen, *Consumers’ Republic*, 295.

to a lifestyle distinction.”<sup>162</sup> Social class became related to lifestyle, Cohen argues, and in contrast to economic power, lifestyle was chosen by consumers. In addition, indicators of market segments such as age, gender, and ethnicity were transformed into characteristics of lifestyle.<sup>163</sup>

The segmentation of the mass had further consequences as it progressed in the second half of the twentieth century. Cohen argues that market segmentation was also applied in the political sphere, beginning in the 1960s. According to Cohen, voters held the same expectations toward political candidates as they did toward products in the market place. In recognizing so, politicians and campaign managers began to appeal to certain voter segments. Due to the fact that as a result an election candidate requires an enormous amount of money, Cohen argues, the development of voter segmentation is a threat to the democratic government. Yet, the appeal to voter segments enhanced democracy as well, as it “has made politicians more responsive to voters’ diverse concerns.”<sup>164</sup> Cohen stresses the great role of the citizens themselves when illustrating the emergence of market segments:

It was no accident that the rise of market segmentation corresponded to the historical era of the 1960s and 1970s, when social and cultural groups such as African Americans, women, youth, and senior citizens began to assert themselves in a way that came to be called ‘identity politics’, where people’s affiliation with a particular community defined their cultural consciousness and motivated their collective political action.<sup>165</sup>

Without doubt, Cohen dates the emergence of market segments to the 1960s and ‘70s as a strategic response to the growing diversity brought by mass consumption. First, the mass was differentiated on a social level, as marketing presented their diversity as a lifestyle decision. In addition, the mass was divided on a political level, as politicians became aware of its diverse composition and were increasingly responsive to the interests of distinctive

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<sup>162</sup> Cohen, *Consumers’ Republic*, 296, 310.

<sup>163</sup> *Ibid.*, 312-3, 320, 329.

<sup>164</sup> *Ibid.*, 341-2.

<sup>165</sup> *Ibid.*, 308.

social groups. Cohen acknowledges that there are earlier examples of market division, but this is not to be called 'market segmentation.' From the late 1920s there are cases wherein businesses began "differentiating more between products than users" to supply different "price classes," and consumers "were separated more by ability to buy than by taste."<sup>166</sup> In other words, there was no differentiation on a social level.

*A Consumers' Republic* received generally positive reviews, and Cohen is complimented on her use of data by "drawing on a wide and deep archive of government sources, sociological surveys, marketing research, and historical monographs."<sup>167</sup> Nonetheless, there were also less favourable reviews. Meg Jacobs states that the weakness of Cohen's work is its "relative inattention to political struggles" in the postwar period, as she "views the postwar period. . . as defined by a broad consensus among business, labor, and policymakers."<sup>168</sup> In this sense, Jacobs argues, "Cohen's narrative reaffirms a traditional consensus about the postwar period." Jacobs, who is an expert in twentieth century American political history, argues that this inattentiveness to political struggles results in the shortcoming that "the book does not provide a clear sense of why one construction of citizenship replaced another," and she raises a valid point here.<sup>169</sup> Although Cohen mentions that consumers were at a certain point in time approached as "purchaser-consumers," she does not explain fully how this resulted in the disposition of citizens to regard themselves as consumers above all.

Before elaborating further on the disputable points of Cohen's work, it is necessary to look into the difficulties with the definition of *market segmentation*. It is clear that Cohen views the emergence of market segments as a response from marketing and politics

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<sup>166</sup> Ibid., 295-6, 310.

<sup>167</sup> Jean-Christophe Agnew, "A Consumers' Republic: The politics of Mass Consumption in Postwar America," *The Journal of American History* 90, no. 4 (2004): 1417; Newman, "From Sit-ins to "Shirt-ins," 213-21.

<sup>168</sup> Meg Jacobs, "A Consumers' Republic: The Politics of Mass Consumption in Postwar America," *The Journal of Interdisciplinary History* 35, No. 1 (2004): 167.

<sup>169</sup> Ibid.

to social groups in the 1960s and '70s. These social groups drew their identity in a society that became more unequal and diverse as a result of mass consumption. Although Cohen calls into question the notion of the expanding middle class, by attributing the emergence of market segments to as late as the 1960s she upholds the idea of consensus attached to the image of the postwar United States.

## II. The Problematic Definition of Market Segmentation

The definition of the economic terms *product differentiation* and *market segmentation* is debated, and economists disagree on the relation between both terms. The right use of these terms is crucial when discussing the emergence of social differentiation. Dickson and Ginter acknowledged the problems with respect to the definitions of product differentiation and market segmentation, and although difficulties exist until this day, they took a useful effort to formulate standard definitions in their much-cited 1987 *JM* article “Market Segmentation, Product Differentiation, and Marketing Strategy.”<sup>170</sup> Smith, who is mentioned above as the intellectual father of the term *market segmentation*, made important contributions to the development of marketing strategy with his article in 1956. However, the coining of the term *market segmentation* was only the minor one. Smith described market segmentation as an alternative to product differentiation, and although this was a groundbreaking new marketing strategy, it also led to great confusion about the definition of the terms. What exactly did Smith mean when he used the term *market segmentation* and what did he mean with ‘market segmentation as an alternative to product differentiation’?<sup>171</sup>

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<sup>170</sup> Dickson and Ginter, “Market segmentation,” 1-10; Shelby D. Hunt, “The Theory of Monopolistic Competition, Marketing’s Intellectual History, and the Product Differentiation versus Market Segmentation Controversy,” *Journal of Macromarketing* 31, no. 1 (2011): 79.

<sup>171</sup> Smith, “Product Differentiation and Market Segmentation,” 3, 6.

According to Smith, market segmentation “consists of viewing a heterogeneous market (one characterized by divergent demand) as a number of smaller homogeneous markets in response to differing product preferences among important market segments.”<sup>172</sup> This was not at all a new marketing technique. Apart from the fact that the definition alone exposes Smith’s own awareness of the existence of market segments in 1956, it also shows that Smith specifically admitted that market segmentation was already occurring as a result of product differentiation.<sup>173</sup> Product differentiation is an early marketing technique that was practiced on a large scale by businesses from the 1930s onward, and it is defined by Smith as the accomplishment that “a product offering is perceived by the consumer to differ from its competition on any physical or nonphysical product characteristic including price.”<sup>174</sup> In other words, the seller is trying to distinguish his product from those of other sellers hoping that the difference will lead to a preference from the consumer. Smith acknowledged that this could have a result in market segmentation:

To a certain extent, market segmentation may be regarded as a force in the market that will not be denied. It may result from trial and error in the sense that generalized programs of product differentiation may turn out to be effective in some segments of the market and ineffective in others.<sup>175</sup>

In addition, Smith discussed the possibility “that products involved in marketing programs designed for particular market segments may achieve a broader acceptance than originally planned, thus revealing a basis for convergence of demand and a more generalized marketing approach.”<sup>176</sup> In other words, the differentiation of a product can result in a change in demand for the product, which may result in the establishment of a market

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<sup>172</sup> Ibid., 6.

<sup>173</sup> Ibid.; Hunt, “The Theory of Monopolistic Competition,” 80-1.

<sup>174</sup> Dickson and Ginter, “Market segmentation,” 4. The concept of product differentiation can be traced back to Arch W. Shaw, “Some Problems in Market Distribution,” *Quarterly Journal of Economics* 26, no. 4 (August 1912): 718. He discussed the “increasing differentiation of commodities” in 1912.

<sup>175</sup> Smith, “Product Differentiation and Market Segmentation,” 6.

<sup>176</sup> Ibid.

segment. However, in this example, product differentiation does not necessarily have the effect of establishing a social differentiation. Smith noticed many examples of market segmentation in 1956, notably the cigarette and the automobile industry.<sup>177</sup>

In an examination of the economic and marketing literature, Dickson and Ginter located two divergent ways in which the term *market segmentation* is used. According to them, one application of the term points at the research that is concerned with the identification of market segments. In this context, they argue, the market segmenters are already convinced of the existence of market segments, and the segments just have to be discovered in order to be served. Dickson and Ginter adopted this definition in more economic vocabulary, stating that market segmentation is the situation wherein “heterogeneity in demand functions exists such that market demand can be disaggregated into segments with distinct demand functions.”<sup>178</sup> To Dickson and Ginter this is the proper definition for market segmentation, and this is a similar definition as was given above by Smith.

However, the second application of the term *market segmentation* that Dickson and Ginter witness, and the one Cohen uses, refers to a marketing strategy through which market segments can be developed by extensive product promotion in connection with product differentiation. According to this strategy – and this is Smith’s market segmentation ‘as an alternative to product differentiation’ – marketers recognize “the existence of multiple demand functions” among consumers and it is their objective to design a “marketing plan to match one or more of these demand functions.”<sup>179</sup> The success of this marketing technique is based on the social differentiation of the mass. To Dickson and Ginter this is not to be called market segmentation, but ‘segment development strategy,’ which is a variation of ‘demand function modification.’ Segment development

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<sup>177</sup> Ibid., 5.

<sup>178</sup> Dickson and Ginter, “Market Segmentation,” 3-4.

<sup>179</sup> Ibid., 3.

strategy is defined by them as the “alteration of demand functions of a subset of consumers such that they will become similar and constitute a unique market segment.”<sup>180</sup>

Segment development strategy was the great contribution of Smith. Looking back at Smith and his article, it can be said that he formulated a new influential marketing strategy but he forgot to give it a proper term. Instead, he explained his invention as being normal market segmentation, but positioned as an alternative to product differentiation.<sup>181</sup> Before Smith published his article in 1956, market segments were able to develop as a possible consequence of product differentiation in a market with diverse preferences. In this situation, marketers tried to distinguish their product to the preferences of one or more segments, but with the fortunate side effect that the segments themselves moved to the product, creating a new market segment based on this same product. However, Smith discusses the possibility of deliberately moving segments, which can be understood as product differentiation backed up by extensive market research and analysis combined with heavy product promotion.

For an example of segment development strategy, Dickson and Ginter mention the draw of attention to the unattractiveness of panty lines by a brand of undergarments, creating “a segment of panty-line-conscious consumers.”<sup>182</sup> To keep both terms separated, Smith referred to product differentiation as a ‘promotional strategy’, and to market segmentation as a ‘merchandising strategy’.<sup>183</sup>

The awareness among theorists that the market consisted of multiple segments was not new. In as early as 1912, the pioneering marketing theorist Shaw witnessed “market contours,” which he defined as “different economic and social strata.”<sup>184</sup> Shaw mentioned

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<sup>180</sup> Ibid., 4.

<sup>181</sup> Smith, “Product Differentiation and Market Segmentation,” 3.

<sup>182</sup> Ibid.

<sup>183</sup> Ibid., 6.

<sup>184</sup> Shaw, “Some Problems in Market Distribution,” 749-50; Hunt, “The Theory of Monopolistic Competition,” 79. Hunt states that Hollander and Germain trace the practice of market segmentation to as



these contours in an examination of distribution problems. The connection of the social sciences with private industry from the 1920s and 1930s had changed the approach to these distribution problems since Shaw's publication. In addition, the volume of advertising had grown remarkably. In 1914 the volume of advertising was \$682 million, and it increased to around \$3,000 million by 1929 and to \$6,000 million in 1950.<sup>185</sup> The social sciences offered more and more information on consumers, which gave marketers the opportunity to improve the identification of market segments based on product preferences. Ultimately, they developed new market segments based on social differentiation by shifting existing ones into the direction of a differentiated product. As being put by Smith, marketing "shifted from an art to a science."<sup>186</sup>

Nevertheless, Dickson and Ginter state that the bulk of the executed market research was aimed at the "identification and analysis of demand heterogeneity for market segmentation strategy rather than for identification of opportunities for segment development."<sup>187</sup> In other words, the new marketing technique that Smith developed in 1956 never took precedence over product differentiation with its possible effect of social differentiation. Yet, the fact that marketers tried to engineer new segments of consumers emphasizes the shift in focus from the product to the consumer, or in economic terms, from the supply side to the demand side.

Businesses began to pursue the strategy of product differentiation in the 1930s, and articles in *JM* indicate that market researchers were aware of the existence of market segments in the early 1940s. Why was market segmentation a regularly used marketing strategy only in the 1960s? Market segmentation is possible when the market is in a state

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early as the 1880s. See Stanley C. Hollander and Richard Germain, *Was there a Pepsi Generation before Pepsi Discovered it?: Youth-based Segmentation in Marketing* (Chicago: American Marketing Association, 1992).

<sup>185</sup> Roland Marchand, *Advertising the American Dream: Making Way for Modernity, 1920-1940* (Berkeley: University of California Press, 1985), 6; Packard, *Hidden Persuaders*, 21.

<sup>186</sup> Smith, "Product Differentiation and Market Segmentation," 5.

<sup>187</sup> *Ibid.*, 6.

of 'imperfect competition,' argued Smith. This is a market condition wherein diversity or heterogeneity of the demand side and the supply side had come to exist.<sup>188</sup> According to Smith there were a number of causes for the growing attention to the new segment development strategy. Most important was the decrease in the costs of production, which allowed manufacturers to lower the minimum amount of products that had to be fabricated in order to be efficient. Smith argued that this is an essential point, as the "upper limit to which market segmentation can be carried is largely defined by production cost considerations."<sup>189</sup> In other words, market segmentation depended on the diversity of the consumer, but the real limiting factor was the cost of production.

Secondly, there was an overall increase of income in the 1950s, which contributed to the willingness of the consumer to spend more money to satisfy materialistic aspirations. Additionally, Smith mentions that an increasing number of shops introduced self-service. This meant that products were no longer sold by the salesman or shopkeeper but instead self-sold. Other causes for the growing popularity of segment development strategy that Smith mentions are an increase of competition between products and the fact that the development of market segments is more sustainable than product differentiation.<sup>190</sup> Note that Smith does not mention the greater availability of data on consumers provided by market research. It is possible that he overlooked this aspect; however it may have been disregarded to be one of the earlier limitations. The volume of market research was growing from the end of the 1920s, long before Smith published his article.

In conclusion, it must be noted that it is a key point that the emergence of market

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<sup>188</sup> Ibid., 3, 5; Edward H. Chamberlin, *The Theory of Monopolistic Competition: A Re-orientation of the Theory of Value* (6<sup>th</sup> ed. London: Oxford University Press, 1948); see also Hunt, "The Theory of Monopolistic Competition," 75, 81. With the term "imperfect competition," Smith points at the same concept as Chamberlin with his "monopolistic competition" in 1933. Chamberlin is the intellectual father of the concept, and his theory is regarded to be a great theoretical foundation of contemporary marketing.

<sup>189</sup> Smith, "Product Differentiation and Market Segmentation," 7; see also Shaw, "Some problems in market distribution," 751. Already in 1912, Shaw witnessed the same limiting factor with respect to his "market contours."

<sup>190</sup> Ibid., 6-7.

segments through successful product differentiation depends on the heterogeneity of consumer demand and the heterogeneity of products. Differences in consumer preferences were already considered in the 1930s. While Parsons had stressed the uniformity in the United States, the homogeneity of the people, and the consensus of American society, his functionalist theory does not correspond to the technique of product differentiation that benefited from the heterogeneity of society. According to Smith, 'market segmentation' was the possible outcome of successful product differentiation in a heterogeneous market; it was the establishment of a segment around the product. However, he argued that 'market segmentation as an alternative to product differentiation' was the new marketing technique, and his argument was the introduction to the possibility of developing market segments by altering consumer demand through heavy promotion and product differentiation.<sup>191</sup>

### III. A Revision of Cohen's Market Segmentation

The first section of this chapter showed that Cohen referred to Smith for the definition of market segmentation. However, Smith used the term *market segmentation* to introduce the new strategy of demand line modification, or segment development strategy. How does this affect Cohen's argument on emerging market segments?

Cohen does not seem to recognize the differences between market segmentation and segment development strategy, and she presents 'market segmentation' as a new phenomenon that was invented by Smith while understanding "it was not an entirely new idea."<sup>192</sup> Cohen argues that prior to Smith's article marketers differentiated "more between products than users." Although this does leave room for the chance that market segmentation occurred earlier, Cohen seriously undersells this possibility, especially since

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<sup>191</sup> Dickson and Ginter, "Market Segmentation," 3-4.

<sup>192</sup> Cohen, *Consumers' Republic*, 295.

by the end of the 1930s market research pointed out the diversity of the American consumer and discussed the need for a special approach.<sup>193</sup>

According to Cohen, “the growing influence of social science on marketing prepared the way for market segmentation and, in turn, gave practitioners more precise tools for identifying and catering to segments of consumers.”<sup>194</sup> Yet, she dates the application of market segmentation to the political culture of the 1960s and ‘70s. Hereby she denies the power the marketers had already gained in the 1930s and ‘40s, and she runs the risk of attributing too much power to postwar marketing. Although Cohen shows awareness of this risk and tries to correct for it by stating that “it [the emergence of market segmentation] was a much more interactive process,” this might be a plausible explanation for Jacobs’ argument that Cohen does not explain sufficiently why there is a change in the construction of citizenship.<sup>195</sup>

If Cohen would allow in her argument for market segmentation to emerge before the turmoil of the 1960s, the emerging social differentiation would be less dependent on the postwar state of politics. It would provide the possibility of attributing contemporary citizens the ability to identify with market segments, as according to Cohen they would ultimately do in the 1960’s and ‘70s.<sup>196</sup> Subsequently, if citizens would to a greater extent depend on consumption for their identity, they would increasingly consider themselves to be consumers, and would ascribe greater value to consumption. A paradigm of emerging market segments that accounts for the marketing developments before 1950 would assess the advancement of marketing to be more gradual. This would be an alternative for Cohen’s narrative, which claimed market segmentation emerged as a result of Smith’s

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<sup>193</sup> Ibid., 296. For the social research see Nelson H. Seubert, “How big is a market area?” *JM* 3, no. 1 (1938): 34-8. This article is discussed in chapter 2.

<sup>194</sup> Ibid., 301.

<sup>195</sup> Ibid., 308; Jacobs, “A Consumers’ Republic,” 167.

<sup>196</sup> Ibid., 308.

contributions in 1956. As follows, it would maybe take away Jacobs' objections about the unsatisfactory explanation on the 'replacement' of construction of citizenship.

Cohen seems to be aware of the problem that she puts too much emphasis on the marketing developments that followed Smith's work. However, her efforts to correct for it are somewhat unfortunate. For example, this is the case when she quotes an article Smith published in 1959:

When Wendell Smith elaborated his notion of market segmentation in the late 1950s, he spoke of 'segments-within-segments, some quite sizeable, others smaller but still all potentially profitable – all waiting to be located, identified, and sold,' suggesting even then his awareness that segments existed in society prior to being 'discovered' by marketers.<sup>197</sup>

Cohen is amazed by Smith's awareness in 1959 that segments had to be 'discovered,' but Smith's awareness on this matter could already be inferred from his article in 1956, when he stated that market segments had to be 'defined' in connection with product differentiation.<sup>198</sup> In other words, Cohen is pleased to date marketing insights to as early as 1959, while in fact they date to 1956 or even to the 1940s, as sources from *JM* indicate.

In contrast to the consensus paradigm, and unlike Mills, Riesman, and Whyte, Cohen questions the expansion of the middle class after the Second World War. Yet, in discussing these radical social scientists, she presents social conformity and homogeneity as benefitting from standardization:

Ironically, despite concern among cultural critics of the fifties that the standardization inherent in mass consumption was breeding social conformity and homogeneity, the Madison Avenue that they reviled was moving by the end of the decade in the opposite direction: toward acknowledging, even reifying, social differences through an embrace of market segmentation.<sup>199</sup>

Cohen makes a remarkable assumption when she states that the "cultural critics of the fifties" are instigated by their discomfort with "standardization inherent in mass

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<sup>197</sup> Ibid.

<sup>198</sup> Smith, "Product Differentiation and Market Segmentation," 5.

<sup>199</sup> Cohen, *Consumers' Republic*, 306.

consumption.”<sup>200</sup> Especially considering that Mills, Riesman, and Whyte were solely focusing on the middle class in their studies, might it not be possible that they were instead beginning to perceive the consequences of the early application of market segmentation? Their critique on conformism may have been caused by an increasing homogeneity of the market segment they had been studying very closely: the middle class. Already in 1950, Riesman even witnessed a possible reaction to this homogeneity and conformity in the middle class:

The economists apply the term ‘product differentiation’ to a firm’s effort to distinguish products not by price but by small differences, sufficient, however, in connection with advertising, to take the product out of direct price competition with otherwise similar competing products. Thus one cigarette is made slightly longer, another nearly oval, while still another is given a cork tip or a green box. Time and Newsweek engage in marginal differentiation. So do the makers of automobiles, streamliners, and toothpastes, and the operators of hotels and universities. So, too people who are competing for jobs in the hierarchies of business, government, and professional life try to differentiate their personalities.<sup>201</sup>

Freud referred to this marginal differentiation as “narcissism with respect to minor differences,” and especially the coining of the term *narcissism* is interesting in this context.<sup>202</sup> By the end of the 1970s, when market segmentation as a strategy had been widely applied in marketing and in political elections, narcissism was a phenomenon that received increasing attention.<sup>203</sup> Cohen herself challenged the notion of a growing middle class, and thus made it possible to identify the middle class as being a market segment. With this in mind, it is possible to understand Riesman as someone who observed increasing homogeneity within the middle class which was socially differentiated from other segments.

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<sup>200</sup> Ibid.

<sup>201</sup> Riesman, Glazer and Denney, *Lonely Crowd*, 47.

<sup>202</sup> Sigmund Freud. Cited in Riesman, Glazer and Denney, *Lonely Crowd*, 47.

<sup>203</sup> Christopher Lasch, *The Culture of Narcissism: American Life in the Age of Diminishing Expectations* (New York: W. W. Norton, 1979). Lasch was one of the most important social critics on the left in the 1970s, and *The Culture of Narcissism* was a bestseller. He argued that citizens in the United States were becoming more self-absorbed and self-centered. According to Lasch, this narcissism was encouraged by the culture organized around mass consumption and by the creation of images.

Most of the objections raised about Cohen's work can be traced back to her argument that market segmentation emerged in the 1960s and '70s. Probably, these objections would have been absent if Cohen had accounted for the complexity of the definition of market segmentation. Smith presented segment development strategy as the new marketing concept in 1956, but he argued that market segmentation based on product preferences already existed in the 1930s. Cohen is right in stating that the application of market segmentation based on social differentiation expanded from the 1960s onwards, but this should not create the illusion of market segmentation being a new applied marketing technique.

### Conclusion

Market segmentation is a complex concept and there are different opinions regarding its definition. The segmentation of the mass market can result from product differentiation, but it can also result from the attention of marketing to social differences. Only when having an outcome in a social differentiation, market segmentation can be considered to be in conflict with the homogeneity of postwar consensus. This social differentiation is inherent in market segmentation based on social differences, or segment development strategy. In contrast, the strategy of product differentiation does not necessarily affect the social equilibrium. This is not to say that such is impossible. After all, segment development strategy is the same as product differentiation, but complemented with a keen eye for social differences. Especially when remembering that the examination of *JM* showed an awareness of these social differences before the end of the Second World War, it should not be ruled out that there are instances of marketing segmenting the mass on social basis before Smith laid the theoretical foundations in 1956.

Cohen only discusses market segmentation as being a social differentiation, and consequently she places it in the historical era of the 1960s and '70s where she can relate it to the contemporary political culture. Yet, the developments in market research as discussed in *JM* including the deliberate application of product differentiation from the 1930s onward, and the fact that the volume of advertising increased heavily between 1929 and 1950, all suggest that social differentiation as a result of marketing was not a new phenomenon when advocated in 1956 by Smith. Not only would this offer a history with a more gradual development of marketing, it would also allow for a more careful representation of the replaced citizen consumer.

The emergence of market segmentation depended on the market condition of imperfect competition, which means that there had to be consumers with diverse preferences and products that differed from each other. In other words, it depended on a heterogeneous society. Shaw distinguished different "market contours" in 1912 and this indicates that there was heterogeneity in various markets at that time. In this regard, Dickson and Ginter hold validity when they state that the markets always have been segmented.



## CONCLUSION

This thesis started with the postulation of the contradiction that the structure of postwar American society was unfavourable to market segmentation, an emerging marketing technique that depended on the diversity and heterogeneity of consumers. However, the contradiction appears not to be as sharp as anticipated.

First, the consensus that academic literature ascribes to the American society of the 1940s and '50s was more complex than is recognized. For being radicals, social scientists as Mills and Riesman are often placed outside the history of the social sciences, although they shared certain commonalities with mainstream functionalist sociology. Recent biographical work supports a narrative that gives them a place in the historical tradition of the social sciences.<sup>204</sup> Mills, Riesman, and Whyte criticized the effects of consensus and conformity, and they witnessed a loss of independence and control of the individual. To a certain extent, this paper defends the validity of these observations and supports the argument for the rehabilitation of Mills and Riesman as respectable social scientists. Marketing was indeed gaining influence as an important shaper of a new social structure in society, which could very well have been one of the reasons that led Mills, Riesman, and Whyte to observe a challenge to the classic notion of individualism. The probability of advertising being a source of uneasiness for Mills, Riesman, and Whyte, is further strengthened by other social critics such as Potter, Galbraith and Packard, who emphasized specifically on advertising as an institution that disordered the social system.

Second, as the examples of market segmentation in the 1940s already suggested, market segmentation was not a marketing technique that was invented in 1956 when Smith

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<sup>204</sup> Calhoun and VanAntwerpen, "Orthodoxy, Heterodoxy, and Hierarchy," 382-3. See also Daniel Geary, *Radical Ambition: C. Wright Mills, the Left, and American Social Thought* (Berkeley and Los Angeles: University of California Press, 2009).

discussed the theoretical possibilities of social differentiation of the mass. The volume of advertising had been growing extensively from the 1920s. 1912 saw the acknowledgement of “market contours,” and these contours could be defined more accurately once market research advanced in marketing. By the end of the 1930s market researchers were aware that different geographic areas needed different treatment by marketing, and in the immediate years following, market researchers began distinguishing consumer groups on the bases of income, race, age, gender, and religion. This awareness of the diversity of consumers and their preferences implies that the required theory for market segmentation was already available before the end of the Second World War, and it supports Dickson and Ginter in their argument that there are no distinctive marketing eras.<sup>205</sup>

Besides the clarification on the marketing- and consensus-paradox, a reflection on the sources from *JM* suggests that social differentiation was a marketing effect that appeared as early as the 1940s. The conventional market strategy for businesses was product differentiation, which was based on the manufacturing of products that slightly differed from their competitors. The use of this strategy increased beginning from the early 1930s, but it did not lead to a social differentiation. However, by the end of the 1930s more and more social scientists became involved in market research, and they contributed to the very system of institutions that was lamented by their radical colleagues. Paul F. Lazarsfeld was a pioneer in the application of social research for private and political ends. Together, product differentiation and the participation of social scientists with their knowledge of diverse market preferences are all the ingredients needed for the cultivation of social differentiation by marketing. In conclusion, the development of market segments based on a social differentiation can best be understood as a progression that has its

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<sup>205</sup> Dickson and Ginter, “Market Segmentation,” 1.

starting point around 1940, when the U.S. Bureau of the Census began cooperating with the AMA.

The progression of social differentiation conflicts with the narrative of a postwar society characterized by homogeneity and consensus. However, as Cohen argues, market segmentation as a social differentiation did not flourish until the 1960s, when the strategy was not only widely used in marketing, but was also applied in politics.<sup>206</sup> According to Cohen, the popularity of market segmentation as a strategy coincided with a shift in character from the citizen consumer towards the “consumer citizen.” For the first ideal-type, consumption was market power that could be used for political ends. For the second ideal-type, consumption was a personal end in itself, although for some social groups it became also an important mean in the struggle for political advancements. Yet, the acknowledgement of the development of socially differentiating marketing activities in the early 1940s supports the assumption that consumption assisted various ethnic and social groups in tuning and amplifying their voice for the political arena even before the Second World War ended.

With the appearance of social differentiation in the 1940s established as a plausible assumption, the conclusion follows that there were limitations to the dominance of consensus in postwar American society. Ironically, these limitations expanded by the efforts of functionalist social scientists themselves. Initially, in the aim to secure democracy and equality, business leaders ignored the diversity and heterogeneity of the American people. Ethnic differences were assumed to be irrelevant once everyone was absorbed by the national identity, and this process of assimilation could be stimulated by pursuing conformity and homogeneity. To great extent Cohen challenges the authority of assimilation theory in the postwar decades, and sources from *JM* support Cohen’s

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<sup>206</sup> Cohen, *Consumers’ Republic*, 331-44.

argument. Cohen argues that the postwar years saw the emergence of the Consumers' Republic, a new consumer culture that cultivated the political advancement of ethnic groups and minorities. However, the Consumers' Republic had also led to increasing inequality.

Sources from *JM* suggest that market researchers and marketing departments already prepared for the Consumers' Republic by the end of the 1930s. Although the discovery of market segments was a slow process, it was a development that did not merge with the image of a homogeneous society as a result of assimilation. This is not to say that conformity diminished. The conformity observed by Riesman, Mills, and Whyte does not necessarily contradict the notion of a proceeding social differentiation, as they all focused on the middle class. Marketing benefited from the diversity in society, and although it attempted to promote equality and democracy, it formulated a strategy that had the tendency to emphasize the differences between social groups. It appears that consumption was not only a mean to construct a new American identity; it offered the possibility to adhere to the traditional one, or with respect to the youth market, to express an identity that was ignored before.

Nevertheless, there are numerous ethnic and social groups that still had to be discovered after the 1940s. Before 1950, there were no sources from *JM* indicating that marketing was aware of the existence of Native Americans, Asian Americans, Latin Americans, gays, or seniors. While this thesis showed some limitations to the postwar consensus paradigm, these minority groups have to be taken into account for a full report on the homogeneity of American society in the 1940s.

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## LIST OF ABBREVIATIONS

AMA	<i>American Marketing Association</i>
AMS	American Marketing Society
BASR	Bureau of Applied Social Research
JM	<i>Journal of Marketing</i>
NAACP	National Association for the Advancement of Colored People
NAMT	National Association of Marketing Teachers
NATA	National Association of Teachers of Advertising
NMR	<i>National Marketing Review</i>
TAMJ	<i>The American Marketing Journal</i>