

Advertising

Albert D. Lasker



OVERVIEW

Albert D. Lasker, often called "the father of modern advertising," went to work at the age of 18 in the early 1800s, for the Chicago advertising firm of Lord & Thomas. Many years later, he reminisced about the early days of the business. Some of his comments, published in 1954, are reproduced here.

GUIDED READING As you read, consider the following questions:

- How did companies advertise in the early 1900s?
 - Why do you think bankers were opposed to firms advertising?
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I presume that at the time I went to work for Lord & Thomas there were from ten to fourteen [advertising] agencies in the United States. I do not believe there were more than that, and I do not believe that the total of general advertising in the United States *through agencies* was more than \$15,000,000. Today [1949] any one advertising firm which does \$15,000,000 is merely a moderate size firm—doing well, but nothing special.

While advertising was used somewhat, it was not known what the force was that made it effective. The general conception was that advertising was "keeping the name before the people." Advertising would pay in some cases, and it wouldn't pay in others. When I came to Lord & Thomas, their total copywriting staff consisted of one man on half time. He worked mornings for Lord & Thomas and worked afternoons for Montgomery Ward and Company. If I remember, he got \$40 or \$50 a week all told.

Lord & Thomas did the advertising of Armour & Company, but the total of that account wasn't very much. They did Anheuser-Busch. I presume Anheuser-Busch spent \$120,000 a year, and was one of the largest advertisers in America. . . .

They had several railroads, but the railroad accounts didn't amount to anything in cash, for it was all done on an exchange basis. They exchanged transportation to the papers for space, and they paid Lord & Thomas the commission in transportation. The papers and we in turn would *sell* the transportation to cut-rate agencies. In Chicago on Clark Street I imagine there were fifteen or twenty of these cut-rate agencies. They had signs in front giving perhaps half rate for the same tickets you would buy at the station—and for the same trains! Subsequently a law was passed forbidding any transportation being sold, save at the full rate.

I found that Lord & Thomas did a business of \$800,000 the year I came with them. From that, they made \$28,000. They were one of the three largest firms in the business. During all the time I was with the business, the same three firms which were the largest firms when I came, remained the largest practically all of the time—J. Walter Thompson, N. W. Ayer, Lord & Thomas. N. W. Ayer was the largest firm, and shortly after I came to Lord & Thomas, they became by *far* the largest. Ayer & Son got the first million dollar account, and here is how.

The Moore Brothers in Chicago were, I believe, the lawyers who had thought up the modern trust. They had brought several hundred local cracker factories together under the name of the National Biscuit Company. They paid these several hundred local cracker factories with stock. I *think* this was the first trust. [Mr. Lasker was wrong. The first trust was the Standard Oil Company, formed secretly in 1879, announced publicly in 1882. And in the National Biscuit combine, the Moore brothers were the promoters rather than the lawyers.]

They wanted a common trade-mark, and the idea in putting that trust together was that they could do national promotion. It was really the birth of the national promotion idea. Ayer & Son thought of the title—U-Need-a-Biscuit—and had as a trade-mark (I don't know why) a boy in storm slickers. The new corporation, by combining the local appropriations for advertising of the scores of absorbed companies, could muster a national appropriation of \$1,000,000. Nothing like that had ever been heard of. . . .

Most of the advertising then was patent medicine advertising. It was all largely a gamble. The first few years that I was in advertising (and it had been that way for years) most bankers were very opposed to advertising as being a gambling device. Many times when a firm began advertising, their bankers sent for them and said, "Unless you quit this, we'll withdraw your credit." They could not see any *tangible* addition to their security in advertising. They looked upon it as a gamble that might take away from their security. They would loan the same people large sums of money to build plants of brick and mortar—the product of which they might not be able to sell—but there was a violent prejudice generally among bankers against firms which advertised.

In Battle Creek, Michigan, a Doctor Kellogg had worked out a diet treatment with various taboos—for instance, coffee was taboo. Out of grain, he made substitute foods. He ran a sanitarium there where people came for this diet.

One of his patients was a man named C. W. Post, who came to Battle Creek from Texas. Post partook of these substitute foods and became cured of his ailment. He therefore became convinced that this type of substitute food should be generally made known to the public—that there was a service to be rendered and a profit to be made.

Post stayed in Battle Creek after he was cured and started a small plant to make his own brands. These he called Postum and Grape Nuts. Postum was a

substitute for coffee; Grape Nuts was a cereal breakfast food to be served ready cooked. Post advertised these with simulated news copy, the same as the patent medicine people used, and he was successful from the beginning.

Dr. Kellogg never forgave Post. Kellogg felt that Post was a plagiarist, but from a small beginning Post built the great institution from which later grew the General Foods Corporation. Kellogg subsequently relented as to offering his goods to the public through advertising and proceeded to manufacture for general consumption. Some years later he originated Corn Flakes.

Kellogg was successful—and Post was successful. All of a sudden, in 1902 or '03, a boom in cereal foods was born—a boom comparable to a real estate boom. People came from all over the country and started cereal food factories in Battle Creek. At one time I believe there were 24 of them. Brokerage firms sold stock in these companies all over the country.

When I went to Battle Creek for Lord & Thomas, the atmosphere was the same as in the oil towns. Food company stocks soared in price with each passing hour and of course in the end most of the money invested was lost. When it was all over, only Post and Kellogg remained. The rest disappeared.

Source: *American Heritage: The Magazine of History*, “The Personal Reminiscences of Albert Lasker.” No. 1, December, 1954.