Influence of Advertising During the Great Depression

Kate Nichols

Strategic Communications and Journalism
Elon University

Abstract

The 1930s—a decade rife with poverty, unemployment, and rationing—was not known for its flourishing economy and successful business endeavors in America. This study investigated the influence of advertising on consumerism during the Great Depression, attempting to uncover what advertising strategies were most effective. It compared American Tobacco Company’s rising and falling advertising investment throughout the 1930s with company profits to identify if advertising influenced company prosperity. When a direct correlation was present, this study investigated what advertising techniques were used. The information is useful in studies of advertising during recessions.

I. Introduction

The 1930s was an era not known for its flourishing economy and successful business endeavors in America. Instead, poverty, unemployment, and rationing largely defined this period. Ciment (1997) described that the national income “fell from $87.8 billion in 1929 to $75.7 billion in 1930, before dropping to just $42.5 billion in 1932” (p. 11). This period saw major setbacks and fiscal tragedy, and as a result, consumerism and various industry profits were greatly depleted (Marchand 1985). Advertisers, struggling for new media strategies, became involved in a frantic battle of “fierce competition and aggressive selling,” as they worked against each other for the public's last few dollars (McGovern, 2006, p. 224). Johnson (2010) also noted that companies tried several different advertising tactics; yet without the correct moves, companies would and did falter (p. 1).

The current study investigated the historical relevance of print media and its influence on consumerism during the 1930s. It aimed to unveil which advertising strategies were most effective during this period of economic hardship and American turmoil by examining the campaign tactics, advertising spending, and annual reports of one company that has thrived since the 1930s: the American Tobacco Company.

Ultimately, this study tried to describe exactly how one major corporation advertised its products to consumers during a period of economic hardship, particularly during “the deepest and longest-lasting economic downturn in the history of the Western industrialized world” (“Great Depression,” 2009, p. 1).

Advertising in the 1930s is a unique topic to the advertising and communications fields, but not much research has been conducted on this topic, especially examining what was effective for particular corporations. This paper builds on previous research on the success of various advertising campaigns from the American Tobacco Company throughout the 1930s.

Keywords: advertising, Great Depression, American Tobacco Company, annual reports, advertising strategies
Email: knichols3@elon.edu

This undergraduate project was conducted as a partial requirement of a research course in communications.
II. Literature

This literature review begins with factors that contributed to increasing or maintaining profits during the Great Depression. Afterward, it examined past successful studies that tried to measure particular campaigns and their advertisements’ effectiveness. While more than 100,000 companies closed their doors between 1929 and 1933, Ciment (2001) noted that advertising was still prevalent throughout the Great Depression, as several campaign strategies continued to promote company growth (p. XV). This research focuses on the advertising techniques that led to consumer consumption during this decade. McGovern (2006) and Marchand (1985) listed a number of common advertising tactics during the Great Depression, including sensationalism, advertisements to boost the credibility of the advertising industry itself, screaming headlines, escapism, and product placement.

Of the advertising methods mentioned above, sensationalism was noted as a particularly controversial tactic, as consumers in the 1930s bonded over their frustration with ad agencies and their manipulative selling strategies, thus creating a consumer movement. According to McGovern (2006), during this period “an open debate between advertisers and consumerists” developed due to clashing views on economy, society and culture” (pp. 253-260). This well-known and “previously taboo” marketing strategy included over-the-top designs and displays, as well as overdramatized product facts and claims. Due to “fierce competition,” aggressive selling in the form of sensationalism became a common advertising strategy during this era of financial setback (p. 225).

With skepticism surrounding the advertising industry coming to the surface in the midst of the Great Depression, another common ad strategy was “forced selling.” According to McGovern (2006), forced selling was a term dubbed by ad men to imply that advertisers at the time felt obligated to force their industry presence onto consumers. During a time when there was doubt surrounding the advertising industry and their manipulative selling tactics, this method revolved around the notion of figuratively selling advertising agencies themselves, defining their fundamental principles, “sound values,” confidence and honor. In an effort to garner public acceptance of the field, ad agencies advocated their own businesses, hoping that consumers would respect their selling strategies, previously seen as manipulative, as a genuine business practice (McGovern 2006, p. 253-60).

Young-Witzel and Witzel (2002) indicated further that screaming headlines rose to the forefront of several advertising campaigns during the Depression and onwards when the fight for consumer spending was critical to companies’ survival. McGovern (2006) indicated that during these years, competition and aggressive selling evolved into the practice of using “the attraction power of advertising with extra big type [and] trick photography” (p. 225). Sensationalism and screaming headlines became the norm during this period, as advertisers felt “soft-sell” tactics were no longer effectively promoting mass consumer spending, and in turn looked to hard-sells, or the notion of selling to the consumer “by any means” (p. 225).

Ciment (2001) described other techniques, such as escapism, as also having been introduced during these periods when consumers, obviously financially drained by the repercussions of these decades of economic setback, sought life outside of the ordinary. Prominent as a technique during the 1930s, “the rags-to-riches story that portrayed a nation in which everyone was rich or about to become rich routinely appeared in numerous books, magazines, newspapers, and photo-magazines like Colliers and Saturday Evening Post” (p. 49). Advertisers were now able to use the newfound interest and success of motion pictures, which portrayed stories of better times, to alleviate the tension of the Depression and—more importantly—as a marketing tool (Young-Witzel & Witzel, 2002; Ciment, 2001; and Marchand, 1985). The wide scope of information readily available on the most common advertising methods of the time added weight to the discussion of this topic. Yet, the studies did not specify each tactic’s effectiveness in generating profits or arousing consumer interest.

Marchard (1985) referenced product placement as a common advertising tactic during the 1930s (pp. 110-116). The method was called a “hypnotic trance” with readers, who were automatically more interested in consumer goods conveniently residing next to their favorite celebrity both onscreen and in print (p. 112). Watters (1978) regarded billboards as a major advertising theme during the 1930s when growing car sales led more people to read the large signs (p. 286).

Looking particularly at the cigarette industry, Gardner and Brandt (2006) and Cigarettes (2003) identified common advertising tactics specific to the American Tobacco Company. These scholars introduced background information and statistical evidence on Americans, their tobacco buying habits, and the influence
of advertising of the time. They each listed doctors’ testimonials and celebrity endorsement as common advertising tactics for the industry. This information proved useful in this research because the American Tobacco Company’s advertising tactics of the times were compared to the more popular tactics of the industry.

To measure the effectiveness of these many advertising methods, a small number of studies were reviewed. Voss (2009) and Krishnamurthy (2000), for instance, analyzed the campaigns of one or two major companies and their strategies. These two authors did address the historical background and produced figures that proved some degree of success that a campaign launch brought to each corresponding company. The analysis of these two studies further suggested that measuring advertising effectiveness for specific companies would necessitate specific quantifiable figures as evidentiary support for further research.

To examine the effectiveness of certain advertising methods, one has to operationalize and measure “effectiveness.” The study by Wells (1997) used three different factors when it looked at the effectiveness of the company Royal Appliance’s advertising tactics from the 1990s: advertising and promotion expenditures; annual sales of the company; and the company’s market share. Modeling after Wells’ study, the current study used the same three components to analyze the effectiveness of advertising in the 1930s.

In order to establish a clear focus and direction, the study developed three research questions:

RQ1: During this time of economic hardship, did companies use advertising campaigns to continue to promote products in some way?

RQ2: In the midst of this era of fiscal tragedy, what were the strategies that advertisers used in print to advocate consumerism?

RQ3: And lastly, what were the most effective and successful tactics utilized by advertisers, and why?

III. Methods

The case study can be traced back about 2,500 years to the Greeks who employed basic observations to study events and issues in history. This study approaches primary media documents, one corporation’s annual reports, and historical company analyses as the sources of information. All of these primary artifacts are searched in their entirety because no other methods cannot capture a complete picture of the relationship between companies’ advertising and the events taking place within society (Zhou & Sloan, 2011, p. 245-46). This study analyzes each year’s annual report figures and company history during the 1930s.

To address the presence of advertising strategies and the effectiveness of certain methods, historical research methods are implemented. After looking at the differing advertising strategies commonly used during the 1930s, this study develops a case study revolving around one particular company, the American Tobacco Company. The study analyzes the company’s varying levels of success through primary documents, such as corporation annual reports and media publications in the 1930s. In addition, this research consults secondary historical works that addressed directly the American Tobacco Company’s advertising campaigns and, in some cases, its rationale for using certain strategies. This research project analyzes the effectiveness of its various campaigns during the 1930s by 1) seeking out correlations between profit and advertising figures from company historical annual reports and 2) analyzing its histories and reports of advertising campaign successes during the 1930s.

**Annual Reports Analysis**

To measure a campaign’s success, this study first compares the company’s profits during the years when major advertising campaigns were introduced and were subsequently maintained and developed. It then compares the amount of profits with what was invested in “goodwill,” a term at the time used synonymously with “advertising” investment. If, for instance, profits and goodwill figures increased significantly at the same time when a new campaign was introduced, it may be concluded that a particular campaign’s influence led to more consumer purchases, and therefore a success for the company. Profit figures are also compared with unemployment figures, product launches, and other factors that reports claim may have also influenced the sales at the time.
Campaigns and Advertisements Studied

This study investigates the effectiveness of each major campaign introduced by the American Tobacco Company during the 1930s, as indicated by company histories and historical reports. Companies ran as many ads as possible within its budget. In some cases that number ran into the hundreds, perhaps thousands. The enormous number of advertisements from each campaign led this study to limit its analysis to only the advertisements that epitomized the campaign. These ads are selected by checking descriptions of popular advertisements of the time and by seeking out print ads that maintained consistent messaging and encompassed the major theme of the campaign as described in historical company analyses and annual reports.

Company Histories and Reports of Campaign Success

Historical references to the American Tobacco Company’s advertising campaigns are readily accessible. Analysis of the company’s documents related to advertising campaigns in the 1930s—especially statistical evidence that the company provides—offers insights into the success of its respective advertising efforts. This campaign material offers support that particular advertising strategies aided the company’s recovery and vitality during this decade of fiscal distress. Because tobacco products are not an essential everyday need, the author investigates the American Tobacco Company for insights into how it promoted consumerism during a time of restricted national spending. The company was one of leading tobacco corporation during the 1930s.

Print as the Medium

The 1930s in America may have supported the burgeoning innovation of radio and alternative advertising platforms, yet during this decade print remained the principal vehicle for companies’ advertising. Newspaper saturation remained at more than 100 percent, meaning the number of newspapers sold each day exceeded the number of American households, and magazine circulation topped 125 million in the United States in the years following the Depression (Dizard, 1994, p. 157). Newspaper and magazine ads together pulled in about 70 cents of every advertising dollar spent in the United States in the 1930s (Young & Young, 2002, p. 162). While radio was highly popular for entertainment and news, it still did not provide total penetration into American society the way that print media did—nor did advertisers spend as much over the airwaves, just 3 cents per advertising dollar in 1930 (p. 162). In addition, it is impossible to measure the effectiveness of radio advertisement unless historical radio shows from this time period are available and completely compiled. Since print has been preserved, this study focused on advertisements and company campaigns through this longstanding outlet for reaching consumers.

IV. Findings

American Tobacco Company Findings

The most prevalent advertising campaigns during the Depression era for the American Tobacco Company were the concepts of 1) product claims and statistics and 2) celebrity endorsement. Unlike other industries of the time, smoking corporations maintained success during a period when consumerism was at an all-time low. The American Tobacco Company, therefore, is an example of a corporation within a relatively successful industry at the time, whose main focus, then, was to lure customers away from major competitors. The American Tobacco Company, like most all other companies, saw declining profits during the worst years of the Depression; hence, the corporation shied away from offering information on the individual years of 1935-37 by lumping all three-year figures into one report. However, its sales increased for most of the 1930s, probably due to rigorous advertising products, such as Lucky Strike, which spent $19 million in advertising in 1930 (Cigarettes, 2003). It increased money allotted to its advertising budget by more than 53 percent in 1930 over the preceding year, immediately pulling sales from other major competitors and making Lucky Strike the No. 1 cigarette brand in the United States (“Cigarette Figures,” 1938).
Outside Factors that should be considered in Reports

As various historical sources indicate, decreasing sales for companies in the 1930s was caused by the Great Depression. According to The Great Depression (2016), 1932 and 1933 were the worst years of the Depression, followed by 1934 when the economy slowly started to recover. This general economic trend was reflected in individual companies. The American Tobacco Company saw its biggest dip in sales and profits from 1932 to 1933, and a slightly less dramatic decline in profits in 1934 (“Great Depression,” 2016). For the rest of the decade, the company saw rather rebounding profits, further highlighting the severe hit the Depression delivered to the economy from 1932 to 1934.

Product Claims and Statistics

In an effort to stand out from competitors during the Great Depression, the American Tobacco Company used product claims and physician testimonials as its predominant advertising strategy in the 1930s. Facing “rising public anxiety about the health risks of cigarette smoking,” the company launched a major campaign featuring different doctors citing Lucky Strike specifically, as well as some of its lesser-known brands, as their cigarette of choice. The company included statistics in its ads, such as “20,670 Physicians say ‘Luckies are less irritating’” to prove that its cigarettes were the ones to purchase (Gardner & Brandt, 2006). Before the stock market crash, the American Tobacco Company was “the leader in the splashy ad campaigns that had made its Lucky Strike brand dominant by the late 1920s,” and just a few years later, Lucky Strike became the first to mention physicians in advertisements (Gardner & Brandt, 2006). This soon became a common advertising technique used by all major cigarette brands. The company innovatively promoted its products with doctor testimonials and screaming headlines. By this time, it also promoted its products more aggressively than any major cigarette company, making it, as one historical analysis notes, “the preeminent brand largely because of its massive promotional efforts” (Gardner & Brandt, 2006).

Wharton (2008) noted that companies were successful when they maintained and even further boosted their advertising during this time. The American Tobacco Company is one example for which this is true. The company saw an increase in sales throughout most all unconsolidated years in the 1930s, and the company’s advertising expenditure figures remained steady at $54 million (“American Tobacco,” 1929-1939). The company’s annual reports repeatedly mentioned that “at all times the Company has supported and vitalized the value of this item (good will) through its consistent advertising. This item—the investment in product Good Will over the years—actually constitutes the Company’s most valuable continuing asset” (“American Tobacco,” 1929-1939). It should also be noted that during this period, the company’s most sought after brand, Lucky Strike, had the highest profit share figures among all cigarette products in the industry, probably due to the company’s investment in goodwill as a thriving asset (“Cigarette Figures,” 1938).

The “It’s Toasted” slogan was introduced in 1917 as another way to gain a consumer following away from competitors. Around the 1930s, when all cigarette companies claimed that their products provide smokers with pleasure, the American Tobacco Company felt the need to set itself apart. The brand used its already established slogan that claimed that its cigarettes were “toasted,” instead of sun-dried; therefore, they caused less irritation than others. Specifically, the company marketed this slogan in the 1930s by placing the slogan alongside physician testimonials that aimed to validate the brand’s claims of having cigarettes with less irritation (Gardner & Brandt, 2006). While some, if not all, cigarettes on the market were toasted before production, the Lucky Strike brand set itself apart by highlighting this fact in its 1930s campaigns. This technique of utilizing a simple slogan to set itself apart was even mentioned in the critically acclaimed American television series Mad Men. Although “Lucky Strikes’ curing process did not significantly differ from that of other brands,” according to Gardner and Brandt (2006), the slogan quickly became well known among consumers. Physicians advocating the brand may have also led the Lucky Strike brand to develop a sort of “cult following” and become the top selling cigarette in the United States in the 1930s.

Celebrity Endorsement

To increase cigarette smoking in the 1930s, the American Tobacco Company, as well as other cigarette makers, turned to celebrity endorsement as a huge component of advertising campaigns.

The American Tobacco Company led its rivals with this trend during this Depression era, taking on the
likes of *The Jazz Singer* star Al Jolson as the face of Lucky Strike. By 1937 and 1938, “American Tobacco was paying to have a long list of Hollywood stars to appear in its ads.” These advertisements were said to give validity to certain cigarette brands, and for that reason, American Tobacco was not alone in its hefty investment in celebrity endorsement (Lum et al., 2008). A star’s average payment “ranged in value, in 2008 dollars, generally from $40,000 to $140,000 for each endorsement” (Doyle, 2010).

Major celebrities the American Tobacco Company paid for endorsements included Gary Cooper, Claudette Colbert, Joan Crawford, Henry Fonda, Bob Hope, Carole Lombard, Ray Milland, Robert Montgomery, Richard Powell, George Raft, Edward G. Robinson, Barbara Stanwyck, Gloria Swanson, Robert Taylor, Spencer Tracy, and Jane Wyatt (Lum et al., 2008).

Celebrity endorsements during this period also made cigarettes relevant to women of the time. Female celebrity figures, such as Barbara Stanwyck and Jane Wyatt, were approached to promote the glamour surrounding cigarette brands, as described by Stanford Research (2016): “Often turning to chic celebrities to hawk their products, relying on their trendsetting ways to make the sell.” Male celebrities, including George Raft and Spencer Tracy were also featured, all depicted in ads as celebrities are today, suggesting to consumers that these public figures use these products and, therefore, they should, too. Using celebrities as part of major American Tobacco Company campaigns probably created success especially from 1937-38, when celebrity endorsement was on the rise for the brand. During that time, operating profits increased as the company poured more of its dollars into its advertising budget—an increase by $2 million (Doyle, 2010). The American Tobacco Company launched the nation's top cigarette brand based on its advertising campaigns and increased its sales. Other tobacco companies replicated its advertising methods during the 1930s (Gardner & Brandt, 2006).

### V. Conclusions

During the 1930s, the American Tobacco Company recorded consistent profits with the exception of 1931; Lucky Strike maintained its place as the most purchased tobacco product on the market throughout the Great Depression. The company credited its steady advertising revenue figures as a company asset of continued “great value” in relation to its rising profits (“American Tobacco,” 1929-1939). Lucky Strike’s market share indicates that advertising might have greatly influenced sales during a time when consumer spending was at an all-time low (“Cigarette Figures,” 1938). Product claims seen with the “It’s Toasted” slogan and physician testimonials, as well as celebrities’ endorsements, financially benefitted the company.

Several major themes about advertising and marketing during economically ailing years in American history emerge from this study. This research suggests that tobacco companies during the Great Depression—at least the one included in this case study—maintained an advertising agenda regardless of the political, social, or economic conditions the country faced and succeeded in the sale of nonessential commodities. Literature review showed that the following advertising techniques were used during the period of this study: sensationalism, self-promotion (McGovern, 2006), screaming headlines (Young-Witzel & Witzel, 2002), product description (Marchand, 1985), escapism (Ciment, 2001), product placement, and celebrity endorsement (McGovern, 2006). According to this case study, the most successful tactics are product description and celebrity endorsement.

Among common advertising methods used by both flourishing and faltering companies of the 1930s, this study found which techniques worked for one booming, non-essential item brand, American Tobacco: 1) product description, and 2) celebrity endorsement.

#### Product Description

Product description is an advertising tactic widely used by the American Tobacco Company during the 1930s. These ads included claims that competitors’ goods were unmatchable to said ACT’s better, more advanced products. Examples of innovative product description include the American Tobacco Company’s slogan “It’s Toasted,” which emphasized that unlike competitors’ tobacco goods, Lucky Strike caused less irritation due to its toasting methods. While Lucky Strike wasn’t the only cigarette brand that toasted their products, the American Tobacco Company promoted this feature and became known by this slogan. This slogan, which was used by the brand for decades, is widely recognized by the public and may have led to the company’s unbeatable market share throughout the Great Depression (Gardner & Brandt, 2006).
Celebrity endorsement is another common advertising tactic of the time, which was found in historical works and confirmed by this case study. The company saw huge hikes in sales as they invested funds in celebrity endorsements in print, and it could be regarded to be effective since all major tobacco companies followed suit in years to come.

This study identified the most effective advertising methods of the 1930s by studying one corporation. This task was completed through a case study analysis focusing on “effectiveness.” Analyses of other corporations focusing on their effectiveness may provide a bigger picture. It would be possible for researchers to find different measurements of “effectiveness.”

**Acknowledgments**

First, understanding completely key thesis hopes, I save a special thanks for David Copeland, A.J. Fletcher Professor at Elon University, and Glenn Scott, associate professor at Elon. I can say with certainty that I learned from these mentors and this experience has left me wiser and more well equipped to complete similar work. I also thank Byung Lee, associate professor at Elon, for his constructive feedback on my project.

**Bibliography**


