

Realizing Marketplace Opportunity: Early Research on the Black Consumer Market by Mainstream Marketers, 1930-1970

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Abstract

Purpose – Efforts by mainstream American marketing companies to understand black consumers using formal research approaches from the 1930s-1970 are examined. The concepts of consumer economics and market opportunity analysis provide theoretical foundations.

Methodology/approach – This study is based on examination of rare books, documents and archival documents housed in several collections at the John w. Hartman Center for Sales, Advertising and Marketing History at the Duke University Library system, along with other relevant academic and trade literature concerning research efforts directed at understanding black consumers.

Findings – Mainstream companies were motivated to pursue the black consumer market on the basis of consumption habits, attractive demographic and psychographic characteristics, which was revealed by research findings available as early as the 1930s. During and after World War II, research results were made available to corporate executives through the mainstream business press, academic literature, professional associations and internal efforts. African-American entrepreneurs and marketing professionals were instrumental in directing the data collection and providing interpretation of research results.

Implications/Research limitations – The availability of credible research and the involvement of black professionals led to significant change in the recognition of the black consumer market, the development of appropriate appeals directed at black consumers and improvement in the portrayals of black people in marketing executions.

Originality/Value – Given that the historical record on research concerning the black consumer market is limited, this examination expands the literature by introducing information from rare, confidential and proprietary materials not previously available to the public.

Keywords – black consumer market; research on African-American consumers; consumer economics; marketplace opportunity; market research methods

Paper Type – Research Paper

Introduction

Recognition of the black consumer market as a viable and legitimate segment of the U.S. consumer market was limited among mainstream firms until about 1970. Prior to that time, the notion of a viable black consumer market had historically been dismissed in light of prevailing social attitudes, economic circumstances and lack of knowledge and understanding with regard to black consumers. Scholars have noted that interest in black consumers by mainstream American marketing firms was particularly scant prior to the World War II era (Brooks, 1995; Weems, 1998). Yet, by the end of the war, mainstream marketers demonstrated a budding interest in African Americans as a valid consumer market (Branchik and Davis, 2009). This interest may have been prompted by a number of factors including significant black migration to urban centers; increased size and affluence among the black population; and increased legal and social standing among blacks. Yet, for those marketers interested in courting black consumers, credible information and research relative to the characteristics, motivations and preferences of black consumers was quite limited. In addition, many of the assumptions concerning black people as consumers were based on stereotypes, myths and misinformation. Therefore, a lack of appropriate understanding constrained marketers' efforts to cultivate the black consumer market.

Purpose

This paper looks at the efforts mainstream American marketers employed to gain an understanding of black consumers and their assessment of the viability of a black consumer market. The time period under study focuses on the 1930s until about 1970. By the early 1970s, attention directed at the black consumer market exploded as evidenced by new national media outlets with an African-American orientation; the rapid establishment of black-oriented advertising agencies, consultancies and divisions; and publications concerning black consumers. In this study, research efforts among various types of marketing firms are examined. In this context, a number of research questions are addressed:

- What prompted mainstream firms to engage in research concerning the black consumer market?
- What was the nature of the research methods and who conducted the research?
- How were research results reported and disseminated?
- What did the research results indicate?
- What was the impact of the research?

Theoretical Context

The idea of marketplace opportunity rests on two important economic theories: the macro-level study of consumer economics and the micro-level study of marketplace opportunity analysis conducted within firms. According to Ritchey (1978), consumer economics is the study of the economic interactions of consumers with their external environments, which include market and non-market consumption activities, social, psychological, political and ecological factors. This definition recognizes the interplay between consumer households and the broader marketplace environment from a macroeconomic perspective. From a microeconomic perspective, individual firms typically conduct market opportunity analysis as a routine function in their business operations. According to Aaker et al. (2001), firms have historically engaged in market research and analysis so that planning efforts are informed. Market research and analysis is typically used by executives to guide decisions regarding acquisition and/or deployment of resources; company expansion/contraction; capital investments; market entry; target audience selection; promotional activities and other aspects of the firm. With respect to considering the development of new markets, market opportunity analysis is used within firms to ascertain the viability and potential of specific consumer groups and to determine what kinds of marketing appeals might be effective. In assessing marketplace opportunity, decision-makers are concerned about macro issues including the economic, social, legal, and political status of consumer groups. In sum, using research about consumer markets is believed to enhance marketplace opportunity and reduce risk for firms considering entering new markets and courting new consumers.

Research Practices Concerning Consumer Markets

Formal research approaches directed at acquiring and improving knowledge about consumers has evolved, becoming more sophisticated over time (Bridges, 2000). The knowledge gleaned from such research offers benefit to various entities including academic and government institutions and businesses. In addition to the economic foundations relevant to this paper, another important dimension is an understanding of the evolution of research methods and techniques applied to the study of consumer markets during the time periods in question. This paper summarizes prevailing research approaches up to the early 1970s.

Abdel-Ghany (2001) conducted an excellent review of research approaches used to investigate consumers in the U.S. over a 200-year period. This study not only examined the types of consumer science research methods used over the decades, but also identified important economic, social, legislative and political events associated with those periods. Since at least the late 1800s, various government entities have supported research on consumer activities. The earliest state-funded study of consumer household expenditures is believed to have been conducted by Wright (1875) in the late 1800s. By the mid-1920s, federal funding supported studies of farm families in which incomes, expenditures, consumer practices within households and markets for consumer goods were reported (Liston, 1993). Government-funded research, such as census reports, provided important sources of secondary data, which supported at least one-third of the consumer research studies conducted prior to the 1940s (Abdel-Ghany, 2001).

The Great Depression had significant impact on consumer research during the late 1920s through the 1930s, where topics emphasized unemployment, income, expenditures, saving patterns, the use of credit, women's employment and living standards. During this era, data collection methods consisted

mostly of personal interviews; assessments based on personal observations and mail questionnaires; and statistical reports providing mainly tables of frequencies, percentages, simple group comparisons and cross-classification of variables (Abdel-Ghany, 2001; Isrealsen, 1991). Before the 1950s, theoretical concepts were rarely incorporated into empirical consumer research (Abdel-Ghany, 2001).

In the early 1940s, research concerning consumer income, expenditures and standards of living continued, however, the emphasis shifted away from the impact of economic depression to economic recovery, which was prompted by World War II-driven production, high employment levels and socioeconomic adjustments within families. Women and blacks joined the workforce at unprecedented levels; civil rights and labor movement efforts became prominent; and President Roosevelt issued an executive order which prohibited discrimination in federal and war employment hiring. In this period, secondary data was used in about half of all consumer studies and primary data collection techniques still consisted primarily of interviews and questionnaires with data reported as frequencies, percentages and simple group comparisons (Abdel-Ghany, 2001; Isrealsen, 1991).

The 1950s post-war period ushered in a climate of economic prosperity and greater momentum in the area of personal and civil rights. Consumer research topics shifted towards economic and social wants; uses of discretionary income; savings; budgeting; security and retirement; leisure; housing; women's employment; and consumer choices in the marketplace (Isrealsen, 1991). Reliance on secondary sources of information for research was reduced to about twenty-five percent during this period (Abdel-Ghany, 2001). Consumer research orientations expanded to include some use of theoretical constructs, but on a limited basis (Abdel-Ghany, 2001). Interviews remained the most popular data-collection method; however, methodologies improved with respect to sample size, sampling procedures, descriptions and associations of variables (Abdel-Ghany, 2001). Statistical reporting remained primarily descriptive, with emphasis on percentages and cross-tabulations of variables (Isrealsen, 1991).

The 1960s witnessed significant social change in the everyday lives of consumers, including greater expansion of civil and women's rights; controversy over the Vietnam War and shifting attitudes toward sexual behavior and family structure. Consumer research topics focused on household expenditures and income; women's employment; financial security and management; insurance; adolescents and money and consumer choice (Abdel-Ghany, 2001). Most consumer research still lacked a theoretical basis, with the exception of a few studies which referenced life cycle theory, economic theory and role theory (Isrealsen, 1991). Personal interviews and questionnaires remained the primary methods of data collection; however statistical techniques began to move beyond basic descriptive statistics to include the use of univariate and multivariate techniques. However, percentage and frequency tables were still the most common methods for reporting data.

Methodology

This is a preliminary study largely based on an examination of archival manuscripts, rare books and documents housed in several collections at the John W. Hartman Center for Sales, Advertising and Marketing History at the Duke University Libraries, along with other relevant academic and trade literature. Rare documents concerning the BBDO (Batten, Barton, Durstine and Osborne) and J. Walter Thompson advertising agencies were retrieved, along with papers from the John Benjamin Harris collection. Harris is an important African-American figure in consumer marketing who helped inform corporate and government entities about the nature of the black consumer market. During his career, he was employed in a number of corporate advertising and brand management positions, academic and government settings. At various times, Harris worked for the Leo Burnett and Ted Bates advertising agencies; conducted research and provided recommendations for the Eastman Kodak, Pillsbury, Coca-Cola and other corporate brands. Harris became a professor of Management and Marketing at Virginia State University and, in the 1970s, was Director of the Virginia State Office of Minority Business Enterprise and Special Assistant to the Governor for Minority Enterprise. In addition to the materials from the Hartman Center collections, the author is seeking additional materials from the Schomberg Center for Black Culture at the New York Public Library, which houses the papers of Clarence L. Holte, the first African-American hired in a significant management position at a major New York-based U.S. advertising agency. Holte was hired to lead the Special Markets division of BBDO in 1952, with the charge of conducting research and providing recommendations relevant to cultivation of minority markets, especially the black consumer market.

Early Research on the Black Consumer Market

Early research on black consumers was conducted outside of mainstream research firms, advertising agencies and corporations, mainly by media representatives seeking a means to garner advertising sales and by black consultants advancing the idea of a black consumer market. Some important information was discovered by chance. Drucker (1978, pp. 268-271) provides an account of how General Motor's Cadillac brand, facing possible liquidation during the Great Depression, turned to affluent black consumers for survival. Nick Dreystadt, manager of Cadillac's service division in the early 1930s, claimed "an amazing number of big new Cadillacs brought in for service were owned by black entertainers, black boxers, black doctors, black realtors" (Drucker, 1978 p. 269). Drucker (1978 p. 269) observed, "It was company policy not to sell Cadillacs to Negroes – the Cadillac salesman aimed at the white 'prestige' market. But the wealthy Negro wanted a Cadillac so badly that he paid a substantial premium to a white man to front for him in buying one." Dreystadt convinced GM's executive committee to target the brand toward wealthy blacks, insisting they purchased Cadillacs because other outward signs of success were not available to them. According to Dreystadt's claims, by 1934, Cadillac sold enough cars to remain solvent and later became profitable, due in part to sales to the black consumer (Drucker 1978, p. 271).

In another setting, Chambers (2007) indicates that by the 1940s, information surfaced which indicated that black domestics were important purchase influencers in white households. Around 1945, a white female interviewee told a white market researcher, "Advertisers probably don't realize how often the choice of a brand or household work depends not on the lady of the house but her Negro house girl" (Chambers, 2007). This information prompted some marketers to place advertisements with black-oriented newspapers and radio stations as purchase reminders directed at black domestics who shopped for white families.

Research by Black-Oriented Media Representatives and Consultants

Sales professionals and entrepreneurs representing black-oriented media were instrumental in providing early insight about black consumers to potential advertisers. This information was provided in an effort to attract mainstream and national advertising dollars. The white-owned William B. Ziff Company represented black newspapers between 1920 and about 1940, ran advertisements in the trade press and published pamphlets promoting the viability of a black consumer market. For example, in 1932, Ziff developed a 41-page booklet titled *The Negro Market* which identified influential institutions within the often segregated black community - such as churches, fraternal organizations, banks and newspapers - and advocated for the development of effective copy appeals conveyed via black-oriented media (Chambers 2008, pp. 31-32). During the 1920s and early 1930s, black entrepreneur Claude Barnett, founder of the Associated Negro Press, repeatedly mailed company executives sales letters outlining the characteristics and spending power of black consumers (Chambers, 2008, p. 28). Media reps and their firms were the main sponsors of local and regional studies of buying habits of black consumers. The sources of their data are not clear, but the information was likely derived from media audience and circulation figures, government data and personal observations. This information, sometimes featured in the local and trade press, prompted a few national advertisers to advertise in black-oriented media as far back as the 1930s. By the mid-1930s, advertisements for brands such as Camel cigarettes, Lifebuoy soap, Chevrolet automobiles, Seagram's liquor and Pepsi-Cola soft drinks appeared in black newspapers (Chambers, 2008, p. 31).

In the mid-1940s, Associated Publishers, Inc. and the Interstate United Newspapers (IUN) group, two black-owned publishers' representative firms - were publishing their own promotional booklets about black consumers. The literature indicates that these groups were active and cooperative in advocating the viability of a black consumer market. According to Weems (1998, p. 36) the IUN published a booklet in 1944 titled, *America's Negroes Live as a "Country within a Country," in Many Places as a "City Within a City"* which described limited consumer choices among blacks given segregated living and shopping conditions. Demographic data reported in the IUN publication was derived from David Sullivan, a well-known black market researcher of the World War II era (Weems, 1998, p. 36). Chambers (2008, p. 40) notes that IUN and Associated Publishers co-created a booklet in 1946 titled, *"A City within a City"* which drew similar conclusions about the impact of segregation on black consumer choices and the positive effect of advertising in black newspapers.

A key media figure and major proponent of the black consumer market was entrepreneur John H. Johnson, who launched *Ebony* in November 1945 as a national magazine. As a national publication, *Ebony* required the financial support of national advertisers. Johnson guaranteed a circulation base of

100,000 and in 1946, advertisements for Chesterfield cigarettes and Kotex hygiene products were the first full page color advertisements to appear in *Ebony* (Chambers, 2008, p. 42). An aggressive salesman, by 1947 Johnson found it more effective to approach prospective advertisers directly, rather than their agencies, which were skeptical of the new publication (Chambers 2008, p. 42). From these efforts, he secured advertising from Zenith Radio, whose chief executive helped him to obtain advertising from other major companies (Chambers 2008, p. 43.) During the 1950s and 1960s, Johnson was recognized as a prominent promoter of the black consumer market, placing advocacy ads in national publications such as *Advertising Age* and the *New York Times*, pointing out the attractive demographic characteristics of middle-class black consumers (*Business Week*, 1968). He also advocated that black consumers be treated as separate and unique due to a psychological need for “self-identification” (Berkman 1963). Johnson scored an important coup in April 1950: because *Ebony* had access to Joseph Houchins, head of Negro Statistics at the U.S. Census Bureau, it was able to publish advance statistical reports on black consumers, based on 1950 census data, far ahead of its competitors (Chambers, 2008, pp. 45-46). The census data indicated the increased size, urbanization and affluence of middle-class black consumers (Branchik and Davis, 2009). These findings were critical because national figures on black consumers were often lacking and sporadic, forcing marketers to rely on estimates based on local and regional studies. Earlier research, including government reports, had indicated that blacks - generally - were poor (Raper 1968). This new research, along with data compiled internally by Johnson Publications staff on subscriber incomes, brand preferences and buying habits, catapulted Johnson’s reputation as a leading expert on the black consumer market to the forefront. This information was also used by Johnson Publication sales representatives when they called on advertising agencies and prospective advertisers. Speaking about attracting advertisers to his publications, Johnson stated, “we couldn’t do it by marching and we couldn’t do it by threatening; we had to persuade people that it was in their best interest to reach out to black consumers in a positive way” (Cottman, 2005).

Beyond the efforts of media representatives, a number of black professionals positioned themselves as expert consultants regarding black consumers during the 1940s - 1960s. David J. Sullivan, a pioneer in the areas of market research and advertising, was the most influential of the mid-1940s. He compiled statistical reports on black consumers and published findings and recommendations in the trade press during the World War II era. In a 1943 *Sales Management* article, he warned advertisers about portrayals which were offensive to blacks and provided examples and rationales concerning what advertising art and copy should avoid (Sullivan, 1943). Sullivan’s credibility was boosted significantly when Phillip Salisbury, the executive editor of *Sales Management*, endorsed Sullivan’s recommendations in a sidebar alongside the 1943 article with the exclamation, “Why this article is important!” (Chambers, 2008, p. 71). In a 1944 *Printer’s Ink* article, Sullivan described black consumers as “an export market – at home” (Sullivan, 1944) using national income data and spending pattern statistics by product category to support his assertion. He also published a data-driven study titled, “How Negroes Spent their Incomes, 1920-1933” in *Sales Management* (Sullivan, 1945). Sullivan’s research contributions spoke to a broader audience of marketing decision-makers and filled a void with regard to the lack of credible data on black spending habits.

An important organization of black marketing practitioners was the National Association of Market Developers (NAMD), established in 1953. Its founders were five college-educated black men, led by Moss Kendrix, who owned a public relations firm and did promotional work for Coca-Cola and other mainstream corporations (Chambers, 2008, p. 64; Weems, 1998, 52). Until about the mid-1960s, the NAMD served as the leading support and networking organization for blacks in the commercial communications fields, many of whom specialized in “Negro Market” work for major mainstream companies including Pepsi-Cola, Esso Standard Oil, Phillip Morris, Royal Crown Bottling, Greyhound, Anheuser-Busch, Pet Milk and Marriott Corporation (Weems, 1998, p. 53). At annual conventions, NAMD provided workshops which featured research on the black consumer market and strategies for effective ways to reach it. Other participants included employees of Johnson Publishing Company and professors from several historically black colleges and universities (Weems, 1998, p. 53).

Scholarly Research on Black Consumers

A few government and academic studies on black consumption habits were published in the 1930s. For example, Arthur F. Raper served as the Research and Field Secretary of the Commission on Interracial Cooperation, which the U.S. government established to analyze the impact of the New Deal

on agriculture and black life in the South during the Great Depression. Examining 300 farm families in two counties in Georgia, Raper (1968) concluded that both rural blacks and whites lived in largely impoverished conditions. Later research, however, indicated that urban and Northern blacks fared better economically relative to those in the South (Weems 1998, 25).

Paul K. Edwards, a white economics professor at historically black Fisk University, conducted the earliest known academic studies. He published a book in 1932 titled *The Southern Urban Negro as a Consumer* (Edwards, 1932) and a Ph.D. dissertation at Harvard University titled *Distinctive Characteristics of Urban Negro Consumption* (Edwards, 1936). He collected interview data in 1929 from blacks in Nashville, Tennessee pertaining to income allocations on food, clothing, rent, utilities, furniture and household furnishings, insurance, miscellaneous items and savings. He also derived additional data from field research in Birmingham, Alabama; Atlanta, Georgia; and Richmond, Virginia which examined black readership of black and white-owned publications in those cities (Weems, 1998, pp. 23-24). His statistics showed that southern urban blacks spent about \$308 million in 1929, spending nearly 27% on food, 15% on clothes; 12% on rent; 5% on utilities; less than 2% on furniture and furnishings and about 32% on unidentified miscellaneous purchases; another 7.5% was put into savings; with a significant proportion of that going towards insurance (Edwards, 1932, pp.38-39; Weems, 1998, p. 23). He found that blacks from the professional or business class were more likely to read newspapers and magazines (black and mainstream publications), relative to common and semi-skilled laborers (Edwards, 1932, p.171). Edwards' tests of advertising copy indicated that black respondents disliked advertising images which portrayed blacks in subservient or demeaning roles, such as a bandana-clad Aunt Jemima speaking in black dialect or the Cream of Wheat icon being depicted as a mule pulling a cart (Edwards, 1932, pp. 242-245). According to the research subjects, objection to the advertising images was sufficient to deter many from purchasing the brand (Edwards, 1932, p. 234).

Edwards' dissertation work expanded to include data on blacks in the north, and assessed the impact of the Great Depression on Southern and Northern blacks (Weems 1998, p. 25). Despite depression –induced reductions in earnings, he found that blacks were willing to spend money on decent and high-quality food (Edwards, 1936, pp. 95-96). Noting the Kellogg company's aggressive efforts to promote Corn Flakes to black consumers in the mid-1930s by promoting the brand in black newspapers, he concluded that sales did increase based on comparative data from grocery stores in Detroit, Atlanta and Richmond (Weems, 1998, p. 26; Edwards, 1936, pp. 95-96.) Around 1933 Edwards, who believed that mainstream firms should actively court black consumers, partnered with Claude Barnett of the Associated Negro Press and the Rumford Baking Company to run an experimental marketing test aimed at black consumers (Chambers 2008, pp. 36-37). Rumford hired several black salespeople to travel to different cities to promote their products to black consumers, while black newspapers publicized news of their pending arrivals. In addition, newspapers editors were encouraged to carry excerpts from Edward's book. Rumford's executives were pleased with the results of the experiment and made the sales positions permanent. Other advertisers, like the Smith and Corona Typewriter Company and Los-Angeles based Helms Bakeries followed suit, impressed with the results of the Rumford experiment (Chambers, 2008, p. 37).

John Benjamin Harris, as a student at New York University, wrote his MBA thesis in 1955 titled "An Analysis of Consumer Advertising to the Washington, D.C. Negro Market" which included extensive statistical data and interpretation on the characteristics and behaviors of black consumers (Harris 1955.) Harris (1955, p. 7) justified his topic arguing:

"Before the application of research to selling and advertising, markets were judged largely by appearances. Because of the lack of specific data about the earnings, buying habits, and purchasing power of colored Americans, many advertisers have ignored them as customers; they have assumed that they were not of sufficient importance to merit specific attention."

Using questionnaires of black Washingtonians and government data as the basis for his study, Harris reported on population size and proportion, income levels, media habits and preferences, purchasing practices, perceptions and attitudes. Suggesting that blacks found general media to be indifferent and condescending towards them, he explained that they gravitated to black-oriented media which they found to offer "inspiration, example and encouragement" (Harris 1955, p. 5). Harris also suggested that due to segregation and similar societal practices, black expenditures were restricted compared with white consumers. Because blacks were often barred from public venues, many

entertainment and leisure activities took place in the home. As a result, blacks tended to spend more than average on household furnishings, entertainment equipment and expensive liquor. Harris also reported that urban blacks spent disproportionately more than others on food, toiletries, cosmetics, clothing and cars. These findings countered myths that urban blacks consumed mainly staples and low-priced goods.

Harris also found, despite generally having lower incomes than whites, urban blacks experienced similar breakdowns in economic strata and consumption patterns compared with whites. However, he described the differences in wage earning status as “not as staggering as many people would believe” (Harris, 1955, p. 41). Yet he noted that blacks tended to be more loyal to established, advertised brands. Harris (1955, p. 3) claimed:

“Because the Negro has so often been subjected to poor products, off brands and bad bargains, he is frequently a better purchaser of advertised brands and tends to insist on established brands and be willing to pay for them.”

Harris also argued that black consumers were not only brand-conscious, but receptive to luxury-oriented products and advertising. Given that many blacks became acquainted with luxury brands through employment with wealthy white families, Harris claimed “just as soon as they have the money, they immediately purchase the items they know through their employment” (Harris 1955, p. 83). Harris (1955, p.83) reasoned:

“To a Negro, indulgence in luxury is a vindication of his belief in his ability to match the best of white men. He expresses this desire in his purchase of a Cadillac automobile, \$200 suits, imported Scotch at \$9 a bottle or a pair of \$20 Florsheim shoes.”

Examining advertising placed in the Washington black-oriented newspaper, Harris classified the advertising approaches into three categories: (1) Advertising directed at the Negro market exclusively, such as hair straighteners, skin lighteners and other cosmetic products; (2) advertising using the same copy and images in both Negro and white publications; and (3) advertising prepared for Negro and white markets, with copy appeals and images tailored for each market, respectively. Noting that there was controversy among marketers as to whether tailored advertising executions were worth the additional cost, Harris pointed out that in order for black-targeted ads to be effective they should employ appropriate psychological tactics and high-quality mechanical elements. He did not argue that black models should necessarily be used in advertising aimed at blacks, but indicated that stereotypical images and patronizing language should be avoided.

In concluding the results of his study, Harris used additional data to supplement and generalize his findings. Citing census and statistical data concerning population size, total income and per capita income, his findings indicated that the market potential among black Americans exceeded that of the entire population of Canada (Harris 1955, 4). Given these conclusions, Harris advocated that black Americans were worthy of the attention of mainstream national advertisers. Later, Harris was employed by several large corporations and government institutions as an expert on cultivating minority markets.

Research reports on black consumers in the trade and academic press

In the late 1940s and early 1950s, the mainstream trade and academic press published several articles and commentary pertaining to important studies on the black consumer. Edgar A. Steel (1947) of the Research Company of America (RCA) – a mainstream research company – supervised a study on the “Negro Market” and summarized its results in a 1947 *Journal of Marketing* article. Billed as “one of the most comprehensive surveys ever conducted among Negroes,” the study resulted from a cooperative effort of RCA, the National Urban League, the Afro-American chain of newspapers and faculties from several historically black colleges. In 1945, data from 3,000 black households in Washington, D.C., Baltimore and Philadelphia, respectively, were collected via personal interviews conducted by black college students, teachers and social workers. A cross-section of 1,000 representative homes was selected by census tracts from each city based on 1940 census data. Results for the sample as a whole were reported, along with breakouts by city. Levels of income, educational attainment and brand preferences among a number of product categories were reported, including: coffee, flour, pancake/waffle mix, bread, dog food, laundry soap, toothpaste, alcoholic beverages, cola

beverages, cigarettes and automobiles. The study concluded that blacks were “unusually brand loyal” relative to whites and more “brand conscious as his economic level rises” (Steel, 1947). Steel estimated that, at about ten percent of the U.S. population, the American Negro was more important, economically, than the entire export market of the era. He argued: “the Negro, as a consumer” is forging ahead more rapidly than is the average American citizen” (Steel, 1947). The research received considerable attention in the trade press, and was reported on in *Advertising Age*, *Sales Management*, *Tide* and *Printer’s Ink* (Brooks, 1995). Steel presented the study findings at a 1947 meeting of the New York Chapter of the American Marketing Association, titled “The Influence of the Negro on our National Economy” (Brooks, 1995). Advocating a need to focus on the black consumer market, Steel (1947) suggested:

“In our market activities we need to set the Negro market off by itself for purposes of study and development, and we must rigorously analyze this market and all its elements in order that it can be built up to its highest potentialities. In this way, we shall not only help the Negro tenth of our population, but we shall greatly expand and improve our national market as a whole.”

According to the academic and trade literature, another significant consumer study commenced in August 1946, which attracted widespread attention from corporate America. Weems (1998, pp. 36-37) notes an “historic” study of 5,000 blacks in twenty-seven cities “coast-to-coast” on brand purchases and preferences, funded by the IUN publishing representative firm and corporate sponsors in cooperation with the New York-based Research Company of America, titled *The National Negro Market* was conducted. Cities included in the study were Atlanta, Birmingham, Chicago, Detroit, Indianapolis, Kansas City, Los Angeles, Memphis, Nashville, New Orleans, New York City, Newark and St. Louis (Weems, 1998, p. 37). The research garnered attention from the national trade press, including *Advertising Age*, which published an article on it in March 1947 (*Advertising Age*, 1947). The findings indicated that black consumers had over \$10 billion in disposable income, spent more than half that amount on food and clothing and preferred brands like Camel cigarettes, Gillette razor blades and Maxwell House coffee (Weems, 1998, p. 37). This information underscored the legitimacy of a black consumer market on a *national* level. The trade publication *Tide* (1951) ran a cover story in 1951 which commented on a shift in corporate attitudes toward the black consumer market, noting:

“People then tended to talk as though we were researching a pretty obscure topic about which they knew little, and seemed to have only a rather dutiful, somewhat passing interest. Now that is sharply changed... important executives showed great interest, asked what we had found out about the market, went far out of their way to express their personal appreciation of the importance of the subject.”

During the same era, *Printer’s Ink* outlined the campaign by Pepsi-Cola to aggressively court the black market in the post-World War II era, which resulted in a market share of 40% among black cola drinkers (Brooks, 1995; Hirschhorn, 1949). From 1947-1951, Pepsi-Cola maintained a dedicated national “Negro Sales” team which traveled to various cities promoting the Pepsi brand to various black organizations (Capparell, 2007). These representatives were essential in providing qualitative insights on effective appeals to black consumers and advocated promoting the brand in middle-class settings. The sales team introduced a series of advertisements featuring black “leaders in their fields” among other flattering portrayals, in black publications (Caparell, 2007). The tactic of “implied emulation” was a successful motivational tactic among black consumers such that brands like Lucky Strike Cigarettes and Beech Nut gum followed with similar approaches (Brooks, 1995). Consultant David Sullivan (1950) explained in *Sales Management* why a small number of brands like Pepsi-Cola, Standard Oil, Rumsfeld (food) products, Lever Brothers and General Electric, dominated the black consumer market in terms of market share. Beyond the attractive demographics and growth trends among the black market, Sullivan attributed the success of these brands to internal corporate “enlightened self-interest” and “social consciousness,” along with the involvement of black employees in significant professional marketing positions to provide guidance in cultivating the market. Brooks (1995) indicates that firms found it to their benefit to use blacks in one of three ways: as subjects or models in black-targeted advertising efforts; as public relations spokespeople in black communities; and as salespersons, managers or consultants to corporate brands.

Research on black consumers in mainstream agencies and corporations

The hiring of Clarence L. Holte, an African-American, by the Batten, Barton, Durstine and Osborn (BBDO) agency in 1952 is regarded as a “Jackie Robinson” moment in the history of diversity in advertising employment and in the cultivation of the black consumer market. Around this period, BBDO executives decided to take advantage of opportunity in the marketplace by providing additional service to its clients and to attract new clients interested in the “Negro” market (Chambers, 2009, p. 90). BBDO’s director of merchandising and research explained the agency’s motives saying, “I’m not a crusader... this is a cold, calculated move on my part for the dollar sign only” (*Tide*, 1952). After a rigorous interview process, Holte was brought in as an executive to head and develop a new Special Markets division, responsible for research and development concerning the black consumer market - the first position of its kind within a major New York advertising agency. Seeking prominence in the area of black consumer marketing and advertising, BBDO also added 450 black families to its national consumer panel of 3,000 households (Chambers 2009, p. 90). Given the resources provided by BBDO, Holte and his group became leaders in the analysis and interpretation of the black consumer market, well beyond basic descriptive statistics and anecdotal information which were common. From this foundation, Holte was able to craft a number of well-received advertising efforts for BBDO clients (Chambers, 2009, p. 93). Holte was also a member of the National Association of Market Developers (NAMD), serving as its 2nd vice-president in 1956-57 (Tennessee Agricultural and Industrial State University, 1956). Holte was a presenter at several NAMD annual conferences. For example, in 1956 he gave a talk on “Application of Advertising Techniques in the Development of Specialized Markets” at the NAMD meeting and discussed social class distinctions within the black market and provided data relative to preferences in advertising art and copy among black consumers (Tennessee Agricultural and Industrial State University, 1956). Research and opinions developed by Holte were widely disseminated during the mid-late 1950s and his work had a major influence on the development of advertising directed at black consumers. Rare documents indicate that during his 20-year tenure at BBDO, Holte’s division provided numerous proprietary studies and confidential reports concerning such brands as B.F. Goodrich (BBDO, 1960); Quaker Oats (BBDO, 1962); New England Life Insurance Company (BBDO, 1965); and Pepsi-Cola (Holte, 1970).

In addition to BBDO, other mainstream agencies and major corporations took an active interest in the black consumer market. The J. Walter Thompson (1962) agency, which had a long history of involvement in consumer research, had established its own “Special Markets” area dedicated to understanding and cultivating the black consumer market by 1962. By the late 1960s, mainstream corporations Eastman Kodak and Pillsbury had hired John Benjamin Harris to provide research and insight on the nuances of the black consumer market, according to a number of internal company documents (Harris, 1967; Harris, 1968).

Conclusions and Implications

This analysis allows for the development of several early conclusions regarding corporate interest in the black consumer market. From a consumer economics perspective, research about black consumers in their unique consumption environments - combined with information regarding their consumption activities, social, psychological and political orientations - contributed to intensified interest by mainstream marketers. A few mainstream companies were motivated to pursue the black consumer market on the basis of data indicating consumption habits, attractive demographic and psychographic characteristics, which was revealed by research findings available as early as the 1930s. Early research efforts were limited, rudimentary and often driven by the interests of media salespeople. These efforts increased in frequency and degree of sophistication, especially after World War II. Research techniques - such as reliance on government statistics for secondary data and the use of interviews and questionnaires to obtain primary data - were largely consistent with the general consumer research approaches used at the time. African-American salespeople, consultants, students, educators and trained interviewers were often used to perform the data collection. The data generally consisted of descriptive statistics, along with an interpretation of the meaning of the data supplied by consultants or interpreters. The latter was important because these interpretations provided valuable insight into the perceptions and motivations of black consumers. During and especially after World War II, these research results were disseminated to wider audiences through the mainstream trade press, academic literature and at professional meetings. This information indicated that black consumers were indeed viable as a legitimate market segment on the basis of their consumption activities, lifestyles, perceptions, motivations and economic standing, along with relevant social, psychological, and

political orientations. Moreover, the research indicated that mainstreams brands could realize positive benefit in the marketplace by appropriately addressing and cultivating the black consumer market. By 1970, the U.S. black consumer market was firmly established, creating significant opportunity in the marketplace for various entities such as national black-oriented media outlets, black-owned advertising agencies and mainstream firms and agencies interested in this market segment.

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