Advertising Agencies and the Adoption of Radio: A Diffusion of Innovations Perspective

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Abstract
Purpose – In the 1920s radio broadcasters presented advertising agencies with a new advertising medium. Many advertising and media historians have concluded that advertising agencies were resistant to the new medium and hesitant to recommend its use to clients. This study challenges these widely held beliefs, providing a more comprehensive review of the radio advertising attitudes and behavior of six prominent, 1920s-era agencies.
Methodology/approach – Roger's diffusion of innovations model is employed to categorize the agencies researched based on their degree of innovativeness. The data used was gathered from primary and secondary sources. Archival materials were collected from the John W. Hartman Center for Sales, Advertising & Marketing History (Duke University), the Recorded Sound Reference Center (Library of Congress), Columbia University's Oral History Collection and the Library of American Broadcasting (University of Maryland).
Findings – The data supports a more refined and varied assessment of 1920s-era advertising agencies' consideration of radio advertising. Ample evidence exists that some agencies took quick advantage of the opportunity making it unreasonable to claim that advertising agencies were slow to embrace the medium. The diffusion model is a useful framework for interpreting advertising agencies' adoption process.
Research limitation/implications – The fragmentary nature of the documentary materials requires some license in the interpretation of advertising agency actions. The analysis would also benefit from a larger sample of agencies to evaluate.
Originality/value – This research brings detail and clarity to the orientation of these 1920s advertising agencies towards radio advertising. It makes creative use of the diffusion of innovations model to evaluate the degree of advertising agency innovativeness regarding the use of radio as an advertising medium.
Keywords – Advertising agencies, radio, diffusion of innovations
Paper Type – Research Paper

From the beginning of American radio broadcasting unpaid commercial announcements could be found on the air of radio stations. In some cases, as early as 1920, it was a plug for the music store providing the records for broadcast (Archer, 1938). In others it was the "good will" soliciting mention of the radio retailers, department stores or newspapers that owned many of the early stations (Jackson, 1922; Hettinger, 1933; Hilmes, 1997). By mid-1923 New York area stations WJZ and WJY were giving time on the radio to sponsoring companies willing to fund and produce their own programs (Smulyan, 1994). Early shows included the "National Biscuit Company Band," "Royal Typewriter Salon Orchestra," "Victor Hour," "Breyer Hour," and "The Ray-O-Vac Twins." But the history of paid radio advertising begins with AT&T-owned WEAF (New York).

AT&T devised a solution to a key problem faced by radio broadcasters: how to financially support a radio station. AT&T introduced the concept of "toll broadcasting," furnishing time for a fee to those wanting to broadcast to the listening audience. In other words, toll broadcasting is the "sharing of a broadcasting station among many program-makers" (Banning, 1946, 61). Archer (1938) reports the August 28, 1922 entry in WEAF's station log lists the 5:00-5:10 pm broadcast by the Queensborough Corporation to promote apartments in Jackson Heights, New York as "Our first customer" (276). The following week WEAF announced on air its availability for public use (WEAF, 1922). Records show over the ensuing weeks and months a range of other commercial sponsors including Tidewater Oil, American Express, R. H. Macy, Gimbel Brothers department store, Colgate & Co., Beth Israel

Hospital, Greeting Card Association, radio manufacturer A. H. Grebe, Haynes Automobile Co., Metropolitan Life Insurance, and James A. Hearn & Son department store (NBC, 1935; Archer, 1938). Some of these "programs" were simple publicity talks but Archer's recounting of the program sheet entries indicate many were sponsored storytelling programs.

In 1923, others joined the ranks of WEAF advertisers with sponsorships of music, dance orchestra and musical variety shows (Banning, 1946; Archer, 1938). Labeling these programs with the advertiser or product's name—"Browning King Dance Orchestra," "Lucky Strike Hour," "Happiness Boys," "Ipana Troubadours," "Clicquot Club Eskimos"—cleverly allowed the sponsor to adhere to WEAF's rules against "direct" advertising techniques like making sales arguments, providing product descriptions and pricing, and offering samples. In exchange for providing radio entertainment the sponsor was to gain public goodwill. Early in 1923 a 66-page WEAF handbook was developed detailing a business plan for commercial radio. Here it was concluded, even before a plan was in place, that based on substantial growth in sales and the number of advertisers served radio time was a saleable product (WEAF, 1923).

To this point, with the exception of a 10-minute talk about advertising on December 30, 1922 by William H. Rankin of the Rankin Company advertising agency, agencies were absent from these earliest tests of radio advertising. In fact, when WEAF advertising salesperson George Podeyn presented in 1923 his idea for the Clicquot Club Eskimos orchestra show to the ginger ale company's president he reportedly said, "My advertising agency doesn't believe much in radio. So we'll go ahead without consulting it" (Banning, 1946, 149).

Adoption and Growth of Radio Broadcasting

The first years of radio were undeniably a period of experimentation as broadcasters learned what worked technologically, politically, socially, and financially. While the many issues regarding radio were debated, radio receiving sets diffused rapidly in the U.S., from an estimated 60,000 in use in 1922 to 1.5 million in 1923 to 5 million in 1926. By 1932, over 50 percent of U.S. households owned radios (Hettinger, 1933).

Concurrent with the growth in radio ownership was the development of radio networks, which provided a necessary outlet for larger advertisers interested in reaching a national audience. Due to technical challenges, the first commercial radio programs were broadcast from stand-alone stations such as WEAF. Progress creating wired radio networks was slow: 3 stations were first networked in 1924, 12 in 1925. The formation of the National Broadcasting Company (NBC) in 1926 led to the creation of the so-called Red and Blue networks covering larger geographic areas, as well as smaller groups of stations covering fewer homes in more sparsely populated regions of America (Hettinger, 1933). The Columbia Broadcasting System introduced a competing network in July, 1928. A national advertising medium was emerging.

Interpretive Framework and Research Question

Rogers' diffusion of innovation theory (1995) is an apt framework for understanding the available historical data. The intent here is to apply Rogers' model not in a quantitative manner, but as a framework to impose structure and analytical rigor on this research. A complete discussion of diffusion theory is beyond the scope of this paper, but a brief review is in order.

Fundamentally, diffusion of innovation theory offers a way to explain the spread of new ideas. By definition, diffusion is a process by which an innovation is communicated through certain channels over time among the members of a social system. Diffusion research has demonstrated that individuals progress through five stages as they move towards adoption of an idea or product: knowledge, persuasion, decision, implementation, and confirmation.

The rate of adoption is defined by the time necessary for a certain percentage of the members of a social system to adopt an innovation. There is a point at which an innovation reaches a critical mass. This is the point in time within the S-shaped adoption curve when enough individuals have adopted an innovation in order that the continued adoption of the innovation is self-sustaining.

Individuals, or in the case of this research, advertising agencies, can be categorized based on their degree of innovativeness. The categories include innovators, early adopters, early majority, late majority, and laggards and represent innovativeness as a normal distribution. Innovators are the earliest adopters; they are risk takers who are very social, often in contact with other innovators and have sufficient financial resources to endure failure of the innovation. They constitute 2.5% of the members of the social system. Early adopters represent 13.5% of population, are the second fastest to adopt the innovation and are typically recognized as opinion leaders based on their high social status and social connectedness. The third group in innovativeness, the early majority, represents 34% of the social system. These members are slower to adopt, typically have social contact with early adopters and are infrequently seen as opinion leaders. The late majority also constitutes 34% of the population. They are skeptical of innovation, tend to communicate with those in the early and late majorities, have more limited financial means and, consequently, adopt the innovation later than the average member of the social system. Finally, laggards, the last to adopt an innovation, represent 16% of the population, tend to be tradition bound and of low social status with communication restricted to close friends and family.

The characteristics of innovations can influence the decision to adopt. These characteristics include the innovation's relative advantage over previous alternatives, compatibility with existing practices and values, complexity of an innovation, and the innovation's trialability, and observability. In short, the likelihood of adoption increases as the relative advantage, compatibility, trialability and observability increase and the complexity decreases. These attributes are of particular importance here since, from the beginning of radio broadcasting, advertising agencies had the opportunity to experiment with radio advertising (trialability), observe the radio efforts of advertisers and other agencies, and assess the relative advantage of radio versus established advertising media such as newspapers and magazines. Compatibility and complexity were open for evaluation as well.

Research Purpose

Historians have generally described advertising agencies' initial response to radio advertising as resistant, hesitant, conservative, or cautious, and have characterized the rate of agencies' adoption of radio advertising as slow (e.g. Smulyan, 1994; Banning, 1946; Marchand, 1986). According to a radio department staffer at J. Walter Thompson, agencies in the early days of radio were not sure they knew how to use radio and resented the new medium. Even in 1926, as radio advertising was proving its efficacy, agencies were suspicious of radio, didn't like it and in some cases didn't want to deal with it (J. Walter Thompson, 1932 February 2). Moreover, Douglas (1987) claims that through the mid-1920s, agencies warned their clients against using radio advertising.

Radio historian Michele Hilmes (1997) takes a more nuanced view, noting that agencies varied in their attitude to the new medium. And recognizing a sizable gap in our knowledge, Hilmes calls for a "full chronology of advertising agency involvement in radio" (1997, 114).

This paper reports the current status of an ongoing study of the role of advertising agencies in the development of radio advertising. Using the available qualitative, historical data it categorizes six agencies according to Roger's adopter categories and attempts to understand and explain agency behavior based on the innovation characteristics as they relate to radio advertising.

Method

This study is based on data located in a range of primary and secondary sources. Materials were gathered from government, academic and corporate archives. The John W. Hartman Center for Sales, Advertising & Marketing History at Duke University provided access to the D'Arcy Masius Benton & Bowles, J. Walter Thompson, and O'Milton Gossett (Compton Advertising records) collections. The Recorded Sound Reference Center at the Library of Congress provided access to the National Broadcasting Company collection, a range of materials from AT&T, WEAF, and later N.B.C., including correspondence with and reports from advertising agencies. The Broadcast Pioneers project interview transcripts housed in Columbia University's Oral History Collection, and the Library of American Broadcasting at the University of Maryland, offer first hand accounts of the growth of the radio business. The General Mills and Coca-Cola corporate archives were consulted as well. Earlier historical research published in books authored just after this period and more recently were used. Relevant articles from the popular and trade press and Internet sources were referenced where appropriate.

Even with this broad, systematic sweep of archival and secondary sources it should be noted that in many instances the documentary evidence of radio industry and advertising agency practices is fragmentary (Hettinger, 1933; Hower, 1949). Ultimately, it is necessary at times to draw speculative conclusions based on the absence of available information to the contrary.

Advertising Agencies and Radio in the 1920s

The 1920s were a period of dynamic change. Economic activity accelerated. Social mores shifted. Technological advances were ever-present. The pace of life hastened. Advertising was part of the changing economic and social environment and radio was fast becoming an important part of American life (Marchand, 1986). It was within this environment that advertising agencies were confronted with the possibilities of radio, a new and untested advertising medium.

The Pioneering Innovators: N. W. Ayer & Son and The William H. Rankin Company

Historians chronicling the development of commercial radio in the U.S. often identify N. W. Ayer and Son and the William H. Rankin Company as pioneering agencies in radio advertising. Ralph M. Hower's 1949 history of N. W. Ayer and Son is the most definitive source located regarding N. W. Ayer's position as one of the earliest adopters, a true innovator, of radio advertising. Thus, much of this discussion draws upon this source.

N. W. Ayer, founded in 1869 and headquartered in Philadelphia, was by the 1920s one of the leading agencies in the U.S., estimated to be among the top three American agencies in 1927 (Marchand, 1986).

Banning (1946), who managed public relations for AT&T during the 1920s, and Hower (1949) both noted that Ayer was the first agency to study broadcasting seriously. Ayer's experimentation in the fall of 1922 took the form of publicity talks arranged by the agency on behalf of Shur-on Optical Company on KDKA (Pittsburgh) and E. R. Squibb & Sons on WEAF. Other clients were assisted with sporadic programs throughout 1923 over WEAF, WDAR (Philadelphia) and WLAG (Minneapolis).

The agency is most often credited with recommending to, and developing for, the National Carbon Company an ongoing series of entertainment named *The Eveready Hour* to promote sales of their batteries for use in radios (Hower, 1949; Barnouw, 1966). The show launched December 4, 1923 on WEAF and was the first continuing program of broadcast entertainment sponsored by an advertiser. The series included music, dramatic sketches and educational lectures (Hower, 1949). Ayer ensured the show was professional and the favorable attention it received attracted other sponsors to radio (Banning, 1946; McDonough, 1995). Before WEAF was networked with other radio broadcasters, interest in the program by radio dealers beyond the New York area was addressed by the National Carbon Company with performers sent to other stations around the country to recreate the show.

Perhaps Ayer's most direct contribution to the evolution of commercial radio stems from its client relationship with AT&T, owner of WEAF, the first station widely recognized to engage in "toll broadcasting." By 1924, AT&T was interested in expanding the audience for WEAF and in providing quality programming to other stations to which its Western Electric Company division had sold broadcasting equipment. Similarly, advertisers like the National Carbon Company desired to reach beyond the local area serviced by WEAF to provide consistently high quality radio publicity for dealers located in other areas of the country. While Hower (1949) notes "it is impossible to say how much credit for the final results should be attributed to the Ayer firm" (136), the agency apparently pressured AT&T to quickly interconnect several stations for simultaneous transmission of sponsored programs, accelerating the creation of radio networks.

N. W. Ayer established an independent radio department in 1928 (Hower, 1949), which some have claimed was the first full-scale department (The first advertisers, 1995; Smulyan, 1994). It appears Ayer was thoughtful in its recommendation of radio to its clients, evaluating the medium's potential (relative advantage) versus other advertising media. Ultimately, Hower (1949) attributes a number of important radio advertising firsts to N. W. Ayer & Son including the first ad agency arranged commercial broadcast in 1922, ongoing series of sponsored programs in 1923, commercial network program and "continuity" or dramatic-style show, and others. Another characterization of N. W. Ayer's place in radio is provided by Robert Simon of J. Walter Thompson's Radio Department. Simon delivered a talk to the agency's account services staff on competing agencies' radio departments (J. Walter Thompson, 1932 February 2). Prior to his association with J. Walter Thompson, Simon worked for a radio service bureau and in that capacity became acquainted with the radio departments of many agencies. Here are some of Simon's observations, offered in 1932, about N. W. Ayer and Son's radio department:

> N. W. Ayer and Son has a large radio department, which also is extremely able in putting on a show for a client. The Ayer programs run largely to dramatics, and they have some good script writers. Musical programs usually are handled [sic] over to any conductor who happens to be the office pet

> at the moment…and there is not much initiative in finding new talent. This department achieved a great reputation when it produced the Ever-Ready program, which was, in its time, an unusually artistic concoction, as radio programs go. Since then, nothing important has emanated from the Ayer offices…" (J. Walter Thompson, 1932 February 2).

Mark Woods, an employee in the Broadcasting Department of AT&T in the 1920s, credits William H. Rankin with trailblazing the new field of radio advertising. In his Radio Pioneers project reminiscences he recalls:

> "It wasn't until William H. Rankin decided that he would really get behind radio because he believed that it was the coming medium that some of the advertising agencies really started to pay some attention to us [WEAF]. The William H. Rankin Company was an advertising agency, and in those days a very prominent one, with offices in Europe as well as the United States. Rankin was a great promoter in his own right. He had accounts like the Goodrich Tire & Rubber Company and numerous other substantial accounts. So I give William H. Rankin great credit for being one of the first substantial advertising agencies in the early '20s to back this new medium…" (Woods, 1951).

Woods' recognition of William H. Rankin's opinion leadership regarding radio, sufficiently influential to sway other advertising agencies, is consistent with Roger's (1995) profile of a innovator.

The Rankin agency was founded in 1899 and headquartered in Chicago. While not listed among the top agencies of 1927 by Marchand (1986), the agency opened a New York office in 1916 and, by 1928, had offices in Los Angeles, San Francisco, Toronto, and London (Rankin, 1928a). As William Rankin had great skill in self-promotion, his agency's work in radio advertising is reported through self-published materials, correspondence with WEAF and later N.B.C. officials, and trade press clippings (Rankin, 1929; Rankin 1928a; Rankin, 1926; Rankin, 1928b; Rankin, 1935; James, 1935). The following discussion is based primarily on these documentary materials.

The William H. Rankin Company is best known for its $100 investment for ten minutes on WEAF. When George McClelland, who in 1922 was in advertising sales for WEAF, approached Rankin to interest some of the agency's clients in radio, Rankin decided to test radio advertising himself. On December 30, 1922, 8:00 pm, Rankin delivered a talk entitled, *Advertising and its Relation to the Public*. Rankin offered a copy of his talk to anyone who wrote to him. In response he received approximately 15 letters and 25 telephone calls. As a direct result the agency signed the Mineralava beauty products account, which Rankin later valued at $600,000 (James, 1935). The plan for Mineralava was to have actress Marion Davies give talks on make-up in the movies and, in the final talk, an autographed copy of her photograph was offered to all who wrote to say they heard the broadcast. Thousands of letters were received—Rankin put the number at 15,000—establishing the effectiveness of radio for reaching consumers and the ability to elicit consumer response by using a premium (Rankin, 1928a; Hilmes, 1997). Rankin encouraged his clients to use radio. Haynes Automobile broadcast a talk during January 1923's automobile week in New York and the Broadway production of *Wildflower,* starring actress Edith Day, used a radio talk, followed by a live broadcast of the play, to invigorate ticket sales.

The Rankin agency is also recognized for its work with the B. F. Goodrich Rubber Company to promote its tires and other rubber products. Beginning with a broadcast on WEAF in late 1923, Goodrich expanded its radio efforts in 1924 to a network of five stations introducing the well-known Goodrich Silvertown Cord Orchestra (alternatively known as the Goodrich Zippers), featuring the Silver Masked Tenor (James, 1935). The most significant aspect of this effort was the coordination of radio sponsorship, print advertising and dealer merchandising. Daily newspaper advertising was used to encourage readers to tune in. Cross word puzzle booklets were offered to listeners, leading to over 3,000,000 distributed from 40,000 Goodrich tire dealers (Rankin, 1928a).

Interestingly, the Rankin agency also claimed to work with the National Carbon Company on behalf of Eveready batteries. The documents suggest the agency's work for Eveready was limited to several ten-minute talks and do not take credit for the *Eveready Hour,* which is well-documented as the work of N. W. Ayer and Son (Rankin, 1926; Rankin, 1928a; Rankin, 1929). Curiously, other evidence suggests the chairman of the National Carbon Company worked directly with George McClelland of WEAF to develop the program and, whichever agency worked with them, probably became involved later (Smulyan, 1994).

Despite this lack of clarity in the historical record, the William H. Rankin Company became one of the heaviest earliest users of radio advertising and the professionally connected William H. Rankin, who often spoke at domestic and international advertising industry meetings on the utility of radio advertising, a tireless advocate for the medium.

Cautious Early Adopters: J. Walter Thompson and Lord & Thomas

Among the earlier adopters of radio were the two largest agencies of the period. J. Walter Thompson (JWT) was founded in New York in 1864. By the 1920s the agency had dozens of clients, numerous offices in the United States and had embarked on an international expansion. In his attempt to identify and size the major American agencies of the 1920s Marchand (1986) estimated JWT as the largest.

The extensive J. Walter Thompson Company Archives, with its richly detailed meeting minutes and company newsletters, reveal that agency's equivocal stance regarding radio. Experimentation with commercial radio first began on New York station WEAF in August 1922. The JWT News Bulletin (J. Walter Thompson, 1923 May) announced JWT's first foray into radio advertising, reporting the agency's own John B. Watson, a former professor of psychology at Johns Hopkins University, gave a talk April 11, 1923 entitled, "Glands—The Mysteries of the Human Body," for client Lehn & Fink, Inc., makers of Pebeco Toothpaste. Watson's talk was based largely on the copy from Pebeco magazine advertisements (J. Walter Thompson, 1929 August).

Despite its apparent curiosity about radio, JWT watchfully waited before officially embracing radio for client use. The February 5, 1925 News Letter featured a detailed media department report entitled, "Why Don't We Use the Radio." The report notes the "startling growth of radio and of advertising by radio," reviews the cost of advertising on WEAF, circulation estimates, identifies recent advertisers, and attempts to gauge radio's effectiveness. Ultimately the report concluded, "this is a questionable medium for us to use at present" due to concerns about the changing state of radio, the uncertain effectiveness of an "indirect" selling message compared to print advertising, and a lack of reliable circulation data (J. Walter Thompson, 1925 February 5). Then, just weeks later, the Chicago office announced two advertisers, the Hoosier Manufacturing Company and Libby, had used radio. (J. Walter Thompson, 1925 February 19).

Radio is mentioned in a series of other JWT newsletters in 1926 and early 1927, but it wasn't until late in 1927 that the newsletter declared "Radio Gains Official J.W.T. Standing." (J. Walter Thompson, 1927 December 1). William Ensign, formerly in sales at WEAF and the N.B.C. Blue network, was appointed the department head. Just a few months later Ensign reported the addition of two staff members, a list of clients using radio including Goodrich Tire, Maxwell House Coffee, Certo Gelatin, and Shell Oil, and other clients considering proposals to use radio (J. Walter Thompson, 1928 July 11). Ensign also reviewed the radio department activity of other agencies, listing 15 competitors that he believed had functioning radio departments. From this point on JWT increased its usage of radio on behalf of its clients, gaining a large share of radio related billings and influencing the course of radio programming with its emphasis on showmanship.

Lord and Thomas was founded in Chicago in 1881. Albert Lasker, who became the agency's sole owner in 1912, had a great impact on the advertising industry throughout his career, earning the title "father of modern advertising" (Cruikshank & Schultz, 2010). Under Lasker's leadership the agency became a driving force in the post-WWI era and was known for its work with, among others, Palmolive, Quaker Oats, Goodyear, Pepsodent and American Tobacco's Lucky Strike cigarettes. Marchand's (1986) sizing of the industry in 1927 placed Lord & Thomas second among the top twenty agencies in the U.S.

Lord & Thomas played an important role in the growth of radio advertising. The data, collected largely from of biographies about Albert Lasker, suggests, however, that the agency was not actively experimenting with radio advertising during the experimental, pre-network years. Lord & Thomas appears to have largely burst on the radio scene around 1928 (Advertising Age, 2003 September 15).

A recently published Lasker biography by Cruikshank and Schultz captures the essence of the Lord & Thomas's attitude towards radio in this period by noting Lasker "at first resisted the new medium of radio; soon enough, though, he embraced it and mastered it." (2010, 5). John Gunther (1960), an earlier biographer of Lasker, also describes Lasker's reaction to radio as "skeptical…He did not think people could take in advertising by ear." (193). But Gunther cites Lasker's relationships with David Sarnoff of the Radio Corporation of America (RCA) and department store retailer Bernard Gimbel as influential in Lord & Thomas experimenting with radio. Gimbel may have been especially important in this regard, as he was making extensive and, apparently, successful use of radio. To provide some context, beginning in December 1922 Gimbel Brothers' quickly became a leading advertiser on WEAF, making frequent use of the new medium by first sponsoring storytelling shows then, in March 1923, originating a commercial musical program that alternated between concerts, recital and dance programs (McElrath, 1938; Archer, 1938). According to Gunther (1960), as a result of these social influences, Lasker decided to experiment with radio:

> "He said to Lou Hartman, in the Lord & Thomas office in New York, 'You know what's going on, on Broadway—build up some kind of show for Palmolive.' Hartman became a kind of one-man radio department, and, working with NBC closely, created an hour's musical entertainment for Palmolive, and then set up similar shows for RCA and Cities Service" (p. 193).

Gunther does not make the timing of Lord & Thomas's experimentation clear, but *The Palmolive Hour* was first aired on the NBC network from December 1927 (Dunning, 1998). The *Cities Service Orchestra* debuted February, 1927. These air dates imply that Lord & Thomas entered radio advertising with the emergence of the networks, notably after several of its rival agencies.

Cruikshank and Schultz add that some of the agency's earliest "experiments" with radio advertising were in response to urging by George Washington Hill, president of American Tobacco. According to Archer's (1938) review of WEAF program logs, prior to its association with Lord & Thomas, American Tobacco was involved in radio early beginning with a 1923 dance music program called *The Lucky Strike Hour.* Lord & Thomas became involved later, working with American Tobacco on the network show, *The Lucky Strike Radio Hour*, which premiered in 1928. Barnouw (1968) singles out this show as ultimately redefining the nature of radio advertising by pushing to eliminate the indirect advertising requirements set by radio broadcasters. George Washington Hill believed strongly in radio advertising with explicit product claims and aggressively pursued this goal by forcing the issue with network executives and supporting Lucky Strike with extravagant budgets. It appears these limits were lifted for other advertisers as well.

Lord & Thomas may be best known for pairing client Pepsodent with an existing Chicago radio show that was renamed *Amos 'n' Andy*. *Amos 'n' Andy* debuted under the Pepsodent sponsorship in August, 1929 as a five-days-a-week series and was a wildly popular, a cultural phenomenon well beyond simply growing product sales (Cruikshank & Schultz, 2010; Gunther, 1960). Under the guidance of Lord & Thomas, the show stimulated the continued sales of radio sets, further encouraged the radio broadcasters to build out their networks, and reportedly removed any further concerns advertisers had about using radio (Smulyan, 1994; Advertising Age, 2003 September 15).

As a result of Lord & Thomas's foray into radio advertising, the agency "placed nearly half of all national radio advertising on NBC in 1927-28." (Gunther, 1960, 194). Moreover, between 1927 and 1931, Lord & Thomas controlled 30% of all radio advertising dollars (Advertising Age, 2003 September 15).

Robert Simon of J. Walter Thompson's Radio Department, provides an interesting perspective on Lord & Thomas's radio department of this era:

> "Lord and Thomas and Logan, on the other hand, are all against it [the agency developed show]. In considering the radio operations of this agency, it's best to eliminate the American Tobacco programs [Lucky Strike] which are supervised personally by Mr. George Washington Hill. It is also worthwhile to remember that the agency handles the RCA account, which brings it in close contact with the NBC and makes it extremely likely that the NBC will have at least a preference in the booking of talent for Lord & Thomas & Logan programs. But, apart from these consideration, the agency still has an interesting theory…that the network may supply the program, subject, of course, to revisions by the agency. Consequently, there is a very small radio department with comparatively great powers. This department…in many respects, a one-man affair…outlines the program. The writing, except for commercials, which are contributed by regular copy writers, is done by the network continuity makers. The finished product is staged under the direction of network officials. The agency acts chiefly as a critic and this may, perhaps, explain why it does not charge the usual agency commission on talent. The method has its advantages from an administrative point-of-view. But it eliminates automatically a large revenue, at the same time making the agency responsible for work over which it has no final control" (J. Walter Thompson, 1932 February 2).

Hesitant Early/Late Majority: Erwin, Wasey & Company and The H.K. McCann Company

Two major agencies of the day apparently were among the most hesitant to recommend radio advertising to their clients. Erwin, Wasey and Company was founded in 1914 and headquartered in Chicago. The agency was one of the first in America to open a London office, opened a New York office in 1924, and was estimated to be the twelfth largest American agency in 1927 (Advertising Age, 2003; Marchand, 1986).

Evidence of Erwin, Wasey's demeanor towards radio advertising is fragmentary, but what information does exist is telling. In January, 1928 the agency issued for its clients a research report entitled, *A Study of Radio as an Advertising Medium* (Erwin, Wasey & Company, 1928). The report is a comprehensive overview of radio advertising including the network and local vehicles available, rates, listenership estimates, radio advertiser expenditure estimates, and case studies of advertisers both satisfied and dissatisfied. Among the agency's more interesting observations were that two years earlier the radio industry was too unstable to even warrant a research study and that more recently the field had become more stable with progressive companies adopting radio as part of their advertising programs. Ultimately, Erwin, Wasey's report concluded, "the place of radio in the advertising field cannot be defined with exactness but in general it may be said to have its greatest value as a supplementary media…It is not and can never be a direct sales medium." (Erwin, Wasey, 1928, p. 49).

In his Broadcast Pioneers project interview Atherton Hobler, a founding partner of Benton & Bowles, recalled that as a partner with Erwin, Wasey the agency's first radio program was for Maxwell House Coffee followed by others for Barbasol and Camel Cigarettes (Hobler, 1968). Hobler estimated that agency's first use of radio was near the end of 1926 or beginning of 1927. Other research places the Maxwell House account with Erwin, Wasey in 1929 after J. Walter Thompson resigned it to work for Chase & Sanborn, indicating the agency's radio work began in 1929 (Pendergrast, 2010). Once Erwin, Wasey moved into radio the agency developed in 1930 an enduring early commercial jingle, "Singin' Sam, the Barbasol man" for Barbasol shaving cream, launching that brand to the top of its product category (Advertising Age, 2003).

These findings, and the general absence of the Erwin, Wasey name from among most documentary evidence, suggests the agency was, indeed, somewhat slower to adopt radio advertising. Another characterization of Erwin, Wasey's place in radio is provided by the previously mentioned Robert Simon of J. Walter Thompson's Radio Department. Here are some of Simon's observations, offered in 1932, about Erwin, Wasey and Company's radio department:

> "Erwin-Wasey has had three phases in its radio history. In its first the radio department was almost outside the agency. Its principal account—Philco—was one which the agency did not control in its entirety. And the radio department devoted itself as much to trying to get the radio business of other agencies' accounts as it did to putting its own accounts on the air…What followed was a regime that probably holds all records for literal mindedness. It obeyed all rules, including the imaginary ones. If a musical program had been approved by a client, no deviation could be made under any circumstances…The agency allowed itself no latitude, no discretion…On one Maxwell House program there was the Parade of Wooden Soldiers…placed at a certain point in the program because there always was [a] march in this spot. It followed a stretch of narrative about Rutherford B. Hayes and his heroic appearance at a coffee klatsch at the Maxwell House. The climax was: Gentlemen! The president of the United States! And then the orchestra gravitated daintily into The Parade of Wooden Soldiers. Everyone at the rehearsal knew that this was a curious blend, but the agency men declined to change either the script or the music. Both had been approved by the client… After this cabinet had been dissolved Erin Wasey really struck a stride. From the time that the Camel account came to that agency, the whole morale went up, and the radio department went to function for itself… But here again, we find a certain adherence to routine…A successful program…like the Camel Quarter Hour…is repeated in a carbon copy for Prince Albert…There is good salesmanship in the Erwin-Wasey radio department, but very little creative talent. (J. Walter Thompson, 1932 February 2).

Further research shows that in April 1927, Philco, a radio manufacturer, began a weekly broadcast on four stations and three months later a new weekly broadcast, the *Philco Hour*, was launched that was eventually carried on N.B.C. Given Simon's comment that Ewin, Wasey did not fully control the Philco account, it is unclear if the agency had any real part in their broadcast advertising effort.

The H.K. McCann Company was founded in 1912 and headquartered in New York. Its first client was Standard Oil and by the late 1920s the agency had offices in, among other cities, Chicago, Toronto, Los Angeles and Denver. In 1927, the agency went international opening offices in London, Paris, and Berlin (McCann World Group, 2009). McCann was estimated to be the fifth largest American agency in 1927 (Marchand, 1986).

Documentary evidence on McCann's work in early radio is nearly absent with the exception of a February, 1928 "bulletin," essentially a research report, written by the agency's Markets & Media department. The report is very similar to the one created by Erwin, Wasey and provides an overview of radio advertising, including the network and local vehicles available, rates, estimates of radio set penetration by geographic area, listener program preferences data, and case studies of advertisers both satisfied and dissatisfied. In its report McCann indicates the bulletin is a "first step in providing a complete media service in connection with this branch of advertising" (The H.K. McCann Company, 1928, p. 2). The report goes on to state:

> "Radio broadcasting is one of the newest advertising mediums. Where it was at first only accepted as a good will medium by the pioneer advertisers using it, within the past year or so it has taken its place and been generally recognized by the advertising agencies of the country as a full fledged advertising medium, fully capable of performing the ultimate function of all advertising media, namely, to sell goods" (The H.K. McCann Company, 1928, p. 3).

Notably, shortly after this time, in 1930 McCann merged with The Erickson Company to form McCann-Erickson (McCann World Group, 2009). It is after this merger that, apparently, the agency began to use radio and was recognized for adapting books and music programs to the medium (Prakeh, 2010). The general absence of the The H.K. McCann Company's name from virtually all located documentary evidence suggests the agency was, indeed, later to adopt radio advertising.

Discussion and Conclusions

By 1930, the adoption of radio advertising by agencies was well established and sufficiently widespread that trade publication *Broadcast Advertising* began publishing a list of advertising agencies and their broadcast accounts. The January, 1930 list totalled nearly 100 agencies from across the country. Many of the largest agencies were not listed although most were certainly using advertising by that time (Broadcast Advertising, 1930).

The present analysis places two agencies into each of three adopter categories, innovators, early adopters and a combined early/late majority grouping. The innovators—N. W. Ayer and the Rankin Agency—were easily assigned based on their obviously pioneering efforts during radio's experimental (pre-network) phase. The judgements regarding J. Walter Thompson and Lord & Thomas were more subjective. The wealth of J. Walter Thompson data made clear their interest in and close observation of, radio advertising and followed by a definitive decision in 1927 to adopt radio advertising and then a push for work from clients. Lord & Thomas appeared to be just behind that timing and, in response to the social influences, began experimenting in 1927 and made substantial inroads in 1928-30. As for McCann and Erwin, Wasey, limited data made these assignments as early/late majority more difficult but the evidence suggested both became serious about radio advertising closer to 1930.

Looking at the characteristics of radio as an innovation can inform our understanding of how advertising agencies evaluated the radio advertising adoption decision. In radio's experimental period, roughly 1922-1926, the relative advantage of the medium was demonstrably unknown. Not only were there limits on what advertisers could say with their "indirect" advertising or "goodwill" program sponsorship, but there was no research evidence regarding the effectiveness of that messaging compared against more direct print advertising. Slowly, as the early advertisers and pioneering agencies tested premium offers and listener feedback, they found radio could be effective. Another relative advantage concern was measuring the circulation of radio programs. Print media had well established circulation measures but it wasn't until 1928 that radio audience measurement was implemented by reliable third parties like Daniel Starch. Ultimately, radio was deemed to be a cost efficient medium.

Compatibility proved to be a substantial barrier to quick adoption as most agencies recognized they were ill-prepared to provide guidance for their clients. Radio required the creation of both content and advertising and listeners wanted to be entertained. Moreover, the medium was sufficiently different from print media and required a different set of creative skills than agencies already possessed.

Related to this, the complexity of radio presented another challenge to agency acceptance. The technology was advancing leading to changes in what radio was and could offer advertisers. Thus, many agencies were concerned about the "instability" of the medium. Furthermore, there were other social, political and economic circumstances that made adopting radio a difficult decision. Close relations between agencies and the print media, public outcry against debasing what some believed should be an "uplifting" medium and, at first, uncertainty about agency compensation for radio work all raised red flags in the adoption decision.

Finally, with ample opportunity to test radio advertising at relatively low cost and the ease of observing others' experimental efforts (e.g. the work by pioneering advertisers and agencies), the trialability and observability characteristics worked in favor of the adoption of radio advertising by agencies.

Ultimately, when considering the nature of radio in this period it is unreasonable to claim that advertising agencies were slow to embrace the medium. Ample evidence exists that some agencies took quick advantage of the opportunity. Moreover, if the years prior to the official launch of the radio networks are discounted, and the time keeping for the adoption of radio advertising begins at that point, roughly 1927, then agency adoption could be described a relatively rapid. For example, expenditures for network radio time, the lion's share of which was spent through advertising agencies, increased dramatically from just under $4 million in 1927 to $10.2 million in 1928. Expenditures nearly doubled again, to $19.7 million in 1929 and through the Great Depression grew still to $26.8 million in 1930, $35.7 million in 1931 and $39.1 million in 1932 (Hettinger, 1933). Clearly the critical mass of the diffusion curve for advertising agencies and their clients had been reached.

There are several limitations of this research that should be recognized. The current analysis is limited to six agencies. A more comprehensive study of the agencies operating during this period would allow for a more robust application of diffusion theory to this analysis. At this time data is being collected for other agencies such as Blackett-Sample-Hummert and Benton & Bowles. Moreover, agency assessments based on limited documentary data may not be well-informed, so further data should be pursed to bolster the quality of those characterizations. Further, it must be acknowledged that judgements regarding assignment of agencies to diffusion adopter categories are somewhat subjective. Other methods of assignment such as employing independent judges as in content analysis should be considered.

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