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## Exploring the Life Cycle of Advertising on a New Mass Medium: A Comparison of the Histories of Internet Advertising and Radio Advertising

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As 21<sup>st</sup> century consumers, we think it is perfectly normal to listen to radio broadcasts free of charge, and to hear regular commercial messages interspersed in the content, or programming. It is difficult for us to imagine that there was a time when advertising, on radio was a controversial topic; one that was railed against by critics, scorned by polite society, and developed almost surreptitiously by marketers, programmers, and stations that managed and controlled the broadcast technology.

In 1994, when the World Wide Web first emerged as a mass medium for communications, information, publishing, and programming, history repeated itself. As soon as the first banner ad appeared on the new medium Internet advertising quickly became a controversial topic. It was harshly criticized by Web developers, and despised by early Web consumers as an annoyance, and by most early Web marketers as a waste of time and money.

Every new product or service, which has been soundly conceived from the viewpoint of its basic utility, at the outset of its history experiences a period of phenomenal growth. During this period the segments of the public to whom the new product is of the greatest utility and who are best able to purchase it are turning to it from other products. In this stage of its development the novelty of the new article, together with its basic utility, gives it at least a temporary advantage over more established products. However, when this first market has been exploited, the rate of growth in sales decreases, and the product has reached its normal level in the competitive field. From now on it can win an additional share of the market only by fierce competition with the substitute and unlike products which compete with it for the purchaser's dollar. This is the position in which radio broadcast advertising finds itself at this present moment.

If one were to replace "radio" with "Internet" in the quote above, Hettinger's words would describe the position in which Internet advertising finds itself today. Academic research in the field of Internet advertising focuses almost exclusively on measuring effectiveness, or studying

consumers' responses. Perhaps it is because the term Internet advertising is just 15 years old that few researchers have yet to approach its study from a historical perspective. While some authors have noted the similarities between the development of the Internet as a medium, and the development radio as a medium, and while they may mention advertising in passing, it is never the focus of the research.

For example, in 1998, at the 9<sup>th</sup> Conference on Historical Analysis & Research in Marketing (CHARM), Peggy Cunningham and Lyle Wetsch traced the history of the ethical and public policy debates that raged during the early days of radio and television, and compared them to the early days of the Internet. A year later Hargittai compared the development of regulatory mechanisms that influenced the development of radio, and compared them to the Internet. In the opening pages of his textbook, Stanford University Professor Ward Hanson gives a one-page overview of the history of radio, to draw attention to the similarities its development shared with the development of the Internet some 70 years later: it sprang from military use; it divided the generations (because it was the younger generation that embraced it); it was a communications network that changed the way people thought about space and time; it created controversy; it changed the way business was conducted; the commercialization of it was bitterly opposed; but eventually, once it became accepted, it changed the everyday lives of people. At the 10<sup>th</sup> Conference on Historical Analysis & Research in Marketing (CHARM), Albert presented an overview of the early development of radio and the Internet, described the commercialization of each, then examined financial opportunities for each. She credits radio with leading the mass marketing revolution, as marketers began to use the medium to communicate with consumers in distant markets. Promotional messages delivered via radio could make national audiences instantly aware of new products, and retailers could use the medium to promote their in-store activities to local audiences. Albert pointed out that at the time, Internet advertising revenues were neither stable nor predictable, and suggested that in addition to advertising, syndication be pursued as a financial model for supporting the growth of the Internet as a medium. Syndication of content was a well understood

model, but Albert suggested that the Internet offered the possibility of syndication of business processes, licensing fees, share of advertising revenues, and share of transaction revenues. She concludes by drawing three important parallels between the development of radio and the development of the Internet: First, that both were an entirely new communications medium; second, that both created new vehicles for the dissemination of information and entertainment; and third, that both provided a new way for companies to communicate with their customers, and to conduct marketing, advertising, and sales.

So we see that although researchers have pointed out some of the striking similarities between the evolution of radio and the evolution of the Internet, none has done a comprehensive comparison of the development of advertising on the two media. My research attempts to present a comprehensive comparison of the development of advertising on radio to the development of advertising on the Internet; first, through a historical analysis of the trade books from the 1920s and 1930s that chronicled the development of radio as a new medium; and second, through chronicling the major milestones in the development of advertising on the new medium of the Internet. I propose that the development of advertising on the Internet, that is, the history of the relationship between the new form of media and the forms of advertising that have come to be placed upon it or integrated into it, bears a striking similarity to the development of advertising on radio, and that this development can be categorized as occurring in four phases:

### PHASE I: TECHNOLOGY

The medium emerges from technical hobbyists who build the machinery and infrastructure of the medium, and who are also the only consumers of the communications transmitted through the medium. The technologists care only about the capabilities of the technology. They are interested in how far can it reach, and how fast can it go. They pride themselves and each other on developing the technology to increase its power and capacity; to stretch its limits. There is no programming, and there are no advertisers. A milestone occurs when this group of technologists splinters into two groups with diverging interests: those who continue to focus on improving the reach of the technology, and those who become interested in creating and producing content to distribute on the medium.

### PHASE II: CONTENT

The technicians move to a support role, where they continue to improve the capabilities of the new medium. The content producers discover that there are individuals who have no interest in the technology for its own sake, but who are interested in the content—information and entertainment—that it delivers. The content producers focus their efforts on recruiting and developing audiences

for the content they produce. The more original programming they create, the larger their audience becomes. Production of content for the new medium becomes a business separate from the business of developing the technology. A milestone occurs when the consumer audiences of the new medium content become large enough for advertisers to want to reach them.

### PHASE III: ADVERTISING

In this phase three separate and distinct groups are formed: Technicians, Consumers, and Advertisers. Advertisers experiment with ways to place their messages on the new medium, and this causes a political and social backlash. A milestone occurs when the forces fighting against advertising on the new medium give up, and the medium becomes accepted by all (consumers, producers, advertisers, and the public) as one that is financially supported by advertising.

### PHASE IV: ADVERTISING BECOMES CONTENT

Advertising is accepted as the business model, though somewhat grudgingly. Tension remains between the groups. As consumers seek ways to control or avoid advertising, advertisers struggle to make their messages heard through the resistance. The advertisers' solution, an ongoing one, is to attempt to blur the distinction between advertising and content.

### HISTORICAL ANALYSIS

My research makes no attempt to explain why advertising developed on the Internet in such a similar manner to the way it had developed on radio seven decades earlier, however, neither does it take for granted that their should be any similarities. In terms of the way they function, technically speaking, radio and the Internet have nothing in common. There is no reason to assume that advertising on these two vastly different new media would evolve in the same fashion, and cause the same controversies—yet it did. My research attempts only to document the histories, draw the parallels, and categorize them.

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