

The State as Market Researcher: How the Consumer Perspective Transformed the Public Sphere in Britain, 1926-1939

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I. Business History beyond the Firm

This paper presents an analysis of the market and consumer research activities of two British state departments, the Empire Marketing Board (EMB) and the General Post Office (GPO), and of a public sector organisation, the BBC, during the interwar period. The EMB, the GPO and the BBC were considered by many contemporaries as world-leading with regard to the development of PR, advertising promotion and market research skills. All of these helped sell the Empire, Post Office services like the telephone, and the idea of a publicly-funded broadcasting network to British consumers and taxpayers. Closely associated with the marketing communications and market research activities of all three organisations was the civil servant Stephen Tallents (1884-1958), who studied modern communication methods and applied them to public policy purposes between the mid-1920s and the late 1940s.

Much historical research has already been devoted to the work of Tallents at the EMB and the GPO and particularly the poster campaign of these departments. Yet little is known about the extensive consumer and market research activities conducted under the auspices of Tallents. Both the EMB and later the GPO conducted retail surveys, consumer preference surveys, and surveys on consumer attitudes towards public services. The experiences in market and consumer research gathered by Tallents and other civil servants at the EMB and the GPO between 1926 and 1936

would later be used at the BBC when the broadcaster established its Audience Research unit. The embrace of market research methods at these two state departments is significant as it marked the transition from a detached civil service ethos towards an outlook on state administration that attempted to deliver public goods and services in correspondence with citizens' actual needs and demands.¹ While most business historians have searched for the origins of market and consumer research in the sphere of the market itself, for example in advertising agencies, in retailing, the media, and their appropriation of industrial psychology, they have also tended to overlook the role of the state in focusing the public's perspective on the needs and desires of the consumer.²

Between the 1920s and the '40s in particular, Britain witnessed a rise in number and influence of public bodies, governmental departments and quasi-autonomous non-governmental organizations (quangos) which regulated economic activities and provided vital goods and services. Among such organizations were the Empire Marketing Board (1926-1931), the Colonial Empire Marketing Board (1932-1939), the Milk Marketing Board (1933-1993), the London Passenger Transport

¹ As Robert Fitzgerald, Peter Scott and others have argued, during the interwar years, British industry went through a similar transition ('marketing revolution') from a 'productionist' regime to a marketing era, when consumer demands and preferences began to determine production policy.

² Richard Tedlow, *New and Improved: the Story of Mass Marketing in America* (Boston, MA: Harvard Business School Press, 1990), 109-12; Hartmut Berghoff, *Moderne Unternehmensgeschichte: eine Themen- und Theorieorientierte Einführung* (Paderborn: UTB, 2004), 313-58; Gerben Bakker, "Building Knowledge about the Consumer: the Emergence of Market Research in the Motion Picture Industry," *Business History* 45.1 (2003): 101-27; Walter Friedman, *Birth of a Salesman: the Transformation of Selling in America* (Cambridge, MA: Harvard Business School Press, 2004); Roland Marchand, "Customer Research as Public Relations: General Motors in the 1930s," in *Getting and Spending: European and American Consumer Societies in the Twentieth Century*, ed. Susan Strasser, Charles McGovern, Matthias Judt (Cambridge: Cambridge University Press, 1998), 85-110; Sally Clarke, "Consumers, Information and Marketing Efficiency at General Motors, 1921-1940," *Business and Economic History* 25.1 (1996): 186-95; Robert Fitzgerald, *Rowntree and the Marketing Revolution, 1862-1969* (Cambridge: Cambridge University Press, 1995), 83-5, 119f., 142, 185f., 304; Barry Ward, "Capitalism, Early Market Research, and the Creation of the American Consumer," *Journal of Historical Research in Marketing* 1.2 (2009): 200-23.

Board (1933-1948), the British Broadcasting Corporation (f. 1927), the Ministry of Information/Central Office of Information (f. 1939), the General Post Office (1660-1969) and the Stationary Office (1786-1996), all of which were engaged in measuring the activities of millions of British and foreign consumers with regard to the consumption of foodstuffs, entertainment, transport, information, and telecommunications. The market research departments of these public bodies and government departments did not confine their research to the activities of home consumers but often collected marketing-relevant information from across the British Empire. A state-driven market research ‘industry’ emerged that recorded everything from fish consumption among Scottish working-class families and the uses of telegrams by middle-class housewives to seasonal fluctuations in milk prices in Canada and the sugar content of various types of Australian apples.

II. The British State and Market and Consumer Research

II. 1: *The Empire Marketing Board*

One of the most important moments in the management of public opinion and mass communication in Britain was the set up of the Empire Marketing Board (EMB) in 1926. In an attempt to placate those who pressed for a tax preference system between the different nations that made up the Empire, combined with a tariff barrier around Britain for non-Empire goods, the EMB facilitated and promoted inter-Imperial trade and thus kept alive the vision of Britain as a Free Trade nation.³ The EMB had three

³ “Note on the Appointment and Functions of the Publicity Committee of the Empire Marketing Board” (June 29, 1926), The National Archives (henceforth: TNA) CO 760/22; Judith Freeman, “The Publicity of the Empire Marketing Board, 1926-1933,” *Journal of Advertising History* 1.1 (1977): 12-14; Stephen Constantine, *Buy & Build: the Advertising Posters of the Empire Marketing Board* (London: HMSO, 1986), 1-17; idem., ““Bringing the Empire Alive”: the Empire Marketing Board and Imperial Propaganda, 1926-33”, in

principal aims: to support scientific research, to promote and engage in economic analysis, and to conduct publicity for Empire products in Britain. Its key aims were to link up Empire producers and consumers more efficiently, to increase consumer demand in Britain for Empire-produced goods, to economically stabilize the Empire and thus make preferential tariffs unnecessary.

Scientific research took up the largest proportion of the EMB's work and budget, for which the Treasury promised a budget of £ 1 million. The Board assisted over 120 agricultural and medical research projects and regularly issued market intelligence notes, pamphlets, economic surveys and market analyses in order to assist Empire producers. As part of its publicity brief, a major aim of the EMB was to promote 'Empire-buying' behavioural patterns among British consumers. On large-scale posters, in press and magazine advertisements, in radio talks, in Empire Fruit exhibitions, through Empire Shopping Weeks, in dedicated Empire shops, shop window display weeks, on school tours, and through around 100 educational films produced by its own film unit under John Grierson, the EMB told British consumers to buy Britain's and its Empire's products.

The Board occupied a key position as its research and information campaigns lowered search costs for buyers and opportunity costs for sellers. It gathered information and created a unique expertise in relation to distribution chains for food products, their pricing and adequate promotion to end-consumers. The Board therefore acted as a marketing research unit for the Empire itself, and it set its focus on new product development, on researching retailing and distribution methods, and on consumer research itself. As part of its emphasis on helping manufacturers,

Imperialism and Popular Culture, ed. John MacKenzie (Manchester: Manchester University Press, 1986), 192-231; Michael Havinden, David Meredith, *Colonialism and Development: Britain and its Tropical Colonies, 1850-1960* (London: Routledge, 1993), 149-51.

exporters and importers understand global food markets in general and the British market in particular, the EMB supported extensive product research on canned fruit, dried fruit and the canned fruit market. What is surprising is the enormous detail that the Board provided to international producers, distributors and sellers. The Board's *Canned and Dried Fruit Notes* and its *Weekly Fruit Intelligence Notes* recorded every imaginable fact about the world's fruit market and Britain's place within it, from the number of cases of imported fruit per week, to wholesale prices of English canned fruit, expected harvests of prunes, oranges, grapefruits, apricots, grapes, apples, bananas, tomatoes, spinach etc., to the monthly export rates of canned fruits from the United States and how much of this was imported into Britain. British wholesalers, buyers at grocery multiples and shopkeepers who wanted to know exactly how much cases of pineapples were shipped from Malaya in the second week of July in any one year could find the figures in these publications together with statistics on the development of pineapple prices over the year.⁴

Equally extensive research was conducted in respect to banana breeding and the behaviour and diseases of bananas in storage and transport; in respect to milk quality and fluctuations of milk prices in various parts of the Empire (especially Britain, New Zealand and Canada); and in respect to virtually all other tradable agricultural commodities, like rice, sugar, wool, hardwoods, fish, jute, coffee, tea and tobacco.⁵ The case of rice is of particular interest with regard to the relationship of market knowledge and statecraft. Although it had been recognized that Britain relied heavily on food imports and parts of the Empire like Ceylon could not produce

⁴ "Pineapple Canning," in *Canned and Dried Fruit Notes* 2.2 (June 1932): 15; "Canned Pineapple Shipments from Malaya," in *Canned and Dried Fruit Notes* 3.4 (August 1933): 5.

⁵ R. B. Forrester, *Milk Price Margins: a Report on the Differences Between Producers' Prices, Wholesale Prices and Retail Prices of Liquid Milk in Certain Large Cities in Different Countries* (London: EMB, 1932); Imperial Economic Committee, *Dairy Produce: a Summary of Figures of Production and Trade* (London: HMSO, 1936).

enough rice to meet their own needs, other parts of the Empire like India and British Guiana were important exporters of rice. Statistically, these exports made the British Empire a net exporter of rice during much of the 1920s and '30s. Thus, the Empire included both countries with a strong interest in higher world prices for rice as well as those that had an interest in lower prices which would have helped to feed their population, as was the case in Malaya and Hong Kong.⁶ Globally-sourced market research data therefore were used to identify Empire countries that could produce foodstuffs that had to be imported from the United States, Europe and South America, and to find retailing and distribution methods that prevented decay of foodstuffs, for example through refrigeration. Research findings were then translated into marketing communications tools, such as posters and public exhibitions. In its review of the 1934 Food Refrigeration Exhibition in London, the BBC-publication *The Listener* pointed its finger at the political rationale behind the gathering of market-relevant data: 'When you see that a small country like England has to have feeders all round the globe you know at a glance that her food situation precarious. Protecting Britain's food supply...points to the possibility of a higher standard of national security.'⁷

In order to help balance producer, distributor and consumer interests within the Empire, the EMB used the entire range of market statistical and research tools and even produced marketing-relevant maps of various parts of the Empire.⁸ These activities were not only driven by a positive vision of international trade but also by a profound skepticism about the efficiency of markets and the realization that adverse information asymmetries, opportunity costs, and market failure were ubiquitous

⁶ Imperial Economic Committee, *Grain Crops: a Summary of Figures of Production and Trade* (London: HMSO, 1936), 63.

⁷ Gerald Heard, "Protecting Britain's Food Supply," *The Listener* (May 2, 1934): 725-7.

⁸ Empire Marketing Board, *A Map of New Zealand, Portraying her Agricultural Products & Fisheries* (London: EMB, 1930); Empire Marketing Board, *A Map of the Union of South Africa, Portraying her Agricultural Products & Fisheries* (London: EMB, 1930).

characteristics of global markets. The Board's civil servants, agricultural researchers and marketing specialists believed that in order to turn the Empire into an efficient internal market, more information was needed about products and consumers. Consequently, nothing escaped their attention: a powerful Empire and a healthy people needed to *know* everything from the vitamin content of the mango to the average protein and fat content of Soya beans in India and the weekly prices of unsalted Lithuanian butter.⁹

These problems were not at all marginal issues. At home, the question of milk, its quality, supply, price and consumption, was a highly politicized topic and each party from the Conservatives to the Communists attempted to present itself as the party that had the best solution to the problem of excess production, volatile prices and the need for increased consumption. In a 1937 pamphlet entitled *Milk*, the Communist Party of Great Britain attacked the Milk Marketing Board for 'robbing the babies' by allowing price-fixing to happen between the big dairy combines and by mismanaging expensive advertising campaigns. In this and many similar pamphlets, the National Government of Conservatives and Labour was criticized for ignoring market research data on milk consumption and thus 'injuring the consumer'.¹⁰

In addition, as Richard Hawkins and Howard Seftel have shown, the American fruit industries, like Hawaiian pineapples, Florida peach canning, the Californian raisin growers' co-operatives etc., conquered increasing shares of the global market

⁹ Empire Marketing Board, *Commodity Reports: Oilseeds and Vegetable Oils* (London: EMB, 1932); Elizabeth Bowdidge, *The Soya Bean: its History, Cultivation and Uses* (London: EMB, 1935); Empire Marketing Board, *Preliminary Report on the Vitamin Content of the Mango* (London: EMB, 1932); "Prices," *Weekly Dairy Produce Notes* 6.38 (1935): 2.

¹⁰ See the pamphlet produced by the Communist Party of Great Britain, *Milk* (London 1937), 10. Also Frank Trentmann, 'Bread, Milk and Democracy: Consumption and Citizenship in Twentieth-Century Britain', in *The Politics of Consumption: Material Culture and Citizenship in Europe and America*, ed. M. Hilton and M. Daunton (Oxford: Oxford University Press, 2001), 129-64.

for fresh, dried and canned fruits during the 1920s and '30s.¹¹ They excelled in the branding of fruit, in product design and packaging, and in global advertising campaigns for their products, and thus left Australian apple producers and the Malayan pineapple industry far behind. In 1939, the successor of the EMB, the Colonial Empire Marketing Board, supervised a 'test marketing of an experimental consignment of canned pineapple fruit and juice from Zanzibar' in Britain, an exercise designed to take market share away from the American pineapple industry.¹²

The Empire Marketing Board was keen to use market, consumer and product research to help Empire producers catch up, yet at the same time both the EMB and the Intelligence Branch of the Imperial Economic Committee clearly focused a lot on what could be called descriptive rather than applied marketing knowledge. In one of the numerous statistical publications appearing in the mid-1930s, readers learned that there were 10,781,000 apple trees in Australia, but that did not tell marketing departments much about how to create an attractive advertising campaign or to how to design appealing cases, cans, bags and fruit wrappers. Although there were over 50 million apple trees in the Empire in 1935, it was still a net importer of apples and the United States was the world's largest apple exporter.¹³

In order to create a more consistent link between Empire producers and home consumers, the EMB therefore needed to better understand the British consumer and

¹¹ Richard Hawkins, "The Pineapple Canning Industry During the World Depression of the 1930s," in *Business History* 31.4 (November 1989): 48-66; idem, "Advertising and the Hawaiian Pineapple Canning Industry, 1929-39," *Journal of Macromarketing* 29.2 (2009): 172-92; Howard Seftel, "Government Regulation and the Rise of the California Fruit Industry: the Entrepreneurial Attack on Fruit Pests, 1880-1920," *Business History Review* 59.3 (Autumn 1985): 369-402; John Wesley Coulter, "Pineapple Industry in Hawaii," in *Economic Geography* 10.3 (July 1934): 288-96.

¹² Colonial Empire Marketing Board, *Report on the Work of the Board from October 1937 to 31st March, 1939* (London: HMSO, 1939), 13, on the renewed research work to reorganise the Malayan pineapple industry.

¹³ Imperial Economic Committee, *Fruit: a Summary of Figures and Trade* (London: Publisher, 1936), 11-19.

their information needs and buying patterns. Under the guidance of a number of PR and advertising executives that served on the Publicity Committee of the EMB, the Board conducted some research that allowed it to segment its target market by classifying national newspapers and magazines and by placing different styles of advertisements in each of the different classes. ‘Class A’ papers (e.g. *The Times*) received advertisements which focused on the cultural and economic aspects of the Empire; ‘Class B’ papers (e.g. the *Daily Mail*) were supplied with advertisements that focused on specific commodities that should be bought by consumers; ‘Class C’ papers (e.g. *News of the World*, *John Bull*) and ‘Class D’ papers (women’s papers like *Good Housekeeping*) received dialogue-style or ‘gossipy’ advertisements; ‘Class E’ papers (papers targeting the working classes and Labour Party voters) were supplied with advertisements that made the case for the Empire from a working-class and employment point-of-view, whereas ‘Class F’ papers (trade papers) carried advertisements which persuaded store-keepers to stock the products for which demand had been created in the papers of classes B to F.¹⁴

The advertising and PR people at the EMB thus performed basic operations such as market segmentation, targeting and positioning of advertising messages and coordinated demand-oriented (‘pull’) with supply-oriented (‘push’) advertising. Behind what is often seen as a merely educative and ‘high-brow’ poster campaign, a machinery was at work which during the late 1920s and early 1930s engaged a government department in consumer-research oriented, integrated marketing communications. Not only did the EMB campaign coordinate press and poster advertising, it also supported the poster campaign with specific, themed booklets for

¹⁴ “EMB: Report from the First Sub-Committee” (April 6, 1927), TNA CO 760/22. See example advertisements like “Sunrise: East of Suez,” *The Times*, March 14, 1927, 20; “Where Do You Buy?,” *Daily Express*, May 4, 1928, 2; “Buy Irish Free State Butter,” *Daily Express*, August 9, 1928, 7.

which members of the public could write in. It organized exhibits at grocers' exhibitions, trade fairs, fruit shows and at the annual 'Ideal Home Exhibition' in London and built up a comprehensive database of institutions such as schools and Women's Institutes which regularly received copies of EMB posters and pamphlets.¹⁵

The EMB's Publicity Committee also engaged in very basic market research as it analyzed the 200-300 letters which reached the EMB each month. From these letters and from the retailer reports it gathered, the EMB gained an idea of which poster designs worked better with the public and how often designs had to be changed to keep the public interested.¹⁶ The Board's officers tried to estimate the attention value of the EMB poster designs by measuring the percentage of people passing a poster display in Piccadilly Circus who stopped and scrutinized it.¹⁷ In May 1928, the committee made efforts to establish the efficacy of its milk campaign by 'keying' advertisements in the *Daily Mail*. Consumers who read the advertisements were encouraged to send back a coupon with a unique number ('key') to receive a booklet on milk. Based on this information about the campaign's audience the schedule of the 1928 milk campaign was revised and new appeals created.¹⁸ In the same year, the advertising agency London Press Exchange (LPE) surveyed 1,000 retailers for the EMB with regard to whether the campaign had increased the sale of Empire goods. The survey found that it had only done so in higher class shops and among consumers

¹⁵ The Publicity Committee compiled lists of some 3,200 grocers and 27,000 schools who received shop-window bills, posters, pamphlets and other educational and/or publicity material. For these lists and for the integration of all marketing communications tools by the EMB Publicity Committee see its meetings, September 25, 1928 and March 27, 1929, TNA CO 760/23.

¹⁶ "Report on the Efficacy of the Board's Poster Campaign," December 10, 1928, TNA CO 760/22 and *ibid.* "Participation in Exhibitions and Fairs," July 5, 1926; "Survey of Retail Butter Market in London: Opinion as to Advertising," February 25, 1929, TNA CO 760/26.

¹⁷ "Pictorial Poster," TNA CO 758/104/2.

¹⁸ Meeting EMB Publicity Committee, May 17, 1928, TNA CO 760/23.

with higher discretionary income. Accordingly, the publicity committee was advised by the LPE to increase demand ‘in the cheaper side of the trade’.¹⁹

The advertising industry brought important explicit knowledge about market research and the integration of communication tools to the EMB, but also implicit (tacit) knowledge of consumer behaviour. In 1929, with a general election looming, the publicity committee for example decided to discontinue press advertising for a certain time as it was advised by its advertising agencies that advertisements during election periods normally received much less attention as readers were engrossed by the election news. Similar tacit knowledge about consumer behaviour came to the fore when the EMB was advised to choose morning hours on the BBC for its publicity broadcasts as this was usually the time when housewives listened to the radio.²⁰ Other market research activities performed by the EMB included retail marketing surveys, which recorded retail trends and consumer demand for Empire products. The data thus obtained were deemed to be ‘of practical value to the overseas producer in enabling him to adjust production and marketing methods to existing conditions and to anticipate changes in demand’.²¹ Experimental surveys of this kind were carried out in Midland towns and in London in relation to demand for butter, on the demand for cheese in London and on the retail marketing of South African oranges in Liverpool.²²

The London cheese survey was based on interviews with London shopkeepers and greengrocers between June and November 1928. During these months the investigators visited 500 shops all over London and studied the availability and prices

¹⁹ Ibid., Meeting June 27, 1928; *First and Second Report from the Select Committee on Estimates* (London: HMSO, 1928), xv-xix and here, p. 151, question 1651.

²⁰ Meetings EMB Publicity Committee, March 27, 1929 and January 30, 1930, TNA CO 760/23.

²¹ Empire Marketing Board, *Report May 1929 to May 1930* (London: EMB, 1930), 82.

²² Ibid.; Empire Marketing Board, *The Demand for Cheese in London: Report of an Investigation into the Retail Marketing of Cheese in London* (London: EMB, 1929).

of specific types of cheese. Although the final interest of the investigators was the consumer, the absence of both retail audits and of the concept of 'market share' made it necessary to study what was sold over the counter as an approximation of existing consumer demand for different types of products. The investigators found, among other things, that the demand for coloured cheese was higher in boroughs with a larger proportion of Irish and north country families and that both independent and multiple retailers welcomed the introduction of processed, branded and pre-packed cheese as this type of product entailed 'no waste or deterioration, no risk of over-cutting, and no expenditure of time and labour on unpacking and stripping, while the product carried a fair and fixed margin of profit. The small margin obtainable on bulk cheese was frequently eaten up by waste and over-cutting.'²³

II. 2: *The General Post Office*

After the adoption of Imperial Tariff, which buried the idea of British Free Trade, the Empire Marketing Board was dissolved in early 1933. The various members of its publicity committee and its entire film unit were now taken over by the General Post Office (GPO), a government department that ran the postal, telegraph and telephone services in Britain. Stephen Tallents, who had been the very entrepreneurial and progressive Secretary of the EMB between 1926 and 1933, was asked to revamp the GPO's publicity unit. His task was to ensure that British consumers were aware of the Post Office's range of services, which included not just the transportation and delivery of letters and parcels, but also the installation and provision of telephones, telegrams, an overnight mail service, money transfers, etc. The GPO's publicity unit was in charge of communicating changes in service and price offerings and creating

²³ Ibid., 16-17, 24.

wider demand among consumers for postal and telephone services. With the help of professionals drawn from advertising agencies, Shell-Mex and the Gas, Light & Coke company, Tallents again ran advertising and PR campaigns which included posters, regular leaflets, press advertisements, and educational and documentary movies produced by the GPO film unit.²⁴

The GPO publicity unit set up dedicated showrooms in London and other large cities which showcased the product and service offerings of the Post Office. In these showrooms, the GPO ran basic forms of market research by showing consumers various makes of telephones in different colours in order to find out which models and colours were most popular.²⁵ The GPO campaign of the mid-1930s thus offered consumers a glimpse on a service- and marketing-focused organization that had fully adopted the marketing industry's *raison-d'être*. This had been given out as a motto by Tallents as early as 1926, when he reminded his staff at the EMB that they 'must study the needs, tastes and difficulties of the consumer'.²⁶ In accordance with this motto, the new GPO publicity machinery did not only issue colourful, artistic and widely praised poster designs, it also tested and measured the effectiveness of its advertising appeals with the same precision as other commercial concerns during the 1930s. Regional reports on the effectiveness of the various marketing tools were studied regularly and extensive use was made of sales analysis tools.²⁷ In March 1936, sales representatives throughout the country were asked to record the details of their daily rounds for two weeks on sheets of papers. The data supplied by each sales district, including the types of sales visits that were made, during which part of the

²⁴ "Post Office Advisory Publicity Committee – Publicity Work Undertaken by EMB," TNA CO 758/93/5. On the 1930s' GPO poster campaigns see Royal Mail Archive, London, POST 33/5253, Files 5 and A-C; also Stephen Tallents, *Post Office Publicity* (London: GPO, 1935).

²⁵ *Advertising World* (October 1933): 246-8.

²⁶ Stephen Tallents, "Note by the Secretary on the Board's Publicity Programme," August 28, 1926, TNA CO 760/22.

²⁷ "Telephone Week 1934," (1934), Royal Mail Archive, London, POST 33/4856.

day, at what type of property, the length of the sales interview, resulting in what sort of action on the side of the consumer or the GPO etc., was subsequently coded and analysed with the help of Hollerith machines.²⁸

An article on the uses of market research by the GPO, which appeared in 1935 in the telephone sales unit's staff magazine, showcased the whole length and breath of the department's research activities. In the article, telephone salesmen were told that market research assisted their daily work and that the GPO had therefore set up a Market Research group as part of its Publicity unit. This group conducted enquiries to ascertain 'the effects of modifications in existing services, whether as regards tariffs or in improved facilities' and into the 'probable demand for new services which have been under consideration'. The group's aims were described as 'keeping the finger on the public pulse in relation to Post Office services'. Since in the past, too much attention had been given to the 'supply' aspect of Post Office services and not enough to the 'demand' side, the GPO's perspective on the needs of the public necessarily relied on anecdotal evidence and on the volume of complaint, which was 'often an unsatisfactory basis upon which to formulate policy'. In order to rectify this shortcoming, the 'opportunities for finding out what the public wants' therefore had to be fully realised.²⁹

The methods employed by the department included the questionnaire method (consumer research), but also general market research into the structure of the European telecommunications industry as a whole.³⁰ Another type of research conducted used was social research into the changing structures of the population and

²⁸ "The Sales Analysis," *Post Office Telephone Sales Bulletin* 2.4 (April 1936): 50-51.

²⁹ "Market Research," *Post Office Telephone Sales Bulletin* 1.2 (September 1935): 33.

³⁰ "Present-Day Problems in Telephone Administration," *Post Office Telephone Sales Bulletin* 4.9 (September 1938): 134-5.

housing, which was seen as relevant for the running of telephone services.³¹ In June 1935, the GPO's market research unit investigated the responses to a questionnaire by 2,000 consumers asking them through which media they had found out about the Post Office's telegraph services and the recent reduction in rates. The findings showed that most people had gathered this knowledge from newspapers and radio broadcasts. This insight was used by the GPO to adjust its media schedule.³² The GPO's Publicity Committee also evaluated which type of advertisement in which medium resulted in more enquiry forms being received and it statistically analyzed the relationship between the expenditure on trade exhibits, direct mail campaigns etc. and the financial return these efforts brought in through newly acquired customers.³³

The aforementioned advertising and PR experts which co-operated with the EMB and the GPO on their campaigns came from various London-based advertising agencies. Outstanding among them for their professional input in the governmental and public sector was the W. S. Crawford agency.³⁴ The increasing interlocking of expertise between government and the private sector in the field of communication, propaganda and marketing became one of the most outstanding features of the 1930s. Advertising agencies like Crawford's benefited from this cross-over. One of the EMB's research officers, Herbert Broadley, for example joined Crawford's in 1933 and successfully built up a small food market research section at the agency.³⁵

³¹ "Forecasting Telephone Development," *Post Office Telephone Sales Bulletin* 3.2 (February 1937): 18-20.

³² Meeting Post Office Publicity Committee, June 13, 1935, TNA NSC 26/19.

³³ Ibid., "General Publicity Progress Report" and Meeting March 7, 1935, TNA NSC 26/19.

³⁴ Stefan Schwarzkopf, "Creativity, Capital and Tacit Knowledge: the Crawford Agency and British Advertising in the Interwar Years," *Journal of Cultural Economy* 1.2 (2008): 181-97.

³⁵ Herbert Broadley, "The Management of Public Utility Undertakings," *Public Administration* 7.2 (1929): 120-29; William Crawford and Herbert Broadley, *The People's Food* (London: Heinemann, 1938); Herbert Broadley, *Food and People* (London: Birkbeck College, 1964), and letter by Herbert Broadley to F. P. Bishop of *The Times*, May 13, 1936, History of Advertising Trust Archive, W. S. Crawford Papers WSC 5/3/1.

The concern for people as citizens and consumers also motivated various government departments to treat consumer research more seriously.³⁶ Advertising agencies benefited directly from the transfer of marketing and statistical know-how from state departments in building up their in-house research departments. Crawford's early market research and publicity work for the EMB for example drew heavily on an economic report written for the Ministry of Agriculture in 1927.³⁷ Unlike most of its competitors, this agency was under pressure to balance its claims to creative leadership and artistic freedom with the increased interest among some clients in the opportunities afforded by large-scale statistical market investigations. It was only after his association with the EMB in 1927 that the agency's founder-owner, William Crawford, became an exponent of market and consumer research.³⁸ By the time his agency had published its first major market research handbook in 1938, a number of social studies into food, poverty and income had appeared in this field employing similar methods.³⁹ Herbert Broadley later also became the Chairman of the Research Committee of the Institute of Practitioners in Advertising, and acted as the Deputy-Director of the UN Food and Agriculture Organization and as Unicef representative for Britain.⁴⁰

³⁶ "Market Research in the GPO," *Advertiser's Weekly* (October 13, 1932): 39; M. Richardson, "My Life in Market Research," *New Statesman* (May 19, 1961): 786-8.

³⁷ R. B. Forrester, *The Fluid Milk Market in England and Wales* (London: Ministry of Agriculture and Fishery, 1927).

³⁸ William Crawford, *How to Succeed in Advertising* (London: World's Press News, 1931), 6-9; idem., "Creating the Empire Mind: a Campaign Which has Taught Experts Almost as much as the Public", in *Advertising and the Man-in-the-Street* (Leeds: Yorkshire Evening News, 1930), 7-10; Godfrey H. Saxon Mills, *There is a Tide: the Life and Work of Sir William Crawford, KBE* (London: Heinemann, 1954), 90-4.

³⁹ Crawford, Broadley, *The People's Food*; John Boyd Orr, *Food, Health and Income: Report on a Survey of Adequacy of Diet in Relation to Income* (London: Macmillan, 1936); Milk Marketing Board, *Milk Marketing Scheme: Five Years' Review, 1933-1938* (London: Milk Marketing Board, 1939); K. A. H. Murray, R. S. G. Rutherford, *Milk Consumption Habits* (Oxford: Agricultural Research Institute, 1941).

⁴⁰ *Advertiser's Weekly* (May 7, 1936), 30; "The People's Food," *The Economist*, (October 15, 1938), 103-4.

The story behind Crawford's research survey published in 1938 as *The People's Food* allows some insight into the propinquity between 'commercial' and governmental consumer research in the interwar years. From his advisory work for the Milk Marketing Board and the National Milk Publicity Council, Crawford knew John Boyd Orr, the eminent nutrition scientist and later Nobel Peace Prize winner. Orr, in turn, who had access to Crawford's research department during the 1930s, contributed a chapter on nutrition to Crawford's study. The survey also benefited from the collaboration with two members of the government's Market Supply Committee, the Nutrition Committee and the Ministry of Labour.⁴¹

When Broadley forwarded drafts of the study to the Ministry of Health, however, the Minister Kingsley Wood advised his civil servants to ensure that Crawford's final report would be 'innocuous'. The Ministry had been much embarrassed by Orr's earlier findings that some 8 million people in Britain could not afford optimum nutrition.⁴² When it turned out that Crawford's study corroborated these views, the Ministry's civil servants accused Crawford of being 'propagandist' and espousing a peculiar kind of market socialism. One civil servant remarked that as the book had a purely commercial outlook with the 'man in the street' and the 'woman in the home' in mind, it would be 'as much of a boon to socialist candidates as it will be to producers and manufacturers.'⁴³ The fact that market research with regard to people's food consumption could both be part of a commercial and of a progressive social agenda was proven by the leftwing think-tank Political and Economic Planning (PEP). In 1937 and 1938, PEP accused the government of not doing enough consumer and market research. Quoting a Crawford survey that 70-90%

⁴¹ Minute, September 23, 1937 and Letter, October 6, 1937, TNA MH 79/357.

⁴² Madeleine Mayhew, "The 1930s Nutrition Controversy," *Journal of Contemporary History* 23.3 (1988): 445-64.

⁴³ Memo, November 23, 1937, TNA MH 79/357.

of the population ignored advertising with nutritional information, it called on government and food producers to conduct more market research and stop ‘trying to sell things in the dark’ without sufficient knowledge of people’s demand.⁴⁴

II. 3: *The British Broadcasting Corporation*

The example of the cross-over between Crawford’s consumer research and the market research activities of various government departments shows how interwar governmental marketing activities were an important site for the professionalization of twentieth-century British marketing practice. Rather than contributing to a merely commercial restructuring of the bourgeois public sphere – as claimed by Jürgen Habermas – market research in Britain emerged as the result of a co-evolution of socially progressive research conducted by public bodies as well as privately-owned and market-led advertising agencies.⁴⁵ The gradual collusion between these two worlds in the interwar years can be studied in the example of the BBC Listener Research Department (since 1936 Audience Research). Its first Director Robert J. Silvey had formed a market research department at the London Press Exchange advertising agency (LPE).⁴⁶ This BBC listener research unit again hired experts from the advertising industry in order to find out how average listeners reacted to programs. To ascertain the amount of listeners of each program, a national quota sample of 2,250 men and women was asked each day which programs they had listened to the previous day. The BBC also had a volunteer panel of 6,000 people whose opinions were regularly sought and analyzed. Other techniques used during the late 1930s

⁴⁴ *Planning* 6.130 (20 September 1938): 11; *Planning* 5.98 (May 4, 1937): 5f.

⁴⁵ Jürgen Habermas, *Strukturwandel der Öffentlichkeit: Untersuchungen zu einer Kategorie der bürgerlichen Gesellschaft* (Frankfurt/M.: Suhrkamp, 1990 [1962]), 285-7.

⁴⁶ Ian Blythe, *The Making of an Industry: the Market Research Society, 1946-1986* (London: Market Research Society, 2005), 25.

included listener panels consisting of several hundreds of people sending in reports over several months on what they had listened to; a so-called ‘Barometer’ of up to 22,000 listeners recording their listening on a week-by-week basis using log sheets; and random sampling, whereby license holders were directly written to in order to ascertain their listening habits.⁴⁷

A statement from the 1939 *BBC Handbook* illustrates that British public institutions developed a marketing perspective on the license-paying citizenry relatively early: ‘No one whose business it is to supply things to people – least of all those who supply entertainment – can afford to be ignorant about what people want.’⁴⁸ Hilda Matheson, one of the key figures in BBC listener research in the 1930s, connected this marketing-outlook to the requirements of a liberal democracy and argued that caring about people’s (i.e. listeners’) needs and demands allowed them in return to identify with public institutions such as the BBC. This process was seen as necessary to ‘make the modern state work’. Matheson also reminded people that market research should not misunderstand the ‘listening audience’ as a grey mass of ‘average’ listeners but as a ‘public of infinitely varying elements’.⁴⁹ The fact that the allegedly homogenous masses in reality consisted of different segments with different

⁴⁷ Robert J. Silvey, “Taking the American Listener’s Pulse,” *The Listener* (May 11, 1939): 985; idem., *Who’s Listening: the Story of BBC Audience Research* (London: Allen & Unwin, 1974), 58-86.

⁴⁸ “Listener Research in 1938,” *BBC Handbook 1939* (London: BBC, 1939), 55; Dan Lloyd LeMahieu, *A Culture for Democracy: Mass Communication and the Cultivated Mind in Britain Between the Wars* (Oxford: Clarendon, 1988), 288-91; Asa Briggs, *The History of Broadcasting in the United Kingdom. Vol. 2: The Golden Age of the Wireless* (London: Oxford University Press, 1965), 256-80; Robert Silvey, *Who’s Listening? The Story of BBC Audience Research* (London: Allen & Unwin, 1974); David Chaney, “Audience Research and the BBC in the 1930s: a Mass Medium Comes into Being,” in *Impacts and Influences: Essays on Media Power in the Twentieth Century*, ed. James Curran, Anthony Smith, and Pauline Wingate (London: Methuen, 1987), 259-77; Andrew Crisell, *An Introductory History of British Broadcasting* (London: Routledge, 2002), 43-6; Sean Street, *Crossing the Ether: Prewar Public Service Radio and Commercial Competition* (Eastleigh: Libbey, 2006), 108-9.

⁴⁹ Hilda Matheson, “Politics and Broadcasting,” *Political Quarterly* 5.2 (1934): 179-96; idem., “Listener Research in Broadcasting,” *Sociological Review* 27.4 (1935): 408-22.

habits and needs was a key moment in the emergence of market research as concept and practice.

Matheson's views were echoed by William Beveridge, then Director of the LSE and later author of the Report on Social Insurance and Allied Services (Beveridge Report), which served as the basis for the post-war welfare state and the creation of the National Health Service (NHS). In 1935, at a radio debate about the relationship between the BBC and its listeners, Beveridge stated: 'The proposition that I have to advance is that the B.B.C. cares nothing for its listeners. I submit to you that this is a proposition which cannot be questioned or debated seriously – because it is self evident. ... Does the B.B.C. study its listeners? Every single one of you knows that it does nothing of the sort. Nobody in this audience today, nobody in the B.B.C., knows how many listeners are listening, or if any listeners are listening. ... The B.B.C. is the most devoted believer in one-way conversation that the world has ever seen.'⁵⁰ It was internal and external criticism like this which led to the formation of the BBC's Audience Research Department in 1936. It is important of course to keep in mind that the BBC was not the same as 'the state' and was never state-owned; but during the 1920s it was created as a public body that financed itself out of a general levy (license fee) and not as a commercial organization that financed itself out of the market through advertising revenues. Its resource-base and its unique outlook on its target audiences as those who needed to be educated, informed and entertained brought the BBC very close to the public service model on which state and government institutions are based.

The consumer research activities of the General Post Office, the Empire and the Milk Marketing Boards, the BBC and other governmental and public bodies followed

⁵⁰ "Does the B.B.C. Care for its Listeners?," *The Listener* (July 3, 1935): 1-2, 26.

an ethos of engaging with people as independently-minded citizens whose opinions and behaviour were not only important for the purely commercial success of an organization but because they constituted the building-stones of a new democracy. The consumer research activities of the Empire Marketing Board, for example, were never a mere tool of Jingoist ‘Empire-building’ but driven by social scientists seriously concerned with the efficiency – or otherwise – of markets to provide the right type of food at the right quantity and right price for the British home population.⁵¹ The food marketing surveys produced by the research sections of the EMB provided estimates of supply and consumption of foodstuffs in Britain which were later taken up again by the Ministry of Labour’s Cost of Living Index and in John Boyd Orr’s nutrition survey of 1936-37, which in turn was supported by the government’s Advisory Committee on Nutrition.⁵²

As shown above in the examples of W. S. Crawford’s advertising agency and Robert J. Silvey’s move from the London Press Exchange advertising agency (LPE) to the BBC, the connections between governmental surveys and the commercial market research and opinion polling industries had always been close. During the war, they intensified even more. From 1941, the government’s newly-founded Social Survey Unit was run by Louis Moss, who before the war had been the manager of the British Gallup Poll organization, the British Institute of Public Opinion Ltd. Consequently, Social Survey relied on commercially tried and tested consumer

⁵¹ Thomas H. Holland, “The Organisation of Scientific Research Throughout the Empire,” *Journal of the Royal Society of Arts*, 74 (November 20, 1925): 3; John Boyd Orr, *Agricultural Research in the British Empire* (London, EMB: 1927); John Purdon Maxton, *The Survey Method of Research in Farm Economics* (London, EMB: 1929); Stephen Tallents, *Progress of Empire Research* (London: EMB, 1932); Julian Huxley, *Scientific Research and Social Needs* (London: Watts, 1934).

⁵² A. E. Feavearyear, “The National Expenditure, 1932,” *Economic Journal* 44.173 (1934): 34-47; Orr, *Food, Health and Income*. For the various milk-related market and consumer investigations conducted before World War II, see W. D. Stedman Jones, “Consumption of Liquid Milk Since Before the War,” (January 1952), National Dairy Council Collection, History of Advertising Trust Archive, NDC 28.

research methods, such as random sampling, survey questionnaires, and household panels (diary method), and the survey work was ‘farmed out’ to commercial market research and advertising agencies like the LPE and J. Walter Thompson (JWT). During the war and into the 1950s, it was the market research department of what was then Britain’s largest advertising agency, the LPE, under Dr. Mark Abrams, which conducted regular fuel and food surveys and surveys into people’s understanding of the news.⁵³ Both Mark Abrams and John Rodgers, the chairman of the British Market Research Bureau (BMRB), a subsidiary of JWT London, were involved in propaganda and media research, first at the Propaganda Research Unit of the BBC and later at the Supreme Headquarters Allied Expeditionary Forces (SHAEF) in the case of Abrams, and with the Commercial Relations Division (Board of Trade) and the Special Operations Executive (SOE) in the case of Rodgers.⁵⁴

In turn, members of the governmental and public research departments played an important role in the setting-up of a professional marketing industry in Britain after World War II. Stephen Tallents crowned his career as a publicity-minded public servant by becoming the Founding Director of the Institute of Public Relations, and still today Tallents is seen as somewhat of a ‘spiritual father’ of the PR profession in

⁵³ “Pilot Survey Carried out by London Press Exchange in Preparation for Wartime Food Survey” (1941), TNA MAF 156/607; “Food Problems: Studies of Consumption and Distribution of Various Foodstuffs, for the Ministry of Food” (December 1941), TNA RG 23/7; Mark Abrams/LPE, ‘Newspaper Reading in the Third Year of the War’, Research Department of LPE (May 12, 1942), in Mark Abrams Papers, Churchill College Archive Centre, Churchill College Cambridge, Box 94; Mark Abrams, “Can Radio Propaganda Learn from Press Advertising” (January 1940), in Mark Abrams Papers, Churchill College Cambridge, ABMS 1/7, File 2.

⁵⁴ Mark Abrams lead the Research Unit on the Psychological and Sociological Problems of Propaganda at the BBC from 1939 to 1941 and later worked at SHAEF’s Psychological Warfare Board. See Mark Abrams Papers, Churchill College Cambridge, ABMS 1/6, File 3. For John Rodger’s activities see his personnel file in TNA HS 9/1275/4 and personal memos in TNA INF 1/42 and INF 1/50.

Britain.⁵⁵ In November 1946, when the Market Research Society was formed by 23 researchers in London, one third of its first members came from public and governmental organizations: the Association for Planning and Reconstruction, the British Export Trade Research Organisation (BETRO), the Ministry of Food, the Government Social Survey, and the BBC.⁵⁶ These and other organizations also developed into very lucrative clients for the young British market research industry: when Mark Abram's market research department at the LPE became an independent company after the war, Research Services Ltd., its clients included the Social Survey Division of the Central Office of Information, the Ministry of Food, the War Office, the BBC, the British Transport Commission, the Dollar Exports Council, the East Midland Gas Board, Holborn Borough Council, the London Transport Executive, and the Peterlee Development Corporation.⁵⁷

Mark Abrams' work, writings and career embodied a characteristic attitude among mid-twentieth-century British market researchers. Like many other social researchers he hoped that market and consumer research could help balance and steer the often diverging incentives given by 'free' market forces and the welfare state. Referring to a specific survey on consumer demand for sweets and milk conducted in 1949-50, Abrams wrote: 'For the administrators and economists of the Welfare State, that particular enquiry can be regarded as a real step forward. It showed how by the joint use of temporary uncontrolled markets and of social surveys the Government of a Welfare State can keep in touch with consumers' wishes and base its control over

⁵⁵ Jacquie L'Etang, "State Propaganda and Bureaucratic Intelligence: The Creation of Public Relations in 20th Century Britain," *Public Relations Review*, 24.4 (1998): 413-41.

⁵⁶ Blythe, *The Making of an Industry*, 25.

⁵⁷ See service leaflets by Research Service Ltd., in Mark Abrams Papers, Churchill College Cambridge, Box 97.

consumption and production on something more than the slide-rule calculations of planners.’⁵⁸

III. Conclusions

The marketing and consumer research activities of the EMB, the GPO and the BBC challenge a key narrative in British historiography. Marketing communications and marketing research were evidently capabilities developed by the public and the private sector in parallel during the interwar years and not, as often asserted, ‘imported’ from the United States. In contrast, there is evidence that state departments like the EMB and the GPO and public bodies like the BBC showed the private sector how to conduct large-scale market and consumer investigations and exemplified to private firms that those research activities were indeed essential. Thus, a distinct marketing- and consumer-orientation was developed in the public sector in Britain at least in parallel to the private sector. This evidence raises important questions about the historical relationship between the public and the private sector and will force business historians to reconsider arguments about state-sponsored marketization as a driver of economic development in capitalism.

From the 1920s onwards, market research staff in the civil service and in public organizations worked towards a Keynesian style of economic policy before ‘Keynesianism’ had even been invented. In their work, they battled with the inefficiencies of the market and with inefficiencies of demand. Before academic research in economics caught up with the importance of information asymmetries, public and governmental market researchers realized that these market inefficiencies stemmed from irreducible uncertainty and the lack of information which overshadows

⁵⁸ Mark Abrams, *Social Surveys and Social Action* (London: Heinemann, 1951), 130.

all economic decision-making. Although, in contrast to Keynes' teachings, both the Milk Marketing Board and the Empire and later the Colonial Empire Marketing Boards focused mainly on supply management and price stabilization, some of their work at least had a focus clearly set on the demand side. Like Keynes, the various marketing boards' market researchers realized that radical and irreducible uncertainty was the root of economic instability. Government departments and other public bodies therefore had a duty of removing uncertainty and information asymmetry in the market. In relation to this marketplace, I argue, the state, the government and the public sector in general increasingly took over managerial functions and therefore provided an important breeding ground for the development of methods to observe markets and measure and interpret consumer behaviour.⁵⁹

Because of Britain's unique situation in global political-economic structures, interwar governmental market researcher acquired a wealth of data to manage the economies of colonies and dominions, most of them 'gatekeeper states' (Frederick Cooper), and stabilize the British home economy as the most important power base of British political institutions.⁶⁰ Decision-makers in this web of institutions saw the economies of these gatekeeper states mostly as extractive economies and ignored export marketing opportunities for British goods in South America, especially Argentina, in Europe and even in India. As a result, British state departments became highly innovative in using market research for their activities on the internal market but dismally failed at providing export market research information on overseas markets. Contemporaries noticed that the provision of that type of data was a

⁵⁹ For the increasing managerial functions of the state in twentieth-century Britain see Keith Middlemas, *Politics in Industrial Society: the Experience of the British System since 1911* (London: Deutsch, 1979), 16-23.

⁶⁰ Frederick Cooper, *Africa Since 1940: the Past of the Present* (Cambridge: Cambridge University Press, 2002), 5-6.

particular strength of United States government departments. The trade journal *Advertiser's Weekly*, for example, complained about the lack of accessible market research data of the kind that was made public by the US Department of Commerce. British manufacturers, in contrast, often had to pay their advertising agencies hefty sums to compile even basic market information about foreign markets.⁶¹ Both government and British industries realized this shortcoming and, in 1945, set up an Export Promotions Department at the Board of Trade (formerly the Department of Overseas Trade), the Dollar Exports Board, and the British Export Trade Research Organisation (BETRO). The latter organization, which financed itself out of contributions from large British companies and various government grants totalling some £134,000 until 1951, researched and pooled information for the benefit of exporting companies.⁶²

Within the limitations set for this conference paper, it was not possible to look in more detail at the extensive use of social surveys by the British government during World War II with regard to home morale, media use, fuel and food consumption, and transport and housing needs under war conditions, aspects of which deserve far more attention by business and economic historians. Although war-time rationing meant that people were not any longer freely-choosing consumers and often had to accept what the state required, offered and demanded, market transactions took place nevertheless and people saw themselves as consumers of food, fuels and media with rights to choice and information. Unsurprisingly, thus, the government employed

⁶¹ *Advertiser's Weekly* (September 1, 1932): 301; *Advertiser's Weekly* (September 8, 1932): 330; *Advertising World* (July 1935): 39, 42.

⁶² BETRO, *A Plan for Market Research* (London: HMSO, 1947); BETRO, *Packaging Consumer Goods for the Canadian Market: a Report to the President of the Board of Trade by the British Export Trade Research Organisation* (London: HMSO, 1950). BETRO published a magazine, the *BETRO Review*, later under the title *Markets and People*. See also the work of the Joint Committee on British Export Trade Research Organisation and Department of Trade, TNA BT 60/91/11 (1946); *House of Commons Debates* (Hansard), March 10, 1952, Oral Answers to Questions on Trade and Commerce.

market researchers to work in propaganda and media research. Looking at the case of pre-war and war-time surveys, it is abundantly clear that market and consumer research was not a birth-child of the market alone but emerged as a set of instruments within the public sector and often driven by governmental departments. The history of market and consumer research in Britain therefore cannot be written purely as a 'business history' but needs to be understood within a much wider framework of politics and society. By spanning the framework of analysis much wider, business historians will be able to challenge popular assumptions about early twentieth-century Britain as a (civil) society without state. In contrast, Karl Polanyi's and Alexander Gerschenkron's theses about the vital role of the state in the processes through which market economies expand and finally produce market(-based) societies are vindicated if one looks at the emergence and role of public and governmental market research in mid-twentieth-century Britain. As regards market and consumer research, British society knew no absent state but instead had one of the most active and innovative states and public sectors during the first half of the twentieth century.