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Promoting Consumerism in West Germany During the Cold War: An Agency Perspective

Frauke Hachtmann

Abstract

This historical study attempts to explore how advertising, from the perspective of the J. Walter Thompson (JWT) Agency, contributed to the development of consumerism in West Germany during the Cold War (roughly the early 1950s until the late 1980s). The article describes how West Germany rebuilt its economy and eventually developed into the largest exporting country in the world. It also illustrates how advertising as an institution contributed to a functioning consumer society and chronicles the agency's development in the U.S. and expansion to Germany. Finally, it explores the agency's insights into consumer behavior in West Germany during the Cold War.

We started again not so much out of hope but out of the dark feeling that doing nothing would be indecent.

– Rolf Dahlgrün, former West German Minister of Finance (quoted in Nickel 1966)¹

Germany's transformation from a nation that was forced to its knees as a result of World War II (hereafter, "WW II") to one of the most prosperous economies in the world was a combination of many factors. Sheer determination and the will to survive, combined with a strict fiscal policy and substantial monetary aid from the Marshall Plan, turned West Germany into one of the leading Western European nations and perhaps the most important political ally of the U.S. In addition to the high productivity of the German workforce, this transformation would not have been possible without the massive consumer spending of 60 million West Germans.

This historical study attempts to explore how advertising, from the perspective of J. Walter Thompson (JWT), one of the leading international advertising agencies in the world, contributed to the development of consumerism in West Germany during the Cold War. The article describes how West Germany rebuilt its economy and eventually developed into the largest exporting country in the world.² It also illustrates the role advertising played in spawning a functioning consumer society and chronicles the agency's development in the U.S. and its expansion to West Germany, while exploring the agency's insights into consumer behavior in West Germany from the early 1950s until the end of the Cold War in the 1980s.

Conceptual Framework

The article is rooted in the conceptual framework that views advertising as an institution rather than as an instrument.³ Although advertising has its critics, its role in a free market society is to help consumers "achieve abundance" by educating them about products, services, and ideas in the marketplace. Advertising thus is a social and economic necessity in a democratic society that believes in the freedom of the consumer to choose what he or she wants to buy. According to Carey, the institution of advertising is directly tied to capitalism and thus has become a part of the "industrial order," providing consumers with information about products, services, and ideas so that they can make educated purchasing decisions.⁴ The thesis of this article is that advertising significantly contributes to the economic growth of a country, and in this particular case, the focus is a country that had been almost completely destroyed as a result of WW II.

Believing in the Power of the Consumer

Advertising, more than other activities, is a self-purifying stream. It commits all its sins in public. It conducts its own continuous public opinion poll through the nickels and dimes, quarters and dollars, which people pay over the counters of America every day. These people steadily tend to wash out the advertiser who has not served some group of them.⁵

The J. Walter Thompson Company (JWT) was founded in New York as “Carlton & Smith” in 1864 and then purchased and renamed by J. Walter Thompson in 1878. The agency was known for its innovative methods to connect with the consumer. For example, it decided to place advertisements into women’s magazines, a move not considered previously but one that proved to be a successful strategy during a time in which housewives were the main purchasers of advertised consumer products.⁶ JWT also pioneered the use of testimonies and photography in its advertisements and added other marketing-related services to its repertoire, including trademark and package design. The desire to help its clients in innovative ways above and beyond traditional advertising tasks catapulted JWT into a leadership position within the advertising industry. The agency soon expanded its operations by opening offices in Boston and Chicago, as well as its first international office in London. The company started its now-longstanding tradition of scientific consumer research as early as 1915 and incorporated the results of these studies as a basis for commercial messages created for its clients.⁷

Stanley Resor purchased the agency in 1916 from founder J. Walter Thompson. He emphasized the company’s pride in quality work instead of profits.⁸ He believed that advertising should play a leading role not only in selling products but also in selling better “human relations.” It was again the desire to serve its clients effectively and efficiently that initiated JWT’s international expansions beyond Great Britain. General Motors became a client in 1927, prompting the creation of new JWT subsidiary offices throughout Europe, Africa, Asia, Australia, and Latin America.⁹

After WW II, one of J. Walter Thompson’s major goals was to expand foreign operations to serve its domestic clients in their foreign affairs. The company’s international billings had exceeded its domestic billings by one-fifth in 1945.¹⁰ Carrol Wilson, venture counsel for the company, issued a report in December 1945 outlining JWT’s need to expand internationally in order to “strengthen its leadership in the advertising art.”¹¹ Although foreign expansion was slowed immensely during the Great Depression, Wilson pointed out that it had grown rapidly and steadily in all of the major markets not destroyed during WW II. With world trade eventually recovering, Wilson predicted that the fundamental trends in population, literacy, and buying power would “favor continued growth in advertising abroad.” He proposed that the company should plan its continued expansion as the world recovered, “blending cautious realism with boldness.”¹² In choosing the markets, JWT should especially evaluate each country’s purchasing power before opening offices abroad. Other recommendations included a focus on a strong and continual flow of advertising “know-how” to the international offices, more rigorous cost controls, and expansion through improved service.¹³

Although Germany had been nearly completely destroyed in WW II, JWT’s largest international development occurred in West Germany as a result of the “exceptional development phase” the country was undergoing after the war.¹⁴ The European Common Market facilitated the development of advertising because it enabled mass production with modern marketing principles in a free market without customs barriers.¹⁵ The agency had first moved to Berlin in 1928 but closed its office in 1934 as a result of the political situation. In 1952, the German JWT office opened its doors in Frankfurt under the leadership of German native Peter Gilow and Denis Lanigan, joint managing directors. The company be-

lieved that it was imperative to staff JWT subsidiaries' key positions around the world with nationals whenever possible to take advantage of their local market knowledge. The JWT-Frankfurt office included major global JWT accounts such as Ford, Kraft, DeBeers, Chesebrough-Ponds, and Pan Am, but also local European and German accounts such as Brinkmann, Maggi, Kaufhof, and Hans Schwarzkopf.¹⁶

JWT's rapid expansion into new markets occurred through mergers with other agencies and acquisitions of smaller advertising, marketing, and public relations firms. In addition to the Frankfurt office in Germany, JWT eventually opened offices in Düsseldorf and Hamburg in the 1970s, all three of which are still in operation today. After becoming publicly held in 1969, the company was reorganized into a new holding company, JWT Group, in 1980 before merging with WPP Group in 1987. While competing agencies focused their growth on the "one-company concept," in which all parts of an agency interrelate, JWT concentrated on building its service brands with separate and autonomous subsidiaries, including Lord, Geller, Federico, and Einstein (premium advertising brand), Hill and Knowlton (public relations), and Simmons Market Research Bureau.¹⁷ This diversification into specialized agencies occurred mainly through acquisitions instead of mergers in an effort to generate more business in different product categories in which the agency was not yet represented. In 2005, the company officially shortened its name to JWT.¹⁸

The Postwar Economic Boom

The key to postwar prosperity in the U.S. was a combination of production and consumption. JWT estimated that in order to pay the national debt incurred from the war, the U.S. would have to continue to produce at the wartime capacity of \$200 billion a year.¹⁹ Wages were higher during the war, resulting in a "backlog of savings" that could be spent on consumer goods and lead to higher living standards in the U.S.²⁰

Another key component for a postwar economic boom was trade with new markets around the globe. In an effort to improve the image of the U.S. and its economic interests abroad, the U.S. government created the Business Council for International Understanding (BCIU). The goal was to help American businessmen combat misconceptions abroad and to help build positive understanding.²¹ Encouraged by President Eisenhower in 1955, the BCIU hosted several educational sessions in cooperation with the Department of State and other government agencies. Vice President Nixon, speaking at one of the sessions, reminded the delegation that the private sector must commit to the "total effort" to combat anti-American sentiments in foreign markets. The curriculum of the BCIU sessions included language and cultural training, as well as current information about the U.S., its foreign policy, and its slipping image abroad. JWT representatives were frequently invited to speak to delegates about international advertising issues and consumer insights they had gained abroad.²²

In an address before the International Advertising Association, Arno H. Johnson, vice president and senior economist of JWT-New York, pointed out the need to expand the number of total markets in an effort to increase the standard of living in both the U.S. as well as "other free nations where private initiative and expansion of private consumption are encouraged."²³ He stated that in the U.S. as well as in Western Europe personal or private consumption represented 66 percent of total production at the end of the 1950s.²⁴

JWT's Stanley Resor believed that the economic growth of a country lies in its freedom:

The more free a country is, the greater the incentives to free enterprise, the greater stress placed upon education of the masses – the greater the probability this country will develop, and raise its standard of living. On the other hand, essentially agricultural countries that based their economy on the exportation of raw material offer a much smaller field to advertising than those that are already in a phase of industrialization.²⁵

Could Germany become a new trading partner? After WW II, the chances for German economic recovery were slim. The country and its manufacturing plants were completely destroyed, and an Allied Control Council prohibited the production of heavy machinery tools, heavy tractors, aluminum components, radio transmitters, and sea vessels, while limiting all other production to the bare minimum. Rolf Dahlgrün, former West German Minister of Finance, explained, “We started again not so much out of hope but out of the dark feeling that doing nothing would be indecent.”²⁶ In 1948, with the introduction of a new currency, the Deutschmark, combined with \$2.2 billion in Marshall Plan and other U.S. aid, Germans started to buy consumer goods that had not been available to them for many years. They built modern and efficient factories, where millions of refugees from Eastern Europe found work. The “Wirtschaftswunder” (economic wonder) was also largely aided by self-restraint on behalf of the German trade unions, who were able to postpone wage demands and strikes in the interest of reconstruction. Germany was able to make advances in the world market and expand its export capabilities. The Marshall Plan helped to establish high levels of employment, restoration of schools, and advancement of public health programs, as well as an increase in land reclamation projects.²⁷

Transfer of Knowledge

In addition to monetary aid, the U.S. provided businessmen in Western Europe with the necessary know-how of modern marketing principles to ensure successful export of products to America. The Mutual Securities Agency (MSA) asked JWT to assist it in providing the “average European businessman” with the necessary marketing knowledge to connect their products with the right audience at the right time.²⁸ Two limiting factors in promoting exports to America included the lack of raw materials and facilities to expand production of goods for export, as well as a lack of knowledge of the dollar market and what to produce for the U.S. market. According to the MSA, the notion of the small profit margin (i.e., competing on quantity more than quality) needed to be communicated in order to benefit completely from high productivity. The educational campaign ran as a series of newspaper advertisements, including information on branding, distribution, packaging, setting adequate wholesale and retail profit margins, media choices, the role of public relations, and the functions of an advertising agency in general.²⁹

Communist Advertising?

While West Germany provided ideal conditions for the expansion of economic growth and thus advertising, Resor also hypothesized about possible trade with countries behind the Iron Curtain, in particular Russia, but concluded that there was no room for expansion. He believed that in addition to production and transportation, a key component was necessary to ensure the complete flow of resources: communication.

If communication is a basic factor needed to complete the economic cycle, advertising is a necessary item in all economic planning. (...) Evidently, in an economic system completely directed and controlled by the State, there is no possibility for expansion of advertising activities.³⁰

In that same year, 1961, Lubertus Smilde, in an intraoffice JWT memorandum to James Young, discussed recent Communist public relations and advertising endeavors. He noticed an increase in Russian and Chinese successful use of capitalistic sales methods in response to increased Western European trade with “Iron and Bamboo Curtain areas.”³¹ For example, the *Times of India* published a lead article written by the President of the Russian-Indian Chamber of Commerce, followed by a series of additional shorter articles about the establishment of a Russian-Indian pharmaceutical partnership. Other Communist countries used more traditional advertising techniques. Poland, for example, ran an advertising campaign for tractors in India. As opposed to Resor, Smilde believed there was room for expansion to include the sale of American products in “strategically important foreign areas.”³²

However, as one of the primary purposes of the Marshall Plan was to fight Communism, JWT’s help was solicited to do just that instead of supporting trade with countries behind the Iron Curtain as suggested by Smilde.³³ Young, of JWT-New York and Director of the Advertising Council in 1950, was instrumental in developing messages such as “Strength for the Free World” to communicate the purpose of the Marshall Plan.³⁴ The fight against Communism also included classic public relations strategies. For example, in 1958 President Eisenhower asked JWT’s chairman of the board, Stan Resor, to “awaken the public to the grave seriousness of [the need for Defense modernization].”³⁵ Eisenhower’s goal was to reorganize the Defense Department to meet modern security requirements, and in order to accomplish this task he needed to reorganize the government structure to work more efficiently, similar to a corporation. Eisenhower appealed to his “friends in the business world,” including Resor, to help increase awareness of this important issue.³⁶

The Strength of the Middle Class

The West German market quickly developed into an urban middle-class market. Its strength was primarily based on a large class of white-collar workers, the “Beamter” class (civil servants and local government officials). The white-collar working class, which constituted about 55 percent of the population during that time, was able to spend much of its disposable income on consumer durables, such as cars and electric goods, which are considered to be among the most useful economic indicators.³⁷

JWT conducted several polls in the 1960s to explore consumers’ public opinion on foreign investment and capitalism. Most of the surveyed countries, including West Germany, reacted positively when asked about the impact of capitalism on their nation. The main reason cited for this positive effect was an increase in opportunities for employment. In addition, foreign operations spurred industrial progress and supplied investment capital, while helping to improve trade, economic, and other relations between nations, and providing competition to local industries. Those opposed to foreign company operations viewed increased competition as exploitation, believing that profits earned would leave the country instead of benefiting it directly. Despite some opposition, the poll results indicated that the level of education was, in general, positively related to the approval and benefits of foreign operations. Surveys showed that many Europeans acknowledged that capitalism promotes high productivity, but they also felt it was an “unjust system in which the goods are not fairly distributed and the many are exploited by the few.”³⁸ Thus, “socialism” (but not necessarily state ownership) would be a preferable system, even among the upper class.³⁹

The General Democratization of Expectations

With a booming West German economy, consumption patterns changed as well. The “general democratization of expectations” turned those items considered “luxuries” into mass-consumption items.⁴⁰

For example, before the economic boom of the postwar era, furniture was handed down from generation to generation. In the 1960s, on the other hand, consumers decided to purchase brand-new furniture instead of accepting hand-me-downs.⁴¹

Former Chancellor Ludwig Erhard, who had initially set these new consumption patterns in motion by lifting controls on more than 400 consumer products immediately after the war when he was Director of Economics, started to worry about negative effects of increased consumer spending. He feared that many Germans would start to live above their means, which could potentially result in inflation and loss of competitiveness in foreign markets. The German government's panel of advisers acknowledged that the economic boom would eventually come to an end—for a variety of reasons—but pointed out that the worst offender against the stability of the Deutschmark was public spending.⁴² Despite Chancellor Erhard's and the panel's concerns, German consumers continued to spend.

In Germany, the job market exceeded the number of workers seeking employment. At this point, Germany had already started its "guest worker program," attracting up to 22,000 Italian workers who moved to Germany to help fill the demands of the labor market, a number that would increase dramatically in the following decade. Germany also added up to 12 million refugees from the East and other countries whom West Germany was unable to absorb into its economy despite massive U.S. monetary help. Economists were concerned that an increase in labor costs would lead to a reduction of the "extremely favorable" foreign trade position of German exporters.⁴³ The Association of Refugee Firms for Foreign Trade explained that it was difficult for refugee businesses to sell their goods on the German market based on the nature of their production. Potential markets in North America existed but high customs duties diminished profits extensively. The association proposed that the U.S. waive customs duties on refugee-produced quality products merchandized by small and medium-size firms. The proposal emphasized the importance of treating Iron Curtain refugees as human beings who had risked their lives to escape Communism and who would become valuable producers and consumers, contributing to the economic boom in later years.⁴⁴

Building Quality Brands in Germany

With higher productivity resulting in increased disposable income in Western Europe in general, and West Germany in particular, JWT recognized that its clients should emphasize the quality of their products when appealing to the West German consumer. Unilever, for example, successfully introduced its Lux Toilet Soap in the German market. The product was introduced in the late 1950s as "Luxor," a white toilet soap in a paper wrapping, selling for 40 pfennig. The JWT client changed the name to "Lux" and then to "Lux in Gold" (wrapped in gold foil), and finally to "Lux in Colour," selling for 60 pfennig.⁴⁵ The evolution of "Lux" demonstrates the "added value" marketing principle that JWT was able to successfully implement for its Unilever account. While the soap was a quality product to begin with, Unilever was able to increase its profit margin substantially by establishing a brand with a new name and value-added packaging.

The Emergence of the Individualistic German Consumer

The 1970s in Germany can be characterized by a major transition from almost "violent economic growth to the quality-conscious phase of future prosperity."⁴⁶ The overall increased standard of living came at a price, and many consumers found themselves in financial difficulties and decreased their spending on consumer goods. While many companies discovered the power of modern marketing principles, their advertising budgets started to shrink because of increased media costs and rising over-

head. Advertising agencies had to find new markets and stretch their budgets in order to survive.⁴⁷

The 1980s in Germany brought the highest unemployment figures since 1946 (7.3 percent), and retail sales declined by 2 percent. Many corporations failed to make a profit, while others experienced bankruptcy. However, those companies that survived relied on large multinational agencies like JWT to help them stay competitive globally. Despite an economic recession and high unemployment rates in Germany, the JWT branch in Frankfurt reported “outstanding performances,” leading to expansion in Düsseldorf and Hamburg, subsidiaries still in place today.⁴⁸

Government Controls

During this time, media critics started to blame advertising for the recession. They contended that advertising created messages that overpromised and caused consumers to spend more than they should. This movement was commonly referred to as “Konsumterror” (consumption terror).⁴⁹ Marketers claimed the opposite: advertising provides a stimulus to consumers, who might respond by purchasing a product. The government responded by regulating advertising practice quite extensively. Peter Gilow, managing director JWT-Frankfurt, characterized the German advertising industry as highly restricted: “At first glance, the most common word in the German advertising vocabulary is ‘verboten’ (forbidden).”⁵⁰ Direct comparison and the use of superlatives were prohibited in German advertising, a common practice and “fair game” in the U.S. at the time. In addition, sales promotions and premium offers, while very popular, were highly regulated by the government. While these restrictions may appear to hinder competition, Gilow pointed out that they actually increased consumer confidence, which in turn, led to more consumption. “Buyers tend to be more confident when they know sellers have to be strictly honest.”⁵¹

Yes, the government restricted certain advertising practices, but it also turned out to be the biggest advertising spender. After experiencing at least two decades of growing nationalism, consumerism, and an economic boom, the industrialized world, including Germany, was starting to experience an economic crisis resulting in a variety of social problems. The government stepped in with advertising and public relations campaigns to educate citizens and residents about issues, including substance and child abuse. Gilow concluded that the advertising industry should join the government’s efforts to help resolve the economic crisis and that some restrictions on advertising were necessary to improve consumer opinion about advertising and branding. He believed that instead of viewing regulations as restrictions per se, they should be considered creative opportunities.⁵² Interestingly, Gilow contended in a radio interview that he was in an advising position to the German president about communication issues in his role as chairman of the German Advertising Council.⁵³

The government also restricted one of the most powerful media in Germany: television. While the German audience had always been attentive to print media, Resor believed that television complemented and competed with the press at the same time.⁵⁴ In an in-house newsletter in the 1960s, JWT reported that both text and illustration increased the effectiveness of an ad. Thus, both forms of communication would help in the formation of public opinion in a democratic society.⁵⁵ In Germany, television started in 1957, seven years behind Great Britain, but by 1961 approximately 4.7 million television sets were present in the country.⁵⁶ By the end of the 1960s, 85 percent of all German households had television, crowning it the most effective communications medium in modern Germany.⁵⁷ The various states controlled this relatively new medium, which had an enormous impact on advertising. Commercial time was restricted to 20 minutes a day—except on Sundays—in the form of four, five-minute blocks. Demand for airtime grew rapidly and so did costs. According to Gilow, “Over the past

five years, advertising expenditures have increased by 30 percent—commercial television time has remained a constant 20 minutes. This time is apportioned to the advertiser, not the agency, on a product category basis. The station also controls the time allotment. The advertiser takes what he can get and grinds his teeth.”⁵⁸ The system was challenging for media buyers because demand for airtime exceeded supply in a media environment that was heavily regulated. “Television is 300 percent overbooked. On average, an advertiser gets 50 percent of the time he requests.”⁵⁹

During the mid-1980s, deregulation of television and radio, combined with the widespread development of new media such as cable, specialized magazines, and direct response advertising in Western Europe, had a profound effect on JWT’s ability to serve its clients more effectively, while at the same time spawning consumption. In addition, higher media rates, an increase in the total number of advertisers (and thus competition for consumer dollars around the world) created a tough environment.⁶⁰

Focusing on New Target Audiences

JWT advised its clients to focus on other segments of the target audience to once again increase consumer spending. For example, the agency developed a campaign for Pan Am to tap into the next generation of travelers. German consumers were always apt to travel internationally, especially during the economic boom. During the 1950s and 1960s, however, the main reason for travel was pleasure. The approach Pan Am took during the 1970s was designed to appeal to a young audience of travelers, who should travel the world to pursue public service and to increase their marketability in the workforce. In a sense, Pan Am wanted to contribute positively to the development of a socially aware, new generation and started to offer less expensive flights to young consumers as Najeeb E. Halaby, President of Pan American Worldwide Airways, remarked in a speech to the U.S. Chamber of Commerce in 1971:

We are, indeed, becoming more and more a global community – in the problems we share [...]; in the overlap of cultures; in the dissemination of technology; and certainly in the increasingly multinational nature of business.... Our industries will grow enormously for men and women who are global in their outlook, conversant in several languages, cognizant of differing economic and political problems, appreciative of the commonalities which join us and capable of coping with the cultural distinctions that tend to divide. Only youth has the time in which to prepare for this world challenge. But first they must see the world and consider how they might serve it. I say, let us give them the opportunity now.⁶¹

Another example of a strategy devised to increase consumer spending in a new segment was Ford’s focus on a female target audience for the Ford Fiesta. The segment had previously been neglected, but as more women entered the workforce, many were in the market to own a vehicle instead of sharing one with their husbands. The Ford Fiesta campaign was aimed at career women as well as mothers.⁶²

Recognizing Cultural Differences

During the height of the economic boom in Western Europe, some U.S. manufacturers complained about the loss of export markets. Those manufacturers were often not willing to adapt their products to those foreign markets and generally believed that “what is good enough for customers in Massachusetts, Texas or California, is also good enough for those in other countries.” However, JWT management, among others, recognized early on that many products needed to be adapted to local market conditions in order to be successful in foreign markets.⁶³ The debate about standardization versus localization was born.

During the 1980s, when many international marketers embraced product and message “standardization” as suggested by Levitt, JWT’s experience in international markets led the company toward a more localized approach.⁶⁴ Denis Lanigan suggested that one could build on existing cultural traditions, thereby increasing consumption and giving consumers reasons to buy. For example, the American engagement ring tradition was virtually nonexistent in Germany when JWT tried to establish DeBeers in the market. In Germany, engaged couples typically exchange gold bands, which they wear on their left hand while engaged, then moving them to the right hand when they are married. JWT successfully built on the existing ring tradition and was able to establish DeBeers in the German market.⁶⁵ The objective was to establish additional markets for low- and medium-priced diamond jewelry and, thus, increase consumption. The headlines included “Diamonds are a symbol of love,” “Diamonds can be worn at all times,” and “Diamonds are not necessarily expensive.”⁶⁶ These messages show the need to “educate” the German consumer about the role of diamonds and to increase their buying behavior. Increasing consumer awareness through advertising was one component of the campaign, but JWT also advised DeBeers to encourage the use of small diamonds by manufacturers as well as to increase the stock of diamond jewelry in retail outlets. The recommendations were based on extensive market research in Germany.⁶⁷

The Power of Market Research

JWT-Frankfurt invested increasingly more time and effort in market research to understand the German consumer better. By the end of the 1970s, its subsidiary BasisResearch reached a number of conclusions based on consumer research it conducted on 1978.⁶⁸ The results painted an interesting picture of the German consumer and the changing ideologies that would have a profound impact on the agency’s advertising. BasisResearch found that 64 percent of Germans viewed their personal economic situation as “very good” or “good” despite the world energy crisis and a slowing economy in Germany. This consumer confidence resulted in a higher demand for quality, service, and convenience that successful consumer brands must be able to deliver. However, this powerful consumer had also developed a growing sense of uneasiness, and a large portion of the population showed negative feelings towards life in general. In 1978, almost 60 percent of the population believed that there were many “frightening and depressing things” in life. Despite the general affluence in the country, Carmen Lakaschus, manager of BasisResearch, JMT/Frankfurt, found that “social envy” among some segments of the German market was still as high as 60 percent. For example, especially the younger segments of the German consumer market appeared to have a rather negative feeling towards life. The research found that the orientation toward traditional norms and values decreased in the younger age groups and increased in the older age groups when compared to the previous year. In addition, many younger consumers appeared to be no longer involved in society’s business or politics, and started to denounce traditional norms and values of German society. Based on the need for warmth and safety that seemed to be missing in a highly industrialized society, individuals started to find their escape in consumption and self-indulgence.⁶⁹ These feelings resulted in a general readiness to believe and trust in brands, but also a number of substitute satisfactions, including drugs and alcohol. BasisResearch concluded that the German consumers’ increased need for individuality meant more differentiation of brands in an advertising and marketing context. In other words, if a product showed “mass product” characteristics, the German consumer would be less likely to buy it at a premium price. However, if a brand could successfully differentiate itself and provide the consumer with an individualized experience, she would be more willing to accept and pay a premium price.⁷⁰

In a Values and Lifestyles (VALS) survey, German consumers were described as “sustainers,” who are resigned and insecure, avoid risks, and generally feel negative toward all aspects of life.⁷¹ In terms

of advertising, the results indicated that German consumers were skeptical and looked for what was bad rather than what was good in a brand. For Ford, the results showed that the German consumer was mostly interested in quality and reliability. JWT concluded that the advertising message should focus on reassurance that the consumer was not making a mistake when purchasing a Ford. Therefore, the Ford claim in the 1980s became more product-driven rather than deal-driven. George Black, CEO of JWT/Frankfurt, described the German consumer in the 1980s as a “hybrid consumer,” who values, buys, and owns luxury brands but also shops at discount stores at the same time. “Even in Germany, buying is becoming an adventure, a hedonistic act that is pleasurable in itself.”⁷²

Conclusion

This historical study attempted to explore how advertising, from the perspective of the J. Walter Thompson agency, contributed to the development of consumerism in West Germany during the Cold War. While West Germany benefited from the Marshall Plan, it took more than monetary aid to develop a functioning democratic society based on a capitalist system. Advertising played a large role in developing a consumer base to support a booming economy in what eventually became the largest exporting nation in the world.

In 1952, the beginning of JWT’s presence in West Germany, the agency’s primary objective was to support its multinational accounts, including Ford and Kraft, but soon it added many German clients. Conducting business in a country that had to rebuild its entire economy created many challenges for the American-based agency, including a highly regulated media environment that made the distribution of messages more difficult. Despite these challenges, JWT continued to succeed not only during the prosperous postwar era, but also during times of recession and high unemployment rates, resulting in office expansions when other agencies had to close their doors entirely. One of the main reasons why the agency was so successful was its emphasis on, and application of, sophisticated market research. Strategically, the agency focused on branding by creating demand for high-quality consumer products so that its clients could benefit from larger profit margins. The German market responded favorably during the booming economy of the 1950s and 1960s, when larger disposable incomes were characteristic of the upper middle class, which was the case for more than half of Germany’s population at the time.

In the 1970s and 1980s, JWT found a general negative attitude towards life among German consumers, who escaped these feelings by leading increasingly self-indulgent life styles. JWT advised several of its clients to broaden their traditional target audiences to increase consumer spending. For example, Pan Am started to focus on a younger demographic, enticing it to travel internationally. Ford, on the other hand, decided to specifically target working women in its Ford Fiesta campaigns in the 1970s and 1980s. The idea of specifically targeting women had been pioneered by the agency in the U.S. as early as the 19th century when it started to place ads in women’s magazines but was not implemented in Germany until almost one hundred years later. In the 1970s and 1980s JWT also increasingly relied upon sophisticated market research to identify additional markets and audiences for its clients’ products and messages. For example, in the 1980s the agency was able to capitalize on German consumer confidence despite the world energy crisis while also emphasizing the consumers’ need for brands to express their individuality.

The story of JWT in Germany is an example of the important role advertising plays not only in a well-functioning economy, but also as a catalyst for change. In 1945, when Germany had to rebuild its economy from scratch, it was advertising that helped to connect consumers with products, starting the

economy back up and turning it into one of the largest economic powerhouses in the world to this date. It can be concluded that advertising as an institution contributed significantly to the social and economic development of one of the major trading partners and political allies of the U.S.

Agencies are equally important. Without a proper infrastructure to disseminate commercial messages, JWT stepped in to equip European businesses with the basic principles of modern marketing. While these services were designed to increase German exports to the U.S., they helped the German economy as well. With the Cold War era now over, new international challenges are presenting themselves in this global economy every day. Will advertising once again be able to help build new democracies?

Frauke Hachtmann

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