

#### 4. Paul T. Cherington, Putting American Consumers Under the Microscope, 1924

The field of market research is a relatively new one, but with the changes in industry the methods of marketing cannot longer serve. Revolutionary changes in the conduct of commerce are in progress before our very eyes. In many ways the overthrow of the principles and practices of merchandise distribution now going on is not less momentous than that series of changes in industrial organization and operation running through the nineteenth century, commonly referred to as the Industrial Revolution. Just as the shift from household to factory production involved many collateral social and economic adjustments, so the change from personal selling on a small scale to impersonal selling on a large scale necessarily is accompanied by new and difficult problems. It is with an appreciation of the revolutionary nature of the present condition in commerce that market study in the United States has been undertaken.

The United States is not a single market. It is rather a collection of markets which have certain factors in common. With 110 million people spread over three million square miles of territory, the country is the most populous area on the planet, having no customs tariff or serious commercial barriers between its parts. There is a common business language, there is a uniform currency and a single monetary system. The states are closely knit by transportation facilities and by telegraph, telephone and radio communication; interstate trade is under uniform legal jurisdiction, and the state legal systems have a certain degree of similarity. Throughout the country commercial customs are, in the main, similar, and there is a fairly well unified distributing mechanism in every important trade.

But, notwithstanding these common factors, the country cannot safely be treated as a unit in market studies. There are few studies in this field which are not obliged to take into account one or more of the non-political bases for subdivision of population. These are as numerous as the whims of human impulse, but often they are more powerful commercial influences than nationality. The markets for some products are determined by the economic status of the people. Silk underwear, for instance, may be ever so much desired, but for most people, under present circumstances, it is a luxury not practical for general use. Other markets rest on habits and customs, as, for example, market preferences for brown eggs in Boston and for white eggs in New York. Others are dependent on prejudices, such as those which account for the difficulty of selling certain cuts of meat.

Climatic conditions are another factor: mufflers and ear tabs sell briskly in New England and not at all in certain other sections of the country. Racial influences are among the strongest factors determining markets. The 978 foreign language newspapers published in the United States bear evidence of the importance of racial cleavages.

The composite nature of the population is illustrated by this as it is also by the more familiar facts that in New York City there are more Irish people than in Dublin, more Jews than in Jerusalem, and more Italians than in Rome. Over one-tenth of all

the Jews in the world live in New York City (1,600,000 out of 14,000,000). The total populations of Buffalo, San Francisco, and Pittsburgh combined about equal this racial group in New York City. This group is almost as large as the whole city of Philadelphia and twice the size of Boston or St. Louis. The Italians in New York (over 800,000) outnumber those in Rome, and are served by 1,933 grocery stores and 204 drug stores, more than all the stores of those classes in some entire states. Buffalo has 218,000 Polish people, which is nearly a quarter of the population of Warsaw. The foreign-born population of the United States is one-fourth of the total, and in New York state the foreign born is one half. Over 70 percent of the population of New York is either foreign-born or of foreign parentage.

The United States has about one-quarter as great a population as Europe in an area approximately equal. The chief contrast is that our races are mixed together in forty-nine states while those of Europe are held separate by language and other factors in forty-one countries.

A relatively short time ago almost any manufacturer could sell goods up to the capacity of his plant by appealing to any convenient portion of the possible market. But with the growth of plants, in both size and number, the sharpened competition with other producers of similar products, substitute competition, and the increased scattering of response due to multiplied pressure it is no longer possible to depend on getting adequate results from efforts to reach a market without a factual background.

All modern business enterprises recognize this side of the sales problem in one form or another as a result of competition. Quotas commonly are set for the sales force, based not merely on the total number of inhabitants, but with due regard for the variations in habits, or other qualitative factors. For many years, the National Cash Register Company could base its sales quotas on the ratio of 1 to every 4,000 inhabitants. But such rough approximations no longer suffice in highly competitive markets.

Similarly, advertising plans and their corresponding selling operations involve an increasing use of qualitative studies of markets and the means for reaching them. A short time ago an advertising agency made an analysis of the circulation of 44 magazines in a western city of about 500,000 inhabitants. By classifying the income groups and checking the subscription lists by occupations as ascertained from local directories, it was possible to get an idea of the subscriptions by occupational groups and by approximate economic status. The figures thus obtained have proved to quite closely parallel actual figures for national circulations in instances where these were available. By such methods the qualitative factors in circulations may be gauged in buying magazine advertising space.

There is scarcely an advertising campaign or a selling plan of first magnitude now operating which has not back of it at some stage a study of the market to determine not only the number of actual or potential customers, but to get as good an idea as is possible of who they are, what their economic status is, what their buying habits and practices are, and what control their purchases of the goods to be sold. When advertising is involved, these data are supplemented by studies of the means of putting before these people in the most effective way those ideas about the merchandise best designed to convince them of the merits of the merchandise and its adaptability to their use. In this way, not only has advertising become an activity far more constructive than mere "puffing," but the whole process of marketing with which it is allied has been freed from many wasteful elements of chance.

# *Major Problems in American Business History*



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